

COOPERATIVE INITIATIVES IN TRANSIT LABOR-MANAGEMENT RELATIONSHIPS

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16. Abstract This is a report of a study of labor-management cooperative activities in the mass transit industry. The report contains a detailed review of the literature on cooperative ventures between labor and management. Utilizing the information gained from interviews with 67 transit labor and management practitioners at seven selected transit properties, the authors describe and analyze the types of cooperative initiatives found in the transit industry. Careful attention is given to factors which influence the success or failure of any cooperative effort. Many examples of cooperative programs are contained in the report. The report provides useful insights for practitioners interested in the applicability and development of cooperative activities as an alternative to traditional labor-management adversarial relationships.					
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EXECUTIVE SUMMARY

Introduction

Although the resolution of important workplace issues in mass transit continues to be most commonly addressed within the traditional system of collective bargaining, there is increasing use of cooperative arrangements such as quality circles, productivity-sharing plans, labor-management committees, etc. All of these programs are structural interventions which attempt to generate greater worker interest, involvement, and effort toward achieving organizational goals. This renewed interest in cooperative ventures offers an opportunity for a long-term reshaping of many bargaining relationships. The success of cooperative efforts will likely determine whether these endeavors become a permanent part of transit's industrial relationships system or merely a temporary interruption in traditional adversary collective bargaining.

This research was designed to examine: (1) the opportunities and problems which cooperative ventures offer; (2) exactly what conditions must be present for successful cooperative interaction; (3) what transit managements and unions can accomplish through cooperation; and (4) solutions and techniques which will tend to maximize the potential for success of cooperation in transit labor relationships. The study approached the project as an examination of primary data and case analysis of seven representative transit properties. Following an extensive literature review, seven sites were visited for an in-depth analysis of their cooperative activities. A total of 67 interviews of transit practitioners was conducted, using a structured interview guide.

This is an exploratory study of transit specific aspects of labor relations which have indicated significance and demonstrated success. This report is directed toward improving the understanding and implementation of UMTA's policy "to encourage the meaningful cooperation of labor representatives where there is an opportunity for labor and management to work together as a means of increasing performance and productivity."

Defining Cooperative Activities

Labor-management cooperation (LMC) has several dimensions; the concept can refer to activities, attitudes, or efforts, or results. These dimensions are also subject to varied and vague measurement degrees, such as "very cooperative" or "very uncooperative" with unspecific benchmarks. Our definition of cooperative efforts and selection of related data was based on four considerations. First, LMC was restricted to activities which at least initially occurred outside of the labor agreement. Second, the cooperative activity has to be voluntarily initiated by both parties. Third, there must be some element of risk for labor and management in terms of their traditional relationship. Fourth, the activity selected must focus mainly, if not entirely, on the joint definition and resolution of a specific problem topic.

Results Achieved

The report describes and analyses the labor-management cooperative activities (LMC) found at the seven selected mass transit properties. The types of LMC activities include employee input programs such as quality circles; safety programs; performance incentive programs; and training programs. Several prerequisites were found to be essential for successful cooperative activities. Perhaps the most essential ingredient is commitment on the part of top labor and management officials. Precautions must be taken to insure that cooperative activities will not disrupt the labor organization or the labor agreement. Information sharing and training are needed to permit the programs to operate effectively as well as to publicize the programs and their outcomes.

With respect to administrative difficulties associated with labor-management cooperative activities, most were from internal sources. These difficulties can be classified into the following general categories: lack of commitment by some labor and management participants; lack of clearly defined problems; and, intragroup difficulties. The report analyzes these problems in terms of their causes and discusses a number of alternatives for minimizing the conflict.

Conclusions

The research suggests several broad conclusions for labor-management cooperative (LMC) activities in mass transit. First, there appears to be a direct relationship between mutually successful collective bargaining and mutually successful labor-management cooperative activities. A property might have successful collective bargaining and no LMC efforts. But, it is unlikely that a property will have unsuccessful collective bargaining and successful LMC efforts. Cooperation is difficult when one side appears to be gaining at the other's expense. Second, "canned" approaches to labor-management cooperation will not work. While LMC efforts must all meet a common set of prerequisites, the activities must be uniquely tailored to meet each property's programs, labor-management environment, and additional environmental constraints. Third, more and better communication about labor-management cooperation can improve the climate for such activities. There is surprisingly little communication among transit practitioners, both management and labor, concerning LMC activities. More widespread communication at the national level would be valuable because it would encourage more properties to investigate the applicability of LMC activities to their property and it would improve the knowledge and awareness of problems and issues that lend themselves to cooperative solutions.

It is hoped that our research into labor-management cooperation in mass transit will provide insights for practitioners interested in improving employee morale, productivity, and organizational effectiveness. Mass transit is faced with several critical, even survival types, issues in the next decade. Labor-management cooperation has almost unlimited potential as a solution to many of these issues.

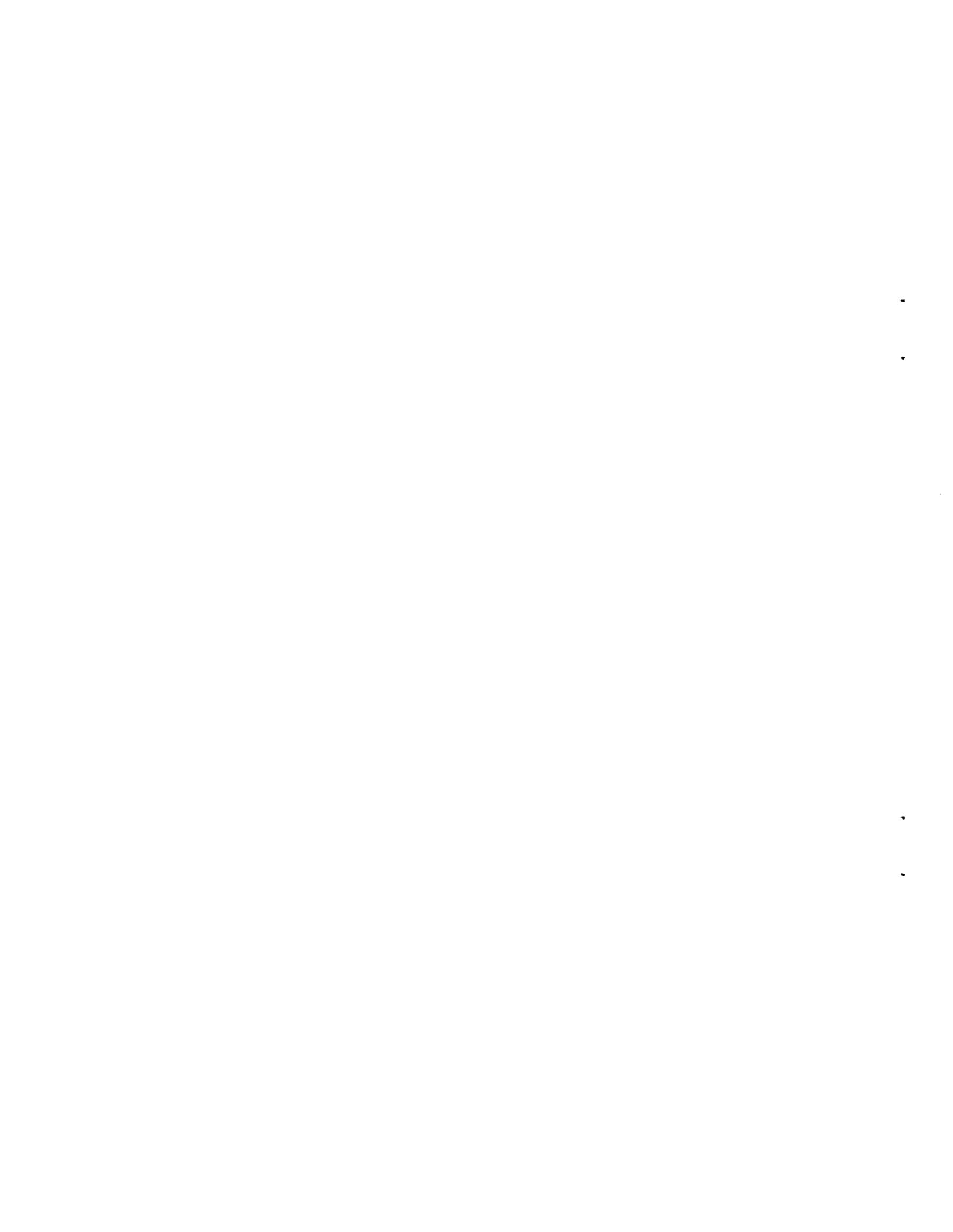
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CHAPTER I

INTRODUCTION

The Research Design

Background

Although the resolution of important workplace issues continues to be most commonly addressed within the traditional system of collective bargaining, there is increasing evidence of a wide array of cooperative efforts taking place, such as productivity-sharing plans, local labor-management committees, area labor-management committees, and quality of work life products. The widespread introduction of quality circles over the last several years can be considered nothing short of overwhelming. All of these programs have a common basis, i.e., they are structural interventions which attempt to generate greater worker interest, involvement, and effort toward achieving important organizational goals.

As an outgrowth of the First National Transit Labor-Management Conference sponsored by the Urban Mass Transportation Administration (UMTA) in 1982, several cooperative arrangements have been undertaken by union and management officials. The most notable is the National Joint Labor-Management Task Force which was organized so that union leaders and management officials can find ways to work cooperatively on broad issues facing public transportation with the objective of improving transit service to the public. Organizations involved include the Amalgamated Transit Union, Transport Workers Union of America, United Transportation union, and the American Public Transit Association. One of the major areas concerning this Task Force is the industry-wide concern for methods to obtain greater labor-management participation in cooperative arrangements for improving service. While these efforts are national in scope, this research examined specific instances of cooperative arrangements on selected sites.

It seems unlikely that these changes in transit labor relations would have occurred in the absence of sweeping changes in both the economic funding and political environments. This is especially true when one considers the friction between union and management officials over maintaining employee protection provisions, increased management aggressiveness in collective bargaining, suggested legislative reforms, and what could be called "union-avoidance" activities. The recent concessions gained by several transit managements in local labor agreements are good examples of the "new" aggressiveness of management bargainers. However, the impact of competitive services (paratransit, for instance), the increased costs of operations, reduced level of governmental financial assistance, more modern equipment, as well as a slight change in the values, attitudes, and work behavior of much of the labor force, have increasingly shaken the foundations of the traditional system of collective bargaining. Obviously, these factors have impacted most directly on local bargaining relationships.

Whether, and to what degree, the increased levels of cooperation in transit will continue, once economic conditions stabilize, is a significant question. What does seem to be clear is that the current situation offers an opportunity for a long-term reshaping of many bargaining relationships. The success of cooperative efforts in the present environment will likely

determine whether these endeavors become a permanent part of transit's industrial relations system or merely a temporary interruption in traditional adversary collective bargaining. Previous research has examined questions of productivity, collective bargaining, and other labor-management issues in light of that adversarial approach to resolving conflicts/problems. In fact, most previous research concentrated on describing procedures and outcomes rather than exploring the conditions of the relationships or even whether problems were resolved.

Earlier studies have criticized cooperative initiatives because of the "slowness" of acceptance of these arrangements by local union and management representatives as well as the "sacred" nature of the traditional collective bargaining process. It has been argued that this process does not allow for individual or local cooperative efforts. Unfortunately, this debate between the critics and proponents of cooperation in transit has been conducted almost entirely at the impressionistic level. Seldom has convincing data been introduced to support the contentions of either side. Particularly noticeable has been the absence of evidence concerning the views of local union officers and rank and file members, as well as management of transit agencies.

Previous research has not examined such questions as

1. Do local labor leaders and members tend to agree on the issues which are best addressed through cooperative arrangements outside of collective bargaining? Do they see these issues as greater, lesser, or equal in importance to the more traditional issues of collective bargaining? Do they tend to agree or disagree on these ratings of importance? How do these perceptions compare with those of management? Do the parties see certain types of cooperative arrangements, e.g., quality circles, as more easily adaptable to transit and more productive than other arrangements?
2. Is there a clear distinction between and a general agreement among union members as to those issues which are best handled through the collective bargaining process and those which are best suited for cooperative arrangements?
3. Do management and unions feel the need for new approaches to union-management relations? In particular, are these issues viewed as important, but not being handled effectively through collective bargaining, and, thus as holding strong potential for joint programs of organizational change?

Problem Definition

An important step toward our problem's definition was the First National Transit Labor-Management Conference in Miami in 1982 covered by the Urban Mass Transportation Administration. As a result of that conference, a National Joint Labor-Management Task Force was formed to discuss issues dealing with cooperative arrangements as well as labor agreement items. These, as well as local initiatives, promise to begin a period in which the relationships between transit management and organized labor grow more from common goals than in their separate interests. Questions surrounding participatory

management, competitive service, funding support, job security, quality of work life, levels and types of transit services, and technology transfer must be answered through these cooperative efforts if transit is to stay viable.

This research was designed to examine:

1. the opportunities and problems which these cooperative ventures offer;
2. exactly what conditions must be present for successful cooperative interaction;
3. what transit managements and unions can accomplish through cooperation; and
4. solutions and techniques which will tend to maximize the potential for success of cooperation in transit labor relationships.

Through an examination of cooperative arrangements in transit labor relations, including the difficulties encountered and the conditions necessary for success, several recommended courses of action for management and union representatives have been made.

Approach

The study approached the project as an examination of primary data and case analysis of selected, representative transit properties. This technique was undertaken to present the transit industry with a body of accurate, timely, and well organized information concerning cooperative arrangements and the potential benefits for improved transit labor-management relations. To accomplish this goal, the data collection and analysis processes were fully designed to capture the relevant information without collecting so much data and impressions that respondents become uncooperative, the data set unmanageable, and the results useless.

This report focuses on various types of cooperative arrangements, and features conditions that have led to success and/or failure in the implementation of cooperative interventions. An appreciation of the problems and conditions surrounding the implementation of cooperative arrangements in transit is essential to the evaluation of local properties. The support obtained from union and management officials for this research was critical. The research was also shaped by the following conditions: review of cooperative effort literature; site selection; a structured interview guide; and UMTA policy and transit practitioner implications.

Review of Cooperative Effort Literature

Cooperative efforts have been discussed at some length for other industries in the literature and certain types of cooperation have been formally discussed at some transit properties and trade association meetings. However, the majority of the disciplined analysis of cooperative efforts in union-management relations has been performed in other industries. While a

extensive body of literature exists concerning cooperative intervention, little work specifically relating to the generic topic of cooperation or the specific types of cooperative efforts in the transit industry is available.

Following the general review of the cooperative ventures, (discussed in the second section of this chapter) the study team examined the instances of transit specific cooperative union-management efforts, including a review of a cross-section of mass transit labor agreements and a comparison of mass transit cooperative experiences with those found in other settings (Chapter III). The analysis of these agreements was undertaken to gauge the extent and application of cooperation, information sharing, and joint labor-management committees.

Site Selection

Based upon the information gathered from the analysis of contract terms and other collective bargaining documents from local properties; and advice and results of consultations with national union leaders and management officials, seven (7) sites were selected for in-depth analysis of their cooperative activities. The seven sites selected are representative in terms of: (1) geographical location; (2) size and type of operations; (3) international union affiliation; and (4) type of labor-management cooperative efforts. An initial decision was made to respect the confidential nature of obtained information. Thus, neither the names of the sites nor the specific identification of internal documents will be presented. The study team utilized the data collected from the on-site visits to compare with the general conditions found in the transit industry with respect to labor-management cooperative efforts.

Site visits were conducted by the study team in coordination with union and management officials. A total of 67 interviews of transit practitioners was conducted and included: general managers, managers of personnel and/or labor relations; managers of transportation; managers of maintenance; any assistants to these managers particularly involved in joint labor-management cooperation; line supervisors, including dispatchers, garage superintendents, maintenance foremen, and maintenance supervisors; and union representatives, including members of the various committees, local officers, local members, and third party neutrals.

Interview guides were standard and prepared in advance of the visit. This was not to control an interview by narrow predetermined questions, but to establish what areas to cover.

Structured Interview Guide

Based upon the past experience of the study team in the formulation, administration, and analysis of interview guides in previous transit union-management studies, there are several areas for examination. These fundamental questions around which the interview guide were structured are:

Types of labor-management cooperative arrangements experienced at the property;

- Socio-demographic information concerning the participants;
- Issues that have been addressed and/or avoided through labor-management cooperative arrangements and why;
- Activities/processes that have been used as cooperative labor-management efforts;
- Degree that these cooperative efforts have been successful and the factors and/or conditions that could have made these efforts more successful;
- Reasons for undertaking cooperative labor-management arrangements;
- Extent to which traditional collective bargaining processes effect cooperative labor-management interventions; and
- Expectations of participants regarding the labor-management cooperative program before, during, and after the effort.

Policy and Practitioner Implications

Recognizing the initiatives that UMTA has undertaken in cooperative arrangements in transit labor-management relationships, this report examines those efforts which will allow UMTA and the industry further insights to increased productivity and improved utilization of human resources. In December of 1982, UMTA announced its "Policy Statement Regarding Involvement of Labor in Federally Assisted Transit Industry Human Resources Development Activities." In that policy statement, it was announced that "...it shall be the position of UMTA to encourage the meaningful cooperation of labor representatives where there is an opportunity for labor and management to work together as a means of increasing performance and productivity."

This research was directed toward improving the understanding and implementation of that policy statement with respect to cooperative labor arrangements in transit. As defined in the policy statement, these human resource development programs include employee assistance programs, job reclassification, quality circles, employee recognition, quality of work life, and other joint labor-management arrangements.

This is an exploratory study of transit specific aspects of labor relations which have indicated significance and demonstrated success. Transit practitioner will benefit from the research which draws insights from other industries. The consideration of these insights and the extent to which they are applicable for transit, should help operationalize the concept "labor-management cooperation" in a manner that both satisfies the parties' goals, UMTA Policy directions, and contributes positively to organizational performance. Additional refinement of these concepts will provide mass transit practitioners initial prerequisites and strategies to consider establishing a cooperative relationship. Research results and conclusions are practitioner based and derived instead of obtained from pre-established and premature theories. This positive and practical approach should facilitate further practitioner discussion and implementation.

Historical Aspects of
Labor-Management Cooperation

Labor-Management Cooperation Through World War II

Labor-management cooperation (LMC) is not a new concept. Indeed, one observer of the American labor movement has contended that this concept has been compatible with the philosophies, goals and strategies of labor unions in the United States.

Trade unionism became closely interwoven with the institutional pattern of capitalism. Unions obtained popularity and strength by bending capitalism to the short run interests of the workers.¹

Even John L. Lewis, who was sometimes publicized as a "rabble rousing" union leader once reflected:

I think most people have come to realize that we cannot progress industrially without real cooperation between workers and management, and that this can only be brought about by equality in strength and bargaining power of labor and management. Labor is sincere in its desire to help. It looks forward to an industrial procedure which will increase² productive efficiency and lower prices to the consumer.

Organized labor's "cooperative" relationship with industry commenced with the formation of the American Federation of Labor (AFL) in 1886. Samuel Gompers, President of the AFL, indicated that the organization's goals concerned the economic betterment of its members, and the enhancement of the capitalistic system.³

Labor is not opposed to increased production or improved methods. Quite the contrary. We recognize that there can be no permanent betterment of standards of living for all except by increasing the things that contribute to a better and more satisfactory living.⁴

¹Max M. Kempelman, "Labor in Politics," in George M. Brooks et al., eds. Interpreting the Labor Movement (Ann Arbor, Mich.: Industrial Relations Research Association, 1967), p. 41.

²Benjamin Stolberg, The Story of the CIO (New York: Arno Press, 1971), p. 28.

³Samuel Gompers, Seventy Years of Life and Labor (New York: E. P. Dutton, 1925), pp. 286-287 and pp. 381-427.

⁴Samuel Gompers, "Cooperation of Workers in Study of Industrial Personnel Matters," Journal of Personnel Research, Vol. 1 (June 1922), p. 54.

In essence, Gompers felt that union members could better themselves in two ways; by obtaining a larger portion of an organization's existing revenues, or by receiving a similar, even less, portion of increased revenues earned by the organization. However, a dramatic reduction or elimination of organizational revenues would ruin the AFL's major goal of increased material gains for its members.

This philosophy does not assure or even suggest the possibility of identical interests between union and management. Gompers realized that employers and unions will have differences of opinion and that, "a workman must convince his employer that he is entitled to an advance in wages..."⁵ Thus, the terms, "cooperation" and "adversary" are not mutually exclusive. Labor and management officials can be committed to the organization's welfare while at the same time employing tactics (strikes, lockouts, and so forth) to convince the other party to accept its collective bargaining position.

Two major events during the 1920s stimulated cooperative efforts.⁶ The first reflected publicized efforts of Frederick Taylor and other individuals involved with "scientific management." The "one best way" approach of scientific management stressed that employee work discretion was to be eliminated or else production waste and inefficiency would occur. Specialized tasks, job descriptions, and related production standards were formulated by "experts"; therefore, employees knew precisely what was to be done, how it was to be done, and the exact time allowed to do it.

Two other cornerstones of scientific management were: mutually beneficial goals and cooperation. Taylor maintained that employees needed inducements to work hard; therefore, any increase over production standards should be associated with increased pay or wage incentives. Under scientific management the employees' goals of higher wages would be recognized and reinforced with productivity gains. This situation in turn depends on cooperation between union and management officials.

"Scientific management" offered mixed potential for labor-management cooperation. In many cases, "cooperation" meant "doing what you are told"; the "one best way" approach meant that employees should have no input into decisions affecting their job and possibly other working conditions. Also narrowly limited tasks reduce employee discretion, flexibility, and variety of work pace and content, considerations which can influence current employee work involvement-innovation programs. The spread of scientific management principles across companies was largely influenced through publicity of Taylor's experiments which reduced the number of employee jobs. This "advantage" of course, ran counter to a major goal of the American labor movement, "job security."

⁵Samuel Gompers, Labor and The Employer (New York: Arno Press, 1971), p. 202.

⁶It should be stressed that this time period or any other for that matter could not be characterized as consisting of total or even widespread "cooperation." Indeed, many organizations were actively involved in maintaining a union free environment.

Samuel Gompers and his successor, William Green, were no doubt aware of scientific management's potentially adverse impact on union-management relations; however, they apparently also viewed this method as an objective and persuasive device to obtain material betterment for union members. "The Taylor Society Bulletin regularly carried articles on AFL experiments in union-management cooperation, and the AFL's Federationist, published articles by well known Taylorists."

World War One represented another influence on labor-management cooperative efforts in the 1920s.⁸ This emphasis extended beyond the war years, Warren G. Harding, then president of the United States, wrote in 1921:

In a period of readjustment such as this, it is all the more important that we should all work out our problems in harmony together. A closer contact, a better understanding between managers and men is one of the first essentials to a prompt return to industrial prosperity.

World War Two provided another superordinate goal for labor-management cooperative efforts. There appeared to be at least a surface attempt to avoid labor-management disputes in recognition that wartime production was crucial to the nation's interests. For example, the president of the National Association of Manufacturers during this period stressed:

No industrial dispute of any kind must be allowed to interfere, even for a day or an hour, with the first job of this country and every citizen in it-namely, the speedy production of the vast amounts of war material called for by the nation's gigantic War Program...

In the mutual give-and-take, management and labor alike must be prepared to "give until it hurts" in order that the flow of vital war material¹⁰ may continue unabated and in ever increasing volume.

⁷Sanford M. Jacoby, "Union-Management Cooperation in the United States: Lessons from the 1920s," Industrial and Labor Relations Review, Vol. 37 (October, 1983), pp. 18-33. See also, William F. Muhs, "Worker Participation in the Progressive Era: An Assessment by Harrington Emerson," Academy of Management Review, Vol. 7 (1982), p. 99.

⁸Reinhard Bendix, Work and Authority in Industry (Berkeley: University of California Press, 1956), p. 285.

