

# Chapter 6

## **Reduce labor-management conflict and build partnerships to strengthen competitiveness**

*[Much of the material in this chapter has been adapted from Gary B. Hansen, "Module on Worker-Management Cooperation," ILO-ITC, Turin, Italy, June 2001, and supplemented with material adapted from several Interest-based training manuals prepared by the USDOL in the early 1990s]*

Enterprises seeking to cut costs and increase productivity as part of their competitiveness strategy tend to create uncertainty, anxiety and insecurity among their workforces. When these actions are taken unilaterally without any consultation or input from the workers who will be affected, the results are usually less than optimal, and can be disastrous. Restructuring to cut costs or improve competitiveness can lead to low morale, labor unrest and even strikes and violence with long-lasting negative consequences to the enterprise if not handled properly.

As a result of painful experience over a lengthy period of time, a number of employers and trade unions in North America and Western Europe have developed more cooperative and less adversarial approaches to guide their labor-management relationships. Many of these approaches have been forged as a result of financial problems, global challenges, and serious restructuring needs.

Most importantly, the shift from a less conflictual to a more cooperative relationship between labor and management has had a very positive impact on the participating enterprises and their workers, leading to stronger, healthier and more productive enterprises and more satisfied, stable and motivated workers.

For these and other reasons, it is important that employers and workers in enterprises and economies that are restructuring be provided with some basic tools and training to help them reduce conflict and build more cooperative relationships. This chapter provides a framework for analyzing and understanding labor-management relationships in an enterprise, and outlines some tools that can be used to help the parties make improvements in their relationships if they want to do so.

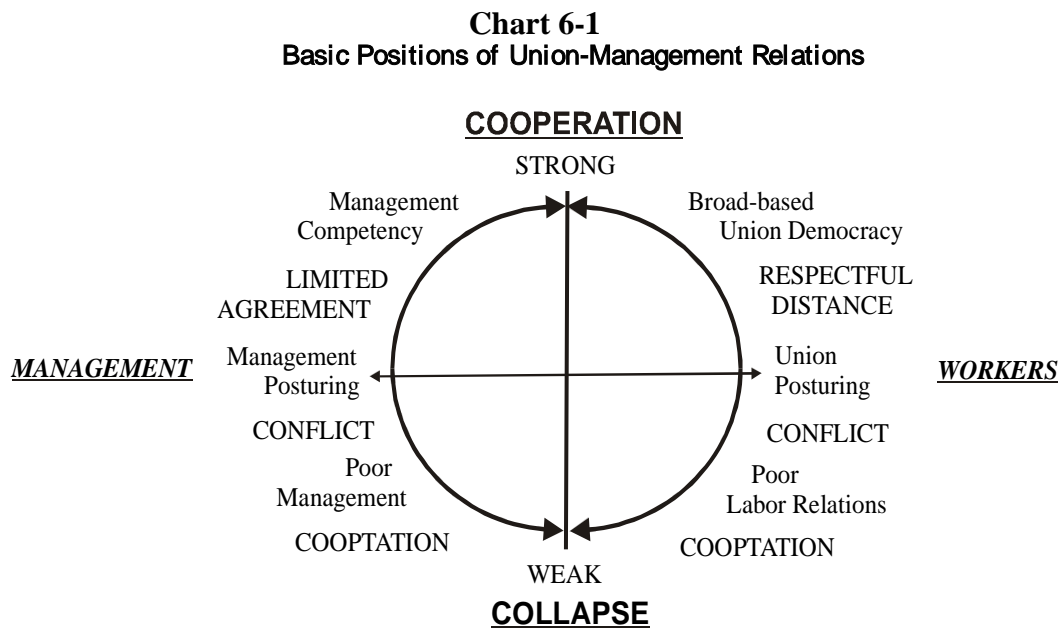
## 6.1 Cooperation or Conflict in Labor-Management Relations<sup>1</sup>

What are the basic features of worker-management relations in a market economy? It is not two gunfighters shooting it out at the OK corral, even though the media often portrays it that way by focusing on strikes and conflict. It is equally unrealistic to expect an absence of conflict in worker-management relations.

There are a number of ways of looking at collective bargaining and worker management relations. Three of these can help employers and workers understand the nature and complexities of this process, and to better understand the differences between conflict and cooperation when applied to worker-management relations.

### 6.1.1 Basic Positions of Workers and Management

One way to look at worker management relations is to view their basic positions. Chart 6-1, developed by Ed Cohen-Rosenthal and Cynthia Burton, puts worker-management relations on an axis.



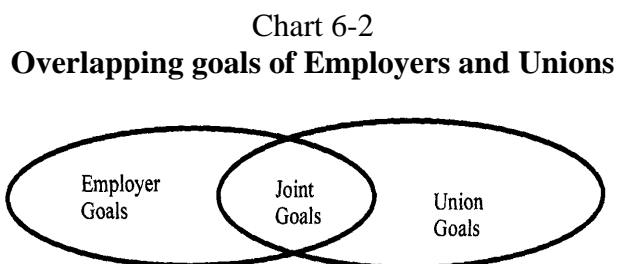
The vertical axis represents the strength of the parties and the horizontal axis the polar interests of management and workers. The goal of cooperation is to have the two parties come together at the top of the diagram. At this point there is a strong, competent management and a strong and democratic union representing the interests of workers. As stated by these authors,

<sup>1</sup> This section has been adapted from Edward Cohen-Rosenthal and Cynthia E. Burton, *Mutual Gains: A Guide to Union Management Cooperation*, Praeger, 1987, ILR Press, 1993

There is no comfort in a union in having a weak management that is unable to perform well. A weak and divided union is more trouble to management than strong representation. Posturing by either party leads to serious problems. Management's relying on its rights clauses rather than being competent and correct, leads to conflict and mismanagement. Union leadership's not responding to the merits of particular situations leads to gridlock and poor membership representation. When both occur at once, the result is terrible conflict. When there are serious power imbalances between the parties, there is a danger of co-optation by the stronger party. Worse yet, weak management and a weak union lead to little energy or capability for problem solving.<sup>2</sup>

### 6.1.2 Separate and Overlapping Goals of Workers and Management

Another way to view worker-management relations is as circles indicating separate and overlapping goals. Chart 6-2 illustrates this situation.



**Traditional trade unionists' view:** Some unionists focus solely on the differences between workers and their bosses, asserting that they have nothing in common and their goals never intersect. They view management as selfish and manipulative and think it best to keep union interests as separate as possible to avoid any misunderstanding as to which side they are on. They see no overlap in the circles.

**Organizational theorists' view:** Some organizational theorists see only the overlap. They envision a blissful identity of interests between the parties: that good managers are totally aligned with their employees' concerns, and that they're going in the same direction and share a common culture. Differences of interests or hierarchy are discounted. They see the two circles as overlapping.

**Both views are naive.** Workers and management interests are never identical. Both commonality and differences occur in all situations. At a fundamental level, employers want more for providing executive compensation, dividends, and investments while workers want higher wages, benefits, and the best working conditions.

<sup>2</sup> Edward Cohen-Rosenthal and Cynthia E. Burton, Mutual Gains: A Guide to Union Management Cooperation, ILR Press, 1993, pp. 7-8.

Too often, workers and managements refuse to work together because they are afraid that the other party will gain at their expense. However, management and unions should focus on attaining their own goals with integrity, including ways that require or can be enhanced by mutual cooperation. The amount of overlap determines the degree of cooperation.

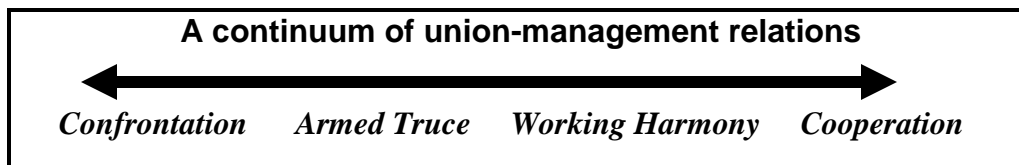
### 6.1.3 Continuum of Worker-Management Relations

A third way of looking at worker-management relations is to place them on a continuum. Some years ago two scholars who had studied industrial relations in the United States, Frederick Harbison and John Coleman, concluded that there were four different kinds of worker-management relations that can occur in a collective bargaining relationship.

1. Confrontation
2. Armed Truce
3. Working Harmony
4. Union-Management Cooperation

Based on their research, the scholars also believed that these kinds of relationships could be placed on a continuum, as illustrated in Chart 6-3.

Chart 6-3



#### 1. Confrontation

Confrontation is akin to warfare. It occurs when an employer seeks to eliminate a union as a representative of its workforce and to operate in a union-free environment. The employer's activities and actions, legal and illegal, are designed to undermine the union, resulting in continuous conflict, frequent violations of labor laws, bitter strikes and labor strife, and a high rate of grievances.

#### 2. Armed Truce

Armed Truce is defined as:

- 1) Management believing that, at best, unions and collective bargaining are necessary evils in modern industrial society.
- 2) Labor leaders believing that their main job is to challenge and protest managerial actions.
- 3) Both parties disagreeing about the appropriate scope of collective bargaining and the issues that should be subject to joint determination.
- 4) Management and union competing for the workers' loyalty.

- 5) Management and unions agreeing that major differences in collective bargaining are settled on the basis of the relative power of the company vis-à-vis the union.
- 6) A mutual desire to contain conflict and negotiate differences under the terms of a collective bargaining contract.

### **3. Working Harmony**

Working harmony is defined as:

- 1) Management's acceptance of collective bargaining based on its conviction that the union is an asset as well as a liability in running the business.
- 2) Union's conviction that the attainment of its objectives depends in large measure upon the continued prosperity and well-being of the company with which it bargains.
- 3) Both parties' aware that although their objectives conflict in important areas, compromises can be negotiated that allow each side to feel that it is advancing its interests.
- 4) Management retaining the sole responsibility for core functions in running the business while the union polices the managerial actions and removes obstructions which lie in the path of efficient production.
- 5) A broadening of the scope of issues subject to joint discussion and negotiation.
- 6) Each party's recognition of the complexities of the other's internal problems coupled with a willingness to help solve some of the thorny issues.

Working harmony is characterized by the use of labor-management committees, quality circles or action teams, joint study teams, and other parallel and limited cooperative autonomy.

### **4. Worker-Management Cooperation**

Worker-management cooperation is the most difficult to achieve and occurs in the fewest organizations. It is described by the following characteristics:

- 1) The management's conviction that the union is both willing and able to organize cooperative activity among the employees to achieve lower costs and increased efficiency.
- 2) The company's willingness to share some vital managerial functions with the worker representatives.
- 3) The union's eagerness to be a production-boosting partner in return for tangible and intangible benefits for the union and its members.
- 4) Both parties assuming joint responsibility for solving production problems and eliminating obstacles interfering with greater efficiency.
- 5) Mutual trust and respect coupled with expressed confidence that union-management partnership "pays off" for both parties involved.

Originally, in the United States, this highest kind of labor management cooperation described the union-management relationship developed in 1939 between the American Velvet Corporation in Stonington, CT, and the Clothing Workers Union. That ongoing relationship includes the union

in production planning and results in gainsharing payouts to the workers. It demonstrates that cooperation can be maintained over a long period of time when both parties are committed to the process and are willing to do what is necessary to make it work.

Examples of union-management cooperation are the GM and the UAW in their Saturn project in America and the Shell-Sarnia plant and Chemical Workers Union of Canada. More recently, 3M and Vertex Data Sciences are good examples of how labor management cooperation has been achieved by two enterprises in Great Britain.

### 6.1.4 Trends motivating worker-management cooperation

What are the trends that are motivating unions and managements to embrace cooperation? There are a number of contributing factors to managements and unions that lead to their increased desire for cooperation. A few of these are:

- ❑ **Responding to global and domestic competition.** The greater the competition to an enterprise, the more incentive there is to cooperate for mutual survival. Conflict becomes a destructive luxury.
- ❑ **Economic restructuring in transition countries.** In countries undergoing economic restructuring and privatization, old worker-management relations have been destroyed. New ways must be found to work together in a market economy—especially if the enterprises are to be competitive in the face of global competition and the workers and managers are to have any prospect of saving their enterprises or retaining their jobs.
- ❑ **Coping with a changing workforce.** When workplace demographics change, employers and unions must adapt to the new realities.
- ❑ **The dynamics of new technology.** Modern technology requires new modes of organization and production. New technology can have enormous impacts on safety, skill requirements, and job security for workers.
- ❑ **Flexibility as a new management imperative.** The realities of today's world require that organizations change or die. The pace of change has increased dramatically in the past two decades, and organizations must respond or suffer the consequences.
- ❑ **The demand for employment security.** Workers and their unions have responded to the impact of rapid change and the need for flexibility by employers with an increased sense of insecurity. The need for job security can outweigh the demands for pay and benefit increases. There is no quality of work life if there is no work. In order to preserve jobs in the future requires unions to become more involved with management in improving present operations and shape the future to include continued employment.

The remaining sections of this chapter are focused on two areas: (1) how the two parties to a labor-management relationship, managements and union leaders, can achieve greater cooperation in their worker-management relations; and (2) what are some of the tools that can be used to help them achieve this objective.

## 6.2 Conditions for successful labor-management cooperation

Studies conducted in the U.S. over the years have concluded that nine conditions are necessary for successful labor-management cooperation:

- 1) The *management fully accepts the collective bargaining process and unionism*. The company considers a strong union as an asset to management.
- 2) The *union fully accepts private ownership and operation of the business*. It realizes that the welfare of its members depends upon the success of the business.
- 3) The *union is strong, responsible and democratic*.
- 4) The *company stays out of the union's internal affairs*. It does not try to alienate the workers' allegiance to their union.
- 5) *Mutual trust and confidence exist* between management and the union. There are no serious ideological incompatibilities.
- 6) *Neither party to bargaining adopts a legalistic approach* to the solution of problems in the relationship.
- 7) *Negotiations are problem-centered*--more time is spent on day-to-day problems than on defining abstract principles.
- 8) *There is widespread union-management consultation* and highly developed information sharing.
- 9) *Plant grievances are settled promptly*, with flexibility and informality, whenever possible.

## 6.3 Maintaining successful worker-management cooperation

Too many employers and unions overlook the following three key factors that affect the continued success of labor-management cooperation programs:

**Labor-Management cooperation programs are not permanent.** Successful L-M cooperation programs require continual hard work and constant renewal, including a formal structure and adaptation to the changing environment. Structured programs last far longer than informal programs based on the personal relationship between the union and management leaders.

**Macroeconomic forces affect the longevity and incidence of successful L-M cooperation programs.** These programs appear to thrive during periods of crisis, national emergency and strong competitive pressures on the economy. Outside forces encourage unions and management to cooperate. Without outside pressure, management often mistakes good fortune for good management. Unions are more cooperative when employers accept their legitimate role and unemployment and competition from external forces and nonunion shops squeeze them.

**Historically, there has been competition between joint union-management programs and management-initiated avenues for worker participation.** Because many employers are constantly trying to make unions unnecessary, unions often fear company-initiated programs.

History suggests that unilateral management programs usually fail. They either fold due to a lack of sustained interest or inadvertently fuel unionization by showing that collective action is necessary for lasting improvements in working conditions. (In the *Electromation* labor law case in the U.S., the National Labor Relations Board and courts found that the employer dominated the program and used it to subvert the process of collective bargaining—the management selected the employees who discussed wages, etc.)

Cooperation alone cannot solve all the economic and social problems that employers and unions face, but it can definitely improve working relationships.

In traditional adversarial labor relations, the union is usually inflexible and opposed to any change. In a cooperative environment, the union and management work together to achieve improvements that are mutually beneficial.

## 6.4 Benefits of worker-management cooperation

Both unions and managements benefit from cooperative approaches to labor-management relations.

### 6.4.1. Benefits to workers and unions

The Benefits to workers and unions include:

- ☑ Increased access to information and prenotification of changes in work arrangements and technology
- ☑ Additional input to help management avoid errors or decisions that would hurt union membership
- ☑ Fewer grievances; worker concerns are resolved more quickly and more fully
- ☑ More interest and activity in the union
- ☑ Increased work satisfaction
- ☑ Increased union ability to address a broader range of workers' concerns
- ☑ Increased membership education and skill levels
- ☑ Reduction in stress caused by poor supervision
- ☑ Improved communication with co-workers.
- ☑ Increased union visibility that projects a better image
- ☑ Customers impressed by the cooperative spirit
- ☑ Improved bottom line company performance that may provide more money for wages and benefits, for modernization and expansion, or for health and safety improvements
- ☑ Improved efficiency and productivity that may ensure that jobs are not lost and may facilitate expansion and more jobs

### 6.4.2 Possible risks for workers and their unions

There are, of course, some potential pitfalls or risks when workers and their unions enter into greater cooperation with management.



- The union may become an apologist for management and lose its credibility with the workers
- Cooperation in joint activity could be a preamble to softness in negotiations over traditional matters such as wages and benefits
- Direct communication from management to workers without acknowledging the union's role may weaken the workers' allegiance to the union
- Efforts should not contradict uniform rules or lead to unequal treatment of employees
- Other dangers could be political splits, contract violations, job loss resulting from increased productivity or speedups, downgrading of jobs, etc.

### **How can unions avoid co-optation?**

- ⇒ A union should keep its own interests in mind during the development and maintenance of a joint effort. A union should get involved because the program helps it meet its own important objectives.
- ⇒ The program should be truly equal and joint.
- ⇒ The union must be knowledgeable about cooperative programs and the proper ways to design them.
- ⇒ The union must participate in the evaluation of the program to understand whether the union has been co-opted.

## **6.4.3 Possible benefits to management**

### **Why should management cooperate with workers and their union?**

- ❖ Management is concerned with obtaining the best possible return on assets. The union should be considered as an asset. Given the cold realities in the business world, cooperation makes sound business sense.
- ❖ Union-management cooperation in its participatory forms is an extension of the management principle of delegating responsibility. Delegating more responsibility to the workers leaves management free to deal with other issues.
- ❖ By taking the initiative in seeking union-management cooperation, management affirms its overall responsibility for leadership. Cooperation is not giving in, but rather a way for management to further its goals and objectives, resulting in more effective, stronger management.
- ❖ Flexibility is a central management imperative. L-M cooperation increases flexibility and reduces rigidities of hierarchical management structures.

### **What benefits can worker-management cooperation provide to management?**

- A forum to review budget considerations, complaints and other management concerns. The forum enables employees to better understand management's concerns and positions on issues.
- An opportunity for advanced discussions of operational problems, planning and scheduling and other matters that impact on employee work schedules, overtime schedules, layoff, recalls, temporary transfers or new job opportunities. Because

employees frequently resist new proposals that are unilaterally initiated by management without employee input, labor-management committees provide a forum for resolving such resistance before it arises.

- ☑ An open channel of communication to establish rapport with the union. To avoid getting bogged down in small issues, day-to-day labor relations problems, such as grievances, are not discussed.
- ☑ An opportunity to respond to employees' ideas, suggestions and complaints. This demonstrates to the union and employees that management is sincerely interested in improving the workplace.
- ☑ A means of communicating with employees through their elected leaders.

#### **Other reasons for management's participation:**

- ☐ It motivates employees to do their jobs well. It enables management to work with employees in new ways.
- ☐ Involvement in cooperative activities has a positive impact on labor negotiations and contract administration. It helps both managements and unions to improve their problem solving, communications, planning, and group processes skills. In turn, management and unions apply these skills during contract negotiations. As a result of cooperation in other areas, day-to-day contract administration becomes more problem-solving and problem-preventing oriented. Resources traditionally used for contract negotiations and administration can be redirected into cooperative problem solving and problem prevention, making the managers' jobs easier.

### **6.4.4 The bottom line: Payoffs to management and workers**

- ☑ **Higher profitability**
- ☑ **Improved management effectiveness**
- ☑ **Increased organizational flexibility**
- ☑ **Improved working environment**
- ☑ **Enhanced productivity**
- ☑ **Stronger market profile**
- ☑ **Greater employment security**

## **6.5 Moving from conflict to cooperation**

Many labor-management relationships are adversarial and based on confrontation and conflict. In the U.S., academicians, consultants, and the U. S. Department of Labor have developed several approaches or processes to help labor and management make the difficult transition from adversarial to more cooperative relationships. Most of these methods use or modify the collective bargaining and dispute resolution processes as the basis for reducing conflict and increasing cooperation. They start with the existing bargaining relationship and introduce a set of carefully designed techniques or procedures into the negotiating process to help the parties diagnose overall problems in the workplace and assess the nature of their relationship. Working

together, they identify and solve problems and initiate other confidence building and cooperative activities. Eventually, the self-defeating adversarial bargaining is replaced by mutually beneficial integrative bargaining.

Five examples of techniques that can be used to help unions and managements to accomplish the transition from conflict to cooperation in collective bargaining relationships are:

1. Federal Mediation and Conciliation Service (FMCS) -- Relations by Objectives
2. Blake-Moulten/ECR & Associates -- Conflict Resolution Model
3. USDOL -- Interest-based Negotiations
4. USDOL -- Interest-based Grievance Handling
5. USDOL -- Partnership for Change

### 6.5.1 FMCS -- Relations by Objectives

The *Relations by Objectives (RBO)* process, developed by the U.S. Federal Mediation and Conciliation Service (FMCS) in the 1970s, uses the existing collective bargaining relationship as a springboard for the formation of joint labor-management committees and other cooperative activities. RBO is proposed by the FMCS mediators to de-escalate hostility and conflict when unions and management have been involved in a history of conflict and mediator intervention. It works best when the top leadership acknowledges the problem and is committed to rescuing it.

RBO consists of an intensive six-step conflict resolution process that guides the participating union and management group through an analysis of their present hostile relationship, the setting of mutually acceptable objectives to improve that relationship and the planning of action steps and a timetable to meet their objectives.

The RBO process is taught in an intensive four-day workshop with labor and management representatives—after a planning meeting is held by a facilitator to brief the parties and obtain their commitment to participate in the workshop. Six steps are carried out during the workshop:

1. During the first step both the union and management separately analyze their relationship. Each party then lists what it can do to improve joint cooperation. Most of the discussions center on operational issues in the organization.
2. The second step consists of a joint meeting where the two lists are shared, clarified, and discussed. Those lists usually contains some overlapping goals.
3. In the third step the parties agree on a single list of goals for improvement.
4. During the fourth step the group breaks down into smaller union-management teams to discuss action steps on the goals identified.
5. During the fifth step the teams report back to their union and management groups what they have discussed and the proposals they wish to put forward.
6. During the sixth and final step they come together to review the action items and agree on a course of action.

Joint initiatives that emerge from the RBO process are maintained in an on going way through an action plan and a joint committee. Sometimes the FMCS mediator assists with follow-up or may even serve as chair of the joint committee.