⁹Letter written by Warren G. Harding, Personnel, Vol. 3 (May/June, 1921), p. 1.

¹⁰William P. Witherow, "Labor Arbitration in Wartime," Arbitration Journal, Vol. 6 (Spring, 1942), pp. 11-12.

Labor's view was exemplified by a high ranking official of the American Federation of Labor, who also emphasized the spirit of sacrifice under the unusual wartime circumstances:

Labor well knows strong unions are more effective in collective bargaining than weak ones. When unions, therefore, agree not to use their collective power by means of a strike they have agreed to lay aside and not to use their defensive weapon from which constructive power is derived. Labor freely made this war sacrifice in order not to impede national defense of our free institutions which assume opportunities to all.¹¹

Related activities were continued after the War through the extension of various labor-management production committees. The formation and operation of these committees were influenced by guidelines published by the War Production Board in 1945. These guidelines are listed below, as they are often associated with successful labor-management programs found in our investigation of mass transit properties:

- (1) Labor and management will work together to improve production
- (2) The work of the joint production committee shall not duplicate, conflict with, or replace recognized procedures for handling grievances and other collective-bargaining matters.
- (3) Activities of the production committee shall be of mutual benefit to both management and labor and shall not further the special interests of either group.
- (4) Neither management nor labor shall sustain losses as a result of the work of the committee.
- (5) Management representatives on the committee will have sufficient authority to secure prompt decisions on committee recommendations.
- (6) Labor representatives, comparable in number with the management representatives, will have sufficient prestige and authority to secure full cooperation of the workers on committee programs.
- (7) Labor and management each shall choose its own representatives. If there is a recognized collective bargaining agent, it shall name the labor representatives.
- (8) The scope of the committee's work and the authority delegated to it will be clearly defined, with provisions for adjustment as new problems arise.¹²

¹¹Mathew Woll, "Labor Arbitration in Wartime," Arbitration Journal, Vol. 6 (Spring, 1942), pp. 94-95.

¹²Frank S. McElvoy and Alexander Moros, "Joint Production Committees," Monthly Labor Review, Vol. 67 (August, 1948), p. 124.

The subjects addressed by these committees also bear contemporary relevance and are therefore included in Table I-1.¹³

More Developments in Labor-Management Cooperation
Including the "Quality of Work Life Concept"

Some management and union officials continued to stress cooperation in their speeches after World War II. The following remarks of one union official are pertinent if not representative.

The only way that full employment and highest standard of living can be achieved is for the employers and the union to show a willingness to meet to exchange ideas, and to learn to understand the many problems which affect the industry.¹⁴

However, the words expressed by union and management officials were often not extended to provisions in the labor agreement. For example, a survey conducted by the Bureau of Labor Statistics in 1966 found one out of four labor agreements contained provisions for union-management cooperation on production problems, technological changes, sales promotion, legislative tariffs. In most cases "cooperation" was confined to a "pledge."

Such a pledge, whatever its standing in terms of enforceability, nevertheless indicates a positive commitment by the union. Among its purposes is the education of workers and union stewards to the value of cooperation.¹⁵

Yet there were notable exceptions during this time period. For example, contract provisions have specified joint labor-management study approaches since 1959 in the steel, meat-packing, auto, rubber, electrical manufacturing, construction and machinery industries. The rationale for these committees is that:

¹³For additional implications of this survey, see Ernest Dale, "Employee Cooperation to Increase Productivity," Personnel, Vol. 24 (November, 1947), pp. 165-167.

¹⁴"AFL Packing Union Stresses Union-Employer Cooperation," Bureau of National Affairs Inc., Daily Labor Report, Number 80 (April 27, 1953), A-10. For similar comments made by another union official and management official, see the following Daily Labor Reports, Number 226 (11/23/65), A-2; and, Number 14 (January 20, 1956), E-1 to E-4.

¹⁵"Management and Unions still Reluctant to Add Formal Cooperation Clauses to Collective Bargaining Contracts," Bureau of National Affairs Inc., Daily Labor Report Number 60 (March 28, 1966), B-2. The survey found that 450 of 1,773 contracts had a cooperation clause of some sort with 370 of these clauses representing pledges.

In many cases, automation and technological change confront negotiators with problems so complex and overwhelming as to be almost unsolvable under the usual bargaining pressures and procedures. In such situations, it becomes logical to remove such formidable problems from the atmosphere of deadlines and refer them to joint committees. Away from the tension of negotiations, union and employer representatives can freely discuss and better define these longer-term problems and shape possible solutions.¹⁶

Many rather recent labor-management cooperative initiatives have been stimulated by attention in the contemporary concept, "Quality of Work Life." Much confusion exists over this concept.¹⁷ One observer has suggested that there have been six different definitions of QWL over the last 15 years:

First Definition QWL = Variable (1969-1972)
Second Definition QWL = Approach (1965-1975)
Third Definition QWL = Methods (1972-1975)
Fourth Definition QWL = Everything (1979-1982)
Sixth Definition QWL = Nothing.¹⁸

While this concept is nonspecific, many union officials maintain that "...the essence of QWL is the opportunity for employees at all levels in an organization to have substantial influence over their work environment by participating in decisions related to their work."¹⁹ There are at least two major implications of this definition.

¹⁶"New Directions in Bargaining," American Federationist, November 1963, p. 18.

¹⁷Richard E. Walton, "Work Innovations in the United States," Harvard Business Review, Vol. 57 (4), pp. 88-98. For additional considerations of this multi-faceted concept, read Louis E. Davis and Albert B. Cherna, The Quality of Working Life, Vol. 1 and Vol. 2 (New York: The Free Press, 1975); Michael H. Schuster, Union-Management Cooperation (Kalamazoo: W. E. Upjohn Institute, 1984); and Susan G. Clark, Kathleen D. Warren, and George Greisinger, Assessment of Quality-of-Work-Life Programs for the Transit Industry Research Report: Report No. 5. (Washington, D. C.; Transportation Research Board, 1983); Susan G. Clark, Kathleen D. Warren, and George Greisinger, Assessment of Quality of Work Life Programs for the Transit Industry: Model Programs (Washington, D.C.: Transportation Research Board, 1983); and, Labor Management Cooperation: Recent Efforts and Results, Washington, D.C.: U.S. Department of Labor, (1982).

¹⁸David A. Nadler and Edward E. Lawler III, "Quality of Worklife: Perspectives and Directions," Organizational Dynamics, Vol. 11 (Winter, 1983), p. 26.

¹⁹Paul D. Greenberg and Edward M. Glaser, Some Issues in Joint Union-Management Quality of Worklife Improvement Efforts (Kalamazoo: W. E. Upjohn Institute for Employment Research, 1980), p. 11.

TABLE I-1: AMERICAN MANAGEMENT ASSOCIATION SURVEY OF POTENTIAL LABOR MANAGEMENT COOPERATIVE PROGRAMS IN 182 MANUFACTURING FIRMS

	Number of Times Discussed		Total (I) & (II)
	Departmental Labor-Management Committees (I)	Plant-Wide Labor-Management Committees (II)	
Accident prevention	78	66	144
Furthering employing understanding of company policies	90	43	133
Elimination of waste and defective work	97	34	131
Regular attendance	79	27	106
Employee insurance plans	62	36	93
Quality control	79	18	97
Job evaluation	47	47	94
Lateness	74	16	90
Maintenance of tools, fixtures, etc.	69	20	89
Physical working conditions	58	31	89
Employee health	66	24	84
Methods improvement	60	24	84

TABLE I-1 continued

	Number of Times Discussed		Total (I) & (II)
	Departmental Labor-Management Committees (I)	Plant-Wide Labor-Management Committees (II)	
Training, apprenticeship and induction programs	51	28	79
Discipline control	59	18	77
Labor turnover	46	16	62
Production planning	43	14	57
Setting output standards	36	20	56
Incentive systems	36	20	56
Promotional programs	36	12	48
Utilization of machinery	39	6	45
Technological changes	34	9	43
Employment stabilization	33	9	42

SOURCE: Bureau of National Affairs Inc., Daily Labor Report, December 8, 1947, B-11.

First, QWL rejects the basic premises of Taylor's scientific management; more specifically: (1) efficiency requires specialized jobs and (2) production technologies dictate work roles.²⁰ Also questioned is the "one best way" approach to formulate work rules which reduce employees work discretion. Indeed this approach, if followed, would be negatively associated with QWL, for:

Few workers or lower-level managers seem to know where the detailed procedures that govern every job come from. The decisions about how work is to be done are made in detail at a point far removed from the actual work site. This centralization in the tradition of Taylorism contributes greatly to frustration on the job. Workers often do not understand the reasons even for good rules, and they are powerless to change bad ones.²¹

Second, the focus of QWL programs is not only on how people can do work better, but on how work may cause people to be better. This suggests that QWL programs require cooperation between union and management officials, although the scope of labor-management cooperative activities is broader than those offered in QWL programs which might focus on the following related activities.

1. Participative problem solving
2. Work restructuring
3. Innovative rewards systems
4. Improving the work environment.²²

The underlying rationale for QWL programs is provided by the previous Secretary of Labor for the Reagan Administration, Raymond Donovan:

Americans, wherever they are located in the occupational structure, have no distaste for work. To the contrary, they clearly want to excel in whatever they do. The needs for competence, for accomplishment, for pride of craft and for individual responsibility are indelibly ingrained in our national character... [the fault of U. S. productivity problems ties with] employers who religiously follow the outdated precepts of scientific management and bureaucratic organization as though they were engraved on stone, union

²⁰Sar A. Levitan, Clifford M. Johnson, Second Thoughts on Work (Kalamazoo: W. E. Upjohn Institute, 1982), p. 155.

²¹Ronnie J. Straw and Charles C. Heckscher, "QWL: New Working Relationships In the Communication Industry," Labor Studies Journal, (Winter, 1984), p. 270.

²²Nadler and Lawler, op. cit., p. 26.

leaders who cling obstinately to archaic work rules regardless of their dysfunctional consequences, and government officials who deny both parties the opportunity to innovate and progress by straight jacketing them with needlessly proscriptive regulations....While a labor force as heterogeneous as ours does not speak with a single voice, what we have been hearing so clearly from workers in recent years is that they have additional needs which are far from satisfied. These include such things as more opportunity to develop and apply their skills; more flexibility in meshing their work and non-work lives, particularly in the domain of the family; and perhaps most important of all, more of a say generally in decisions under which it is performed. In toto one might say that they seek a richer and more fulfilling life on as well as off the job. Bread alone is not enough. It never was.²³

Both union leaders and members do not view QWL programs, in a consistent, predictable fashion. For example, one national union leader views QWL as being compatible with union goals as,

...a union represents workers in order to improve their living standards, enhance their job and income security, and establish enforceable negotiated workplace rights for them. Essential to the purpose and goals of a union as well is to create a workplace climate in which the workers will enjoy job satisfaction derived from recognition of their desire for dignity and self realization—a knowledge that what they are as adult human beings counts more than being an extension of the tool, and that what they do is intrinsically meaningful.²⁴

QWL programs can also offer the union potential organizing advantages, particularly in the large nonunion, white-collar workforce.

The growth in white-collar unionization has coincided with an increased interest in the work humanization movement (QWL programs), which seeks to develop intrinsically satisfying jobs. White-collar union members, who are likely to be better educated and more receptive to changes in job design, seem to accept work humanization efforts more readily than many blue-collar workers. (parenthesis added).²⁵

²³Labor Secretary Donovan Urges Cooperation to Solve Nation's Productivity Problems," Bureau of National Affairs Inc., Daily Labor Report, Number 175 (September 9, 1982), A-6.

²⁴Irving Bluestone, "Labor's Stake in Improving the Quality of Working Life," in Harvey Kolodny and Hans van Beinum, eds., The Quality of Working Life in the 1980s (New York: Praeger, 1983), p. 35; and Susan G. Clark, Kathleen D. Warren, and George Greisinger, loc. cit.

²⁵Every M. Kassalow, "White Collar Unions and The Work Humanization Movement," Monthly Labor Review, Vol. 100 (May, 1977), p. 11.

Other union officials believe that QWL programs are disadvantageous to union organizing efforts. Continuing this line of reasoning, QWL stressed in a nonunion firm can repel union organizing efforts, while QWL programs in a unionized firm might be used to circumvent and eventually destroy the union. There is also the contention that QWL issues and programs can distort traditional union-management objectives and roles which are expressed by one union official.

We (labor organizations) do not seek to be a partner in management, to be, most likely, the junior partner in success and the senior partner in failure. We do not want to blur in any way the distinction between the respective roles of management and labor in the plant. We guard our independence fiercely-independent of government, independent of any political party, and independent of management.²⁶

Union members also complicate the direction and intensity of QWL programs. A survey conducted in 1977 found that union members felt that unions did well in bargaining over traditional issues (job security, wages, and so forth) but did not do well in QWL issues such as making the job interesting and giving employees a say in how the organization is run.²⁷ Union leaders can give at least two interpretations to this situation: (1) unions can enhance bargaining strength by giving attention to this heretofore neglected area; and (2) the union should not focus on this area as members are relatively unconcerned about the consideration and eventual resolution of QWL issues. Membership concern over QWL remains an uncertainty. Two surveys of union members have found that QWL issues are best resolved outside of the traditional collective bargaining process.²⁸ These feelings, however, do not particularly address the extent members believe that QWL issues should be resolved either inside or outside of the labor agreement. Uncertain membership preferences might account for the observation that QWL

²⁶Ted Mills, "Europe's Industrial Democracy: An American Response," Harvard Business Review Vol. 56 (Nov.-Dec. 1978), p. 148. Also, see William W. Winpisinger, "Job Satisfaction: A Union Response," American Federationist, Vol. 80 (February, 1973), pp. 9-10; and William W. Winpisinger, "In The Real World, We have to Eat," Viewpoint, 1978, Vol. 8 (3), pp. 2-7.

²⁷Graham L. Staines and Robert P. Quinn, "American Workers Evaluate The Quality of Their Jobs," Monthly Labor Review, Vol. 102 (January, 1979), p. 10.

²⁸William H. Holley, Hubert S. Feild, and James C. Crowley, "Negotiating Quality of Worklife, Productivity, and Traditional Issues: Union Members Preferred Roles of Their Union," Personnel Psychology, Vol. 34 (1981), pp. 309-328; and Lee Dyer, David B. Lipsky, and Thomas A. Kochan, "Union Attitudes Toward Management Cooperation," Industrial Relations, Vol. 16 (May, 1977), pp. 163-171.

programs are neither widespread²⁹ nor long lived.³⁰ Indeed, one survey conducted by Oregon State University found that 75 percent of one type of QWL program (quality circles which will be discussed in Chapters Two, and Three) in the United States have died within a few years.³¹

The aforementioned considerations complicate the assessment of the future magnitude and direction of labor-management cooperation. An optimistic approach to this situation was sounded over forty years ago by a prominent observer of union-management relations, who stated that:

...there appears to be a permanent place for at least a limited amount of union-management co-operation. Its main field of application will be in the high-cost establishments where either the equipment is semi-obsolete or the management is poor and where the union needs to do something to help its members hold their jobs. Nevertheless, as unions gain more experience in selling labor and in analyzing the demand for labor, they may be expected more and more to base their policies upon a long-run rather than a short-run view of the market and gradually to become better aware of the various influences, such as inter-industry competition, which make the elasticity of the demand for labor greater than it seems to be. As this occurs, their interest³² in union-management co-operation may be expected to grow.

A recently negotiated labor agreement³³ signed by officials from General Motors and the United Auto Workers Union publicized the potential benefits of union-management cooperation and related involvement in QWL programs.

²⁹"Secretary Donovan Stresses Need for More Labor-Management Harmony," Bureau of National Affairs, Inc., Daily Labor Report, Number 122 (June 23, 1983), p. A-3.

³⁰James O'Toole, "Thank God It's Monday," The Wilson Quarterly, (Winter, 1980), p. 131.

³¹Paul S. Goodman, "Quality of Work Projects in the 1980's," Labor Law Journal, Vol. 31 (August, 1980), pp. 487-494.

³²Sumner H. Slichter, Union Policies and Industrial Management (New York: Arno Press, 1969). This source also contains several rather detailed labor-management cooperative experiments in the 1940s. For an updated extension of this quote, see Peter Drucker, "Where Union Flexibility Is Not A Must," Wall Street Journal, September 22, 1983, p. 30.

³³For a rather detailed summary of the operation and subsequent progress of this agreement, see Bryan H. Berry, "Ford Shifts to Employee Involvement for Its Turn-around," Iron Age, Vol. 225 (March 19, 1982), pp. 32-36. Also, see "Hot UAW Issue: Quality of Work Life," Business Week, September 17, 1979, pp. 120 & 122.

Other related evidence can be obtained from a survey conducted in 1982 which indicated that a large majority of labor-management leaders favored increased cooperation. (See Table I-2) These attitudes have in turn been encouraged by representatives of the Department of Labor under the Reagan Administration.

While labor-management cooperation is currently endorsed by many potential participants, the exact emphasis and direction of these efforts is uncertain. A more accurate prediction can be made by considering unique aspects of the particular industry under investigation, and by operationalizing the term, "labor-management cooperation."

Characteristics in the Mass Transit Industry Conducive to Current Labor-Management Cooperation

There are three general characteristics of the mass transit industry which might positively affect labor-management cooperative activities: the background of union and management negotiators; various incentives for mass transit practitioners to engage in cooperative activities; and, the legacy of private sector bargaining under public sector ownership.

Background of Union-Management Negotiators

Previous research at mass transit properties (Table I-3) has found that mass transit labor and management negotiators have rather extensive, industrial and collective bargaining experience. These factors point to an established collective bargaining relationship; one where management and union representatives typically know each other well, respecting each other's wage bargaining competencies as well as their mutual abilities to resolve noneconomic work issues over the years.

These attitudes are enhanced by the characteristics of mass transit labor organizations. Two major mass transit labor organizations, Amalgamated Transit Union (ATU) and Transport Workers Union of America (TWU), encourage local unions to consider and possibly implement cooperative activities which might be uniquely tailored for the particular location.

Transit unions can also facilitate labor-management cooperation through their support of promotion to management positions from the union membership. Because mass transit scheduling and operation can become complicated, all the local union officers interviewed in our study felt that management officials would be more effective, and possibly more sympathetic to employee concerns, if they came from the ranks of maintenance and bus operators. This situation has taken place at the investigated properties; therefore, traditional barriers to the process of labor-management cooperation, "us versus them" attitudes tend to be lacking. On the other hand, the "in breeding" of management officials might pose an obstacle to the results of labor-management cooperation since meaningful change might be facilitated by "outsiders" having fresh perspectives.

TABLE I-2 RESPONSE TO QUESTIONS REGARDING LABOR-MANAGEMENT COOPERATION FROM 500 OPINION LEADERS

<u>Types of Opinion Leaders</u>	<u>Number of Responses</u>	Attitudes Toward A More Cooperative Relationship Between Management and Labor ¹			
		<u>Strongly Favor</u>	<u>Mildly Favor</u>	<u>Mildly Oppose</u>	<u>Strongly Oppose</u>
Total Opinion Leaders	(500)	70%	21	3	2
Business Executives	(150)	76%	20	1	1
Media Representatives	(75)	77%	19	0	0
Labor Union Leaders	(35)	86%	11	3	0
Public Interest Group Leaders	(35)	86%	11	3	0
Elected Government Officials	(80)	73%	19	4	4
Appointed Government Officials	(50)	70%	24	4	0
Academics	(75)	44%	25	11	7

1/"Please tell me how you feel about a change toward a more cooperative relationship between labor and management. Do you strongly favor, mildly favor, mildly oppose, or strongly oppose such a change?"

TABLE I-2 - continued

	Reasons Why There Will Be a More Cooperative Relationship Between Labor and Management				
	<u>Very Important</u>		<u>Fairly Important</u>		
Need for increased productivity	75%	+	18	=	93%
International competition	69%	+	23	=	92%
Need for job security	50%	+	30	=	80%
Slower economic growth in many basic industries	46%	+	31	=	77%
Trend to Automation	39%	+	36	=	75%
Changed social values and higher education levels of today's younger labor force	30	+	30	=	60%
Projected shortage of skilled labor	30	+	29	=	59%
Trend to a service industry economy	22%	+	27	=	49%

2/"Various reasons have been cited by those who think that there will be a more cooperative relationship between labor and management. As I read each one, please tell me if you think it is very important, fairly important, not too important, or not at all important as a reasons."

TABLE I-2 - continued

<u>Types of Opinion Leaders</u>	<u>Number of Responses</u>	Expect A Significant Change From An Adversary To a More Cooperative Relationship Between Management and Labor			
		<u>Within Two to Three Years</u>	<u>Within Four to Five Years</u>	<u>Longer Than Five Years</u>	<u>Not At All</u>
Total Opinion Leaders	(500)	50%	13	14	19
Business Executives	(150)	60%	13	11	11
Media Representatives	(75)	52%	13	11	21
Labor Union Leaders	(35)	43%	6	25	25
Public Interest Group Leaders	(35)	28%	9	20	37
Elected Government Officials	(80)	50%	17	14	14
Appointed Government Officials	(50)	64%	18	6	12
Academics	(75)	29%	8	23	31

3/"Do you expect to see a significant change from an adversary relationship to a more cooperative relationship between labor and management within the next two to three years, four to five years, longer than five years, or not at all?"

SOURCE: Bureau of National Affairs Inc., Daily Labor Report, Number 173 (September 7, 1982), E-1.

TABLE I-3 PROFILE OF LABOR-MANAGEMENT RELATIONSHIPS AT 20
MASS TRANSIT FACILITIES IN THE SOUTHEAST

Collective Bargaining and Background of Union-Management Negotiators	Mean for the 20 selected sites
Years formal collective bargaining has occurred at facility	36
Number of formal labor contracts that have been negotiated at facility	22
Chief union negotiator Years of formal collective bargaining experience in mass transit	12
Years of experience in mass transit	20
Chief management negotiator Years of formal collective bargaining experience in mass transit	
Years of experience in mass transit	18

SOURCE: Kenneth M. Jennings, Jr., Jay A. Smith, Jr., and Earle C. Traynham, Jr.,
Labor Relations in a Public Service Industry (New York: Praeger
Publishers, 1978), p. 18.

Incentives for Mass Transit Practitioners to Engage in Cooperative Activities

Compatible, supportive backgrounds of union and management negotiators are necessary but not sufficient conditions for cooperative efforts. Absent a related legal mandate to cooperate, one or both parties must initially recognize that these efforts can benefit the labor-management organizations, and/or labor-management relationships. There is at least one membership driven incentive for union cooperative efforts; namely, responding to an influential union faction of maintenance employees. Advantages or incentives might also prompt one or both parties to approach various transit performance issues.

Previous investigation into the mass transit industry reveals that the union is "driver-dominated"--the labor organization's attention is mainly focused on issues which pertain to the vast majority of its members (bus operators). On the other hand, maintenance employees occupy an influence possibly greater than their number--they tend to be effective and active in union matters. Quite possibly, labor-management cooperative activities might benefit maintenance employees while not detracting from collective bargaining efforts.

For example, a quality circle discussed more fully in the next chapter focused on poor lighting in the maintenance pits (where buses are driven over for repairs). Related activities included using a light meter for each of the bus servicing tasks, then comparing findings to applicable standards, and considering possible solutions to correct the situation. These activities involved a lot of people for rather long periods of time. If this issue came up in contract negotiations there would be little chance of related attention. Union leaders and management officials would not spend much time if they thought the issue would be complicated, time consuming, and directly affect few employees. Indeed, this issue would likely be resolved in labor negotiations in one of two ways: Vague contact language ("management will make every effort to resolve the problem," for example) or a committee would be formed to look into the problem. The union steward suggested that a committee of this nature would not be likely formed (much less activated) after the labor agreement is signed. On the other hand, a quality circle offers a well established and tested mechanism for the solution of the problem.