## **ACTION MODULE: Steps to implement the Relations by Objectives Process**

**Starting a Relations By Objectives (RBO) program.** As discussed above, the mediator-directed RBO process developed by the FMCS is designed to improve the relationships between labor and management bargaining groups that are experiencing considerable hostility in their current relationship, and their leaders want to improve the situation. The process is designed to start with the existing relationship and through a series of structured steps seeks to reduce conflict and move the parties toward the acceptance and implementation of mutually agreed objectives that will improve their relationship.

### **Step 1: Hold separate planning meetings with the facilitator**

Separate planning meetings are held between Federal Mediators, company and union officials at appropriate levels to review the RBO program and obtain a commitment to participate.

Program participants include top management officials, production managers industrial relations and other company personnel. Union personnel include the grievance committee and local union officers.

The RBO program is conducted in a retreat setting involving three or four days of intensive 10-14 hours a day. The size of the groups range from 20-40 persons

### **Step 2: Divide up into mixed L-M teams and a facilitator**

Upon arrival at the retreat site the group is divided into teams comprised of labor and management members and a facilitator. Through a series of group exercises followed by audio-visual presentations and discussions, the teams carry out four exercises. answering such questions as: What do you expect to gain from this program?

### **Step 3: Convene into labor and management conferences to address specific questions**

The parties are then split into labor and management conferences with a facilitator in each conference group to address two questions:

1. What should the other party be doing to improve labor-management relations?
2. What should you be doing?

Each conference group prepares a list of answers for each of the two questions.

**Step 4: A joint meeting is held to share lists, clarify and narrow the list of objectives**

After consolidating the lists, the facilitators bring the labor and management groups back together to review the lists and narrow the selection of mutually agreeable objectives on each list.

The entire group is asked to consolidate the four lists into a single list of mutual objectives. The goals usually fall under one of several headings:

- Labor-management communications
- Management attitudes and practices
- Forman-steward relations
- Training needs

**Step 5: The four subject area lists are given to mixed L-M teams to develop action steps**

The general subject areas are then divided between the original “mixed” labor-management teams. Their assignment, with the facilitators help, is to develop specific action steps to accomplish the goals agreed to in the previous step.

**Step 6: The management and labor conferences review the action steps proposed**

Management and union groups meet again in separate conferences to review the mixed team action steps developed to achieve the objectives on which the two sides have already agreed.

**Step 7: Entire group reassembles to review goals, action steps and agree on next steps**

The entire group reassembles to hammer out any differences.

A review is made of the goals, action steps, and assignments of responsibility, and a timetable for resolution of the problems is adopted. This concludes the formal RBO training program.

**Results achieved by RBO programs:**

- A general reduction of friction in labor-management relationships
- Fewer strikes
- Reduction in the number of grievances
- Organization of formalized joint labor-management committees to continue the program

## 6.5.2 Blake-Moulton/ECR & Associates -- Conflict Resolution Model

Where there is intense labor-management conflict, a *Conflict Resolution Model (CRM)* based on behavioral science theory about inter-group relations could be used. One such model is the Blake and Moulton conflict resolution model. This approach helps the parties recognize union and management disputes as symptoms of a pathology in the problem-solving area, diagnose the causes that produce the symptoms, and directly deal with the causes rather than just treat the symptoms.

In the CRM model, the union and management parties focus on understanding the character and nature of their relationship, not on directly resolving concrete issues. The participants in CRM training develop self-images and images of the other party, share and discuss these perceptions and their implications, diagnose their current relationship, consolidate understanding on key issues and points of friction, and end with plans for the next steps in the resolution of commonly perceived problems.

A variation of this model, promoted by the ECR & Associates consulting group in Virginia, begins with the parties separately identifying their ideal relationship. Five questions guide them in the process:

- 1) What kind of labor-management relationship would help you meet your own responsibilities?
- 2) In the normal course of labor relations, how can you work together?
- 3) How can the labor-management relationship contribute to the best operation of the organization now and in the future?
- 4) How should people involved in this relationship treat one another?
- 5) What can the other party reasonably expect of you?

This conflict reduction process encourages an open but private exploration of thoughts, feelings and options by management and the union. First, union and management participants expand their notions of what is possible in the relationship. Then, they join together to develop a common list based on the overlap between their separate lists, including items on each party's list that the other party finds acceptable. The common list include items on which there is broad consensus. There are always items that are not agreed on, ensuring the integrity of the process.

A "what-then" feedback format provides insight into the current situation while avoiding personality conflicts. Participants learn how to give constructive feedback to get important feelings and issues into the open. Each group separately examines questions such as: What situations cause you the most difficulty in doing your job? What situations make you angry or upset with the other party? What behaviors do you find counterproductive or wasteful? What situations make you most pleased, or what behaviors do you find most welcome? Each group comes to understand its current relationship.

After brainstorming the barriers between the real and ideal in mixed union-management groups, the parties know what the current situation is, where they want to go, and what is blocking their

progress. The labor and management participants separately identify their institutional interest in moving forward and unilateral actions that would help the relationship progress. Making unconditional commitments to improve their relationship helps both parties demonstrate trustworthy behaviors that are also in their own interest.

Together the parties develop joint-effort strategies.

### 6.5.3 “Interest-based” Negotiations

The most recent and widely adopted approach to improve collective bargaining and develop more cooperative labor-management relations in the United States is *Interest-based Negotiations (IBN)*. (Sometimes it is called P.A.S.T., “win-win,” or mutual gains bargaining.) IBN was developed by the U.S. Department of Labor and others using the integrative bargaining concepts first identified by academics Richard Walton and Robert McKersie in the 1960s. The concepts were subsequently refined and elaborated by the Harvard Negotiation Project in the 1980s.

IBN is based on problem-solving principles and the belief that, fundamentally, collective bargaining is a problem-solving exercise. The IBN process assumes that each party to labor-management negotiations comes to the table with a set of problems it wants to resolve. For example, management may be concerned with overall compensation costs, flexibility in operation, absenteeism, and a host of other issues. The union may be concerned about rising living costs, job security, career mobility, and fair treatment in the workplace.

In traditional bargaining, sometimes called distributional or positional bargaining, concerns take the form of proposals and counterproposals or demands. A fair compromise is attempted, but both parties seek to distribute the benefits as closely as possible to their own bottom lines.

Integrative bargaining focuses on the problem at hand, not simply the specific proposals. The IBN approach to integrative bargaining consists of a six-step problem-solving process based on four fundamental principles that work well in labor-management relations because the parties, whether they like it or not, are so reciprocally dependent.

The IBN approach also can be used in a wide range of fields, from community relations, labor-management relations to international conflict and commercial negotiations.

#### **Six-step IBN problem-solving cycle**

The six-step problem-solving cycle is the core of the IBN negotiations process. The essential steps are:

#### **I. Select an issue**

Jointly select an issue  
State the issue clearly

#### **II. Develop and discuss all interests behind the issue**

Flipchart interests

Post and review the flipcharted lists of interests

Discuss and clarify each interest. Inspect the list for position statements.

Convert each to an interest by exploring the concern, need, or problem the position is trying to resolve.

Identify mutual interests

Recognize the legitimacy of the interests and the full scope of the issue-- mutual as well as separate interests.

Restate the issue as appropriate.

### **III. Generate options**

Use brainstorming. Generate as many options as you can to meet the expressed interests and use the flipchart to record every idea.

(Remember the brainstorming rules -- no judging, aim at quantity not quality, piggyback on the ideas of others, and work through a pause.)

Generate options that

satisfy one or more interests

satisfy others' interests

Clarify and ready options for evaluation. Eliminate duplicates; combine pieces of options to form complete options.

### **IV. Establish standards or objective criteria**

Propose possible standards--qualities of a solution

Clarify the meaning of each proposed standard

Reach consensus on standards

Examples of standards: simple, fair, affordable, legal, workable, industry practice, cost, efficient, equitable, flexible, ethical, practical, ratifiable

### **V. Evaluate each option against the standards**

Discuss each option

Various evaluation techniques are available to assist the parties in reaching consensus on the best option or solution, e.g., mutually developed criteria or multi-voting.

Amend, combine, or develop new options

Eliminate options which meet few or none of the standards

### **VI. Develop the solution and capture it in writing**

Combine options, or elements of options, that meet the standards. Strive



- to create the solution that meets as many interests as possible.
- Reach consensus on the solution
- Draft the solution or appoint a committee to draft it.
- Check for consensus on the written solution.

The negotiating teams apply these steps to each issue on the list of issues and interests compiled by each party prior to the starting of negotiations. Every step in the problem-solving cycle is conducted jointly with full participation of each member of the negotiating teams.

IBN negotiators use a variety of techniques to help develop consensus solutions, including brainstorming, consensus decision-making, listening and clarifying, process checking, converting positions to interests, and recording decisions using a matrix.

### **Four basic IBN principles**

The four basic principles underlying the IBN process are:

**1. “*Separate the people from the problem.*”** Be hard on the problems and soft on the people. Pay attention to maintaining long-term, positive relationships by separating the specific issues of disagreement from personal antagonism. Key behaviors that help support the relationship during negotiations include: imagining oneself in the other party’s shoes, not blaming the other side for one’s problems, discussing each other’s perceptions, and phrasing proposals so they are consistent with their counterpart’s values. Active participation by both parties in the exploratory process to develop greater commitment to arriving at workable solutions. Good communication skills are essential.

**2. “*Focus on interests, not positions.*”** Each side comes to the bargaining table with legitimate interests, usually multiple interests without equal weight. The parties openly acknowledge each other’s interests. By so doing they may uncover areas of common interest. Some interests may be different but complementary, such as increased productivity and increased wages. This helps build the framework for agreement.

By becoming sensitive to each other’s interests, both of the parties can address their own interests while working to bring about mutually rewarding results.

**3. “*Invent options for mutual gain.*”** Four areas inhibit the generation of options: “(1) premature judgment; (2) searching for the single answer; (3) the assumption of a fixed pie; and (4) thinking that solving [the other party’s] problem is their problem.” The parties need to be creative to generate a variety of solutions for difficult problems. They need to ask “what if?” and explore each option. Rarely is there a simple, single, either/or choice. Reframing the issue can put it into a new perspective. Breaking the problem up into its constituent causes or parts and trying to solve each cause or part is also helpful.

**4. “*Insist on using objective criteria.*”** Problem-solving often breaks down because of pressure exerted by the union and management. Consequently, before agreeing to specific proposals, labor and managements must agree on the common criteria for acceptance. The

criteria may include standards of cost, fairness, reciprocity, professional standards, prevailing rates and conditions, scientific measurements, precedents, equity, legality, effectiveness, verifiability, and/or other mutually agreeable measuring rods. Merit and common criteria provide a common framework for the parties to jointly discuss and evaluate proposals. They help ensure that the outcomes advance the interests of both parties.

The parties should “(1) frame each issue as a joint search for objective criteria; (2) reason and be open to reason as to which standards are most appropriate and how they should be applied, and (3) never yield to pressure, only principle.”

Interest-based negotiations enhance the long-term relationship while opening up options for the resolution of both side's pressing issues. They give both the union and management the right to assert their interests and to withhold agreement until they feel they are sufficiently met.

The results achieved by hundreds of organizations using IBN have almost always been an improvement over their past bargaining practices.