There are also several reasons/incentives which might prompt union and management officials to jointly consider and cooperatively approach mass transit performance standards.³⁴ From labor's standpoint, productivity bargaining efforts could benefit employees, particularly when wage comparisons with transit employees in other cities tends to restrict or reduce deserved wage increases. It may also be the only way transit employees can earn wages higher than other public employees in the city. Performance bargaining may provide an effective argument to counter political infringements on mass transit, i.e., to prevent or limit local politicians from demanding that certain nonproductive routes be scheduled for their constituent's convenience. To the extent that joint efforts result in gains, e.g., improved ridership, publicity could pave the way for better compensation settlements.

A legal dimension of mass transit labor relations might prompt performance bargaining. There have been several actual or potential jurisdiction disputes involving mass transit bargaining units. Many states do not have applicable collective bargaining laws for public sector employees. However, it appears that some applicable state laws, e. g., Florida, favor "wall to wall bargaining" or the combination of many public employee classifications. This situation, if adopted, would tend to have a negative impact on mass transit unions--most public employees might see their collective bargaining interests more in line with a general public employee union e.g., American Federation of State, County and Municipal Employees, than a rather specialized union e.g., ATU or TWU.

Mass transit employees have unique working conditions which probably would be ignored if they were absorbed into a larger, more general bargaining unit. One way to maintain their uniqueness and separate bargaining unit status would be to directly and substantially relate working conditions to

³⁴Kenneth M. Jennings, Jay A. Smith Jr., and Earle C. Traynham Jr., Labor-Management Relationships and Issues in Mass Transit: The Southeast (Springfield, Va.: National Technical Information Service, January, 1983), pp. 51-52.

collective bargaining. Wages represent one of the more crucial collective bargaining issues. It could, therefore, be contended that some form of performance bargaining would preserve and protect the separate existence of the mass transit bargaining unit.

Finally, it may be in the industry's long-term interest for union and management to become actively involved in joining efforts to improve performance. In the absence of noticeable performance improvements, governmental performance criteria on systems is a condition of continued subsidization.

The Legacy of Private Sector Bargaining Under Public Sector Ownership

The origin and effects of employee protection provisions for transit industry employees (Section 13-C of the Urban Mass Transportation Act) are beyond the scope of this research. It suffices to say that the intent of these provisions is to ensure that unionized employees do not have their collective bargaining status (techniques and results) weakened when the private firm is taken over by the public ownership.

One possible implication is that the spirit and specified union organization's rights of private sector labor legislation under the National Labor Relations Act (NLRA) remains in the subsequent takeover of mass transit operations. In other words, there is a chance that union-management activities in public mass transit agencies might be influenced by private sector labor legislation and related policy formation and enforcement by the National Labor Relations Board (the agency charged with initially interpreting and enforcing NLRA provisions). Continuing this speculation there is a chance that employee involvement programs such as quality circles might represent an employer unfair labor practice under the NLRA. This Act, Section 8 (a)(2), makes it an unfair labor practice "to dominate or interfere with the formation or administration of any labor organization..." The intent of this provision is to foreclose company interference with the bargaining strength and/or capability of union officials; in modern parlance, "union busting."

Recent court cases have not specifically found quality circles to represent an employer's illegal intrusion into union affairs.³⁵ Also, as discussed in a later section, all of the investigated properties had various safeguards for the union organization to ensure that its status was not eroded. However, the argumentative, if not legal, reasoning for union objection to employee involvement programs might successfully emerge in mass transit while not appearing in other public agencies.

³⁵William E. Fulmer and John J. Coleman, Jr., "Do Quality of Work-Life Programs Violate Section 8(a)(2)?," Labor Law Journal, Vol. 35, (November, 1984), pp. 675-684; see also, Curtiss K. Behrens and James R. Sollenberger, "The National Labor Relations Act Upon Quality Circles and Other Employee Sponsored Committees," Labor Law Journal, Vol. 34 (December, 1983), pp. 776-780; and, George W. Bohlander, Gordon J. Jorgensen, and William B. Werther Jr., "The Legal Side of Productivity Through Employee Involvement," National Productivity Review, (Autumn, 1983), pp. 394-401.

Operationalizing Labor-Management Cooperation

Defining "union-management cooperation" in general terms is relatively easy. One such definition and related components of this concept is:

"Union-management cooperation" describes a relationship in which the parties through joint action attempt to reduce unit costs of production, increase efficiency, and improve the competitive position of the firm. This kind of relationship is rare...

The distinguishing characteristics of this kind of relationship are as follows:

1. A conviction on the part of management that the union as an institution is both willing and able to cooperate to lower costs and increase efficiency.
2. A willingness on the part of the company to share some vital managerial functions with representatives of the union.
3. An eagerness on the union's part to be a production-boosting agency in return for tangible and intangible benefits for the union and its members.
4. A resulting relationship in which the parties assume joint responsibility for solving production problems and eliminating obstacles interfering with greater efficiency.
5. Outward manifestations of mutual trust and respect coupled with expressed confidence that the partnership of union and management in improving³⁶ efficiency "pays off" for both parties involved.

However, it is often difficult to determine if and how much cooperation has occurred at a specified property. For example, the degree of cooperation can vary from discussion or consultation on specific matters of mutual interest such as productivity to adoption of agreeable procedures.³⁷

Labor-management cooperation (LMC) has several focal points or dimensions; the concept can refer to activities, attitudes³⁸ or efforts, or results. These dimensions can be offsetting. For example, does LMC occur when labor and

³⁶Frederick H. Harbison and John R. Coleman, Goals and Strategy in Collective Bargaining (New York: Harpers, 1951), pp. 88-89.

³⁷Ernest Dale, "Increasing Productivity Through Labor-Management Cooperation," Industrial and Labor Relations Review, Vol. 3 (October, 1949), p. 33.

³⁸Douglas McGregor, "The Influence of Attitudes and Policies," in Clinton S. Goldman and Virginia D. Parker, eds., Causes of Industrial Peace Under Collective Bargaining (New York: Harper & Brothers, 1955), pp. 29-38.

management officials bring a sincere, cooperative attitude to a cooperative activity, and do not obtain any tangible results? These dimensions are also subject to varied and vague measurement degrees such as "very cooperative: to "very uncooperative" with unspecific benchmarks.

Additional vagueness occurs when labor-management cooperation is regarded as the common output of the labor-management organizations. For example, does LMC occur when the union officers reduce previously obtained wage levels after management indicates serious economic difficulties. Some would contend that this situation represents one-sided "concessions" by the labor organization (due to reduced bargaining power) with the management organization having little contribution to the cooperative output. It is, therefore, difficult to determine if LMC has taken place if the union president strongly backs cooperative efforts, and a union steward actively tries to nullify these efforts in a related labor-management committee.

Our definition of cooperative efforts and selection of related data was based on the following four considerations. First, LMC was restricted to activities, planned and implemented by management officials which at least initially occurred outside of the labor agreement. "Activities" were selected because they are more discernible than "attitudes." While some "results" of these activities will be discussed, major emphasis cannot be given to this facet of LMC, since most activities are recent and incapable of any real level of assessment.

The cooperative activity also has to be voluntarily initiated by both parties. The activity takes place without the administrative and/or legal, collective bargaining obligations placed on the parties. While threats to obtain the other party's attention are possible, they do not take the form of economic sanctions (strikes and lockouts, for example) used in formal contract negotiations. Both parties are also free to leave the cooperative arrangement at any time--they are unaffected by specific time periods or expiration dates such as those found in the labor agreement.

"Risk" represents the third condition for selected activities, and, as indicated by the following two quotations, pertains to the roles of labor and management organizations, and respective leaders.

Yet preaching commonality or interest cannot obscure the fact that labor and management continue to have distinct and divergent interests, ones that pose inherent conflicts in the workplace and at the bargaining table. Unless there is a sharing of power as well as profits, with managers accepting workers as full partners in the productive enterprise, the adversarial tone of American labor-management relations will be with us for many years to come.

³⁹"After Hard Times--What Hope for Labor-Management Cooperation?," Bureau of National Affairs, Inc., Daily Labor Report, Number 181 (September 17, 1982), E-1.

[There must be] a willingness on the part of management to leave its authoritative hat at the door and talk eyeball to eyeball and gut to gut across the table and hear what those people really feel. Let them lay it out to you without feeling hostile, without having elements or reprisal.

On the union side, are you willing to go in there and make suggestions to improve the quality of work and reduce the inefficiency of that plant that you and your people walk around in every day? Are you willing to take the initiative in this crisis⁴⁰ situation that this American economy finds itself in?

Most management personnel are not involved in formal labor agreement negotiations; however, labor-management cooperative activities represent another matter. In many cases, first line supervisors and other managers are given little credit for their involvement in these programs; instead, they are often labeled "barriers" because they "selfishly refuse to share their decision-making prerequisites."⁴¹ Union officials who are involved in these programs risk members' perceptions that they sold out to management. Our research found that three union officials active in labor management cooperation efforts lost subsequent elections; and another union official appeared to be taking a hard line stance because of an expected close re-election campaign.

The fourth condition for activity selection was that the participants focus mainly, if not entirely, on the joint definition and resolution of a specific problem topic such as "chargeable" vs. "non-chargeable" accidents. The assumption is that both parties recognize that the issue has complex, unforeseen dimensions of the issue. One public sector management participant indicated that a cooperative activity normally outside of collective bargaining permits experimentation and a variety of solutions and subsequent changes since⁴² the issue is not typically restricted by labor agreement provisions.

The chargeable accident topic would likely receive a more limited treatment in formal contract negotiations and/or administration (grievance procedures found in the labor agreement) for several reasons. Contract negotiation issues are often discussed in an argument-counter argument fashion. Each party stresses their respective positions on the issue instead of specific issue aspects which can be agreed upon by both. Also, collective bargaining topics are often discussed in potential instead of eventual terms.

⁴⁰William L. Batt, Jr., and Edgar Weinberg, "Labor-Management Cooperation Today," Harvard Business Review, Vol. 56 (January-February, 1978), pp. 103-104. See also A. H. Raskin, "Can Management and Labor Become Partners?," Across the Board, Vol. 19 (July-August 1982), pp. 12-16.

⁴¹Larry A. Sclesinger and Berry Oshry, "Quality of Worklife And The Manager: Muddle in the Middle," Organizational Dynamics, (Summer, 1984), p. 8.

⁴²Report on the Secretary of Labor's Symposium on Cooperative Labor-Management Programs, (Washington, D.C.: U.S. Department of Labor, 1982).

Union and management officials might view the issue in terms of its "trade off" value for other collective bargaining issues, a situation which is particularly likely to occur if the issue pertains to a relatively small proportion of the bargaining unit employees. Little, if any serious attention, will be given to a collective bargaining issue if one or both parties feel it will be dropped in the final labor agreement settlement.

Finally, most if not all labor agreement negotiation-administration issues are potentially resolved by other individuals--arbitrators or local governmental officials who are not completely aligned with mass transit labor or management officials. In cooperative activities both parties are likely to be strongly affected by each other's output since they are solely responsible for the issue's resolution.

Selected activities need some sort of classification system⁴³ so that possible differences can be ascertained and possible confusion can be minimized. This latter situation became apparent when the authors analyzed and compiled data from perhaps the most current and definitive survey on labor-management cooperation in the United States.⁴⁴ This survey obtained information from 98 labor-management cooperation (LMC) programs in the private sector and 30 LMC programs in the public sector.

Rearranging the survey's information to provide a "profile of labor-management corporation" (Table I-4) and conceptual insights into our research design was difficult. However, the related problems which we encountered convinced us that a detailed breakdown of labor-management cooperation focal points-categories offers many disadvantages for quantitative tabulations and interviews with mass transit practitioners.

For example, the original data which help constitute Table I-4 contained potentially overlapping categories. The "Performance Improvement" category was comprised of responses to "productivity problems," "product quality," and "efficiency." Some respondents indicated involvement in all these areas; however, it is questionable to say that this involvement is quantitatively or qualitatively different from involvement in just one area, "productivity problems." Other reported categories further complicate matters. For example, "Quality of Working Life," and "Working Conditions: Issues of Mutual Concern," can overlap with each other as well as potentially apply to any of the other topics such as "safety" and "health" or "job training." Also, an organization might only indicate one of these all inclusive categories which causes potential involvement in the first six categories. It, therefore, is not useful to draw an inference that an organization has greater labor-management cooperation involvement simply because it has indicated a greater number of response categories.

⁴³For related insights into possible classification systems see; Irving H. Siegel and Edgar Weinberg, Labor Management Cooperation: The American Experience (Kalamazoo: W. E. Upjohn Institute for Employment Research, 1982), p. 101; and William H. Halal and Bob S. Brown, "Participative Management: Myth and Reality," California Management Review, Vol. 23 (Summer, 1981), p. 24.

⁴⁴U.S. Department of Labor, Resource Guide to Labor Management Cooperation, loc. cit.

Our research examined labor-management cooperation efforts in the top four categories in Table I-4. The fifth category, "contract negotiation and/or grievances" was considered but eventually dropped when all labor-management cooperation efforts at these properties expressly excluded these issues (a situation partially reflected in Table I-4. However, the line between labor-management cooperation and the labor agreement is thin, and efforts were made to examine this relationship.

Thus, the activities selected according to the preceding criteria can be grouped according to the following, rather mutually exclusive categories for investigation purposes:

Employee Input Programs which can take the form of individual employee suggestions, a group of seven to eleven employees and supervisors from a common work area (a "quality circle" which is explained more fully in Chapter II), or several union and management members selected from and concerned with several departments or possibly the entire facility (a "labor-management board" which is also explained more fully in Chapter II).

Safety Programs such as safety committees or Accident Review Boards (ARB). ARB's vary in operation but they tend to have four general characteristics in common. The ARB's purpose is to determine if management was initially correct in indicating whether a bus driver could have avoided or prevented an accident from happening. An equal number of management and union members on the ARB determine the accident's status with a "tie" vote broken by an "impartial." The driver can ask the ARB to reconsider its decision but the ARB's decision cannot be appealed to another source. Finally, any subsequent discipline resulting from the bus driver's status in the accident is appealed through grievance or other disciplinary appeal procedures. Employee Assistance Programs (EAPs) which are designed to counsel employees about personal problems are also included in this category.

Performance Incentive Programs can take a variety of forms. In one location, a municipal law required that productivity gains be documented and defended before cost of living adjustments were added to base wages. Another program involved bargaining unit employees in the bidding for work which could be assigned to subcontracting. Also included in this category are various driver and maintenance employee recognition programs for certain performance measures such as attendance.

Training Programs where both union and management officials play an active part in determination and delivery of appropriate topics such as "stress management."

Chapter II will consider these activities in the aforementioned order while Chapter III will consist of analytical considerations which cut across these categories.

TABLE I-4 PROFILE OF PRIVATE AND PUBLIC SECTOR
LABOR-MANAGEMENT COOPERATION PROGRAMS

	Private Sector n=98 (percentage)	Public Sector n=30 (percentage)
<u>Scope: General Topic(s) Covered in Program</u>		
Performance Improvement (Efficiency, Product Quality, Productivity Problems)	57 (58)	17 (17)
Safety and Health	24 (24)	13 (43)
Employee Concerns; Employee Assistance Programs	11 (11)	2 (7)
Job Training	17 (17)	7 (23)
Contract Negotiation and/or Grievances	13	5
Layoffs, Promotions, Transfers	11 (11)	8 (27)
Quality of Working Life	44 (45)	14 (47)
Working Conditions; Issue of Mutual Concern	44 (45)	14 (47)
<u>Topic(s) Specifically Excluded From Program</u>		
Contract Negotiation and/or Grievances	63 (64)	18 (60)
<u>Length of Operation</u>		
Average number of years	5.9	4.6
Percentage of programs three years in length or less	(55)	(50)

SOURCE: Compiled from data supplied by Donna Horne from U.S. Department of Labor, Resource Guide to Labor-Management Cooperation, (Washington, D.C.: U.S. Government Printing Office, 1983.

CHAPTER II

MASS TRANSIT LABOR MANAGEMENT COOPERATIVE PROGRAMS

In our interviews at the seven selected mass transit properties, a broad spectrum of labor-management cooperative (LMC) programs were discussed and reviewed. The programs varied in terms of issues addressed, size, organizational structure, approaches, and success and failure. Further, each program was uniquely tailored to the property and no two programs exactly alike. Notwithstanding this fact, the programs are grouped into the following four categories for purposes of discussion in this chapter: (1) employee input programs, (2) safety programs, (3) performance incentive programs, and (3) training programs. Where feasible, each program is discussed in terms of the reasons for establishing the program, the nature of the activity, and the program structure and the roles of the participants.

Employee Input Programs

An employee input program can take a variety of forms. At one extreme, it can include an unstructured employee suggestion program which solicits input on any topic. Management may or may not be under any obligation to respond to employee suggestions. At the other extreme, employee input may occur within a highly structured program involving hourly employees as well as management, dealing with narrowly defined problems, and with at least implicit obligations on management to implement program recommendations.

Employee Suggestion Programs

One transit property has an employee suggestion program which has been in operation since 1947. Although there was always some participation, serious efforts began when control of this activity was transferred to the City's Department of Personnel. In 1957, the transit authority's plan became an active and successful member of the National Association of Suggestion Systems. Under the rules set forth by the City, awards for the mass transit authority as well as other participant city agencies were based on 10 percent of the first year's savings in material and equipment or five (5) percent of the savings in terms of labor costs, with the maximum award set at \$1,000. This amount was raised to \$10,000 in 1981. The most recent data on the program pertain to 1981 when 359 suggestions received awards totaling \$85,894, reflecting \$1,685,699 in first year savings. As of this time period, the top award has been \$1,000. The following two suggestions are representative of those resulting in monetary awards:

... light repairs being done on small motors in house, instead of sending them out to the vendors. The motors will be available sooner to Repair Personnel. Cars being held will be reduced because of more small motors.

This suggestion eliminates the scraping of the low pressure head on the 2 CY compressor, when the exhaust valve seal is worn. The suggestion has a new machined

valve seal being threaded into the low pressure head. Heads can now be repaired in the main shop for a minimum cost.

The employee suggestion program does not apply to suggestions related to wages and benefits, job classifications, taxes for revenue purposes, acquisition of property for public purposes, or suggestions concerning a project specifically assigned to the individual making the suggestion. Also exempted are suggestions resulting from every employee's prescribed duty to report dangerous, hazardous, or effective conditions.

The Employee Suggestion Program is operated by a Suggestion Award Board consisting of four members, all senior management employees. It is the responsibility of this board to formulate the policies and procedures affecting the Employees' Suggestion Program; review the reports of the coordinator of the Suggestion Program; make determinations based on such reviews; and approve all awards in excess of \$1,000. The administrative head of the program is the coordinator who is responsible for supervising the program. Suggestions are forwarded to the coordinator from Departmental Committees which consist of at least three managerial employees. These committees review, evaluate, and make recommendations to the Department Head on each suggestion. If the committee recommends adoption of a suggestion, it must estimate expected savings and the amount to be awarded. The Department Head can approve awards up to \$1000 and recommend approval to the Suggestion Award Board for awards greater than \$1000. Suggestions not recommended by the Departmental Committee must be accompanied by reasons for non-adoption and must be approved by the Department Head. The Employees' Suggestion Program is open to any non-management employee except those who serve on related committees.

Quality Circles

One of the more prevalent forms of labor-management cooperative activities is the quality circle (QC). Some of the interviewed properties have free standing quality circle programs while others have QC's as a part of a broader, more comprehensive labor-management program. The comprehensive programs will be discussed separately in a later section. One property defined a quality circle as "a group of employees from the same work area or with similar functional responsibilities who meet voluntarily on a regular basis to identify, analyze and solve problems within their work area." In general, the purpose of a QC is to improve either the quality of work or the worklife of employees through employee involvement and participation. At all properties, QC's were prohibited from addressing management functions, labor-management relations or personnel matters.

Reasons for establishing quality circles varied from one property to another. At one property, two quality circles were formed in 1982 in connection with a countywide Quality Circle Pilot Program which involved various county operations in addition to mass transit. The county charter assigned responsibility for the development and implementation of the program to the County Office of Productivity Management. This office established a 13-member steering committee which designed the structure of QC's and the training of quality circle members. Information furnished by the charter

pilot program listed the following reasons for the establishment of the quality circles:

- Reduce errors and improve quality
- Inspire more effective teamwork
- Increase employee motivation
- Promote job involvement
- Develop problem-solving capability
- Build an attitude of problem prevention
- Improve communications
- Develop better manager/worker relationships
- Promote leadership and personal development
- Promote cost reduction and revenue increases
- Improve safety practices
- Improve training

At another property, the quality circle program was influenced by a citywide QC program. The President and Vice President of the transit agency attended an orientation meeting on the city's QC program and were sufficiently impressed to propose to the union that a pilot quality circle program be implemented. It is interesting to note that, according to a management official, the union participated largely because of the initial success of another cooperative program. Unlike the quality circle program discussed earlier, this program once established, had no formal connection with the citywide program.

Often, quality circles are initiated by management to address specific or general problems. Such was the case at one transit property which contracted with a consulting firm to develop and administer an employee attitude survey. The results of the survey indicated that both supervisory and non-supervisory employees suffered from low morale. The consultant's report identified five major categories of causal factors: Management practices and styles; poor two-way communications up and down the chain of command; personnel issues, especially discipline and attendance; supervisors and supervisory practices; equipment and supplies. The consultant concluded that "the optimal program needed by the agency would be able to address absenteeism, low productivity, supervisory practices, discipline, and produce cost savings while enhancing involvement of individuals, groups and divisions in the effort." The consultant report recommended the establishment of quality circles. The concept of quality circles was endorsed by top management, specifically the general manager, and the first three quality circles were initiated in late 1981. Initially, some employees were suspicious of the quality circles as

another management tool. Some employees joined the QC's primarily to make sure the union was protected.

At each property studied, the quality circles were allowed to identify the problem to be addressed. The only general constraint was that QC's are prohibited from dealing with issues or concerns which fell under the jurisdiction of the labor agreement.

An essential ingredient in a successful quality circle program is training. In every case, quality circle members underwent a training program before starting the QC activity. At one property, members of quality circles underwent thirty-two hours of training prior to the initiation of the problem identification phase. The training period lasted three months and caused some frustrations on the part of circle members who were anxious to begin. Subsequently, training was reduced from thirty-two hours to twelve hours. Another property, which used an outside consulting firm, provided two days of training for all levels of management, four days of training for quality circle leaders, and one day of orientation training for union leaders. In addition, all quality circle members spent ten to twenty hours learning problem solving techniques. The following list is typical of the areas in which QC members received training:

- Brainstorming for Problems
- Graph and Chart Construction
- Pareto Analysis
- Basic Cause and Effect Analysis
- Process Cause and Effect Analysis
- Effective Presentation Skills

At one property, these training sessions were supplemented by a Quality Circle Manual given to all participants.

A second essential ingredient in a quality circle program is information sharing. One purpose of information sharing is to explain quality circles to all employees. This written information concerning what quality circles are and typical problems which have been investigated by quality circles is made available to all employees.

A second informational purpose is to keep various management officials aware of the progress (expected goals; and current status of quality circle activities; and potential or actual difficulties incurred by quality circles). This information is placed into memos written by the Quality Circles Facilitator to top management officials.

Information sharing also occurs when quality circle members are involved in resolving a problem. One quality circle status report (April 10, 1984) indicated the various sources of information used in resolving "poor shop lighting."

The focus of data collection requirements has been identified as the need to obtain light meter readings for specific bus servicing tasks. Once these readings are obtained, a comparison will be made to determine standards. To obtain the light readings, a Quality Circle member and the Leader recently met with Deputy Director of the County Office of Energy Management to receive instructions on the usage of a light meter which was made available to the Quality Circle. (HG) also provided copies of informational documents regarding various aspects of lighting which included applicable standards. This information was distributed to all Quality Circle members for review. To accomplish the collection of data for light meter readings, the Quality Circle has identified each of the bus servicing tasks to be measured and developed a check sheet to record the readings. Currently, the Quality Circle is continuing to take light meter readings and shortly will begin to analyze the data collected thus far and compare the readings to established standards. Based upon this comparison, the Quality Circle will determine if a problem exists with the current lighting in the shop and, if so, to what extent. Finally, a solution to the problem will be developed and recommended to management.