### **Consensus Decision Making:**

The parties reach consensus when all members agree upon a single alternative, and each group member can honestly say:

*I believe that you understand my point of view and that I understand yours.*

*Whether or not I prefer this solution, I support it because--*

*--it was reached fairly and openly, and*

*--it is the best solution for us at this time.*

Guidelines on Reaching Consensus:

- ◆ Listen: Pay attention to others
- ◆ Encourage participation
- ◆ Share information
- ◆ Don't agree too quickly
- ◆ Don't bargaining or trade support
- ◆ Don't vote
- ◆ Treat differences as a strength
- ◆ Avoid arguing blindly for you own views
- ◆ Create a solution that can be supported

### **Definitions**

**Issue:** a subject under discussion; the what, the problem to be solved.

**Interest:** one party's concern, need, or desire, behind an issue; why the issue is being raised.

**Mutual interest:** an interest both parties hold in common.

**Separate interest:** an interest only one party holds, but not necessarily one that interferes with or precludes an interest of the other party.

**Position:** one party's proposed solution to an issue; the how.

**Option:** a potential, often partial, solution that can meet one or more interests.

**Solution:** an agreement reached by the parties using consensus, after the evaluation of options.

**Techniques:** skills required for interest-based problem-solving.

- ⇒ **Brainstorming:** a process used by the parties to create as many ideas as possible in a short period of time; a process to generate innovative and creative ideas.
- ⇒ **Listening and clarifying:** Listening is the capacity to hear effectively, understanding the words as well as the emotions and body language of the speaker. Clarifying is asking questions to verify or expand upon the information received.
- ⇒ **Consensus decision making:** A consensus decision is one about which each group member can honestly say: *“I believe that you understand my point of view and that I understand yours. Whether or not I prefer this decision I support it because...It was reached fairly and openly, and it is the best solution for us at this time.”*
- ⇒ **Process checking:** Process checking is a technique for monitoring adherence to the interest-based process and the interactions of team members.
- ⇒ **Converting positions to interests:** If a demand, solution, proposal, or position appears on your interest list, convert it to an interest by asking what problem it is trying to solve or what concern it is intended to address. An issue is a subject under discussion or negotiation; the *what*, the problem to be solved. A position is one party’s proposed solution to an issue; the *how*.
- ⇒ **Recording:** Recording is the writing of spoken ideas on a flipchart for all team members to see. Recording is used to capture: ground rules, issues, interests, options, standards, and solutions.
- ⇒ **Use of matrix:** Some teams create a matrix to record the group’s consensus on the degree to which the option satisfies each standard or criteria.

## Action Module: Steps to implement Interest-based negotiations

There are four steps or stages in the interest-based negotiations (IBN) process. These steps correspond generally to the major stages in traditional negotiations, but the process and techniques used are quite different.

### Step 1: Prepare for Interest-based negotiations

- Educate constituents about the IBN process.
- Inform constituents of why you have chosen this process and seek their support for embarking on a new process.

Educate constituents on the supporting principles, problem-solving steps and expected outcomes.

- Seek Information from constituents.
- Use surveys, interviews, information meetings, or informal discussions to help surface

constituent interests around the issues.

- ⇒ clarify the diversity of constituent issues and interests
- ⇒ get “buy in”-participation-in the process so that the negotiating team can work in a supportive environment, and
- ⇒ help establish the relative importance of various issues and interests.

**Compile a list of Issues and Interests.**

Using the information gathered from constituents, compile a list of issues and interests. Inspect the list for position statements. Convert each to an interest by exploring the concern, need, or problem the position is trying to resolve.

**Write an opening statement**

This statement reaffirms your commitment to the interest-based process and expectations and objectives for the negotiations. It will be shared with the other party at the opening of negotiations.

**Convene a pre-negotiations meeting**

- ⇒ Share the issues lists with the other party before negotiations so that they have time to prepare interests on all issues.
- ⇒ Share your proposed ground rules and work to reach consensus on a final set of ground rules. . You may wish to post your ground rules for reference during negotiations

## Step 2: Open Negotiations

These two steps are accomplished jointly.

**Share opening statements.**

Discuss your opening statements affirming the joint commitment to the interest-based process.

**Discuss the lists of issues.**

Clarify and understand the scope of the issues.

## Step 3: Negotiate using the six step interest-based problem-solving cycle

The following six-step problem-solving cycle is repeated for each issue the parties are negotiating. All steps are accomplished jointly.

**1. Select an issue.(What)**

Jointly select an issue.

State the issue clearly. Clarify the issue as needed to insure that the group has a mutual understanding of the meaning.

## 2. Discuss all interests behind the issue.(Why)

*The understanding of interests is key to the interest-based process.*

Interests are brainstormed first, and then clarified as needed.

Post and review your flipcharted lists of interests around the issue.

Discuss and clarify each interest. Convert any remaining position statements to interest statements.

Identify mutual interests: circle the interests appearing on both lists.

Recognize the legitimacy of the interests and the full scope of the issue-mutual as well as separate interests.

Restate the issue if appropriate.

## 3. Generate options.

Use brainstorming to develop as many options as you can to meet the expressed interests and use a flipchart to record every idea. (Remember the brainstorming rules-no judging, aim for quantity not quality. try to break set, piggyback on the ideas of others, and work through a pause.)

Generate options that

⇒ satisfy one or more interests

⇒ satisfy interests other than your own

Remember that options are not commitments.

Clarify and ready the options for evaluation. Eliminate duplicates; combine pieces of options to form complete options.

## 4. Propose qualities of a solution.

Select objective criteria to evaluate the options.

Clarify the meaning of each criterion or standard proposed. Eliminate redundancies; combine overlapping criteria or standards.

Reach consensus on criteria or standards to narrow the options.

### Examples of standards

simple	efficient
fair	equitable

affordable	flexible
legal	ethical
workable	practical
industry practice	ratifiable
cost	common area practice

### 5. Evaluate each option against the criteria selected.

Discuss each option. At this point the parties discuss the various options using the criteria to develop a solution.

Negotiators may amend options, combine them, or think of new ones as the evaluation proceeds. Add revised or new options to the end of the list to be evaluated in turn.

By consensus, eliminate options that meet few or none of the criteria or standards.

### 6. Develop the solution and capture it in writing.

Combine options, or elements of options, that both  
 ⇒ meet the criteria and  
 ⇒ meet as many interests as possible.

Reach consensus on the solution. This is not just a settlement but a consensus decision to accept the solution. Use consensus guidelines:

- ⇒ Free discussion is encouraged
- ⇒ Issues are discussed, people are not attacked
- ⇒ Listen to other ideas
- ⇒ Discuss differences openly, but avoid competing or arguing
- ⇒ Strive to reach a durable solution, not just a settlement
- ⇒ If a person disagrees with the group consensus has not been reached
- ⇒ Person who disagrees must offer an option to meet his needs.

Draft the solution, or appoint a committee to draft it.

Check for consensus on the written solution

- As noted at the beginning of Step 3, *the interest-based problem-solving process is repeated for each issue the parties are negotiating*. When all issues identified in Step 2 have been resolved to the satisfaction of the parties, the negotiations are completed.

## Step 4: Communicate the Results to Constituents

- Prepare a joint statement about the process and its results.

- ❑ Using the prepared statement, inform the constituents (bargaining unit members and management group) of the results

In addition to the interest-based negotiations process that has been described above in this section, the USDOL also developed and field-tested interest-based methodologies and training materials that can be used in grievance handling and other forms of conflict resolution and problem-solving in the workplace. These materials are included in the next section, and referenced in Annex 1 at the end of the Chapter.

### **6.5.4 Using Interest-based grievance handling to settle rights (or other) disputes**

In market economies like those in North America and Western Europe, labor-management relations systems are typically based on collective bargaining. These systems usually have some formally structured procedure to adjudicate worker grievances arising out of the application of the collective bargaining agreement at the enterprise level. There may be (1) a publicly established labor court system to adjudicate disputes and grievances arising out of the administration of the agreement, or (2) a grievance system contractually established by the parties for the handling of rights disputes arising out of the collective bargaining agreement. The steps in this second system allow an aggrieved worker to have an issue discussed at several levels: first by a supervisor and shop steward; and then at higher management-union levels. If the grievance is not resolved satisfactorily at these levels, the issue is normally taken to arbitration, where it is resolved by a outside arbitrator selected by the parties.

Because of the success of this contractually established grievance systems in the United States, most public and private sector collective bargaining agreements have embraced this approach.

The large number and variety of cooperative labor-management programs developed during the 1970s and 1980s focused primarily on the non-contractual aspects of the L-M relationship. They deliberately avoided infringement on the rights established in the collective bargaining agreement and the system for adjudication of those rights, the grievance system.

However, with the introduction of interest-based approaches to negotiations described in this chapter, in the late 1980s and early 1990s, it was inevitable that these innovative and more cooperative interest-based processes would be used within a rights-based framework to resolve grievances and problems of contract application and interpretation within enterprises as well. Consequently, the United States Department of Labor's Bureau of Labor-Management Relations and Cooperative Programs began exploring the use of interest-based grievance handling for rights disputes. As a result of the early successes achieved, an interest-based grievance handling process was actively promoted by the bureau, and training materials prepared and circulated to facilitate its adoption and use. It is now seen as a natural complement to those enterprises that have adopted interest-based negotiations and who are seeking to become "high performance" workplaces.

### 6.5.4.1 Grievance handling dispute resolution systems

It is useful to consider the interest-based grievance handling process within the context of the other dispute resolution tools or systems available to those employers and unions seeking to build more cooperative labor-management relations and high performance workplaces.

Because of the nature of labor-management conflict in the workplace, sometimes the parties cannot solve a problem in the workplace, even with the help of a union representative and a labor relations advisor using the interest-based techniques and processes. Sometimes the issue, problem, or grievance will be moved to the third step of the grievance process—grievance arbitration or a labor court. In situations where labor and management are seeking to use a more cooperative approach in their relationship—in addition to interest-based negotiations—there are several possible models for this next step. Some of these are:

#### 1. Grievance mediation

Grievance mediation is where a mutually agreed upon third party is designated to use mediation skills to help the parties resolve the conflict.

*Advantages:*

- ❖ Used to avoid arbitration or the labor courts
- ❖ Like a pre-trial session
- ❖ Sometimes a respected outsider can help uncover underlying problems that have not yet surfaced.
- ❖ It is a fluid procedure with few rules (unlike arbitration)
- ❖ A mediator whose focus is on uncovering interests and provides the parties with substantial voice in the process and settlement can be quite effective

*Disadvantages as perceived by the parties:*

- ❖ Outcome is unpredictable because arbitration hearing rules do not apply (advantage or disadvantage?)
- ❖ Emphasis on compromise may be seen negatively by those organization and union representatives with a highly developed sense of right and wrong. Compromise is not always satisfying to people involved in a dispute.

#### 2. Internal or External, Ombudsman

An ombudsman is when a neutral party, internal or external, is designated to help the parties resolve the issue. It is often used to help resolve non-contractual issues. This person may also be used to resolve contractual issues.



*Advantages*

- ❖ Advantages are the same as using a mediator: informal, uncovers interests, parties are active participants in the process.
- ❖ An internal ombudsman may have the extra advantage of familiarity with the organization; the organizational culture and the people who work there.

*Disadvantages*

- ❖ Disadvantages may be the same as using a mediator; unpredictable outcome; compromise is something dissatisfying
- ❖ If an internal ombudsman, there may be some question as to impartiality “who’s payroll” s/he is on.

**3. Arbitration**

The intent of arbitration is to avoid taking unresolved grievances to court. Arbitration is the final step in most contractually established grievance procedures. It is a process by which the parties to a dispute submit their differences to the judgment of an impartial person selected by mutual consent. The parties jointly pay for the cost of arbitration. The parties have agreed to accept the decision of the arbitrator as final and binding. Originally, arbitration was intended to settle conflict, and avoid strikes that disrupted work. Although less formal than a court procedure, over the years a whole body of arbitration rules, procedures, and precedents have been established.

*Advantages*

- ❖ Provides an alternative to taking matters to court.
- ❖ Takes away the responsibility for conflict resolution. The “loser” can blame the defeat on “that arbitrator.”

*Disadvantages*

- ❖ The parties are constrained from dealing with real interests.
- ❖ Someone else decides.
- ❖ It is more costly than settling prior to arbitration.
- ❖ The results in an arbitration may not produce a solution to the problem.

It should be noted that even where interest-based grievance handling procedures or other alternatives have been adopted, *arbitration should be used by the parties for certain types of disputes:*

- ⇒ Discharge cases where the union may have a significant risk of a “duty of fair representation” charge.
- ⇒ In significant cases that may set a precedent.

#### 4. Joint Issue Resolution Team

A joint issue resolution team (JIRT) is a labor-management team, designated by union and management leaders, to solve rights conflicts in a public or private enterprises. The team uses the interest-based problem solving process to develop acceptable solutions to rights disputes. A JIRT can be a standing committee established by the contract, or may be formed as needed. The JIRT is comprised of impartial people—not involved in the conflict.

A number of businesses and other organizations (e.g., schools, utilities, manufacturing business, etc.) in the United States have included the concept of JIRTs as part of their grievance process. Each organization has determined the authority of the team.

A JIRT is usually activated after the parties have tried and failed to resolve a grievance through the first or second steps of their grievance procedure.

What are the advantages and disadvantages of using a JIRT to resolve rights disputes?

##### *Advantages*

- ❖ A JIRT strives to achieve procedural, substantive, and psychological satisfaction, resulting in a durable solution to a problem rather than just a settlement.
- ❖ The parties are part of the process, helping to achieve a resolution to their problem.
- ❖ It is less costly and quicker than using a mediator or arbitrator.
- ❖ There is open information sharing for uncovering interests.

##### *Disadvantages*

- ❖ There may be a reluctance to submit to “peer” review.
- ❖ The grievant cannot blame a neutral outsider for “defeat.”

#### 6.5.4.2 Essential features of the Interest-based JIRT process

The JIRT discussed above uses the interest-based problem-solving process to resolve any rights grievance or problem situation referred to it by the management and labor union. The core steps in the interest-based grievance handling process are:

1. Gather all relevant information
  - Identify what happened
  - Ask questions
2. Define the issue
  - State the problem (What)
3. Explore the interests behind the issue

- Uncover hidden issues and problems
  - What are the underlying concerns, cares, and fears behind the issue? (Whys)
  - Clarify the parties' interests
4. Brainstorm options for solution/agreement
- All participants will brainstorm options
  - What are potential solutions to the problems?
  - How can the parties' interests be satisfied?
  - Use brainstorming guidelines
5. Agree on objective criteria to evaluate the options
- Fair
  - Equitable
  - Workable
  - Legal
  - Affordable
  - Others
6. Discuss the options based on the criteria
- Use open and free discussion
  - Combine options to formulate best solution
7. Use consensus to reach a solution to the issue
- Use consensus to reach problem solution, not just settlement
8. Reduce the outcome to writing
- Check that the resolution is satisfying to the parties
  - Is the outcome durable, or will the problem recur?

Note: If the resolution is not acceptable, the grievant using a JIRT has not waived the right to take the matter to arbitration.

### **6.5.4.3 Definitions of a grievance**

If only contract violations are grievable, many problems may go unresolved or be ignored by management and the union. The broader the definition of a grievance the more problems that can be dealt with by management and the union. If the goal is to improve the quality of work life and to improve the organization, the more problems that can be dealt with the better.

Typically the contract defines what is a grievance. This varies among enterprises from a violation of the contract to anything that impacts on an employee's work performance

Some examples of grievance definitions used in high performance work organizations include:

*Northwest Gas Co.*

"...to resolve all issues which arise daily within the workplace."

*Rohr Industries*

"openness is the key to a harmonious and productive work environment. Individuals should feel free and secure enough to approach one another about mutual problems and concerns.

...to resolve problems with their Work Team using problem solving methods."

*Dayton Power and Light*

"Unlimited Referral. There is no limit on the nature of issues which may be referred to this process by employees, the Union, or the Company. The process will be used to advance positive ideas as well as to examining perceived wrongs."

*Casper, Wyoming School District*

"Grievance shall mean a claim by one or more employees of an alleged violation, misapplication, or misinterpretation of the professional negotiations agreement."

#### **6.5.4.4 Steps to implement an interest-based grievance handling process.**

### **ACTION MODULE: Steps to implement interest-based grievance handling**

The management and labor groups that intend to use the interest-based grievance process should establish and train a JIRT to function in their organization. They must also establish, as part of their collective bargaining agreement, the framework, procedures and authority granted to the JIRT. The JIRT would then apply the core steps of the interest-based problem solving process in the following manner to address an issue or grievance referred to it for resolution by the party who filed the grievance.

## Step 1: Preparatory activities of the JIRT members

Prior to conducting a joint interest resolution meeting, the management and labor members of the JIRT must separately accomplish three preparatory activities. Completing these steps are critical to the effective and expeditious handling of a grievance or issue by the JIRT.

### 1. Gather all relevant information

Identify what happened. Interview all parties involved in the incident (the employee and supervisor involved in the conflict, witnesses, others). Gather all paper records and relevant contract clauses.

### 2. Define the issue

Each party should discuss what happened and develop a brief statement of the problem or conflict

### 3. Explore the interests

Each party must explore the interests behind the issue.

These three activities must be completed by both parties in preparation for a joint meeting with the other party. Both management and labor members of the JIRT must be prepared with the information in order to continue the process in a joint meeting.

## Step 2: Hold a formal JIRT meeting

The JIRT convenes a meeting to resolve the grievance, issue or problem to be considered. At the meeting the JIRT members carry out each step of the interest-based process as they work to come up with a solution for the grievance or issue presented.

The parties should use flipcharting to share the Step one information prepared and work through the remaining steps of the interest-based problem solving process. They should also remember that these steps are guided by the interest-based *principles* and *assumptions*.

The interest-based principles are codes of conduct or behaviors that guide the process::

- ❖ Attack the issue, not the person
- ❖ Focus on interest, not positions
- ❖ Focus on opportunities and possibilities
- ❖ Help satisfy the other parties interests as well as your own

The assumptions are a set of beliefs about using an interest-based process, which describe the positive results parties can hope to achieve:

- ❖ The interest-based process can result in both parties being satisfied with the outcome
- ❖ It can produce creative solutions to the conflict
- ❖ It can produce solutions that the parties are motivated to uphold
- ❖ It can improve the overall labor-management relationship

The JIRT proceeds to systematically complete each of the following interest-based grievance steps:

#### **4: Jointly agree on the issue**

The labor and management parties on the JIRT need to compare their individual statements of the problem or issue, and come up with a joint statement of the issue that all the members can agree on.

#### **5: Explore and clarify the interests behind the issue**

In Step 1 each party explored their interests behind the issue. At the joint meeting (Step 2) interests of each party should be shared with the other party. The other party listens and asks questions to clarify, but it is not a time for debate.

Note: In order to understand this step it is important that the parties understand the definition and use of the word “interest.” Interests are defined as needs, desires, fears behind a conflict/issue. What one cares about or wants. The “why” behind an issue.

#### **6. Brainstorm options for a solution/agreement**

Options are potential solutions that can satisfy the parties’ interests. The parties must ask what needs to happen to resolve the issue. The options should be generated based on the parties’ interests. Brainstorming is a group process to generate ideas, and is used to identify options in a joint meeting. The guidelines for brainstorming are:

- ⇒ All ideas are recorded where all can see them (flip chart)
- ⇒ Members contribute ideas in rotation, all participate
- ⇒ Members contribute one idea per turn
- ⇒ Welcome creativity, avoid criticism or evaluation of ideas
- ⇒ Build on others’ ideas
- ⇒ Don’t critique or evaluate ideas at this time
- ⇒ Aim for quantity
- ⇒ Any member may pass; no comment
- ⇒ When all ideas have been given and recorded, a general discussion begins

#### **5. Agree on objective criteria to evaluate the options**

Criteria are objective standards to compare and judge the options. Examples are: fair, equitable, legal, workable, and affordable. Criteria allow the parties to evaluate the options objectively.

## 6. Discuss options based on the criteria

At this point the JIRT discusses the various options using the criteria to choose a solution. Options can be combined to formulate the best solution. This should be an open and free discussion.

## 7. Use consensus to reach a solution to the issue

This is not just a settlement but a consensus decision to accept the solution. Remember the principles and assumptions of the process:

- ⇒ Free discussion is encouraged
- ⇒ Issues are discussed, people are not attacked
- ⇒ Listen to other ideas
- ⇒ Discuss differences openly, but avoid competing or arguing
- ⇒ Strive to produce a durable solution to the problem, not just a settlement
- ⇒ Consensus is reached when group members can say
  - “I believe that you understand my point of view.
  - I believe that I can understand your point of view.
  - Whether or not I prefer this decision, I will support it because it was arrived at in a fair and open manner”
- ⇒ If a person disagrees with the group, consensus has not taken place

## 8. Reduce the outcome to writing

The solution should be in writing so that everyone has the same understanding as to the outcome.

- ⇒ Check that the resolution is satisfying to the parties.
- ⇒ Is the outcome durable, or will the problem recur.

### Step 3: Communicate the results to the affected parties

When the JIRT has concluded its work, the results (solution) should be communicated to the grievant and other appropriate parties. The JIRT's work on this issue or problem is now complete. It stands adjourned until the next conflict is assigned to it for resolution.

## 6.5.5 Creating a “Partnership for Change”

When the dramatic changes created by globalization, the end of the cold war, reduced trade barriers and growing competitiveness, economic restructuring, and governmental downsizing converged on America in the early 1990s, labor and management were caught in the middle and have been struggling to adjust to the consequences of these changes. In a number of industries there has been a recognition on the part of both workers and management that if they and their organizations are to survive and prosper in the years to come they must fundamentally change the way they relate to one another, and that as part of the change process they must

fashion new and more cooperative relationships. Elected officials and labor leaders at the federal and state levels have also recognized the need to develop more cooperative relationships in an era where taxpayers are calling for smaller and more efficient governments.

To facilitate the achievement of these objectives, the U.S. Department of Labor has developed a series of training materials and workshops variously called “Training for Partnership,” and “Partners in Change.”

The Training for Partnership series consists of five integrated workshops that provide an effective learning environment to help public or private employers and their union-represented workers establish a dynamic labor-management partnership. The five components of the Training for Partnership Series are:

### **Training for Partnership Workshop Series**

1. Preparing for Change
2. Crafting the Council
3. Promoting Partnership
4. Partners in Change - Working Together
5. Putting Partnership to Work

### **Modules in the five Training for Partnership workshops**

#### **1. Preparing for Change**

A one day workshop in which labor and management discover and describe why they should participate in partnership activity. By the end of the workshop, participants will understand the benefits to be gained for employees, management, the union, their organization, and the enterprise or agency.