A fourth informational purpose relates to the quality circle's presentation of results to management officials. This purpose relates closely to another prerequisite, "recognition"-where management attends the presentation and recognizes individual and team contributions.

Once organized and trained, the quality circles begin the process of problem identification and solution. In some of the properties studied, the quality circles are in the early stages of this process, i.e. they have identified problems and have begun the necessary analysis, but have not yet recommended solutions. At one property which started four QC's on a pilot program, the following problems and related recommendations were reported in an "Executive Review of the QC Program."

THE "BETTER WAY" - STOREROOM #1

PROBLEM: Workers do not have knowledge of total storeroom operations

SOLUTION:

1. Create a stores procedure manual - main and satellite operations
2. Design a formal training program for all stock assistants and stock handlers.
3. Design a separate program for training on machinery and heavy equipment conducted by licensed instructors with employees certified at the program's conclusion.

4. Maintain personnel records monitoring this program indicating which employees have been certified as qualified operators, and only permit those employees to operate the specified equipment.
5. Create functional job descriptions for the specific responsibilities of stock assistants and stock handlers for the different storeroom locations.

THE "ACHIEVERS" - SURFACE BUYING

PROBLEM: Misfiled purchase order cards

SOLUTION:

1. Create an S.O.P. outlining the purchasing cycle, the use of the P. O. card, by whom and at what stage in the cycle.
2. Create a separate "dead file" to maintain historical information on inactive items and reduce the crunching of cards in the active files.
3. Issue a directive to the purchasing staff from the director of purchase, requesting that all P.O. cards be returned to the files promptly. To insure compliance, periodic checks would be made by the supervising clerk.
4. Create a new position, individual designated as the P.O. file desk person, who will have the responsibility of maintaining the P. O. card files, checking them periodically, centrally located with sole responsibility for retrieving and returning cards to the files.
5. New floor plan created, calling for the centralizing of the files providing for better access to and control over the cards and ease the flow of traffic through congested areas around the buyer's desks.
6. P. O. cards are extremely useful documents for maintaining a running historical account of any given item, it was recommended that the practice be standardized and that P.O. cards be created for all items purchased by the division for both rapid and surface operations.
7. Use an "out card" to replace each P.O. card removed from the file. The out card would indicate by stock number, which card was removed, by whom, from which department and on what date. The P.O. file desk person would be responsible for its completion.
8. Issue a directive to all purchase division personnel with attachments, outlining the correct procedure for stapling cards and documents together.

THE "PURCHASING Q.C.X." - RAPID BUYING

PROBLEM: Removal of documents from the control desk

SOLUTION:

1. Make individuals aware of what documents are available elsewhere.
2. Proper education of users.
3. A formal notice, including statement of strict penalty for unauthorized removal of documents.
4. Written policy for document use and enforcement of that policy.
5. Questions only.
6. Signs with instructions.
7. System of sign up/out.
8. Structural reorganization of control desk area.
9. Feasibility study of word processing for control desk.

THE "Q.C. PROBLEM SOLVER" - STOCK CONTROL

PROBLEM: Missing travel cards

SOLUTION:

1. Make standard written procedures available to all persons doing work, also outsiders.
2. Limit use of the same stock number by running inventory check system for all storerooms.
3. Enforce outcard procedure.
4. Liaison between purchase and stores.
5. Hire people to specifically handle filing of documents.
6. Long-term projects such as core should have separate files.

PROBLEM: Misfiled travel cards

SOLUTION:

1. Filing by designated personnel only.
2. Establish procedures to restrict access to files.

3. New color code for wheels III & IV.
4. Enforce outcard procedures.
5. Hire people to specifically handle filing of documents.
6. Organize work-concentrate on one or two projects only.
7. Training of back-up personnel.
8. Change work schedule, staggered work hours, 4 day week.
9. Sweep file monthly.
10. Double check system procedure.
11. Familiarize personnel with rotary number system.
12. Training in procedures for all personnel.

While quality circles make every effort to avoid contract issues, as a practical matter this is not always possible. The QC members brainstorm for ideas and some may effect or be effected by the labor agreement. Usually, if there is any question of contractual conflict, the idea is set aside. Also the lines between quality circle recommendations and contractual matters or procedures may not always be distinct. As an example, one property, a quality circle worked on the problem of asbestos dust created by the use of electric sanders on brake linings. The QC recommended: (1) three uniform changes per week for employees who work with asbestos or brakes, rather than the customary two uniform changes per week; and (2) the use of hand filing of brakes rather than electric sanding. Management accepted and endorsed these recommendations. When a few employees persisted in using electric sanders, the quality circle leader went to the shop steward and complained. A meeting was held between union and management representatives and a written rule was issued concerning the use of hand files on brake linings and a list of penalties for infractions. This process worked very much like a step-one grievance at the property but involved a quality circle recommendation rather than a contract matter.

With respect to the committee structure and role of participants on quality circles, there are many similarities among the studied properties. Typically, the quality circle program has a Steering Committee, a QC Coordinator and QC Facilitator. At one property, the top committee was an Executive Committee on Employee Involvement. The Executive Committee was responsible for, among other things, the determination of quality circle charters, for establishing expansion plans for QC's, and for monitoring and evaluating QC's. Membership on the Executive Committee consisted of the Director of Human Resources, all Transit Division Directors (three), two Assistant Chief Administrators, a union officer, Manager of Training and Development, and the Employee Involvement Specialist. This property also had a Quality Circle Steering Committee at each location which had one or more QC's. The steering committees monitor the QC's progress, evaluate the QC's and assist in the encouragement and promotion of quality circles. Each steering committee consists of a union representative; the QC Administrator, who serves as the chairperson of the committee; the QC coordinator, representatives from the transit divisions involved; and QC leaders at the location.

At another property, the Steering Committee acts as the Board of Directors for all quality circle activities. The role and membership of the committee is explained in the county charter for the county quality circle pilot program. The Steering Committee will consist of the Quality Circles Coordinator and representatives from the following areas:

- County Manager's Office

- Office of Management and Budget

- Department of Employee Relations

- Management and Professional Association

- Office of Productivity Management

- Each participating department

- Union representing employees of each participating department

The Steering Committee should be presided over by a chairperson and all decisions will be reached by democratic process - one person one vote. The Committee should meet frequently to maintain proper perspective of the program - preferably bimonthly. A quorum for this group will consist of more than half of the Committee.

The Steering Committee functions include:

- Establishing goals and objectives for Quality Circles

- Evaluating pilot programs

- Controlling rate of expansion

- Providing publicity for Quality Circle activities

- Providing visible management support

- Providing guidelines for measuring Quality Circle activities

- Providing overall policy direction

The top staff position in the quality circle program is the Quality Circle Coordinator or Administrator. Typical of the Coordinator's duties are:

- Training circle facilitators and leaders

- Facilitating quality circles

- Building management support

- Providing staff support to steering committee

- Developing an implementation plan

- Monitoring all quality circles activities/meetings
- Implementing and maintaining a marketing program
- Providing direction and support to circle facilitators and leaders
- Maintaining program records and statistics
- Maintaining an open and supportive atmosphere
- Evaluating prospective areas of expansion
- Keeping the steering committee informed
- Representing the program in national and local professional organizations
- Coordinating circle operations

In addition to the Coordinator, there is usually one or more Quality Circle Facilitators. The Facilitator's duties include:

- Attending all circle meetings
- Providing training, direction, and support to circle leader(s)
- Keeping management informed of circle activities
- Keeping the coordinator informed of circle activities
- Keeping the coordinator informed of management interaction/feedback
- Establishing goals and projecting time frames for circle projects
- Securing expert assistance as needed
- Holding regular (preferably every six weeks) management liaison meetings
- Meetings
- Securing training slides/films and tapes for circle meetings
- Maintaining an open and supportive atmosphere

At all properties studied, membership in quality circles is voluntary. Generally, each quality circle has no fewer than five members including the QC Leader, and no more than ten members. If more than ten employees volunteer for a particular quality circle, membership is selected by a random drawing.

Each Quality Circle must select a QC Leader. At one property, the QC Leader is normally a first line supervisor of the work unit, with exceptions requiring approval by the Coordinator or Administrator. Another property

stated only that initially a foreman or a supervisor should act as the QC Leader. Information on the Quality Circle program states that "leadership may change periodically, but no member may assume leadership without six months prior membership experience." The Quality Circle Leader's duties typically include:

- Training circle members
- Responsibility for efficient operation of the circle
- Providing direction for the circle members
- Encouraging participation by all members
- Working closely with the facilitator
- Establishing goals and projecting time frames for circle projects

Although most of the studied properties did not specify the duties of QC members, the county charter for the pilot program referred to previously listed duties and responsibilities for QC members:

- Attending meetings regularly
- Learning the quality circle techniques
- Informing and involving non-members
- Focusing on work-related problems
- Contributing to the problem-solving process
- Participating in management presentations

Labor-Management Boards

Three of the properties studied have labor-management boards which have comprehensive responsibilities. Each is designed to improve communications between labor and management and assist in the solution to certain problems. The approach at each of the three properties toward the organization and operation of these labor-management boards differs substantially.

At one property, a single, large committee or team was created to diagnose problems, plan interventions, and direct a change process in each of the depots and garages. Twenty-three hourly and salaried employees were appointed to this committee, including representatives from all labor unions and some upper and middle management. According to one management representative, the project was borne out of "mutual union-management desperation."

The following excerpts from a memo set forth potential problems for the team's consideration and related problem solving techniques including a somewhat extensive travel program:

The Team will begin work on a variety of issues. In the area of maintenance, the Team will focus on service station operations and the arrangement of work schedules for inspections and scheduled and unscheduled maintenance. In the area of transportation, revenue collection, field supervision, communications, and scheduling will be examined.

Areas of joint interest that the Team will cover include housekeeping, labor relations, management information system, marketing, organizational structure, security, and maintenance and transportation coordination.

The Team will be using a variety of techniques to diagnose problems and develop work plans. These include interviews, direct observation, group meetings, etc. The use of the Team to test new ideas and facilitate change will be emphasized. In this way, and as a vehicle for management training and feedback on operational issues, the Team will be an asset to line management. The Team will be holding regular briefings for representatives of senior management and union leadership and will also encourage informal dialogue between Team members and the respective management and labor groups.

The Team will be evaluated on the performance of the depot it is assigned to, as well as the ability of that depot to sustain a high level of performance after the Team has left.

The Team's travel program involves visiting properties that are considered to be model operations. The Team has visited Liberty Lines, Central New York Regional Transportation Authority (Syracuse), and the Toronto Transit Commission. The Team will soon visit the Southern California Rapid Transit District (SCRTD), the Seattle Metro, as well as the Milwaukee and Ottawa transit systems.

An initial large problem resolved by the committee pertained to the "Bus Pairing System." The city leased a large number of buses and a system was designed to match drivers with particular buses. Other subjects have focused on security of the bus depots; parts systems, and control of bus accidents/bumping incidents inside the facility.

The roles of the various members of the labor-management team are spelled out in the following memo:

Three basic principles prevail in the Team's decision-making process. (1) Each Team member has equal standing,

(2) respect for the interests of all the constituencies represented on the Team, and (3) considerations of time are secondary in order to arrive at decisions that are the most logical and creative, and not necessarily those that immediately appear to have majority support. All major decisions are made in a consensual and collaborative manner.

When a Team member perceives that an item under consideration is not in the best interests either of his constituency or the Authority's, the Team exerts maximum effort to resolve the issue. If the Team is unable to resolve the issue, the Team leader postpones or withdraws consideration of the item. The item may then be routed back to senior labor leadership and management, for negotiation outside the Team process.

At a second property, several labor-management committees were created, one each in transportation, maintenance, and building and grounds. The program was initiated because of a general need for better communications between labor and management. Membership on each committee is determined as follows: Management is to have one appointment, the union is to have one appointment, supervisors are to select two representatives among their ranks, and two or three rank and file employees may volunteer for service on the committees. The membership is subject to change every four months in accordance with job bids. The committees will meet two times a month for one and one-half hours. One hour will be paid by the transit authority and one-half hour is to be donated by the employee representative. Meetings are arranged to accommodate the schedules of those selected to serve on the committees. Reports of committee progress will be made at monthly labor-management meetings. Any proposals developed by the committees will also be presented at these meetings.

Finally, at the third property, a labor-management board was established because of a concern by top labor and management officials that a new direction was needed to remove a tradition of poor employee morale and adversarial relationships. There was also the joint realization that it was difficult to accomplish things beneficial to mass transit. In supporting the need for a cooperative endeavor, one union official stated:

Because the operator's job is a pressure job in terms of schedules, traffic equipment, passenger and supervisor situations, there is a great need for operator's input in reducing some of these pressures in order that we may perform a better job.

All of the models of the best working organization in the public or private sector are ones where the gaps and disagreements between labor and management are minimized.

The goals of the Labor-Management Board were formalized as follows:

The Labor-Management Board seeks to sustain and improve services to the public, increase operator morale, reduce job-related stress, increase non-tax revenues, reduce inefficiencies that benefit neither management nor employees, and improve the quality of work life by creating a participatory process of cooperation and innovation between all levels of management and employees through their elected Union representatives with particular emphasis on problem-solving at the lowest level.

The Labor-Management Board focuses on problems related to work and service delivery. Examples include: the reporting and repairing of pot holes; cleaning up dirty buses; unsafe bus loading zones; getting trees trimmed which are hanging out over the street; repainted breakers on streets; light bulb replacement; and spraying coaches for insects.

The Labor-Management Board does not deal with labor contract issues; and the union strongly agrees with this exclusion. The union objected to the board becoming a "dumping ground for a wide variety of problems" that the transit authority wants solved. For example, management wanted to address in the Labor-Management Board the problem of substance abuse. The union said that the problem required special expertise and the issue should not be studied by the board. The union also did not want employee performance standards included in the board's work. The intent of the Labor-Management Board is reaffirmed in the following memo:

The Labor-Management Board is not a substitute for normal grievance or meet-and confer processes; it is an alternative to the grievance procedure on non-disciplinary issues only. Matters within the scope of representation are considered only to the extent that they are related to the goals and scope of the board. It is recognized that the board can provide a cooperative context for discussion of working condition issues before they become items of union/management contention.

Unlike other cooperative activities we have examined, this Labor-Management Board specifically addressed the notion of productivity gains. The charter provides as follows:

In addition to providing recognition and reward programs for improvements in problem areas, the labor/management committees will seek to identify existing examples of exemplary labor/management cooperation and of commitment to public service. Union and management agree to take action to render positive recognition with due regard for seniority for employees who accomplish improvements in services through the Labor-Management Board. Union and management agree to share the benefits achieved through the program among the employees, based upon the principal that 10% of the savings or additional revenue generated shall be awarded according to the committees' judgment, providing the innovation is not within the normal scope of an employee's duties. The Divisional Committees shall document suggestions made and implemented and savings

generated, and transmit that documentation to the Organizational Committee for decision. Subsequently, the Divisional Committee will decide how awards are to be distributed. Management agrees to accept the policy of utilizing productivity increases achieved through the Labor-Management Board to sustain or expand services to the public rather than to initiate layoffs.

The Labor-Management Board structure involves three levels of committees, an Organizational Committee, Departmental Committees, and Work Site Divisional Committees. It is the responsibility of the Organizational Committee to initiate, support, and monitor the Department Committees. The Organizational Committee is responsible for all policy issues which impact the overall transit agency through this program. The Committee must also take steps to ensure appropriate recognition and reward for employee accomplishments in the program. Membership on the Organizational Committee consists of the General Manager of the Transit Agency, the Deputy General Managers in charge of Operations, Equipment and Ways and Structures; the Manager of Public Utilities for the City; and the President, Executive Vice-President, the Secretary-Treasurer, the Recording Secretary, and an International official (optional) of the Union.

The Departmental Committees are responsible for the initiation, support, and monitoring of the Divisional Committees. The Departmental Committee decides all issues relating to departmental policy. Where work site recommendations potentially impact all operating divisions, this Committee will have jurisdiction in order to maintain uniformity and equitability. This committee reports to the Organizational Committee. Membership on the committee includes the Deputy General Manager of Operations, a representative of the General Manager, a rotating manager from the three affected departments, namely, Field Support, Field Operations, and Training and Schedules; and the President, Executive Vice-President, and Secretary-Treasurers of the union.

The Work Site Divisional Committees are considered to be the heart of the Labor-Management Board program. All other aspects of the program are intended to support and direct these committees. The responsibilities of the Work Site Divisional Committees are stated by the agency as follows: The Divisional Committees are essential as both the arena for employee decision-making about their working environment and as the avenue for Union and/or operator input regarding systemwide recommendations. The Divisional Committees have decision-making authority on work site issues which do not affect the other five divisions, overall system or Union policy, or schedules matters. On those policy/schedule issues, the Divisional Committees can make recommendations to or provide operator input for the Operations Departmental Committee. The Divisional Committees are allotted six hours of meeting time per month to be used at the Committee's preference. This committee reports to the respective Departmental Committee. The size of each Divisional Committee should be between six and eight persons. Membership should include the Division Manager, the Group Manager, the Division Chair (essentially a shop steward), the Division Vice Chair, and the Division Secretary. One additional slot is available for both labor and management to be filled at their discretion. As the committees develop, it is intended that this optional slot be filled by a participatory selection process. Further, management representation on the committee could be filled by election from supervisory personnel. These positions should be rotated every six months to ensure the broadest division-

level participation. Labor and management co-chairpersons alternate chairing the meetings.

In addition to committees, the Labor-Management Board program also has Task Forces. Initially, two task forces were created; one on safety and one on Health and Morale. A Task Force is a "working body with responsibility for program design and development with regard to its particular concern." Task Force recommendations are referred to the appropriate Committee level for action. Task Forces have no specific decision-making authority. Program literature lists as possible problems for Task Forces: stress/absenteeism programs, employee recognition programs, accident prevention and correction, and dangerous passengers. These Task Forces have between six and twelve members, with selection by management and the union based on interest, expertise, and area of responsibility.

To assist the committees and task forces, the Labor-Management Board employs two full-time staff personnel who are paid by the city. The two staff employees serve as facilitators, mediators, trainers, researchers, and "sustainers." Their specific duties include helping to build and maintain project infrastructure; typing and distributing agenda, schedules, and minutes; following up on issues, questions, and requests of the various committees, task forces, etc.; and offering ideas and suggestions for project effectiveness. The two individuals fulfilling these roles were selected by both union and management officials. Neither had any prior experience in mass transit. There were three sources of initial skepticism related to the employment of "independent" participants. First, union participants were concerned that the staff personnel were "union busters." Secondly, both union and management participants were anxious to see something accomplished. The facilitators suggested that neutrality can be shown over time by attending both union and management social functions. The second source of skepticism can be handled by focusing on "quick hitters"--quick identifiable problems whose solution was quickly implemented. In this sense, it differs from a "quality circle" where problems commonly take 6 to 8 months to identify and solve. A third source of initial skepticism by participants toward the facilitators was the observation that neither facilitator ever "drove a bus." The facilitators countered this concern by saying "...we are not experts; indeed, our role is to bring two groups of experts, management and the union, together to solve related problems."

Other Employee Input Programs

In addition to the programs already discussed, we found several unique programs or practices which solicited employee input and evidenced further labor-management cooperation outside the labor agreement. At one property studied, each operating division has a union officer, who carries the title "Division Chairman," who is elected by the membership, and paid by management for a ten hour workday. The Division Chairman functions as a shop steward but works directly with the Division Manager. The specific reasons for the initiation of this practice were unobtainable, but it was begun in 1967. There are no provisions in the labor agreement requiring this practice.

At the same property, the manager of one operating division stressed the need to actively involve the union in planning, designing, and implementa-

tional considerations affecting the renovation and start up of a major facility. A committee was organized, consisting of union members, and the committee met with the Division Manager and the Division Chairman. Committee meetings were held after work hours and members received no pay for their participation. Some of this time occurred in the ten hour paid day for the Division Chairman, but the vast majority of union time was without compensation.

Also at this same property, management has initiated a "Peer Review" program featuring management representatives from other mass transit locations brought together to discuss a particular transit issue and, where appropriate, make recommendations. Union officials were invited to listen and offer input. On another occasion, the General Manager paid for a trip which included management and union officials to visit another mass transit facility to examine a new bus. The purpose of the trip was to expose union and management officials to the same information; the emphasis was neither on soliciting input nor on convincing a party to take a particular position.

Finally, one property holds meetings on a quarterly basis with unit employees to exchange information and answer questions. The meetings provide an opportunity for employees to ask questions, enumerate concerns, and express opinions directly to management. Management makes every effort to answer questions or explain policy and provide information immediately. The time spent in these meetings is paid time for the employees. The purpose of the program is simply to improve the climate for employee relations and provide a basis for other cooperative activities.

Safety Programs

Safety is an important concern in the mass transit industry, and, not surprisingly, a significant amount of resources are allocated to monitoring and improving safety. Most often, safety concerns are reflected in the design of the bus or rail car and the physical facilities. Some properties have joint labor-management safety committees. It should be noted that many safety concerns are addressed through programs previously discussed. For example, many of the quality circles focused on safety-related problems. Even though these are safety programs, they will not be repeated here. The most prevalent cooperative activity related to safety is the Accident Review Board (ARB). Practically every property we studied had an Accident Review Board which had been in existence for a number of years and most operated outside of the labor agreement.

Employee Assistance Programs

Employee Assistance Programs (EAPs) at interviewed properties were originated by management. At one property, the Human Resources Department developed the program in 1980 while at another funds were provided by management in 1979 to extend a city and county EAP to transit employees. In both instances, the union's support was sought and obtained.

The primary reason for developing the EAP was a pre-existing drug and alcohol policy which prohibited use of these substances. The appropriate

disciplinary action for an employee who did have a drug or alcohol problem was termination. Such policies, it was felt, contribute to high absenteeism and do little to help the employee. Information on the EAP at one property gives the overall focus and goals as follows:

The major focus of the Employee Assistance Program is helping the client to take responsibility for his/her own behavior, thereby reducing the negative effects of personal problems on the workplace. This means seeing a client-counselor relationship as a cooperative one, in which both individuals work together to assess the problem and to define the proper course of treatment/service. The counselor offers professional expertise in the assessment of the strengths, weaknesses, and needs of the client. The client makes the final choice about whether to follow the course of treatment/service or to decline it. Ongoing treatment service for the identified problem(s) occurs outside the Employee Assistance Program after diagnosis, pre-treatment counseling and referral.

The overall goal of the Employee Assistance Program is to reduce the incidence of terminations, disability retirements, and reduced work performance caused by personal problems, including those related to alcohol and substance use, among employees. In many cases this will mean offering help through supervisory or union referrals before disciplinary action is taken by the department. In other cases, help will be offered to employees who self-refer before their problems become severe enough to affect job performance. This program will also focus attention on workplace environment issues that appear to contribute to higher than necessary levels of problems.

While the programs were established primarily to deal with drug and alcohol abuse problems, they are capable of providing counseling for financial and emotional problems as well. If a supervisor notices that the performance of an employee declines and believes that the reason for the decline is drug or alcohol abuse or other financial or emotional problems, the supervisor can refer the employee to the human resources department. The human resources department asks the employee if they do indeed have a problem, and if so, do they wish to participate in the employee assistance program. The employee assistance program is covered by health insurance. Refusal to participate in the program and continued poor performance will lead to termination of the employee. If the employee chooses to participate, he or she receives counseling within the human resources department or by an outside specialist if necessary. After the employee returns to work their work performance is monitored. If the employee is declared disabled by a physician, he gets pay and benefits. If the employee is treated on an out-patient basis, he gets medical benefits.