Modules:     Introduction and objectives  
                   The new partnership environment  
                   Philosophies and practices of joint initiatives  
                   Brainstorming  
                   Benefits to be gained  
                   What can each party contribute  
                   Knowledge and skills needed  
                   Resources  
                   Wrap-up



## 2. Crafting the Council

A one day workshop in which labor and management design their road map to a partnership: establishing the agreement, membership, groundrules, and other logistics to get the partnership council started.

Modules:      Introductions and objectives  
                     The power of vision  
                     Establishing the partnership council  
                     Behavioral ground rules  
                     Writing the agreement  
                     Wrap-up

## 3. Promoting Partnership

A one day workshop in which labor and management conduct their first partnership meeting to review the newly created partnership agreement, discuss and plan the constituent review and ratification process, and use interest-based problem solving to design a structure for full employee involvement.

Modules:      Review the agreement  
                     Review and ratification process  
                     Interest-based processes  
                     Knowledge and skills needed  
                     Resources  
                     Wrap up

## 4. Partners in Change

A two day workshop in which labor and management representatives analyze their organizational culture, and political and technical systems, initiating a joint change process. Participants identify their separate and joint perceptions of their organization and create a joint vision of the future.

Modules:      Introductions and objectives  
                     Philosophies and Practices of Joint initiatives  
                     Understanding organizations  
                     Organizational culture  
                     Organizational change  
                     Brainstorming  
                     Decision-making  
                     Present state  
                     Future state  
                     Next steps  
                     Wrap-up

## 5. Putting Partnership to Work

A one day workshop in which participants will identify priority issues to be addressed by the partnership council, learn and apply “interest-based” problem solving processes, and design action plans and strategies for achieving goals and objectives.

Modules:      Introductions and objectives  
                      Interest-based processes  
                      Prioritizing goals  
                      Develop an action plans  
                      Strategies for success  
                      Wrap-up

## 6.6 Building worker-management cooperation in the workplace

IBN or one of the other conflict-reducing approaches to bargaining can serve as the foundation on which to build labor-management cooperation. It can lead to additional joint cooperative activities, including using interest-based procedures for handling grievances and establishing labor-management committees and partnership councils to deal with issues such as health and safety, training, quality improvement, employee assistance and wellness, productivity improvement and cost saving, and energy conservation. This section will first discuss the characteristics and functions of labor-management committees (LMCs) and then discuss two specific uses of the L-M approach at the enterprise level that have been successfully used in North America to address the issues of restructuring and enterprise competitiveness.

### 6.6.1 Characteristics and functions of labor-management committees<sup>\*\*\*</sup>

In a healthy, cooperative environment, the most common forum for union-management cooperation is the labor-management committee (LMC). In general, LMCs are appendages to existing structures used for communication and problem-solving. They serve as a bridge between collective bargaining and joint problem solving in the workplace. When well run, they have a positive impact on organizational performance and industrial relations.

*LMCs are composed of management and worker representatives who meet to deal with mutually agreed upon topics.* They may be general committees at the company level whose purpose is to maintain open communications between the union and management, such as the Mutual Growth Forum created by the United Auto Workers Union and the Ford Motor

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<sup>\*\*\*</sup> Taken from National Center for Productivity and Quality of Working Life, Starting a Labor-Management Committee in Your Organization: Some Pointers for Action, Spring 1978.

Company, or they may be located at the plant level and oriented toward specific topics such as training health or safety.

***Labor-management committees come into existence in several ways.*** Sometimes the collective bargaining contract calls for these committees and sometimes it does not. Often, they arise out of the collective bargaining arena because an issue is clearly of common interest and of an ongoing nature. For example, ***health and safety committees are the most common and most important specific labor-management committee.*** (A nationwide study in the U.S. indicated that workers believe they should have a lot of say about health and safety.) Health and safety committees are relevant in almost all industries and work environments, manufacturing, transportation, building and construction, and offices. Where health and safety LMCs have been used, there has been a 40 percent reduction in injuries and a 20 percent increase in productivity in construction firms.

***The second most important and common LMC is involved in joint training.*** Most apprenticeship training, and especially that occurring in the construction industry, is directed by joint training committees. These committees ensure that apprentices receive the training they need to be successful as journeypersons and also inventory workers' skills, assess recent changes, and determine future needs so as to establish effective continuing education programs.

In the U.S., the International Union of Operating Engineers and the Sheet Metal Workers' International Association and their contractors have connected apprentices and journeypersons to apprenticeship programs for college credit, leading in some cases to degree and certificate programs. In the telecommunications and auto industries, joint LMCs have been instrumental in organizing upgrade training for current employees and retraining for redundant workers with resources obtained through the use of "nickel funds"--financial contributions based on 5 or 10 cents for each hour worked--which help pay for the training and retraining courses.

In other instances ***LMCs may be created to deal with specific concerns, such as productivity improvement and cost saving.*** The LMC at the New York City Sanitation Department has been very successful over the past decade in effecting cost savings in this department. Productivity Improvement and Cost Saving LMCs are becoming more widely used due to the impact of globalization on American businesses and the need for competitiveness.

***In addition to operating at plant and company-levels, LMCs also operate at the area or industry levels.*** Area labor-management committees composed of representatives of many employers and unions in a community or region have been formed in many parts of the United States, forging partnerships for economic development in cities, counties, and states. The Jamestown Area Labor-Management Committee provides leadership to the economic revitalization of the region in western New York where it is located. Other LMCs operate at the industry level, such as in the hotel and clothing industries. In the telecommunication industry, an LMC organized by AT&T and the Communications Workers and Electrical Workers Unions examines options and makes recommendations for containing health-care costs while retaining premium services.

*The effectiveness of LMCs vary depending on the caliber and level of the people involved, the resources and training available to the committee, and the commitment the organization involved has to the topic being addressed.*

The following list summarizes the fundamental characteristics of LMCs. Labor-Management Committees:

- ❖ Are an addition to existing structures used for communications and problem-solving
- ❖ Are not a substitute for, nor an alternative to, free collective bargaining
- ❖ Are advisory without mandatory powers
- ❖ Can be created to deal with general issues or specific concerns
- ❖ May or may not be called for in the collective bargaining agreement
- ❖ Can be organized at the company or plant level, area or industry level
- ❖ May consider any matters related to improving an organization's performance which are not usually taken up in collective bargaining
- ❖ May help employees develop themselves and improve their working lives
- ❖ Foster sharing information about the state of the organization,
- ❖ Foster sharing of ideas to improve operations and the conditions of employment
- ❖ Foster sharing of gains, either according to preestablished formula or through collective bargaining, once they have become evident
- ❖ May be created when both parties: (a) have a desire to improve their relationship through greater cooperation; or (b) perceive a threat to their mutual security, e.g., through restructuring or privatization, loss of markets, declining profitability, poor L-M relations, work force dissatisfaction leading to high turnover, absenteeism, etc.

### **6.6.2. Ten points for effective labor-management committees**

The U.S. Department of Labor provides the following "Ten Summary Points for an Effective Labor-Management Committee": These are presented below in Chart 6-4.

Chart 6-4  
**“Ten Summary Points for an Effective Labor-Management Committee”**

1. Both parties share mutual interests in the long-term survival and success of the enterprise and the community, even though they may have conflicting goals in other matters.
2. Both sides want to make the L-M committee work and have realistic expectations of what it can accomplish. Participation in regular sessions symbolizes this commitment, which is known throughout the organization.
3. Labor members of the joint committee are believed and trusted by the rank and file; management members have sufficient status and authority.
4. Maximum voluntary participation is encouraged; employees, including supervisors, are kept informed and involved in matters considered by the labor-management committee and have opportunities to express their views on its recommendations.
5. The joint committees do not take up matters that infringe on the rights of either party as established under the collective bargaining agreement or the grievance procedure.
6. Job security is recognized as a basic to the program's success.
7. The parties have a mature, open relationship. Each is willing to listen to the other side. Both agree to concentrate on finding answers to problems at hand and discovering opportunities for collaborating.
8. The joint committees are promptly informed about the status of their recommendations. If they are not, the committees lose interest and stop operating.
9. Numbers of channels of communication are encouraged and an atmosphere of mutual respect prevails. However, communications must be accompanied by substantive recommendations.
10. New ideas are encouraged and their value weighed objectively. Concrete problems of interest to both management and labor must be pursued by the committee if it is to function productively.

## 6.7 Using in-plant LMCs and PI/CS study teams to cut costs, improve productivity and save jobs

Formal in-plant LMC-directed programs to reduce costs, streamline operations, and improve productivity are among the most successful of the various techniques to improve the economic viability and competitiveness of enterprises. Though these techniques have various names and forms, this guide uses the terms “productivity improvement” and “cost saving” (PI/CS) to describe these LMC activities.

In North America, PI/CS study teams and LMCs may have different objectives and methods, but most of their approaches include similar steps to preserve jobs and increase competitiveness.

Experience in the United States suggests that it may take a serious competitive threat or a financial crisis to force the parties (labor and management) in a threatened enterprise to overcome the practical and economic risks inherent in close cooperation and cause them to consider initiating an in-plant LMC-directed PI/CS process.

Outside consultants or neutral third parties can help the workers and managers initiate the PI/CS process and serve as facilitators or informal mediators when misunderstandings arise.

Prior co-operative experience contributes a common language and experience that can facilitate setting up a productivity improvement or cost saving process before a crisis occurs. Hence, all businesses should be encouraged to undertake labor-management cooperation efforts because they help them organize PI/CS efforts as needed. The co-operative LM process can be facilitated by participating in the Training for Partnership and the other training programs outlined in this chapter.

The following two examples of successful LMC-directed PI/CS approaches, one from the United States and one from Canada, illustrate their innovative but slightly different job and enterprise-strengthening techniques. The American approach typically is initiated at the local level by the parties themselves with the assistance of a state government Dislocated Worker Unit rapid response IA specialist or a private consultant. The Canadian approach is usually introduced and facilitated by a professional staff member from the Canadian Industrial Adjustment Service, a government-funded adjustment program.

### 6.7.1 USA: Using in-plant LMCs and PI/CS techniques to cut costs and save jobs

In the United States, PI and CS approaches have been promoted and implemented in a number of settings to save jobs and enterprises:

- ❖ by company and plant union and management leaders faced with layoffs or closure because of lagging productivity, high costs and declining competitiveness;

- ❖ by employers and unions working together or with the help of external consultants or university productivity centers; and
- ❖ by state and local government labor market adjustment services provided under the 1988 U.S. Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) and its successor legislation.

The key point to remember when considering the use of PI/CS approaches to prevent layoffs or plant closings is that time is a critical factor. Joint LMC PI/CS techniques must be initiated before decisions are made to outsource work or close an enterprise.

### **ACTION MODULE: Steps to start a labor-management PI/CS study team to preserve jobs and improve enterprise competitiveness**

The LMC-directed PI/CS approach has eight basic steps that were developed specifically to help firms save jobs and increase their competitiveness. Although this eight-step process cannot guarantee success in every instance, it has worked in many North American business settings.

#### **Step 1: Identify the problem(s)**

At the first indication (the sooner the better) that a firm or any of its units (department, division, etc.) faces a threat that could result in possible job losses or closure, labor or management should approach the other party about starting a joint LMC-directed PI/CS process. They should focus on developing answers to the following questions:

#### **Step 2: Form a joint L-M steering Committee to oversee the PI/CS process**

To succeed, the PI/CS process must have the total support of both top management and the union (if one is present). Therefore, it is important to form a group or steering committee comprised of top level managers and union officials (or representatives of the workers) to sanction, guide, and monitor the PI/CS process. This group should meet regularly to provide ongoing leadership to PI/CS activities and to handle any problems that arise.

The PI/CS Labor-Management steering committee:

- ⇒ helps select and train PI/CS study team members;
- ⇒ develops a plan and target for the PI/CS team;
- ⇒ supports the team throughout the study; and
- ⇒ helps implement the team's recommendations

### **Step 3: Develop a plan and target for the PI/CS study team**

Before organizing a PI/CS team, L-M steering committee members should decide on the: team size;

- ⇒ team member selection criteria;
- ⇒ training for the team;
- ⇒ space and materials for the team;
- ⇒ scope and guidelines for team activity;
- ⇒ time frame for work completion; and
- ⇒ resource people to help the team.

The PI/CS team's mission and the urgency of its task determines some of the above issues.

At the outset, the PI/CS team should be given a specific dollar target and told what will happen if they succeed or fail. They should also be told who will be responsible for evaluating the final recommendations.

### **Step 4: Form and train the PI/CS study team**

The PI/CS team's composition is vital to its success. Include both employee (union members if the firm is organized) and management members on the team.

Team members should be trained in the guidelines and boundaries of their work, the financial background of the operation, and the target or benchmark and how it was determined. They should also receive training in problem-solving techniques, etc.

### **Step 5: Study the problem(s) and develop solutions**

The PI/CS team should examine all aspects of the threatened operations, especially major cost elements, inefficiencies and causes of low productivity, and collect ideas for improvement and fashion them into specific proposals.

Team members should have access to all the people and information necessary to conduct an effective study of the threatened operations.

Team members should have adequate time to complete their mission, including time away from the job.

### **Step 6: Submit and evaluate the findings and recommendations**

The PI/CS team should submit a report of its findings and recommendations to a group of top managers and union leaders for their review and evaluation.

The report should include:



- ⇒ an explanation of all cost-saving or productivity improvement ideas;
- ⇒ a calculation of the dollars that can be saved if the proposal is implemented;
- ⇒ material from the team's investigation which documents the proposals; and
- ⇒ a plan for implementation.

The management and union (if the firm is unionized) have to decide whether to accept the PI/CS team's recommendations and to notify the employees of their decision and its implications.

### **Step 7: Implement the recommendations**

Top managers and union leaders (if a union is present) should develop an implementation strategy that includes:

- ⇒ a step-by-step action plan;
- ⇒ an implementation timetable;
- ⇒ clear assignment of responsibilities; and
- ⇒ plans for providing needed resources.

### **Step 8: Evaluate and follow up on the implemented changes**

This final step in the PI/CS process is to evaluate the effectiveness of the implemented changes.

- Did the change lead to anticipated improvements and cost savings?
- Were there any unintended side effects?
- Did improvements occur as planned?
- What was learned that will help in the future?

Chart 6-5 summarizes the elements considered essential to maximizing the success of a productivity improvement or cost savings program based on the cooperative in-plant LMC model: Chart 6.6 provides an example of how the PI/CS study team approach has been used to reduce costs and save jobs in the United States.

Chart 6-5  
**Essential elements contributing to successful  
LMC-directed PI/CS projects**

- ❖ Initiate the PI/CS study before making decisions to outsource work, reduce the workforce or close an operation.
- ❖ Form a group of top-level managers and union officials (or workers if no union is present) to sanction, guide, and monitor the PI/CS process. This group, usually called a steering committee, should meet regularly to provide ongoing leadership to PI/CS activities.
- ❖ Include both workers and union leaders (if applicable) and management employees on the PI/CS study team.
- ❖ Give team members access to the people and information they need to conduct an effective study of the operation in question.
- ❖ Give the PI/CS team a specific target at the outset.
- ❖ Agree upon a procedure to evaluate the team's recommendations before they begin their work.

### Chart 6.6 Xerox and the ACTWU: Saving jobs and reducing costs\*

Increased competition in the copier and duplicator business in the late 1970s caused the Xerox Corporation's market share to drop from a high of 93% in the early 1970s to 42% in 1981. That year, the management at a Xerox plant in Webster, New York, completed a study of operations. Based on its findings, the management decided that millions of dollars could be saved by subcontracting several commodities and subassemblies being produced in the plant's wire harness department to outside vendors. That action would eliminate all the jobs in that department.

The Amalgamated Clothing and Textile Workers Union (ACTWU), Local 14A, representing the hourly workers at Xerox, reacted to the management's announcement with a counterproposal: It asked that a joint union-management study team (going beyond the existing employee involvement activity) be set up to find ways to restructure the department and reduce costs. The company and union began collaborating on a high-stakes project with important implications for both sides. With the help of an outside consultant, the joint team negotiated ground rules and set up structures and processes to provide them with the support they needed.

A joint union-management steering committee was formed to help get the necessary information and assess the feasibility of ideas. The aim was to construct a study team of open-minded members who represented the wire harness department's skills and expertise and could work

independently or as team players. Eight team members were selected from volunteers. They were taken off their regular jobs to concentrate full time on the problem for six months.

The study team began their work after two weeks of training on problem-solving and other areas needed for their work and participating in information sessions. They were also given a cost-saving target or "benchmark." The figure represented the difference between the costs of producing the harnesses internally and subcontracting them to outside vendors. At the end of the six months, the wire harness study team had identified twelve ways to save \$3.7 million (the goal was \$3.2 million). The team's recommendations were made to a high level L-M policy committee which accepted most of them for implementation. The study team succeeded in saving 180 jobs.

Because of the success of the PI/CS process, five other study teams have been formed in the plant—turnings, extrusions, and castings in the fabrication department and a second wire harness team. These teams have identified savings of 24 to 40 percent

The PI/CS process continues to provide successful cost savings and productivity improvements and is now part of an ongoing cooperative relationship between the ACTWU and Xerox. The union is substantially involved in operational decisions, and management has increased flexibility in the production process

\*Adapted from Sally Kliegel and Ann Martin, eds., *Fighting Chance: New Strategies to Save Jobs and Reduce Costs*. ILR Press, 1988, pp. 13-32.

## **6.7.2 Canada: Organizing in-plant PI/CS committees to cut costs and save jobs**

In Canada, the objective of productivity improvement and cost savings (PI/CS) committees is to strengthen the economic viability of enterprises and preserve jobs. To do so, the Industrial Adjustment Service (IAS), a small government-funded organization with local offices in each Province, promotes the use of techniques like those described above and provides technical and financial assistance to employers and workers willing to use this approach as part of their industrial adjustment process.

The Canadian version of labor-management PI/CS committees, like its American counterpart, is directed at preserving workers' jobs by improving the health and competitiveness of enterprises. Chart 6-7 illustrates how the Canadian PI/CS process works in an enterprise.

### **How the Canadian IAS promotes the LMC-directed PI/CS process**

In Canada, the IAS officers educate employers, workers, and unions in each Province about the availability of adjustment services, including PI/CS assistance for enterprises facing or having difficulties, through marketing and publicity efforts. Workers, unions, employers, other economic development agencies, or community employment services bring information about specific difficulties to the IAS.

Upon learning of problems that can be resolved by using the LMC-directed PI/CS process, IAS officers contact the employers to inform them and the union (if applicable) about the LMC PI/CS approach. They help the parties identify the project objectives, organize the committees, find suitable neutral chairs to guide committee activities, identify specialized consultants if needed, and monitor the projects.

The Canadian IAS reports that, except during recessions, 50%–70% of their Adjustment Officer's time is devoted to organizing joint LM committee-directed PI/CS projects. It also reports that even in the few situations where the LMC-directed PI/CS process cannot solve productivity or other problems and firms eventually lay off workers or close, the established labor-management cooperation framework makes it easier to set up and operate successful plant-closing or layoff adjustment committees.

### **Establishing criteria for using the LMC-directed PI/CS process**

The establishment of criteria for funding joint LMC-directed PI/CS committees is left up to each IAS Officer in the field. However, the basic criteria is based on the impact the joint PI/CS effort can have on preserving workers' jobs (or increasing the number of jobs available) and maintaining a healthy enterprise in the community.

The Canadian IAS funds joint L-M committees for a wide variety of adjustment situations:

- ⇒ to cut costs and improve productivity;
- ⇒ to improve product quality because of customer loss due to poor quality;

- ⇒ to evaluate the need for new technology to maintain competitiveness;
- ⇒ to come up with new products to replace maturing products;
- ⇒ to develop training plans for new employees to expand companies' operations;
- ⇒ to help employers and workers improve employee/employer relations to overcome distrust, poor attitudes, low morale and a lack of motivation on the part of both supervisors and workers; and
- ⇒ to suggest cost saving proposals to reduce costs and relieve firms from subcontracting work and laying off workers to remain competitive.

The joint LM committee to address PI/CS concerns is established by a formal agreement with the employer, union (where applicable) and the IAS officer. Generally, the employer and the government share the committee costs. The Canadian IAS normally funds one-half of the expenses of projects costing up to CAN\$25,000.

### **Identifying firms that can benefit from LMC-directed PI/CS projects**

The IAS officers develop information-gathering channels to learn about enterprises facing or having difficulties that could lead to mass layoffs or closings and that could benefit from the creation of IAS-sponsored PI/CS committees.

The Canadian IAS stresses flexibility for each IAS Officer. They believe “this helps make the whole system work better, and does not tie the Adjustment Officer down to a set of pre-established rules.”

### **ACTION MODULE: Steps to start an in-plant PI/CS project to strengthen an enterprise and prevent layoffs and closures**

**Starting Joint LMC-directed PI/CS Projects.** The LMC-directed PI/CS job preservation process works in both unionized and nonunion firms. If there is no union, the IA Specialist can ask management to select the workers to serve on the PI/CS committee or he can ask to get the workers together and have them elect representatives to serve on the committee.

Usually, a IA Specialist uses the following five steps to organize a labor-management PI/CS Committee in a threatened business enterprise.

#### **Step 1: Contact the employer and union (if one exists)**

First, an IA Specialist contacts the employer and union (if there is one) to explain how the LMC process works, determine if the problem can be resolved through this approach, and outline the role the IAS can play in starting a PI/CS project.

## **Step 2: Draw up an agreement**

If the employer agrees to accept the proposal for a project, the IA Specialist draws up an agreement that is signed by the employer, the union (if applicable) and the country Project Office. This agreement provides: (1) the mission and objectives of the LMC in carrying out the PI/CS project in the company, including the general area of research and study; and (2) the method the firm and the Project Office will use to share the operating costs of the committee.

Typically, the company and the Project Office divide the PI/CS committee costs on a 50/50 basis; but other arrangements are possible. Committee expenses include the chairperson's fees and expenses, the wages of workers while attending committee meetings, administrative support costs, and compensation for persons or organizations carrying out goals established by the committee (such as special consultant's fees and expenses if one is needed) subject to Project Office and IA Specialist approval.

The contract establishing a PI/CS committee normally runs for one year. However, under special circumstances, it can be extended if the Project Office feels it is in the interests of the project and the workers to do so.

## **Step 3: Find a suitable chairperson**

If necessary, the IA Specialist assists the committee to find a suitable PI/CS committee chairperson. Normally, IA Specialists are prepared to suggest the names of several people (people with PI/CS expertise or other skills that the committee needs to carry out its work) who could serve as a neutral chairperson. The committee should interview the candidates and select the chairperson.

The neutral chairperson functions more as a "project manager" a chair, facilitator, mediator or consultant as appropriate. The chairperson chairs all the meetings of the full committee and provides assistance, when requested, to any subcommittees or task groups that may be set up to study particular problem areas.