Accident Review Board

The Accident Review Board judges the chargeability or non-chargeability of an accident. Typically, the ARB was initiated because union members felt that foremen charged too many accidents. At one property, the accident review process called for a committee to be established at each division for the purpose of assessing accident chargeability. The committee consists of the division manager, the safety supervisor, and one driver who is qualified by virtue of his/her safety record. The committee meets once each week unless more frequent meetings are needed. A majority vote on any report will indicate the chargeability or non-chargeability of the report.

The driver may wish to appeal the committee's decision. If so, the report is referred to the Accident Review Board. The board consists of five management representatives from among the following: (1) Assistant Division Managers (not to include anyone who may have participated in the original decision), (2) Manager of Street Operations, (3) Transit Supervisors, and (4) Claims Personnel; and five union representatives who will be driver union stewards, one from each division. The Accident Review Committee reviews the accident report and any visual aids available, and votes by secret ballot. A majority vote determines the chargeability or non-chargeability of the accident.

At two properties, all accident reports are referred directly to the ARB for a decision while at two others, the ARB reviews only appealed cases. The typical size of the ARB is five members, two management representatives, two union appointees and a chairperson who votes only in the case of a tie. While the chairperson is usually a nonunion employee appointed by management, e.g., a superintendent or safety representative; at one property, the chairperson was an outside "professional" such as a state trooper. The ARB conducts its review of the report and holds a secret ballot vote. With only one exception, the decision of the ARB with respect to chargeability is binding and not subject to the grievance procedure. At one property the Safety Director has the discretionary authority, in the case of an appeal, to send the information to the National Safety Council for a decision. Discipline resulting from accidents can be grieved through the grievance procedure.

Joint Labor-Management Safety Committee

Only one interviewed property has a joint safety committee. It meets regularly once a month, although any member can generate a quicker meeting if they have an immediate safety problem. The committee consists of five union members, one of who is elected by the union and four who are appointed by the union leadership; and four appointed management members.

Performance Incentive Programs

Performance incentive programs can and do take a wide variety of forms. They all have as common core the desire to motivate the employee to become more productive. In some programs, this is approached by improving the employee's self-image and sense of importance to the firm's goals and objectives. Other programs tie the availability of work and/or wage increases directly to employee performance in an effort to improve productivity.

Incentive based programs tend to reward certain defined behavior or organizational outcomes.¹ As noted by several analysts, successful incentive programs seem to have certain preconditions before they become effective; these are: the employee must value whatever reward is being given; behavior which is desired must be objectively defined; the reward should be made in close proximity to the desired behavior, and the employee must believe that the program is administered fairly.²

Each of the interviewed properties has performance incentive programs. Often, these programs are designed and implemented solely by management through the Human Resources Department or the Personnel Department. Examples of such programs typically include employee recognition programs for perfect attendance or longevity and employee picnics. Since our focus here is on labor-management cooperative activities, we will discuss only those types of programs in which the union participated in some way in the design or implementation.

Attendance Improvement Program

One of the interviewed properties had a cooperative program designed to reduce absenteeism. The attendance improvement program (AIP) began in the Spring of 1984 as a result of a grant from UMTA. An attendance improvement committee was formed consisting of five management and five union representatives. This committee after discussing absentee problems and reviewing various programs designed to reduce absenteeism administered a questionnaire of agency employees to gather specific information on absenteeism, its causes and employee preferences for various attendance improvement programs. Several attendance incentive programs were discussed by the committee and presented to the employees in the questionnaire. (1) The establishment of a point system in which employees accrue points for coming to work and lose points for absences and tardiness. Points could be traded in at any time for awards or money. (2) Awarding a lottery ticket to employees who complete a month of perfect attendance. A number from the lottery tickets awarded is drawn once every three months and the lucky ticket holder wins the lottery money for the quarter. In addition, one yearly grand prize drawing is also held. (3) Providing bonus pay for employees who are neither absent nor late for a full month. (4) Providing a personal day of leave with pay to each employee who has no absences in a ninety-day period. (5) Providing bonuses based on the percentage of scheduled time worked.

Following the collection of the data on the questionnaire and the analysis of the questionnaires the attendance improvement committee made several recom-

¹S. G. Clark, et. al. Assessment of Quality-of-Work-Life Programs for the transit Industry: Research Report (Washington: Transportation Research Board, 1983), p. 4.

²Ibid. Also see Anne E. Birkford, "Improving Public Transportation: What Role for Employee Participation and Quality of Work Life Strategies," unpublished thesis, Massachusetts Institute of Technology, 1983.

mendations. These include: (1) Management must be trained/retrained in employee relations. Training would provide supervisors with techniques for reinforcing organizational commitment and more effectively administering reward/punishment policies. They could be encouraged to approach problems from a more helpful rather than disciplinary standpoint. (2) Those with good attendance must be recognized and those with poor attendance must be uniformly disciplined. Credit must be given for improvement. (3) Establish a point system on which awards and discipline can be based. Accumulated points can be traded in for money, small prizes, a large prize or time off. (4) Reduce the extra board. Some systems have reduced absences by reducing extra board assignments. Regular schedules encourage operators to come to work. (5) Reduce the number of hours a person must work to put in eight hours of work. Operators should not have to spend 14 hours to get in their eight hours. (6) Consider negotiating in the sick leave policy, pay only for sick leave with a duration of three days or longer. (7) Consider changing the 50 percent buy back of sick days to pay 110 percent instead. (8) Increase operators spread time to twelve hours from the present eight hours. By the time operators get home and get to bed, then get up to get back to work on time, they are probably getting only about five hours of sleep. This isn't much time if you're taking 14 hours to get in eight hours of work.

Program to Fund Cost of Living Adjustments

One of the more significant cooperative activities, at least conceptually, was a program at one property which directly linked cost of living adjustments to productivity gains. The major impetus for the program was a municipal fiscal crisis which set the stage for legislation restricting cost of living adjustments (COLA) wage increases to demonstrated productivity improvements. This legislation applied to various municipal employee classifications for the years 1975-78, however, mass transit employees were the only ones to continue the practice through the 1978-80 and 1980-82 labor agreements. The 1982-85 labor agreement, through an arbitrator's award, ended the COLA provisions with a twenty-two percent wage increase over three years. Under the 1980-82 labor agreement, the transit agency was obligated under certain conditions, to pay COLA to their employees during the last six months of the contract period (10/1/82 to 3/31/82). The COLA is payable "only from funds available from actual productivity savings (and other cost reduction savings involving the cooperation of the union, exclusive of reductions in service) from programs instituted on or after 4/1/80, or from savings from programs initiated prior to 4/1/80, if such programs were not used for previous COLA payments."

The collective bargaining agreement establishes a three member Productivity Panel to "determine and certify which productivity achievements...are eligible to fund COLA adjustment, and what amount, if any, is eligible." The determinations by this panel, consisting of the president of the local union, president of the transit agency, and a mutually agreed upon third party neutral, are then monitored and reviewed by the City's Special Deputy Comptroller. This individual reviewed the fiscal 1982 COLA program to determine whether (a) the transit authority's estimates of COLA costs are reasonable; (b) the projected savings from the programs presented to and approved by the Productivity Panel appear attainable; (c) the costs and savings have been incorporated into the authority's approved financial plan for fiscal 1982; (d) the programs conform to the requirements of the

collective bargaining agreements which provide for the COLA payments; and (e) the Productivity Panel monitored the attainment of the required savings on an ongoing basis.

Contracting Out Program

An important issue at many, if not all, transit properties concerns the contracting out of work. Often, jobs require specialized equipment or labor skills which are not available at the property. If the frequency of the job is such that it is not feasible for management to make the investment necessary to do the job in-house, then contracting out is efficient and warranted. In some cases, however, the required equipment and labor skills are present or employees believe the jobs are repetitive enough to warrant purchasing the needed equipment and hiring or re-training labor. Contracting out in such instances may be viewed as a union-busting technique or as a method by which management can escape paying labor the wages it has agreed to pay in the labor agreement.

At one of the studied properties, the union contends that management has begun to use outside contractors as a means of (1) reducing labor costs, (2) reducing the necessary size of the work force, and (3) weakening the union. As a result, a joint labor-management contracting out committee was established. A side letter spells out the responsibility of the committee.

The Authority agrees to give consideration to having certain repair work performed by their employees instead of being farmed out, provided the work is performed with existing facilities, without adding employees, and that the cost of such work is competitive with outside manufactures as to quality, price, time of performance, and will not conflict with the performance of normal maintenance. The Authority agrees to establish joint Authority-Union Committees...to facilitate communication between the parties as to work being considered for farming out, and the advisability of having such work performed by present employees. These committees may make recommendations to the Authority concerning the farming out of work.

These provisions were given additional meaning in an arbitrator's decision of a union grievance which was filed when management did not allegedly give much consideration to union employees performing reconstruction work on buses. The arbitrator's award affirmed that the decision to farm out or subcontract any particular work shall remain solely that of management.

Furthermore, to improve the functioning of the committees provided for in the side-letter, we have concluded that each committee should keep written minutes and should meet monthly, unless no farming out proposal is pending; and that before any described work is farmed out, that the Authority should provide the appropriate committee with the information it is submitting to prospective bidders on the items proposed to be farmed out so that the Union

representative may prepare and submit a timely proposal for performance of such work by the Authority's employees.

The union is viewed much like a contractor. Before anything new is contracted or farmed out, management officials brief the union, who, upon request, will receive a Request for Proposal. The union may respond to the RFP with a bid which will be considered along with other competitive bids. As noted above, however, the final decision to farm out rests with management.

Employee Recognition Programs

Several of the studied properties have one or more employee recognition programs. In many cases, the involved programs are initiated and implemented by the Human Resources Department; but, in others the union played a significant role in the design and implementation. Such programs are intended to decrease absenteeism, and increase productivity and employee morale. Typically, there are distinct programs for drivers, maintenance employees, and other workers. Perfect attendance and accident-free driving records for a specified time period are usually among the criteria for recognition and reward. Rewards vary from recognition pins and plaques to additional annual leave.

In a related activity, one property recently held a reunion and banquet honoring all drivers and retirees for the past thirty-nine years, a date which coincides with the founding of the local union involved. Management was involved only slightly in the planning of the event. However, it could be speculated that management helped to secure advertising revenues from vendors for the somewhat elaborate program booklet which contained a detailed history of the local union.

Assignment of "Light Duty" Positions

One of the studied properties designated a certain number of light duty positions for physically disabled employees. The number of such positions could not exceed twenty and the assignment of an individual to light duty could vary from a couple of days to three weeks. A top management official allows the union president to assign these positions, thereby getting a "good-guy" reputation while the management representative subsequently pulls them off light duty. Management believes this practice results in more efficiency, as employees are less likely to object to union officers making the determination of the length of time to be spent on light duty.

Other Programs

At one property, operators are eligible to earn \$35.00 per month in addition to normal wages provided certain established criteria relating to job performance are achieved. The calendar month is considered separately; therefore, a disqualification one month has no effect whatsoever on one's ability to qualify the next month.

To qualify, an operator must not have a preventable accident during the month, not receive a suspension or corrective case interview or other written reprimand, always be on time (no credited late-to-work charges) and no unexcused absences during the month. In addition, operators must work at least one-half of the scheduled work days in the calendar month regardless of vacation schedules or other allowable absences. Other allowable absences include paid holidays, jury duty, death leave, work related injury, military leave, an authorized excused absence by the division superintendent, or sickness that does not result in a written reprimand. All other absences will disqualify an operator from bonus consideration for that one month only.

Training Programs

Stress Management Program

Two of the studied properties have stress management programs. While one of these was initiated by management, the other is part of a three-year grant from the Urban Mass Transportation Administration. Management representatives are responsible for administering the grant and are involved in all phases of training, planning and delivery. In addition, two union representatives, one from maintenance and one from operations, are involved in all phases. A third party consultant was utilized in the formulation and delivery of the curriculum. Initially, the consultant was viewed as another "management" employee. Two steps were taken to reduce this suspicion. First, the training sessions were moved away from the transit property to the consultant's facilities. The union employees felt inhibited when the sessions were held on the transit property. Secondly, union members were selected to serve as trainers.

The stress management program was facility wide, which represented an initial problem according to one management official. More specifically, maintenance employees and bus drivers were brought together, creating initial tension when each blamed the other for problems, e.g. equipment breakdown. However, this same management official said that a facility wide program in the long run benefited the organization for two reasons: (1) it furnished a necessary overall organizational perspective; and (2) each group would have continued to use the other as a scapegoat if they weren't brought together. Another advantage of mixed groups, i.e., management and bargaining unit employees, according to one union participant is, "it's necessary to see both sides of the coin before fair and honest communication can take place."

A major portion of the stress management program consisted of polling bus drivers to determine specific sources of stress and subsequent content of training, manuals and programs. The grant also called for development of evaluation manuals. The major content areas of the program were:

- Conceptual and operational definitions of stress from physical, social, and psychological perspectives in an ecological framework.
- The primary sources of stress for the person in the workplace, at home and elsewhere.

- The effects of high levels of stress on the various systems of the body, on work performance, and on interpersonal relations, in addition to the known relations between stress levels and selected physical illnesses and conditions.
- Methods and techniques for recognizing and monitoring stress levels.
- Selected methods and techniques for managing stress.

The program involved fifty training sessions each of which was eight hours in length. The program was given to 750 employees, including 500 operators, 100 maintenance employees, 30 Operation Supervisors, and 120 administrative staff. The sessions were conducted on a voluntary, first-come first-served, basis. Approximately fifty percent of the bargaining unit employees attended the sessions.

Capacity Training

As a part of the same UMTA grant mentioned above, a capacity training program was developed. The purposes of the training sessions were to enable union officials to better recognize and understand the problems of management and to improve their skills in communications, problem solving and labor relations which could be transferred to the work environment.

A training module was developed for each of the following eight subject areas:

- The Urban Mass Transportation Act of 1964, as amended.
- Communication Skills - The Labor/Management Decision Making Process.
- Administration of the Collective Bargaining Agreement.
- Problem Solving Skills - Conflict Resolution and Long Range Planning.
- The Disciplinary Process - The Most Effective Role of Labor and Management.
- Labor's and Management's Organizational Structures.
- The Relationship Between an Agency's Service Delivery Capability and the Agency's Needs for Adequate Administrative Support Staffing.
- Understanding Spending Restrictions Imposed Upon the Recipients of Federal, State and Local Funds.

A management representative coordinated the training efforts and meeting times. An outside consultant prepared materials after conducting a needs analysis. The union officers had two significant roles: (1) selecting the bargaining unit participants for the program; and (2) having final review and approval authority over the training material. Thirty employees attended one or more of the eight sessions, with attendance averaging about twenty per session.

Training For New Positions

At one of the studied properties, a new rapid rail system was recently added. This created a substantial number of new positions, many of which required skills not present in current employees. Because 13-c agreements were involved, the issue arose of management obligations to assign bargaining unit employees to the new rapid rail positions. In August of 1978, an initial 13-c agreement was signed by the agency and the local union indicating that bargaining unit employees will be trained for "new jobs" created by the rapid system "project." This agreement also stated: "The County will not tender any jobs to any other individual or individuals so long as there are members of the bargaining unit who are qualified or after a reasonable training period can become qualified and are willing to bid these jobs." Other related rights and obligations of this 13-c agreement were that the union retains jurisdiction of employees in new classifications and both parties will be required to negotiate terms and conditions of employment for these individuals. Cooperation between labor and management officials was needed not only to implement 13-c but to comply with its provisions. Another factor influencing cooperation was managerial safety presentations which convinced union officials that their members were not immediately qualified to handle some rail classification jobs. Finally, the union realized that additional jobs would be created under TWU representation, a situation which bolstered not decreased union membership. There were three major areas of cooperation in implementing 13-c provisions:

1. Joint management-labor training committees were organized in 1980 to consider appropriate and difficult jobs in rail maintenance to promote from within, i.e., electrical, electronics, mechanics, air conditioning. After employees satisfactorily passed the 15 hour course in electricity, at management's direction and expense, they became eligible for electronics training in order of their seniority.
2. Both parties agreed to a relaxation of traditional seniority provisions for transfer to rail classification in two ways. First, the union agreed to suspend traditional "line up" periods so management could determine who is qualified for the new positions. Second, the union waived its rights to fill certain rail classifications with existing members. The union agreed that employees had a two year period from the start of the rail job classifications in which to become qualified and transfer with previous accumulated seniority rights. It was agreed that employee transferring in after this two year period only starts accumulating seniority rights in the rail classification. Additional details concerning trained bus employees for rail positions were also spelled out in an April 2, 1984 letter from the agency administrator.
3. Some bargaining unit employees did pass job qualification tests for some of the bus skilled rail job classifications but some managers were unaware of this situation and hired from the outside. As of May, 1984, management and the union are working on ways to keep those employees hired from the outside into the skilled rail classification. These new employees are bargaining unit members.

CHAPTER III

ADMINISTRATIVE CONSIDERATIONS IN MASS TRANSIT'S LABOR-MANAGEMENT COOPERATIVE EFFORTS

The preceding chapter indicated in some detail the characteristics of various labor-management cooperative (LMC) efforts which were in turn grouped according to four categories. This chapter cuts across these categories in an attempt to draw some general administrative implications for any type of labor-management cooperative activity. The major source of information is our interviews with 67 mass transit practitioners; this information is supplemented with various written materials obtained from the study sites and insights generated from our literature review. This chapter is divided into four areas: "Necessary Prerequisites for Labor-Management Cooperation," "Administrative Difficulties," "Cost-Benefit Calculations," and "Relationship Between Labor-Management Cooperation and Collective Bargaining."

Necessary Prerequisites for Labor Management Cooperation

Perhaps the most necessary prerequisite for labor-management cooperation is appropriate attitudes of labor and management officials. This condition is described by a former Director of the Federal Mediation and Conciliation Service, a government agency which is active in publicizing and instituting labor-management cooperative efforts,

With all due respect to Organization Development (OD), job redesign, job enrichment, and other programs, the most critical element in getting a new program underway revolves around "attitudes." You have to clear the air in labor-management relationships before you can even begin to look at, much less define, the problem. Once both parties acknowledge there is a problem, the next step depends on whether they are willing to step out and start working on it. This is the stage where they have to reassess their own value judgments about management's rights and union politics. After that, both parties may¹ be open to innovative approaches for constructive action.

This attitudinal component is reflected in the first two subsections, nameless, "Commitment of Top Management Officials," and "Union Officials' Perceptions That LMC Activities Will Not Disrupt the Status Quo, and Will Offer Potential Advantages." The remaining necessary prerequisite for labor-management cooperation is "Information Sharing: Purposes, Types and Methods and Training Members."

¹James Scarce, "Labor-Management Cooperation: Myth or Reality?," in Joseph A. Loftus and Beatrice Walfish, eds., Breakthrough in Union-Management Cooperation, (Scarsdale: Work in America Institute, 1977), p. 46.

Commitment of Top Management Officials

This necessary condition for effective labor-management cooperation at first glance appears trite; however it cannot be taken for granted. For example, two surveys found that many management executives do not feel employee involvement or input is appropriate.

From the present study and the HBR one, it appears that the majority of business executives taking part in these studies do not take the view that employees should have the right to participate, through the democratic process, in making organizational decisions. They do not even favor allowing employees direct input to the decision making process through direct access to the top policy making body or presentation of their viewpoints to the chief executive, except when the nature of the problem is such that the traditional managerial prerogatives will in no way be affected. An absolute majority believe in the traditional managerial prerogatives. The executives do not think that direct involvement/participation by employees is desirable in business organizational decision making even though business as an institution has an overwhelming effect on the social system and the lives of the people in it.²

Another problem can arise if top management officials are only superficially committed to employee participation programs. Here, the emphasis is not on the potential organization influence of employee input. Instead,

...management expects gratitude for the gift they have given, even though workers might not have sought it and have other concerns...

Furthermore, treating participation as a management gift makes it vulnerable to removal: 'Management giveth, management taketh away.' Rights³ are protected, and people do not have to grovel for them.

None of the management representatives we interviewed gave any indication other than a sincere commitment to labor-management cooperation. Top management officials at one interviewed mass transit property operationalized and formalized the rationale behind employee input programs in the Agency's Managers' Manual. This reads as follows:

²Rama Krishnan, "Democratic Participation in Decision Making by Employees in American Corporations," Academy of Management Journal, Vol. 17 No. 2 (1974), p. 346.

³Rosabeth Moss Kanter, "Dilemmas of Managing Participation," Organizational Dynamics, Vol. II (Summer, 1982), pp. 9-10.

Realizing the importance and benefit of involving employees in a meaningful way in the work they perform, the (agency) is committed to an ongoing and aggressive effort to provide the opportunities and structures to allow worker participation.

In addition to divisional and agency-wide task forces and committees, divisional staff meetings, and a myriad of other worker involvement processes, the (agency) has made a major commitment to install and implement work participation programs in all appropriate work units throughout the agency.

The management of the (agency) has therefore adopted the following policy statement on participative management:

To make the (agency) the best it can be requires maximum contribution of each employee. Management recognizes the vast knowledge that (agency) employees have of their jobs and the (agency) firmly believes that increasing the employees' opportunity to contribute this knowledge will improve the operation of the transit system.

Therefore, the (agency) is formally endorsing the policy of participative management which will provide increased opportunities for employees to participate in the decisions which affect their jobs.
(parentheses added).

However, respondents noted that commitment is not inherent with the position. In two locations a shift in top management apparently witnessed a dramatic drop in labor-management cooperative efforts. However, a top management official at another mass transit property was asked if the commitment to labor-management cooperation would remain after his planned departure from the property. His reply was strongly affirmative for two reasons:

1. There would be too much rebellion from the rank and file who have received a little freedom and will not give it back.
2. There are two good people behind me who will continue the labor-management cooperative activities after I leave.

Top management commitment to labor-management cooperative activities is significant for at least two reasons. Other participants in these potentially risky efforts need the assurance that top management officials will not "pull the rug out from under them." One authority on quality circles maintains that top union officials should insist on a meeting with top management officials before they agree to implement the cooperative effort. The purpose of this meeting is to make sure the program is solidly endorsed by top management, and not simply the brainstorm of a middle management official who might be "here

today and gone tomorrow." Union officials do not want to go out on a limb with their members and have the program discontinued.⁴ Middle level managers, as noted in a subsequent section, play a large part in labor-management cooperation's success. They also need to be assured that their departure from traditional supervisory patterns and possible negative consequences will be encouraged and/or tolerated by upper level management.

Commitment by top management officials can also help insure consistent potential of cooperative efforts even if there are interruptions in these activities. At one interviewed locations found the union primarily concerned with retrenchment from financial difficulties and the election of several new officers. Union officials at this location at least indicated that in the past cooperative efforts were attempted and felt that there was a strong possibility that cooperation with management officials could resume after some internal issues were resolved.

Our interviews with union and management practitioners revealed three observations associated with top management commitment of labor-management cooperative activities. First, heavy management expenditures for an employee input program, while not necessary, helps obtain cooperation from union members. Two of the interviewed locations sent sent bargaining unit employees on rather expensive trips to other mass transit properties to obtain insights into equipment and/or work scheduling concerns. These efforts convinced employees that management officials were "putting money where their mouths were." The rather large number of employee volunteers for these particular task force assignments is one indicator of recognition, if not success.

Second, perceptions of top management's commitment to labor-management cooperation can be strongly affected by a single incident. At one location, labor-management cooperation, apparently never at a high level, took a dramatic drop when top management officials allegedly initiated a disciplinary crackdown on bargaining unit members. According to union officials at this property, management indicated to first line supervisors that favorable performance appraisals and subsequent wage increases would depend in part on the number of disciplinary write-ups of hourly employees. Union officials at another location perceived low level of management commitment when some phone calls were not returned and meetings were not scheduled.

A single incident can even affect labor-management cooperation (at least on a temporary basis) at a location where top management is committed to related efforts. A top management official at one location who was a "strong believer" in labor-management cooperation left a meeting where the consultant was explaining the results of a labor-management cooperative project. This action was apparently and mistakenly perceived by other management officials in the meeting as representing a lack of interest in the program, thereby making the consultant's subsequent efforts difficult, if not impossible.

⁴Robert Cole, "Some Principles Concerning Union Involvement in Quality Circles And Employee Involvement Programs," Labor Studies Journal, Vol. 8 (Winter, 1984), p. 236.

Finally, a strong indicator of managers' commitment to employee input programs is the quality of their responses to employee suggestions and recommendations.⁵ Many locations experienced difficulties from quality circle members when management delayed a "yes" "no" decision on implementing the employees' suggestions.

Union Officials' Perception That LMC Will Not Disrupt the Status Quo and Will Offer Potential Advantages

Attention must be given to the selection of top union officials for participation in labor-management cooperative activities. Top union officials are needed because

"...of their knowledge of union policy, their competence to develop new policy, and their ability to recognize when the committee (is) incorrectly entering into a bargaining issue."⁶

These individuals typically possess another necessary trait, trust from the union membership, since they are elected.⁷ However, as noted by one union official, union leaders will not participate in labor-management cooperative activities unless they receive some assurance that their organization and labor agreement will not be disrupted.

The key factor in QWL (quality of working life-employee input programs) is management acceptance of collective bargaining. Without such an assurance, no union should or would let itself be dragged into a QWL program. Lacking assurance that management intends to QWL as a tool to strengthen collective bargaining, not undermine it, any⁸ union which gets involved in QWL is heading for trouble.

Labor-management cooperative activities can occur only if collective bargaining topics and issues are removed from consideration. This situation

⁵Dan H. Fenn, Jr. and Daniel Yankelovich, "Responding to the Employee Voice," Harvard Business Review, Vol. 50 (May-June, 1972), p. 83.

⁶Dorthea De Schweinitz, Labor and Management in A Counion Enterprise (Cambridge: Harvard University Press, 1949), p. 91.

⁷Irvin Otis, "Rx for Improving Labor-Management Committees," SAM Advanced Management Journal, Spring 1983, pp. 53-59; see also, Judith Ramquist, "SMR Forum: Labor-Management Cooperation - The Scanlon Plan at Work," Sloan Management Review, 23 (Spring, 1982), pp. 49-55.

⁸"Pitfalls of Quality of Worklife Schemes Underscored by Industrial Union Official," Bureau of National Affairs Inc., Daily Labor Report, Number 8 (January 13, 1984), A-2.

is easier stated than accomplished, particularly since most labor agreements have one or more vague contract provisions ("both union and management officials will strive to promote safe, harmonious, and productive operations," for example) which could possibly pertain to any labor-management cooperative activity. Interviewed union officials appear unconcerned with strict or literal limitations of labor-management cooperation to noncontractual issues. They do, however, want to be informed of what is taking place and have the option of vetoing a topic which might jeopardize collective bargaining efforts or results. The unions at the interviewed sites had at least three safeguards: participation of union stewards on employee input committees; the right to grieve any action, and the capability to voluntarily remove support (in essence dissolve) from any labor-management cooperative activity.

Other safeguards are needed for the participants such as protection from remarks made during the sessions. All participants need to know that their remarks will not be used against them, e.g. retaliatory disciplinary actions taken by management officials. Union officials at one location were also concerned about the lingering effects of participant remarks; management officials might counter subsequent union officials' arguments with "See, even your own people say this in our meeting." One way to minimize these concerns was to have no names associated with remarks in the printed meeting minutes.

In the case of one joint labor management board, no reprisal for comments made during committee meetings was specifically indicated in the organization document. "Management agrees that there shall be no recrimination or reprisal in any form against employees for expressing their views about problems in operations, for requesting action, or for participating or refusing to participate in labor/management board." While no other formal statements prohibited reprisals, there were no reported incidents of this situation. One administrator of quality circles indicated that there have been no reprisals for at least four reasons. First, supervisors are trained not to take problems personally. Second, all members subscribe to the QC procedure and notion, "one person has one vote;" everyone is equal. Third, there has not been an issue that members have identified in a negative fashion which has found disagreement among supervisors. Finally, quality circles were carefully selected on the basis of areas having good supervisors.

"Job security" represents the most fundamental collective bargaining issue which must be addressed and sustained if labor-management cooperative activities are to occur. Participants in quality circles and other employee input programs can become concerned that they will lose their jobs as a consequence of productivity improvement projects which the group originates. If there is no clear policy on job security, then employee participants are likely to withhold suggestions and support for changes which threaten their jobs. As described below some organizations have made a rather serious effort to maintain job security.

⁹John D. Blair and Carlton J. Whitehead, "Can Quality Circles Survive in the United States?," Business Horizons 27 (September-October, 1984), p. 20, see also, R. Tchobanian, "Trade Unions and The Humanization of Work," International Labour Review, Vol. III, p. 204; and, William L. Batt, Jr. and Edgar Weinberg, "Labor-Management Cooperation Today," Harvard Business Review, 56 (January-February, 1978), p. 103.

Each success seems to create a new problem. As far as I know, no bonus and no need for self-actualization will motivate ordinary working people or ordinary managers, for that matter, to work themselves out of jobs. We saw a potentially serious problem here and did something about it.

First, we tried to time our purchases to coincide with upswings in our employment. This helped, but not enough. Then we added a guarantee against technological layoff. A person whose job was eliminated by technology or any kind of work rationalization would be kept for six months at his pay. He could be asked to do any suitable work during that time and would have first bid on job openings that would pay at least as much as his old rate. Later, we added a guarantee of annual income, and that increased our people's sense of security. Our guaranteed annual wage policy provides that any employee with five or more years of seniority will be guaranteed 90% of current job rate for the next twelve-month period in the event of job elimination. If you have a climate where people feel secure, they can do things.¹⁰

We uncovered no specific guarantees or related programs to maintain job security. This might be due to the fact that all but possibly one of the sites anticipated consistent if not expanded service and related employment levels. Union officials located at this possible exception were apprehensive that broadly based cooperative efforts would not likely occur at this facility.

Assurances of "status quo" might obtain the attention of union officials; however, this attention is seldom immediately translated into wholehearted support. Two union officials said at the introduction of quality circles:

I am on this ship with you (the members). If you see me jump overboard, you'd better follow.

We are reserving judgement on it. We want membership to try it and see what they think. People involved are enthusiastic about it. If it will work here, we'll support it.

More active involvement and endorsement of labor-management cooperation occurs when union officials realize advantages of these activities which would not likely be attained through traditional collective bargaining mechanisms. Interviews with union officials at two locations where labor-management cooperation appeared highest helped formulate the following potential advantages of labor-management cooperation programs:

¹⁰"An Interview with John F. Donnelly," Harvard Business Review, 55 (January-February, 1977), p. 124.

1. In quality circles there is little effort placed on "face saving." There are no hats (management and the union) or "win-lose" situations. Everybody is identified with the issue and the solution and more cooperation is assured when there is no "victory" labeling at stake.
2. These programs (particularly in problem formulation and in presentation of the results) more directly involve the attendance and attention of top management officials. This commitment is more directly attached to lower management levels who are then more likely to attend and participate.
3. The labor-management cooperative activity enables employees and management to spend more time on department/work classification problems. This situation can offer the following related advantages:
 - a. Aids the solution of the problem
 - b. Gives employees and union officers a better appreciation of management's predicament--sometimes problems are far easier to raise than to solve.
 - c. Shows management that hourly employees are not solely concerned with pay; rather, they desire an active input into various job aspects.
 - d. Reinforces the notion that union members and officers, not "outsiders" are best qualified to handle problems.

Information Sharing Purposes,
Types and Methods; and, Training of Members

The success of any labor-management cooperative activity strongly depends on information sharing and related training efforts.¹¹ There are two general purposes of information sharing; namely, publicize labor-management cooperative activities; and, aid in the formulation and resolution of the problem.

It is first necessary to publicize the initiation of a labor-management cooperation to all employees, participants and nonparticipants alike. There is some evidence to suggest that without substantial publicity there can be a lack of rank and file knowledge about the program.¹² Resulting apathy can thwart the effectiveness of the labor-management cooperation program.

¹¹"Telephone Job Study Nearing Completion," Bureau of National Affairs, Inc., Daily Labor Report Number 33 (February 18, 1982), A-1 and A-2.

¹²John A. Drexler, Jr., and Edward Lawler III, "A Union-Management Cooperative Project to Improve The Quality of Work Life," The Journal of Applied Behavioral Science, 13 (November 3, 1977).

Study after study of industrial democracy in European countries indicates that while most workers claim to support the concept, relatively few are actually sufficiently interested or motivated to become involved in the process. According to Kenneth F. Walker of the European Institute of Business Administration, only an "active minority" takes advantage of the opportunity to participate in their own newly formed councils or vote in elections. Apathy is so widespread, according to another observer, that many German workers do not even know the names of their representatives on the board. Indeed, most researchers feel that workers are seldom interested in policy-level decisions, but they are vitally interested in the work place issues (tasks, responsibilities, authority, etc.) not addressed by the concept.¹³

Our survey found that all employee input activities had at least one printed newsletter sent to all employees at the facility informing these individuals of the program's purpose and process. The initial written publicity for quality circles typically explained the organization, operation, typical projects, and related problem solving techniques used in quality circles. Employee Assistance Programs (EAP's) very likely rely more on initial publicity than other labor-management cooperative efforts. The emphasis on sensitive, personal problems such as substance and alcohol use requires precise statements pertaining to the rights and responsibilities of employees/potential clients.

Publicity can also occur during the operation of the labor-management cooperative activity. The most common information exchange mechanism among members are minutes of meetings which, in turn serve two purposes: (1) as a follow-up for the next meeting, and (2) as an indicator of the various items which were acted upon by management officials. However, with the exception of one location, very little of this written information is extended to transit authority board members. There are also many cases where non member employees are not aware of detailed operation and/or progress of the labor-management cooperative effort.

This situation might be partly due to the labor-management cooperative activity's subject matter. For example, many accident review boards (ARB) do not include the vote totals on a "chargeable" accident. This incomplete publicity lets union and management members vote their convictions without running the risk of being second guessed/harassed by affected drivers or other employees who feel union ARB members should vote the "party line." Similarly, the sensitive nature of Employee Assistance Plans (EAPs) preclude union and management officials from receiving detailed status reports. However, at least one EAP enables these individuals to receive at least some of the information about the participating employee on a "need to know" basis. Sometimes union stewards can obtain information concerning an employee to counter possible misinformation supplied by the employee. For example, one

¹³Richard G. Nehrbass, "The Myths of Industrial Democracy," Personnel Journal, 61 (July, 1982), p. 487.

employee claimed that a supervisor had it "in for him," although a review of his records revealed nine disciplinary write ups, only two of which were from the supervisor in question.

Presentations by committee members before top management officials represents another publicity effort of the cooperative program. Many management officials indicated that this effort represented the cornerstone of quality circles--the activity gave QC members feelings of pride and accomplishment. However, at least one management official warned of two possible pitfalls of these presentations: 1) the QC members might have a lot of unanticipated time consuming efforts to adequately prepare for the presentation; and 2) some QC members might use the meeting as a forum for their viewpoints even if these statements are not related to the QC's problem or to the related uncovered data.

The second purpose of information sharing, aiding in the formulation and resolution of the problem, can suggest which if any initial problem should be pursued. This situation is further explained in an internal memo pertaining to a quality circle.

The Team has chosen two forms of data collection--interviews and visual observation. Each employee at the depot has received through his or her union representative a copy of the (employee input program) Princeton Workshop Statement, has been invited to participate in an individual, confidential interview with a pair of (employee input staff) staff. This interview process began Monday, November 14th.

Through interviews and visual observation, the Team will collect a significant amount of data detailing problems, issues, and potential improvements. This data will be summarized in a variety of forms, and then 'farmed out' to the respective committees and working groups for problem diagnosis, program development, and action planning. The specific program proposals and action plans will be refined as they are reviewed through the committee structure and then presented to the entire Team for approval and implementation. In this way, each Team member plays three roles: collector and analyst of data; program developer and action planner, and decision maker.

This employee input program and another at a different location obtained problem formulation insights from several trips by team members to other mass transit properties. Information sharing can also help in refining a problem which is generally agreed upon and identified by both parties. Five such problems uncovered in our interviews are: accommodating to 13(c) provisions in a manner which satisfies both parties; determining factors which might help explain absenteeism; measuring the extent that "poor lighting" is occurring in the shop; determining the value of an employee's suggestion; and determining appropriate content of a stress management training program.

Regarding the first example, information sharing in the form of memos and memoranda of understanding was necessary to operationalize the 13-c provisions and formalize union-management agreement on related procedures. This written

information was particularly necessary since there was a high degree of turnover among management officials. Management and union officials in the second situation were aware of the "absenteeism problem" at the mass transit facility but were not sure of the varied dimensions of this problem. Union and management committee members, therefore, designed and administered a survey for employee respondents (Table III-1).

In the third situation, one quality circle status report (April 10, 1984) indicated the various sources of information used in defining "poor shop lighting" (see Chapter II, p. 7).

Employee suggestion systems often have two unique information sharing sources. The first item is a rather detailed manual specifying the rights and responsibilities of various individuals in the suggestion process, as well as proper considerations to be used in making a suggestion. A second source is the evaluator's written report detailing the reasons for acceptance or rejection of the suggestion. Finally, one location had union and management officials to ride the buses to uncover the following "stress sources" related to the bus drivers' job:

Interpersonal (interaction between bus driver and customer over correct change; refusal of rider to use appropriate exit doors or to pay for transfer, etc.)

Socio-behavioral (customer disobedience of various rules pertaining to no smoking, playing the radio too loud, etc.)

Environmental conditions (poorly placed bus zones, equipment breakdown-both transit and other types of vehicles, double parking and other illegally parked vehicles, etc.)

However, at one interviewed location, information sharing is easier stated than implemented. The establishment of the labor-management board mandated information sharing so that possible economic gains can be shared with employees. Three years have lapsed since this agreement and a related information sharing has not taken place. A management official indicated that "revenues are in a common pot although the agency is now starting to separate out accident and absenteeism statistics." Union official also indicated that they haven't examined any possible financial savings or costs associated with the labor-management board's efforts, giving two reasons for this inattention: (1) "there is little centralized information as no two departments define data in the same way;" and (2) "the union is more concerned with the safety outcome that it is with dollars and cents."

Complete information sharing was also hampered with another labor-management cooperative activity which involved safety. The union official was advised by his union not to agree with management on safety items for fear that this agreement might make the union jointly liable with management in a passenger and/or employee accident suit.

There is also very little information sharing which occurs between different mass transit properties on labor-management cooperation programs. While some management officials might present papers on labor-management cooperation at various professional meetings (American Public Transportation

Association for example), there appears to be very little in the way of continuous information sharing concerning related program development and results. In fact, the only reported incident of surveys of programs at other locations involved a suggestion system operating at one mass transit property. The director of this program conducted a survey of 225 private industry firms which indicated that 197 of these firms paid higher awards than those offered by the agency. These results were used to justify a higher maximum award payment.

Types of information sharing are often related to formalized training given to participants in labor-management cooperative activities. Union officials are most concerned that lower level management officials who participate in labor-management cooperative activities receive training in human relations skills. The rationale for this type of training is that first line supervisors often have to dramatically alter their somewhat authoritarian communication and leadership behaviors when employee input programs are introduced at the mass transit property. Additional rationale for human relations training is given below:

In a cooperative arrangement, the system--at all levels of management--needs adjustment. At one work place engaged in the venture, the company asked a number of first-line supervisors to log their times for a four-week period. It turned out that 86% of their work time was spent on activities that required no relationship whatsoever with their employees. Instead, they spent their time making out time-distribution tickets, completing reports, running down staff people whose services they urgently needed, and expediting the flow of materials into their work areas. And most of the hours spent with employees merely involved giving out routine work assignments.

Clearly, this environment must change; any change would differ from place to place and usually depend on inputs from supervisors and employees. Remarkably, as the new spirit takes hold, managers' and workers' perspectives of the first-level role merge. The supervisor becomes the liaison for obtaining needed resources from outside the work group, facilitates a host of participative processes within the group, counsels and trains employees, works with them to establish group goals, and acts as coordinator-communicator.¹⁴

¹⁴Donald N. Scobel, "Business and Labor-From Adversaries to Allies," Harvard Business Review, 60 (November-December, 1982), p. 132.

This type of training was not offered, at least at the interviewed mass transit properties. Quality circle participants did, however, tend to receive training in some of the following areas:

- Brainstorming for problems
- Data Collection Procedures and Formats
- Graph and Chart Construction
- Pareto Analysis
- Basic Cause and Effect Analysis
- Check Sheets
- Process Cause and Effect Analysis
- Effective Presentation Skills

Management respondents at one property indicated that there can be too much training particularly at the start of these programs. Quality circle members were eager to get started on meaningful problems, but they were frustrated, even numbed, by 32 hours of initial training. This property has since reduced formal training to 12 hours.

Potential Difficulties in Administering LMC Activities

Grouping the many possible administrative difficulties into somewhat mutually exclusive categories for analytical consideration was not an easy task. We first considered difficulties which at least originated from external sources. Only two programs (both at the same location) fit into this category. A mass transit suggestion program, in part, coordinated by a centralized staff responsible for employee suggestions from other city agencies was affected by a severe fiscal crisis faced by the municipality in 1975. This situation caused large scale reduction of the city's full time suggestion staff of twenty employees to two part time employees. "Backlogs resulted, suggestions went unevaluated and unrewarded for years, and the credibility of the program began to slip." Monthly award ceremonies were eventually initiated in January, 1980.

Another labor-management cooperative activity at this location, productivity increases justifying the issuance of cost of living adjustment wage increases, was affected by two external influences. This program received negative public opinion in part associated with press accounts which labeled "productivity gain sharing" as a "subterfuge" -- "payments were going to be given anyway, and the projects were a lame excuse for justification." External auditors also influenced this program. Implications of this impact are discussed in this section and in the subsequent section of this chapter.

The vast majority of administrative difficulties came from a myriad of internal sources. This wide variety can be classified into three general categories for discussion purposes: lack of commitment for some labor-management cooperation participants; lack of clearly defined problems; and, intragroup difficulties.

Lack of Commitment of Some Labor-Management Cooperation Participants

Several interviewed mass transit practitioners indicated that successful labor-management cooperative (LMC) activities require a sense of "ownership" by the participants and other affected employees. There has to be a real incentive for department managers in the operating areas to implement or get involved in the program. Yet, all of the interviewed properties indicated at least some program resistance by middle managers; in some cases the situation was even a bit gloomier. One top management official indicated:

What do you do with the many managers who do not really believe in labor-management cooperative activities? They cannot be fired or the likely reduced morale will negatively affect the particular labor-management cooperation program as well as daily operational activities. They also cannot always be selectively ignored in facility wide labor-management cooperative activities.

The significance of this condition is increased when the literature review is considered. One representative article indicated, "The biggest problem, as other industries have discovered in trying the participation approach, is convincing first line supervisors that they must change their management styles and listen to the suggestions of others instead of barking orders."¹⁵

This particular administrative problem is approached in two ways: (1) potential reasons for middle management conflict, and, related reactions; and, (2) alternatives for minimizing this conflict. One major reason for negative supervisory attitudes toward labor-management cooperation is the perceived threat these programs pose to previously established job responsibilities and roles. In a survey of 96 supervisors of departments having quality circles, 50.6 percent of the respondents said that they found it more difficult to make decisions since QCs were implemented.¹⁶ Some middle level managers feel that they look foolish when labor-management cooperative efforts generated successful suggestions--these ideas make supervisors "appear inadequate for not suggesting them in the first place."¹⁷ The values and theoretical virtues

¹⁵Irving H. Siegel and Edgar Weinberg, Labor-Management Cooperation: The American Experience, (Kalamazoo: W. E. Upjohn Institute for Employment Research, 1982), p. 8.

¹⁶Shaker A. Zahra, "What Supervisory Think About QCs," Supervisory Management, 29 (August, 1984), p. 30.

¹⁷"Productivity Gains Through Labor-Management Cooperation," Midwest Monitor, (November-December, 1983), p. 7.

attributed to labor-management cooperative efforts might conflict with day to day organizational realities typically experienced by middle management officials.

Long a topic of discussion and anxiety to operating managers who feel themselves caught between the 'rock' of over permissiveness and the 'hard place' of unacceptable authoritarianism, the dilemma of participative leadership has too often been cast in ideological terms.

Particularly in these days of increasing clashes between authority and self expression, the potential problems of management tend to get obscured in the emotion of value conflicts.¹⁸

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In one midwest manufacturing firm with 1,500 employees supplying the automobile industry, management and union leaders moved from an initial interest in QWL to the creation of a joint committee.

First and second level supervisors' and managers' responses ranged from stark terror and confusion to anger. No one had worked with them to address their issues. And, with the creation of a joint committee, the organization suddenly expected them to change their stripes--to manage differently. They were no longer recognized and rewarded for traditional behaviors. Unilateral decision-making appeared to give way to group problem-solving. These new roles and responsibilities were not only poorly defined and communicated but the decision to embark on this program was seen as a unilateral decision of top management. In their view, the QWL effort was already suspect: it was simply another highly touted program with rhetoric that was inconsistent with behaviors from the start. Their exclusion from the initial learning, definition and commitment process was evidence enough that nothing had really changed.¹⁹

Some middle managers have also contended that they "cannot win" when an employee input program is implemented. They receive little credit for their efforts and possibly incur some blame as well. The following quotations are representative of this situation.

¹⁸Dan H. Fenn Jr., and Daniel Yankelovich, "Responding to The Employee Voice," Harvard Business Review, 50 (May-June 1972), p. 73. See also, Donald B. Thompson, "LMPTS: New For Steel?," Industry Week (February 22, 1982), p. 75.

¹⁹Lee M. Ozley and Judith S. Ball, "Quality of Worklife: Initiating Successful Efforts in Labor-Management Organizations," Personnel Administrator, 27 (May, 1982), p. 29.

While maintaining a hectic work pace and taking on new QWL activities, middle managers usually receive little positive support or recognition from either top management or the workers. Instead, they are often identified as "barriers" to the success of a QWL effort--people who selfishly refuse to share their decisions-making prerequisites. When middle managers do delegate, top management holds them responsible if problems arise...QWL strategies shift the focus of the middle managers' attention back toward a population of workers from whom they have been attempting to distance themselves.²⁰

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Others voiced disappointment because whatever recognition they got for the accomplishment of their units was not commensurate with the effort they had invested in their work. One said, "With the system we've got here, all the attention is focused on the hourly workers. They get most of the training opportunities and rewards from management. When things are going well, no one recognizes how I've busted my butt to get the team working together. But when things are going poorly, they let me know right away."²¹

There have been two reported supervisory reactions to these attitudes. Some have attempted to disassociate themselves from the labor-management cooperative effort; not attending programs after the initial publicity had calmed down. This was a somewhat common situation at our interview sites, particularly if the supervisor had no formal leadership role in the program where he or she could be held accountable.

A second negative reaction which we did not encounter is supervisory manipulation of the program. Quality circles or other employee input programs are viewed by some managers as a way to avoid the consequences of a tough or unpopular decision.²²

Our interviews with mass transit practitioners and literature review, generated four possible ways supervisors' negative attitudes and behaviors might be changed:

1. Hold managers accountable for their labor-management cooperative efforts, and even tie these results to organizational rewards. At each location we asked management officials if supervisors' labor-management cooperative efforts and results were ever related to performance appraisals. The answer to this question was "no," even on an indirect

²⁰Leonard A. Schlesinger and Barry Oshry, "Quality of Work Life and The Manager - Muddle in The Middle," Organizational Dynamics, (Summer 1984), p. 8.

²¹Richard E. Walton and Leonard A. Schlesinger, "Do Supervisors Thrive in Participative Work Systems?," Organizational Dynamics, 7 (Winter, 1979), p. 26.