Once the PI/CS committee is operational and a neutral chairperson has been hired, the IA Specialist attends the meetings of the committee, but takes a less active role.

## **Step 4: Arrange for LMC training**

The IA Specialist helps arrange for problem-solving skills training (e.g., Interest-based Problem Solving) and Committee Effectiveness Training (CET) for the PI/CS committee as needed. Experience gained during the 1980s USDOL/NGA Canadian-American Demonstration Project in the United States showed that PI/CS committee members, particularly those serving on a work-related committee for the first time, benefit from training. Also, experience in the U.S. demonstrated that PI/CS committees benefit from training in:

- ⇒ problem solving
- ⇒ cost-of-quality analysis
- ⇒ brainstorming

- ⇒ interpreting charts and graphs
- ⇒ project management
- ⇒ conducting interviews
- ⇒ time management
- ⇒ making presentations
- ⇒ basic cost accounting
- ⇒ using calculators
- ⇒ cause-and-effect analysis

Technical experts in such areas as engineering and finance in the firm can also provide training and subsequent consulting assistance to PI/CS team members as appropriate.

### **Step 5: Monitor the progress of the PI/CS committee**

The PI/CS team is given whatever time they need to determine the best alternatives for achieving productivity improvements or cost savings. Also, they are given whatever information they need to complete their study and make their recommendations and the assistance of internal or external technical experts as needed.

When the PI/CS committee completes its work, it prepares a report for the company management. The decision of whether or not to implement the committee's recommendations rests with the employer (as noted earlier).

The employer pays all expenses incurred in implementing the committee's recommendations, but, typically, the expenses of operating the committee are shared with the Project Office. In some cases, training or other activities may qualify under other government programs. Requests for funding of these activities is normally handled by the procedures established by each program or agency.

**Chart 6.7****Burrell Bedding Ltd.: Creating a competitive enterprise with more jobs**

Burrell Bedding Ltd., founded in 1904, enjoyed a strong and financially successful operation for many years. However, in the early 1980s the company was allowed to run down. In 1986, new owners tried to restore the firm to profitability. By 1987, sales and marketing were under control, but serious morale and discipline problems persisted in the production and operations side of the business.

In late 1987, Burrell's management asked the Canadian Industrial Adjustment Service for help. The company, union and the IAS signed an "Assessment Incentive Agreement" that provided for 40% funding from the Canadian Employment and Immigration Department (parent of the IAS), and 60% from the company. The four-member joint planning committee, two from management and two representing the employees, studied new technologies and productivity improvement measures and the effects they would have on the workforce. A non-affiliated chairperson chaired the committee, and an IAS officer provided assistance and guidance.

A completely new plant layout with improved equipment was necessary. The committee, with the assistance of a management consultant, planned the move from Scarborough to a nearby location in Richmond Hill. A Human Resources Agreement was signed, followed by the

working out of a Human Resource Plan. Where necessary, employees were moved to more appropriate duties, and new workers were hired. Cross-training was introduced so that every employee was capable of performing at least two functions. Once trained, the workers were encouraged by a measured work incentive plan, incorporating quality elements.

The Burrell Bedding planning committee met all its objectives. The improvements have led to new and bigger customers and a large increase in monthly invoicing. All participants consider the project to have been an great success.

Box-spring making is an example of the increased productivity. Historically, two men had produced 40 box springs per day. After the PI/CS projects were completed, one worker was able to produce 50–60 units per day; an average increase in productivity of 175%. Similar improvements in productivity occurred throughout the plant.

Under the leadership of the IAS officer, the Burrell PI/CS committee achieved:

- ❖ A stable, contented workforce three times the original size;
- ❖ Better manufacturing controls;
- ❖ Tighter cost and inventory controls;
- ❖ Greatly reduced labour costs;
- ❖ Improved employee training; and
- ❖ Improved quality

## 6.8. Conclusions about worker-management cooperation

*Worker-management cooperation, built on a foundation such as interest-based negotiations and grievance handling, group problem-solving, partnership councils, and labor-management committees—especially PI/CS Study Teams--institutionalizes the common aspirations of both parties to achieve a better future and the best possible relationship. Although, conflict reducing techniques and more cooperative approaches to collective bargaining and industrial relations cannot guarantee industrial peace or trouble-free workplaces, worker-*

management cooperation fosters respect between the two parties and provides a basis for working together to achieve important and tangible improvements for everyone. In a cooperative environment, the union and management work together to achieve positive change--and to find answers to the questions of how jointly to achieve success.

### **6.8.1 How IA specialists can help employers and their workers move from conflict to cooperation**

**Where are enterprise managers and worker representatives now and where do they want to be on the L-M relations continuum? How can they be helped to move their relationship from conflict to cooperation?**

As was pointed out at the beginning of this chapter, there are at least four approaches to worker-management relations: Confrontation, Armed Truce, Working Harmony, and Labor-Management Cooperation. It is useful to consider which of these approaches enterprise managers and their trade union counterparts in your community or region are currently using in their worker-management relationships. If they are using working harmony or labor-management cooperation, you, as an IA specialist, should consider how and what tools in this chapter should be used to introduce them to the joint L-M processes for reducing costs and strengthening the competitiveness of their enterprises.

If the employers and workers in your community are using a more confrontational or armed truce approach in their relationships, then you should consider ways to introduce them to the less adversarial processes of interest-based negotiations and the range of practical tools that can be used to help them build a more cooperative relationship. You should show them how these tools can be used as a basis for achieving a more successful restructuring of the enterprise and also increasing the possibility of saving jobs as well..

The choice of which approach to use, confrontation or cooperation, is theirs. Once that decision is made, and if the decision is to move toward a more cooperative relationship, it is up to you, the IA Specialist, drawing on the tools in this handbook and the resources of the WSI Integrated WCE Adjustment Project, to provide or obtain the technical assistance and training to help them make the changes they want and need to achieve their mutual objectives of a healthy, competitive enterprise that provides good jobs for its managers and workers..

### **6.8.2 Additional Resources**

Annex 1 contains a list of additional training resources that IA Specialists can use to help employers and unions reduce conflict and develop more cooperative labor-management relationships. Training and technical assistance to use these tools can be provided by the Integrated WCE Adjustment Program through the WSI Country Director.



## Annex 1

### Additional L-M Relations Training Manuals and Resources

#### **Training Manuals**

*Committee Effectiveness Training* (USDOL, 1989)  
*Interest-based Grievance Handling*. (USDOL, BLMRCP, 1993)  
*Interest-based Negotiations: Trainers Guide* (USDOL, BLMRCP, 1992)  
*Interest-based Negotiations: Participants Guide* (USDOL, BLMRCP, 1992)  
*Interest-based Problem Solving: Trainers Guide & Participant Workbook* (USDOL Academy, 1993)  
*Leading the Saturn Way* (Saturn and Tennessee Dept. of Econ. & Community Dev., 1993)  
*Partners in Change. Trainers Manual*, (USDOL, BLMRCP, 1993)  
*Training for Partnership Workshop Series: Trainer's Manual* (USDOL, Office of the American Workplace, 1994)

#### **Training Videos**

Interest-based Bargaining  
Mediation: Is This For You  
Principled Negotiations  
The Labor Arbitration Process  
Working Together: Saturn and the UAW

#### **Other Published Resources**

*Bargaining by Objectives* (1988)  
*Creating Labor-Management Partnerships*. (1995)  
*Designing Conflict Management Systems*. (1996)  
*Getting Past No* (1993)  
*Getting to Yes*. (1983)  
*Getting Together* (1989)  
*Mutual Gains: A Guide to Union-Management Cooperation* (1987)  
*P.A.S.T. is the Future*. (4<sup>th</sup> edition, 1995)  
*The Mediation Process* (2<sup>nd</sup> edition, 1996)

Annex 2

# Continuum of Labor-Management Relations

<b>Directive Command</b>		
At times the manager informs people why a decision was made. Maintains strict control over organizational systems.	Employees listen to rationale behind certain management decisions. They have no direct input	Union representative is occasionally informed of decisions along with rest of work group. Reactive role.
<b>Category I:</b>		
<b>Confrontation</b>		
<b>Autocratic Authoritarian Management</b>		
Manager directs, controls and maintains rigid chain of command. Highly bureaucratic structure. Lots of specialization. Multi-leveled organization	Employees respond to decisions. No input and/or ideas for improvement allowed.	Union leadership takes care of own goals. Waits for manager to error. Adversarial -- even hostile -- relationships with many grievances.
<i>Management</i>	<i>Employees</i>	<i>Union</i>

## Continuum of Labor-Management Relations

<b>Employee Input</b>	<p>Manager allows input on certain preselected issues. Tries for consensus. Maintains control over work flow and processes.</p> <p>Employees have limited direct input on certain issues. Those issues tend to be superficial.</p> <p>Union position occasionally sought and offered on minor issues.</p>	
<b>Category II:</b>		
<b>Armed Truce</b>	<p><b>Selective Information Sharing</b></p> <p>Manager "sells" ideas. This involves telling group what to do and asking them to support. Communications generally one way -- down.</p> <p>Employees receive information about certain issues and are expected to support. They have no direct input.</p> <p>Union representative at times told of decision before implementation. Reactive role maintained.</p>	
<i>Management</i>	<i>Employees</i>	<i>Union</i>

## Continuum of Labor-Management Relations

### **Task Forces**

Managers and sometimes the union are involved in setting boundaries around key issues, and then involving union and employees on multi-disciplined task forces to address them. Recommendations from the task forces, if consistent with management and union boundaries, are implemented.

Employees are directly involved in day-to-day decisions that impact them. They work in teams and make contributions to their group and the business as a whole.

With formal role in process, union is cooperative and supportive as long as their goals and values are recognized and differences respected.

### **Category III:**

## **Working Harmony**

### **Problem Solving Groups**

Manager and union form problem-solving groups. Typical example is labor-management committee. Most improvement ideas must be approved by management. Union has role. Some skepticism exists for all.

Employees give direct input on a wide array of problem issues. Input is sometimes acted upon and sometimes not.

Union has designated representative in all problem solving groups. Collective bargaining items are out of bounds. Union has clear role.

*Management*

*Employees*

*Union*

# Continuum of Labor-Management Relations

<b>Work Design and Goal Setting</b>	Distinction between managers and employees has lessened. A strong interdependent relationship exists. More management and union time is spent on strategic issues and the work group handles the day-to-day issues of the business. Very flat organization.	Union goals and values are incorporated. Partnership occurs on the job with union leaders closer to their members. Diversity is valued and encouraged.
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## Category IV:

### Union- Management Cooperation

<b>Participative Decision Making</b>	Employees address "real" issues, getting regular information about the company's performance. They have a sense of responsibility and responsiveness to the direction of enterprise. Mutual goals are emphasized.	Union is proactive on key issues of shared concern. Union positions are incorporated into decisions.
<b>Management and Goal Setting</b>	Managers involve work groups directly in decisions that affect them. Communications are very open and free flowing with employees and union. Consensus format used in decisions. Boundaries are explored and agreed to.	Union
<b>Participative Decision Making</b>	Employees address "real" issues, getting regular information about the company's performance. They have a sense of responsibility and responsiveness to the direction of enterprise. Mutual goals are emphasized.	Employees
<b>Management and Goal Setting</b>	Managers involve work groups directly in decisions that affect them. Communications are very open and free flowing with employees and union. Consensus format used in decisions. Boundaries are explored and agreed to.	Management

## **Case Study**

### **Ostrowiec Steelworks FSO**