²²Address by Roy Walters, on "Linking People and Job Design," Bureau of National Affairs Inc., Daily Labor Report, Number 111 (June 8, 1983), F-1.

basis. One third party neutral involved in a labor-management board felt that too much emphasis on management commitment in formal performance appraisals (measurement of their attendance, attitudes, and contributions, for example), could have a negative impact on this labor-management cooperative activity.

The major emphasis of this activity is away from defensive behavior and blame fixing, particularly since three levels of management might be present. Related performance measures would only increase blame setting.

2. Give supervisors and employee teams decisions formerly made by higher level management officials. ²³ This alternative based on successful experience at General Motors might minimize lower level managers' fears that their former authority and roles will be negatively altered. Also, this alternative provides both supervisors and employees obtain new challenges along with increased responsibility and status. This situation did occur with some success at two mass transit properties in programs where drivers and supervisors alike were sent on several trips to uncover possible insights into bus operation, equipment, maintenance, and scheduling which could be applied to their particular operation. The participants, in this sense, served as "consultants" concerned with applying information to issues and activities not normally assigned to them. This approach was also evident in the labor-management board, most quality circles, employee recognition programs, and the absenteeism control program.
3. Have several levels of management participate on the labor-management cooperative activity. This alternative was considered to be successful at one mass transit location on the rationales that "there is security in numbers," and "no one individual gets tagged with the blame or mistake." While the only reported experience was successful, some caution should be taken in using this alternative. Perhaps the only situation worse than a supervisor "looking bad" in front of his or her employees is to "look bad" in front of his or her employees and his or her bosses at the same time.
4. Consider using a third party facilitator. The role of this individual was discussed in Chapter I and will not be discussed here. However, at one property's progress report concerns a labor-management board indicated several ways this individual could enhance labor-management cooperation commitment,

Third party assistance seems especially important in the transit world for several reasons. One, the dispersion and mobility of employees especially drivers) makes doing the committee preparation and follow-up work difficult. Secondly, many operators don't have the skills which many managers develop: Running meetings, keeping minutes,

²³"G. M. Counsel Calls for New Approach to Labor Relations in Changing Economy," Bureau of National Affairs Inc., Daily Labor Report, Number 173 (September, 6, 1983), A-8.

follow-up after meetings, writing letters, memos, etc. These skills are inherent to this process, and most people need training to acquire them. Thirdly, managers could lead the groups -- in Quality Circle programs the supervisor is the leader -- but in union-management programs there is more than one manager in the group. More importantly, if managers always take this role it perpetuates an unhealthy imbalance and dependency in the group. In addition, most managers feel that their schedules are too busy to add the extra duties of sustaining the committees. They want facilitation, both to be sure that things don't fall through the cracks and to have someone in the room who can directly handle a dispute or conflict should one arise. Again, training is a key element in developing group and facilitator skills.

5. Focus on the advantages that many employee programs might offer lower-level management. Two reported advantages suggested by interviews with mass transit practitioners were added expertise in mass transit equipment maintenance and operation; and, different opinions and approaches to problems. Two additional advantages of labor-management cooperative activities which might apply to lower level managers in mass transit are:
1. enabling them to feel they are helping out top management
 2. reducing organizational hostility toward managerial decisions and resultant changes.²⁴

At one location, union stewards were initially concerned that their former authority would be weakened by participating in a labor-management board particularly since previously they always had worked with division managers on a daily basis. However, this situation did not develop. The stewards' roles have been strengthened for two reasons: (1) they now have earlier input into potential or actual problems; and (2) collective bargaining issues are still in their exclusive domain since these issues are not handled by the labor-management board.

Another perhaps more common fear of union stewards is that labor-management cooperative activities might weaken their relationships with their constituents, i.e., union members. Some stewards believe that they would be out of touch with their departmental constituents when they devoted attention to broader based concerns.²⁵ Others felt that their constituents might view labor-management cooperative efforts as representing a "partnership with management," a situation which, as discussed later in this section, can damage a union officer's political standing.

²⁴W. Matthew Juechter, "The Pros and Cons of Participative Management," Management Review, 71 (September, 1982), p. 45.

²⁵Mick Marchington, "Employee Participation--Consensus or Confusion?," Personnel Management (April, 1981), p. 40.

Perhaps the largest constituent pressure is the widespread belief that employees should participate in any gain sharing which results from a labor-management cooperative effort.²⁶ In at least one quality circle, the employees joined with the attitude that monetary rewards should be the logical "payoff" for quality circle accomplishments. When this did not happen, interest evaporated. In another situation "gain sharing" was stressed by management officials. In one "capacity" training program, bus driver participants were paid for eight hours and not their runs, and did not have their missed run time (nine hours, for example) credited toward overtime calculations. This situation did not occur in another "stress" training program because management thought that the material would directly affect the organization. Capacity training was viewed as benefiting the trainee's personal knowledge, therefore, no credit beyond eight hours was given for any overtime. This practice caused a lot of resentment among the driver participants.

Gain sharing is most directly tied into performance incentive systems; this relationship has several dimensions

No matter what the reward, incentive programs will not succeed in bringing about desired changes unless four conditions apply. (1) The desired behavior must be clearly specified, for example, each month in which the full-time employee works at least 155 hours without incurring an avoidable accident and/or injury, he or she will be paid at \$0.05 bonus per hour worked. (2) The reward must be of value to the employee. (3) The employee must believe that the reward will follow the behavior. (4) The employee believes the system is being administered fairly.²⁷ To accomplish the latter, record keeping must be impeccable.

Interestingly, the two major performance incentive or gain sharing labor-management cooperation programs had none of these prerequisites. The employee recognition programs reported at one mass transit property fared much better--the only one of the aforementioned prerequisites which might not be fully achieved is, "the reward must be of value to the employee."

Lack of Clearly Defined Focal Point/Problem for LMC

Controversy arises over the extent the labor-management cooperative (LMC) activity should be easily defined and acted upon. Conceivably, it might be best for union and management representatives to handle vaguely defined problem areas. These experiences might enable the participants to apply their interpersonal and decision making skills, developed through experience and training.

²⁶"Stonewalling Plant Democracy," Business Week, March 28, 1977, p. 81.

²⁷Susan G. Clark, Kathleen D. Warren and George Greisinger, Assessment of Quality Work Life Programs for the Transit Industry: Model Program (Washington, D.C.: Transportation Research Board, 1983), p. 9.

However, our interviewed properties suggested that easily and clearly defined problems offer two necessary advantages for labor-management cooperative activities. First, a clearly defined problem permits an easier and more precise cost-benefit calculation of the labor-management cooperative activity, a situation which is further discussed in the next section. Second, a clearly defined problem or focal point can aid in communicability; resultant changes tend to be straight forward and more easily grasped by program participants and other employees.²⁸

Conversely, there were some rather negative consequences associated with imprecise problem formulation at three locations. Lack of clear guidelines can hinder, even jeopardize, an employee assistance program (EAP), particularly in areas concerned with drug and/or alcohol abuse. According to a management coordinator of this program, there are no clear definitions of "being under the influence." Traces of drugs or alcoholism in the system might pertain to one incident instead of representing "addiction," or the employee might contend that it was not ingested on the property. On the other hand, the management representative indicated that another state, California, has related, specific legislation which facilitates interest in and direction of EAPs.

Quality circles can also encounter problems if the focal point is vaguely defined. This situation is described in one status report on a quality circle which attempted to solve the problem of "unavailability of tools."

The Quality Circle has spent considerable time and effort to define their problem to a viable project. This has been somewhat difficult due to the large scope of the problem and the effort involved to collect required data. Preliminary efforts have been spent in determining what type of data should be collected. Some of the issues identified by the Quality Circle as areas of required review included the following: What are the special tools? How many were purchased? How many are currently accounted for? How can the unavailability of special tools be accounted for in terms of time? What is the problem -- lack of tools or poor control? What is the required availability -- peak and non-peak? What is the average time lost per man hour (cost)? Using Pareto Charts and Basic Cause and Effect Problem Analysis, the Circle has tried to refine their problem to facilitate review of the above issues but this continues to be a time-consuming effort. Immediate future plans are to focus in on a more manageable scope by continued use of Pareto and Basic Cause and Effect Analysis. Additionally, preliminary data collection regarding defining the special tools and determining inventory (past and current) will shortly begin. This information will be required to pursue further review of this problem.

²⁸Richard E. Walton, "The Diffusion of New Work Structures: Explaining Why Success Didn't Take," Organizational Dynamics, Vol. 3 (Winter 1975), pp. 20 and 21.

At a third location, the auditor of "productivity gains" used to justify COLA wage increases reported several factors that can complicate the labor-management cooperative activity's focal point.

In some instances, documentation to support the attainment of program savings had not been prepared by the (authority) prior to our request for such substantiation. The Productivity Panel (union and management officials and a third party neutral) should require the implementation of tracking systems to assure that savings are being realized in a timely manner at the projected levels. Additional programs should be approved by the Panel to compensate any short falls, including those resulting from delays in implementation.

Procedures should be established where applicable to ensure that the quality of the output is maintained after the implementation of productivity improvement programs.

The Productivity Panel did not begin meeting until the summer of 1981 although the collective bargaining agreements required that the panel meet monthly throughout the contract period. Earlier actions by the Panel could have provided greater lead time for the (authority) to initialize the approved programs and to develop procedures for measuring and documenting the resulting savings. We note the full implementation of many programs was delayed past the targeted dates.

Our review was hampered by the fact that the Productivity Panel did not keep minutes of its proceedings. Such records should be maintained, together with other material submitted to the Panel, in order to ascertain the Panel's basis for certifying programs as eligible for COLA funding, and for determining the validity of the savings estimates. In the alternative, the Panel's report should supply the necessary documentation to support its certification.

We found several instances where the language of the COLA related provisions of the collective bargaining agreements was unclear, particularly in relation to the definition of savings to fund COLA payments and the eligibility of savings from programs that originated prior to the contract period. Such provisions should be defined more precisely in any future collective bargaining agreements. We recommend that future COLA payments of this nature be funded exclusively from productivity and cost reduction programs requiring the cooperation of the unions, which result in current dollar savings without diminution of service; that such savings be realized and certified to as a precondition for the Cola payments; and that the availability of the savings be confirmed to the Financial Control Board prior to payment.

At least one interview respondent experienced in labor-management cooperative activities suggested that a focal point which adds to the overall transit system might be more efficient than a focal point which alters procedure.

It is interesting, though, that projects which add to the overall system (i.e. the Skid Pad) are usually easier to implement than those projects which alter some existing procedure or practice. The barrier to a Skid Pad, while considerable, are less difficult to overcome than the resistances which crop up when there is an attempt to modify existing practice. Institution of the On-Street Problem Reporting Procedure meant re-organizing and upgrading an existing procedure. It encountered more resistance and generated less enthusiasm than the Skid Pad or Safety Driver Award Banquet idea. A reluctance was encountered again, by the bulletin change. Perhaps many managers can better accept the notion of filling in gaps than undertaking the arduous task of either doing something differently, or convincing others who have 'always done it this way' to do it differently. In any case, new labor-management programs may wish to consider this notion in selecting their first joint projects.

Intragroup Difficulties

A literature review coupled with our interviews of mass transit officials revealed six intragroup difficulties which could affect the formation and implementation of labor-management cooperative (LMC) activities. These difficulties are: participation limitations; politics; loss of key persons and turnover of other members; pride of authorship; risk of raising expectations; and sub optimization.

Participative Limitations

Some authors have suggested that employee input programs are susceptible to the same structural principles as found in the larger organization. Quality circles and other related labor-management cooperative activities often turn into miniature organization hierarchies after their formation. This situation can result in "deference patterns," i.e. situations that give those in higher organizational positions "more air time and their opinions more weight."²⁹

Only two interviewed locations reported such patterns. Two union members who participated in different quality circles indicated that a "foreman in a quality circle can kill an idea even if the policy establishing the quality circle stated all members are equal."

²⁹Rosabeth Moss Kanter, "Dilemmas of Managing Participation," Organizational Dynamics, 11 (September, 1982), p. 15.

The relative lack of deference patterns is possibly explained by one third party neutral responsible for a labor-management board at another location: "There are no real deference patterns involved at the work site levels, particularly since the employee participants are union officers and have already been experienced in being vocal and standing their ground." Management officials at another location were fearful that the opposite of deference patterns would take place in the "stress management" training program--they thought that vocal bus drivers would assail supervisors in the "give and take" segments, blaming management for making the drivers' jobs more stressful. This situation did occur at many of the programs; however, it was typically confined to initial program segments. Some felt that these exchanges actually helped "clear the air," and make subsequent labor-management discussions in the subsequent sessions more realistic.

A second possible participative limitation occurs when people participate to their knowledge levels.

Wherever there is a knowledge gap that is not closed with information before the team meets, inequalities develop that are often frustrating to the less-well-informed group members, and they usually respond by dropping out or failing to appear at meetings.³⁰

This situation did not occur at any of the interviewed properties, although some members of an Accident Review Board felt that they should be rotated every two years because they felt they were "getting stale." Whether this situation was due to information overload or to increased political pressures and tensions (discussed next) caused by this labor-management cooperative activity remains unclear.

Politics

This intragroup difficulty has two potential dimensions. "Politics"³¹ can refer to each organization posturing before the other. As stated in Chapter I, labor-management cooperation can counter traditional, adversary roles; therefore, union and management participants might approach and act upon labor-management cooperation issues according to their respective "party lines." Evidence of this political dimension was found at only one interviewed location and pertained to only one labor-management cooperative activity, quality circles. Some management officials immediately labeled any employee participant in a QC a "troublemaker" or as an individual who had continually hassled management in the past and will simply use this cooperative effort as another "soap box." The union representatives who provided the preceding remarks also indicated that some members in one QC believed that management officials were using this employee input program as a "union busting tool." This attitude led to related posturing -- "anything management brings up in this circle is automatically opposed."

³⁰Ibid.

³¹The major attention given to union organizations in this political dimension should not be interpreted as indicating there are no internal politics being displayed within the management organization. We neither anticipated nor systematically investigated this concept in our interviews.

The lack of this political dimension was frankly surprising particularly since most of the interviewed properties had Accident Review Boards (ARBs). This labor-management cooperative activity would appear to encourage partisan stances -- union and management officials would defend their respective positions regardless of the particular case's merits. No union or management respondent indicated any related, consistent problem with this labor-management cooperative activity. This finding, however, does not indicate an absence of other political considerations.

"Politics" can also refer to the resolution of internal differences within an organization particularly within the union where union officials attempt to strengthen, or at least maintain their positions in the union organization. In order for labor-management cooperative activities to be successful, the union must be strong--members must trust leaders.³² A union leader is typically concerned with re-election. Related attempts to balance labor-management cooperative considerations with his/her traditional role of union leader is not always easy since these roles are often not similar.

The personal characteristics of this union leader, which made him so effective as an organizer, had not yet matured to make him an equally effective business agent and local union administrator. He tended to make all decisions himself; spent comparatively little time training and developing newly elected local union leadership; and maintained his previously successful posture of single-handed command of the union ship.³³

Three union officials at two locations identified with labor-management cooperative activities were defeated in subsequent union elections. In one of these cases, the newly elected union president has not formally endorsed the employee input program which was encouraged by the defeated union president. According to one interviewee, the current union president functions as a "gatekeeper"--this individual wants to receive all members' problems then get back to each member on a one to one basis. This leadership style is not particularly conducive to labor-management cooperative activities. In fact, this union officer has instituted two related efforts: 1) a grievance (discussed in the last section of this chapter) which concerned the implementation of an employee input program; and 2) a memorandum of understanding with management officials that a union member cannot be on more than one employee input committee. This latter effort would likely restrict the efforts of former union officers to build a somewhat wide power base through involvement in several committees.

³²Robert H. Guest, "Quality of Working Life-Learning from Tarrytown," Harvard Business Review, 57 (July-August 1979), p. 86.

³³Lee M. Ozley and Judith S. Ball, "Quality of Worklife: Initiating Successful Efforts in Labor-Management Organizations," Personnel Administrator, 27 (May, 1982), p. 30.

In addition to leadership style, the extent that union officers are politically affected by labor-management cooperative activities could depend on the following variables: (1) type of labor-management cooperative activity; (2) the impact of "peer pressure;" and (3) the "fair representation obligation." Labor-management cooperative activities which often "pass judgement" on a potentially wide number of union members on a fairly frequent basis might be politically risky for union officers.

Employee Assistance Programs (EAPs) represent one such activity. Perhaps one reason no union officials reported any political problems over EAPs is that union officials are not directly involved in the judgment of other employees. Also, an employee who is a substance abuser can affect employees' safety and safety is a mutually desirable goal capable of propelling union and management officials into cooperative action. However, one management official did reveal one EAP's political disadvantage to union officials which we did not anticipate. An EAP program indicates that management officials are very concerned with giving an employee a second chance, thereby saving this individual's job. This concern might preclude union leaders from being identified with the traditional goal of employee protection from "arbitrary and capricious" managerial actions.

A second labor-management cooperative activity which calls political considerations into play is the Accident Review Board (ARB). We have previously indicated that ARBs have prompted political adjustments such as not indicating specific votes (even totals) associated with union and management participants. Other political considerations of ARBs were reported at two interviewed properties. At one location, politics and resultant tensions among the union membership resulted in a structural change of the ARB. Originally, there were four members, two union representatives and two management representatives. A coin would be flipped to get a fifth, possibly the breaking vote for the ARB's decision. If a union member- bus driver lost a three-two vote with three union representatives on the ARB, the membership, according to one interviewed union respondent, would raise "holy havoc with the union leadership." The ARB's stricture has since been changed to five permanent members: Two union representatives, two management representatives and one "professional" (a former state highway patrol employee, for example), who only acts to break a tie vote.

An ARB at another location witnessed some political considerations on at least one occasion. Even though the name of the driver is left off the report, and specific ARB members are not identified with vote total, partisan actions can be taken. In one case, a union steward's son was involved in an accident; the resulting 5-5 deadlock vote from the ten member board was changed to a non-chargeable accident.

Some experiences with labor-management cooperative activities indicate that "peer pressure" can work against labor-management cooperation team members. It is unlikely to assume that all employees will embrace programs. For example, one estimate suggests that only 25 percent to 50 percent of the

rank and file support employee input programs.³⁴ At a minimum, negative rank and file attitudes would confuse union officials; these attitudes could even make union leaders wary of cooperative efforts.

We only uncovered peer pressure which negatively affected quality circles at two locations. Management and union respondents indicated that this peer pressure was actually skepticism about the quality circle's potential and was short lived. A union official at another property possibly explained the relative absence of negative attitudes from other employees: "All employees at least believe in having a say in their working conditions instead of having orders shoved down their throat."

As noted in Chapter I, mass transit operations might conceivably be affected by the National Labor Relations Act and by subsequent interpretation and administration of the National Labor Relations Board (NLRB). One issue emerging out of private sector labor legislation is "fair representation"--the union is legally obligated to represent fairly all bargaining unit employees, union members and non union members alike, in the grievance procedure. The components of fair representation are vague. The union does not have to process all grievances to arbitration, however, it must act in good faith and without hostility or arbitrary discrimination. The union is also obligated to consider the merits of the grievance and effectively use the grievance procedure. In some cases the courts have determined that union "negligence" or "perfunctory conduct" (simply going through the motions) makes the union liable for breach of fair representation.

At one location, the union leader would have preferred a compromise settlement instead of going to arbitration with an employee's grievance. However, the union leader also felt that under the "fair representation" obligation "his hands were tied," therefore, the grievance was sent on to arbitration. This situation, if carried to extreme, can jeopardize the development of cooperative attitudes at a particular facility. Concern with fair representation might also prompt some union officials, even management officials since they could be also held liable for violation of fair representation, to exclude collective bargaining issues and possible employee grievances from employee input programs.

Loss of key persons and turnover of other members

This intragroup difficulty was not suggested by a literature review; however, several interviewed properties reported the existence and at least potential impact of turnover in two general directions. First, is the loss of key management or union officials. We have previously indicated the significance of these individuals in any labor-management cooperative (LMC) effort. However, at five locations, the agencies had witnessed a change in the highest management position within a year of the interview. At a sixth location, there had been a turnover of three union presidents within a short period of time. While the precise impact of these employment shifts on labor-management cooperative efforts cannot be determined at this time, the probable impact, at

³⁴"Steel Listens to Workers And Likes What It Hears," Business Week, December 19, 1983, p. 94.

least in terms of delay and in terms of reestablishing previous commitments, appears major. Perhaps turnover of top union and management officials explains the relatively short lived nature of many employee input programs discussed in Chapter I.

Turnover of quality circle members was regarded as a problem at three locations. Management and union respondents furnished the following four reasons for this turnover:

1. Many circle members have been promoted to managerial positions. This reason was reported at the largest property we interviewed. Perhaps this problem is more applicable to larger properties.
2. Many quality circle members are afraid to give related, formal presentations before management officials.
3. Some quality circle members get "burned out" or tired after the project is over, and are, therefore, reluctant to continue in other quality circles.
4. Once a year people have the opportunity to bid to other jobs, and may go to locations not covered by the quality circle.

The fourth reason appears to at least harm the potential of employee input programs. One location's "status report" noted that "...the new line-up presents the potential for a serious disruption and possible discontinuation of QC activities if significant reassignment of QC members occurs."

One possible way to minimize turnover is to carefully structure the quality circle. However, as noted at one location, this strategy can backfire. Initially QC's were started in work areas with only one shift where employees were centrally located. These selection criteria failed to generate sufficient numbers of volunteers. The eligible list was later broadened to remedy this problem. However, some employees who were declared originally "ineligible" (in the wrong location) refused to join.

Pride of Authorship

This variable, in a sense, was responsible for the formation of a labor-management board at one location. The city had a similar arrangement which the agency could have accepted; however, union and management officials believed that the city did not fully understand mass transit, and therefore devised a unique cooperative effort. The third party facilitators believe there is little "pride of authorship" in transferring the ideas of one work site committee to another work site committee. However, there are real difficulties concerning pride of authorship when work site suggestions are transferred to two other divisions (facility and equipment maintenance) where employees are not represented by the union and did not participate in the development of the labor-management board.

Most of the interviewed locations did believe that labor-management cooperative efforts designed for maintenance employees will not be adopted by bus operators and vice versa. This observation was due to one or more of the following four reasons supplied by union and management respondents.

1. Drivers believe unions are more responsive to their concerns through traditional labor input mechanism -- grievance procedures, for example.
2. Drivers mainly have communication problems -- "they want somebody to tell their problems to; they don't want problem solving."
3. Drivers are out on the road encountering unique instead of common, work related problems because they have different routes.
4. It is difficult and costly to schedule drivers for quality circle meetings. Related costs might exceed quality circle benefits.

Risk of raising expectations

There is a possibility that labor-management cooperative efforts offer more promises than results. The underlying premise of these programs, i.e. employee input is significant, is qualified by other practical realities and constraints faced by the agency. At one location union officials contended that management raised employee expectations in some farming out (subcontracting) projects such as the car overhaul program and then did not provide employees with adequate parts. For example, bargaining unit employees performed the work, then had to re-work old door frames; which, of course, takes more time than that involved by the subcontractor who simply replaced door frames with another new frame.

At another location, the third party facilitator of the labor-management board indicated: "We have received a lot of 'no's' from management, a situation which is likely to occur when potential ideas are not (and will not be) screened by the facilitator..." Turn downs have a negative effect, particularly if the participants feel that management is turning down an idea for cost reasons. One major test will be the safety committee's recommendation for a major cost (\$12,000) item, namely, skid pad safety training equipment. Management officials can also raise employee expectations by delaying their response to employee's suggestions. A "no" received after a particularly lengthy delay with no communication as to viable status or outcome of the suggestion will likely increase membership bitterness.

Driver recognition programs represent one labor-management cooperative effort which could raise employee expectations. Management first attempted to meet employee expectations through its long range achievement plan--rewarding drivers who have met performance criteria for ten years. This plan ensures follow through as employees know it will be in operation for at least a decade.

Yet, driver recognition programs typically have two administrative difficulties which are, in turn, related to employee expectations. One problem has to do with maintaining incentives for good performance over a long period of time. Most of the programs reward safe driving, perfect attendance, etc., for a period of one or two years. Employees who extend their good performance beyond the initial time period can expect greater rewards, however, if not rewarded, driver morale suffers. Another problem concerns the use of a rigid calendar for judging good performance. For example, suppose a driver is rewarded for a perfect driving record, i.e., no chargeable accidents for twelve months beginning July 1. If the driver has a chargeable accident in early July, he/she has no incentive to make the extra effort for safe driving for the remainder of the year. The agency has tried to adjust to this by going to a rolling calendar; i. e., an employee is rewarded for twelve consecutive months of safe driving. Of course, this creates some difficulties with annual awards banquets in that a substantial amount of time might elapse between an employee's accomplishment and the subsequent recognition.

A management official at one location suggested that labor-management cooperative efforts, particularly employee input programs, might raise management's expectations more than those of the participants. Some of the management officials seeking quick solutions and not receiving them have stated "where's the money we have spent for training?" Many managers hear the promise of quality circles, but are not aware of related limitations of these programs. Reported problems of QCs include:

- cannot reach a large number of employees in a short period of time
- cumbersome to implement as a lot of "start up" time is required
- can take an enormous amount of time to obtain results which is particularly the case when items are not prioritized
- they are typically limited to improving operating procedures and may have little impact on policy and chain of command decisions.

Sub-optimization

This intragroup difficulty can occur when too much team spirit and identification takes place at the expense of the larger organization.³⁵ In this sense, "high morale" in one organizational area is counter productive to the organization since the particular area is not concerned with interdependent relationships with other organizational areas.

There was no damaging effect of "sub-optimization" reported at any of the interviewed locations. This situation was best expressed by a management official who indicated that some sub-optimization did occur, but this element did not hurt the overall organization.

³⁵Rosabeth Moss Kanter, "Dilemmas of Managing Participation," Organizational Dynamics, 11 (Summer, 1982), p. 21.

Although quality circle members select a problem they are interested in which is very specific to their work area, the impact they made on the problem does not negatively affect the overall organization.

Cost-Benefit Calculations

This administrative consideration is significant to mass transit agencies for several reasons. At a minimum, cost-benefit calculations of labor-management cooperative (LMC) efforts offer union and management officials a "way to keep score" of related progress. These calculations also satisfy or at least approach the common perceptions by employees that they should share financially in the system's success. Evaluation of labor-management cooperative efforts might even be more necessary for mass transit agencies than for other public services as,

Public transportation is unlike most other public functions in that it does not have a monopoly over service provision. Some critics of local government have argued that productivity is negatively affected by the monopolistic nature of public service. If you wish a building inspection, fishing license, water or street lights, you cannot shop around and purchase these items competitively. Yet productivity in transit is negatively affected precisely because travelers can shop around for alternate modes of transportation, and factors outside the control of the transit manager (e.g., gasoline prices or carpool requirements on express lanes) can influence the "shopper's choice."³⁶

Cost-benefit calculations and related evaluation of labor-management cooperative efforts can take many forms.

During this step, decisions must be made about evaluation. What must happen if the program is to be considered "a success"? The three different approaches to defining success may be used. The first, and most common, is that the program is successful if it meets targets for change set within the parameters of the program. For example, a labor-management committee may decide to establish an attendance incentive program, and it determines that the program will be successful when 20 percent of operators meet the program's criteria. This approach is usually referred to as an evaluation of outcomes.

³⁶Susan G. Clark, Kathleen D. Warren, and George Greisinger, Assessment of Quality-of-Work-Life Programs for The Transit Industry Research Report. Report Number 5 (Washington, D.C.: Transportation Research Board, 1983), p. 27.

Another, but less common approach to evaluation, is that the program is only considered successful if there is positive impact on organization performance. Commonly used measures of organizational performance are those collected for UMTA Section 15 reports. Using the foregoing example, the labor-management committee's incentive program would be considered successful only if improvements in overall organizational performance resulted. This type of evaluation requires collection of benchmark data before the program begins and at regular intervals during the program.

A third type of evaluation, called process evaluation, is less concerned with a program's results and more concerned with the process of reaching the goals. A scorecard is kept to record meetings cancelled, attendance at meetings, number of projects completed, number of employees involved, and so on. Evaluation data on this type are particularly useful in trouble shooting problems if a program does not seem to be accomplishing its goals.

A sophisticated evaluation plan would include all three types of evaluation. More common, and still useful is a combination of outcome and process evaluation.³⁷

There are, however, many factors which complicate the use and/or desirability of these calculations. This section first considers cost-benefits of performance incentive programs then suggests problems in overemphasizing a cost-benefit approach particularly in employee input programs.

Examples of Cost-Benefit Calculations For Performance Incentive Program

The most precise cost benefit calculations applied to four performance incentive programs at two locations. At one location the employee suggestion program involved the activities of an industrial engineer to determine potential organizational savings and related economic benefit to the involved employee.

Another location calculated the various costs associated with its "Driver Recognition Program." These costs are provided in Table III-2.

Additional benefit calculations were made (TABLE III-3) which in turn indicated that the cost per total driver equaled \$50, while the return or benefit per driver = \$650.

³⁷ Susan G. Clark, Kathleen D. Warren, and George Greisinger, Assessment of Quality-of-Work-Life Programs for the Transit Industry: Model Programs, (Washington, D.C.: Transportation Research Board, 1983), p. 5.

TABLE III-2 COSTS ASSOCIATED WITH DRIVER RECOGNITION PROGRAM

Driver's Time (Task Force Members)	\$ 2,160
Driver's Time Off-For Outstanding Drivers (323 driver's which represents 26% of total eligible drivers)	31,556
Award Pins	2,800
Newspaper Ads (copy for each driver)	10,500
Refreshments (Kick off and driver's day)	3,900
Promotion Buttons	125
Gift Certificate (local dept. store)	19,565
Banners (Kick off day)	150
Graphics	<u>2,300</u>
	\$73,056

SOURCE: Internal memorandum at one of the interviewed locations.

Cost-benefit calculations even for performance incentive programs are not always agreed upon by all interested parties. A case in point pertains to the productivity gains sharing program and subsequent cost of living adjustment wage increases. Differences of opinion are reflected in the following summary of an external auditor's report which modified originally estimated savings.

Projects Qualifying under Labor Agreement COLA
Provisions and State Comptroller's Recommendations

1. Consolidation of panel and switch fabrication facilities which (a) eliminated weather-related delays and (b) allowed the reassignment of 11 employees to positions which could have otherwise been filled through hiring. Savings of \$468,000 appear to be attainable.
2. Increased work-standards-productivity for various repair functions, allowing the Car Maintenance Department to reduce the work force with no decrease in output. Employees who occupied these 73 positions were transferred to other activities for which new employees would have been hired. The estimated savings of \$871,000 were reduced by the state comptroller to \$394,000 for the following reasons: (a) a later implementation date than originally planned; therefore, less savings; (b) the entry salary rate of new employee hires would be less than the original estimate of the average wage rate of transferred employees and (c) the estimate also assumed a basic workweek that is shorter than the actual hours worked.

**TABLE III-3 REVIEW CONDUCTED IN 1983
OF DRIVER RECOGNITION BOARD
AND RELATED BENEFITS**

There were 323 drivers who won the distinguished driver award in 1983. This represents 25.7% of the total number of full time drivers employed as of June, 1983.

Of the 323 award winning drivers, 191 were included in the original study that determined approximately 10% would be eligible for the award judging from 1981 records. Below is a table breaking down the average number of occurrences per award winning driver in the 1981 study as well as the year (July 1, 1982 to June 30, 1983) in which the program ran. Also included is the award standards set for each of the areas.

	Compl.	Viol.	Susp.	Chargeable Accid.	Non-Chg. Accid.	No Show	Late	Sick	R.O.	Days lost to sick & R.O.
Award Standard	0	0	0	0	1	0	0	2	1	10.0
1981 Avg. (191 dr.)	.04	.37	.06	.13	2.06	.26	.24	1.32	2.07	7.20
1983 Ach. (191 dr.)	.00	.00	.00	.00	.74	.00	.00	.48	.18	1.38
Net Improvement	+.04	.37	.06	.13	+ 1.32	+.26	+.24	+.84	+ 1.89	+ 5.82

Cost savings resulted from a reduction in absenteeism and accidents. While the cost for an accident represents an average expense during 1982, the absenteeism savings are calculated as potential savings from a reduction in overhead employees required to cover unexpected absences. They are not intended to represent actual, accrued savings, but rather potential savings given a finely tuned manpower planning apparatus. The cost savings for each area are outlined below and based on the 323 drivers who achieved the award in 1983.

1. Suspensions	-\$ 1,862
2. Chargeable Accidents	- 44,467
3. Non-chargeable Accidents	- 199,963
4. No Show	- 8,069
5. Late	- 7,448
6. Sick	- 119,170
7. Request Off	65,791
Total	\$446,770

The savings for this improvement cannot be solely attributed to the distinguished driver program. Indeed, other training, and resource programs have contributed to the favorable trend included; Jefferson School Training which has led to improved performance on the street; and regimented absenteeism code restricting the number of allowable absences.

Even with the other programs it is clear that the award program was responsible for significant savings, far beyond the \$70,000 it took to administer the program.

The distinguished drivers appeared to have been drivers with better records than the system average, before and during the program. Below is the comparable information for the distinguished driver and the system average during the two time periods:

TABLE III-3 Continued

Distinguished Driver	Compl.	Viol.	Susp.	Chargeable Accid.	Non-Chg. Accid.	No Show	Late	Sick	R.O.	Days lost to sick & R.O.
1981 avg.	.04	.37	.06	.13	2.06	.26	.24	1.32	2.07	7.20
1983 avg.	.00	.00	.00	.00	.74	.00	.00	.48	.18	1.38
Net Improvement	+.04	+.37	+.06	+.13	+ 1.32	+.26	+.24	+.84	1.89	5.82

System Average	Compl.	Viol.	Susp.	Chargeable Accid.	Non-Chg. Accid.	No Show	Late	Sick	R.O.	Days lost to sick & R.O.
1981 avg.	1.28	N.A.	.03	.25	1.25	.78		2.50	2.35	13.46
1983 ach.	1.52	N.A.	.02	.20	1.09	.53		1.91	1.07	8.22
Net Improvement	(.24)	N.A.	+.01	+.05	+ .16	.25		+.59	+ 1.28	+ 5.24

The system average improved considerably during this period. While the distinguished driver improvement meant a potential cost savings of \$446,700, the system improvement was approximately \$883,200. Stated differently, the 25.7% of the drivers who were awarded the distinguished driver citation were responsible for 50.6% of the total cost savings. Listed below are the potential cost savings from performance improvement for the system in the past year. The system savings are calculated for 1,347 drivers.

System Savings

1. Chargeable Accidents	- \$ 71,324
2. Non-Chargeable Accidents	- 101,079
3. No Show/Late	- 32,355
4. Sick	- 431,356
5. Request Off	- 245,768
6. Suspensions	- 1,294
Total	\$883,176

As with the distinguished drivers, the potential cost savings for the system are calculated:

1. Accidents — \$590 average liability for chargeable accident
\$469 average body repair cost for all accidents
2. Absenteeism — Days Lost

3. Increased productivity/work standards in car cleaning operations for an estimated savings of \$1,067,000. Related examples include reductions in the amount of time to wash the interior of a car (from 10.67 hours to 8 hours); mopping (from 1.15 hours to .8 hours); mopping (from 1.15 hours to .8 hours); and sweeping (from .16 hours to .08 hours). The Comptroller disagreed with the estimate reduction of 91 employees, indicating that 14 positions which had been added in July, 1981 had not yet been filled at the inception. Adjustments for the 14 fewer employees who were reassigned and for the entry level rate instead of average rates reduced cash savings to \$454,000.
4. Increased productivity-work standards at a bus maintenance facility which reduced staff by 37 with no decline in output. The Comptroller's office found that entry level rates and a greater number of hours actually worked should reduce the original estimate of \$441,000 to \$106,000.
5. Pension savings carry forward from approved programs. The reduced contributions for fewer employees are paid on a two-year lab basis. Thus the pension savings for fiscal 1979 would not be realized until fiscal 1981, and the savings for fiscal 1980 would not be realized until fiscal 1982. The productivity panel, therefore, included these savings as 1980-1982. The productivity panel, therefore, included these savings as 1980-1982 COLA programs, since the savings would actually be made in these years. "The panel's estimate of eligible 1978-1980 pension savings (\$1,499,000) is based on approximately \$11.1 of salary and wage savings for that period, and assumes a pension contribution rate of 13.5 percent." The Deputy Comptroller reduced the estimated savings to \$898,000 for two major reasons (a) fewer than estimated employees reduced by eligible or qualifying COLA programs, and (b) a revised pension contribution rate of 10 percent which would apply to "new" not "average" employees.
6. Surface Department work schedule revisions (carrying the same number of passengers while operating significantly fewer buses). The estimated savings of \$1,343,000 was based on the reassignment of 103 bus operators. This estimate was reduced to \$876,000 based on delays of some reassignment and the former application of average hourly rate instead of entry level salary rates.
7. Surface Department work schedule revisions which was supported by the Comptroller's review to represent the original estimated savings of \$611,000. The agency's former work rules required a bus operator to be paid for each scheduled run; even if, due to maintenance problems, no bus is available for the operator to drive. "Should that operator be absent from work for any reason, the scheduled run must still be covered, even if it means having another operator report for work on his day off at the overtime rate." The revised work schedule provides that on selected runs, when no bus is available, no employee would be called in on overtime to cover the run.

In another labor-management cooperative effort, "the farming out program," differences of opinion arose over an acceptable definition of "overhead." The local union president indicated that on one farming out effort "... ninety people sweeping floors were charged to the project." Management eventually reduced their overhead estimate of 175 percent to a new figure of 103 percent.

Problems in Overemphasizing Cost-Benefit
Approaches, Particularly in Employee
Input Programs

A detailed cost-benefit calculation of a quality circle could serve as a useful guide to quality circle efforts at other mass transit properties. This situation only occurred at one property with the resultant calculations included in Appendix B.

It is, however, useful to consider here the overall cost-benefit calculations from Appendix B to indicate that one quality circle's efforts can and possibly should carry those of other, less cost efficient quality circles. These figures are presented in TABLE III-4.

TABLE III-4 PROBABLE CASE SYNOPSIS
(Four Quality Circles Used in one Transit Agency's
Pilot Project)

Circle	Cost	Total Benefit	C/B Ratio
Problem Solvers	\$ 10,954	\$ 10,050	1.09
The Better Way	130,802	519,235	.25
Q.C. X	17,343	14,574	1.19
The Achievers	21,948	2,817	7.79
TOTAL	\$181,047	\$546,676	.33

Note: Exhibit is based on information found in Appendix B

"Productivity" is a tough term to measure. On the one hand, mass transit and other transportation services are somewhat conducive to measurement despite the complex meaning of "Productivity."

It is also important to distinguish between intermediate and final services. In productivity measurement, we attempt to ensure that the indicators represent output flowing from the industry being measured rather than intermediate steps in the service flow. In this sense, productivity measurement differs from work measurement, which generally refers to the analysis of the operation of an activity and the labor requirements at each intermediate stage. Productivity measurement refers only to the final service and its relationship to input.

For example, in the trucking industry, a count of the ton-miles of freight moved would be the appropriate indicator of the final output--that is, the result of all the activities of the industry. The intermediate steps, such as pickup and delivery, platform work, billing, and collecting, are considered to be subsumed in the final output...

Transportation. BLS publishes productivity measures for five transportation industries--railroads, intercity trucking, intercity buses, air transportation, and petroleum pipelines. These measures cover 57 percent of transportation employment.

Conceptually, productivity measures for the transportation industries are easier to develop than those for other non-goods producing industries. This is because transportation industry output, the movement of goods or passengers or both from one point to another, is more easily quantified. Output units in transportation have two dimensions, amount and distance; they reflect not only how much has been transported, but also how far. As such, ton-miles, passenger-miles, barrel-miles, and so forth are the primary output indicators for these industries.³⁸

On the other hand, no other interviewed location reported a detailed productivity assessment of quality circles or any other employee input program. Indeed, one interviewed third party facilitator and some management officials believed that it would be inappropriate to gauge the success of an employee input program with "hard-line" data such as employee turnover figures. This situation is not uncommon. For example, a survey of 99 labor-management cooperative (LMC) situations in the private sector and 30 labor-management cooperative situations in the public sector found that precise measures were attached to roughly ten percent (25 out of 245) of the used criteria (TABLE III-5).

³⁸Jerome A. Mark, "Measuring Productivity in Service Industries," Monthly Labor Review, 105 (June, 1985), pp. 4 and 6.

**TABLE III-5 REPORTED EFFECTIVENESS CRITERIA OF
PRIVATE AND PUBLIC SECTOR
LABOR-MANAGEMENT COOPERATION EFFORTS**

CRITERION	PRIVATE SECTOR n=98 (percentage)	# of cases specific measures used with criterion	PUBLIC SECTOR n=30 (percentage)	# of cases specific measures used with criterion
Improved Communication, Participation, Understanding, Information Sharing	29 (30)		13 (43)	
Improved Working Conditions (non specific)	12 (12)		5 (17)	
Safety and Health Improvements	11 (11)	2	4 (13)	2
Reductions in Absenteeism; Sick Leave	7 (7)	4	3 (1)	
Reduction in Grievances	24 (24)	4	8 (27)	
Implemented Suggestions from Program	5 (5)	1	3 (1)	
Better Labor Relations, Morale, Trust, Cooperation	50 (51)	2	11 (37)	1
Better Productivity Through Reduction in Productivity Problems or Improved Methods	43 (44)		7 (23)	
Better Training	7 (7)	8	3 (1)	1
TOTALS	188	21	57	4

Source: Compiled for data interpreted by Donna Horne from U.S. Department of Labor, Resource Guide to Labor Management and Cooperation (Washington, D.C.: U.S. Government Printing Office, 1983)

The literature review and interviews with mass transit practitioners suggested four reasons for the reluctance to quantify the benefits and costs of employee input programs in precise terms. First, the success or failure of labor-management cooperative efforts might be affected by external conditions.

Nevertheless changes in unit costs, whether direct labor costs only or composite net unit costs including profit, reflect so much more than the contribution of the labor-management board that they can hardly be used as a measure of the committee's work alone. For example, scarcity or adequacy of raw materials and supplies, or the credit and price situation, might affect the volume of output and unit costs in the same, or in opposite directions when compared with the work of the labor-management committee.³⁹

One difficulty is that even seemingly precise yardsticks for measuring accomplishments, such as higher output per employee, are not wholly reliable. Few companies can account fully for all the variables that may have affected the outcome of a change in the way people work together. The first year or so of good results might reflect nothing more than the tendency to work harder under a new spotlight. Gains may also be attributable to progress along a learning curve. Or to the threat of a plant closing which can produce productivity miracles.⁴⁰

"Cause and effect" is difficult if not impossible to establish. For example, is reduction in employee turnover due to an employee input or to poor economic conditions which make it difficult for employees to leave their jobs at the mass transit agency?

Second, in some cases, the supplying of necessary facts might be difficult for management officials. In at least one location, management officials do not have the current capability to isolate diverse performance and personnel statistics. Also, "... the measurement of the results of labor-management board work implies the use of facts and figures which employees have not been in the habit of supplying to the bargaining table."⁴¹

Third, a result attributed to the implementation of a labor-management cooperative effort might have both positive and negative consequences for the organization. One mass transit property which had instituted an Employee Assistance Program had reduced the number of disciplinary incidents and grievances protesting disciplinary actions. This situation might reflect positively on the EAP -- supervisors are being "fairer" to employees and are

³⁹Dorthea DeSchweinitz, Labor and Management in A Common Enterprise, (Cambridge: Harvard University Press, 1949), p. 139.

⁴⁰Charles G. Burck, "What Happens When Workers Manage Themselves," Fortune. July 27, 1981, p. 63.

⁴¹DeSchweinitz, op. cit., p. 143.

checking more frequently with the personnel department to insure consistent (and less grievable) disciplinary actions. Another, less favorable reason for this situation is that supervisors are demoralized over the increased "watch dog" function of the personnel department. When confronted with a legitimate disciplinary offense and the possibility of second guessing and regulations of other management officials, supervisors say "the hell with it" and pretend the problem never existed in the first place.

Finally, a cost-benefit analysis no matter how extensive can overlook necessary but vaguely defined benefits. One related insight is from an organization's "Employee Involvement" (EI) program.

While the company and the union do not attempt to pinpoint savings, EI is clearly paying off for employees, for the union, and for the company. "But there's a certain risk in examining the EI process with a balance sheet approach....that sort of viewpoint tends to overemphasize the short range. There's a tendency then to expect quick results. EI is really a long-range concept. Its real value is what it does for attitudes and motivation over the long haul.⁴²

There are many useful yet vaguely defined benefits of employee input programs. Related examples include: "high level of participation," "improved teamwork," and "increased enthusiasm."

Various Benefits/Cost Savings Categories Which Have Been Used to Assess LMC Efforts

As the preceding section indicates, benefits are often associated with labor-management cooperative efforts. Management officials at one location combined cost-benefit analysis (Appendix B) with an attitudinal survey of quality circle participants. This information is included in Table III-6.

At another location, attitude surveys were given three times a year which asked quality circle members the following suggestions (end points of response ranges are included in parentheses):

- 1) I feel the problem our Circle selected to work on is (very important to not important).
- 2) I think that management feels the problem our Circle selected to work on is (very important to not important).
- 3) I feel the Quality Circle training provided is (very useful to not useful at all).
- 4) When our Circle uses a Quality Circle technique (Brainstorming, Cause and Effect Analysis, etc.) I _____ the process (always understand to never understand).

⁴²Gerard Tavernier, "Awakening A Sleeping Giant..Ford's Employee Involvement Program," Management Review 70 (June, 1981), p. 16.

- 5) In our Circle, member participation is (very good to poor).
- 6) In our Circle, members seldom have conflicts or communication difficulties (strongly agree to strongly disagree).
- 7) Taking part in Quality Circles has (made my job more enjoyable; made my job less enjoyable).
- 8) Since joining Quality Circles (range of "improved to worsened").
 - a) the quality of my work has
 - b) the cooperation in my work unit has
 - c) the manager-employee relations in my work unit has
 - d) my problem-solving capability has
 - e) the communications within the work unit has
 - f) my motivation in my job has

Questionnaires were also administered to other employees and managers concerning working conditions in areas where quality circles were implemented.

Participants' attitudes were also surveyed in assessing two training programs at a location. Participant assessment of training included the following categories: trainer performance; logistics of the program; amount of information; interest, and involvement generated; instructor's skills in organizing and communicating material, and so forth.

Each training program also had an assessment of learning gain. In one program 15 identical multiple choice questions were given to the participants before and after the training sessions. Participants at the conclusion of the other training program received "yes" "no" questions about presented subject areas. Examples are: Do you have a clear understanding of the portions of the Urban Mass Transportation Act of 1964, as amended that effect you personally? Would you know if provisions of Section 13-C of the Act have been violated? Do you understand what "grievances" and "progressive discipline" represents?

Attitudinal measures were also used to assess, at least indirectly, the impact of labor-management cooperative efforts. Employees' responses to questions in 1981 and 1984 did not see much of a shift in question response pertaining to the driver recognition program. However, two questions measured non-supervisory satisfaction indicators (on a scale of 1 to 5 which indicates "most satisfaction") on two related questions pertaining to driver recognition programs. Measures taken in 1981 and 1984 were:

TABLE III-6 QUALITY CIRCLE MEMBER SURVEY SUMMARY SHEET

1.	How many months have you been a qualified circle member: <u> x 12.8 months</u>			
2.	How often, on the average, have you attended the Quality Circle meetings?			
	0 - 50%	50 - 75%	21% 75 - 90%	79% 90 - 100%
3.	Does everyone get a chance to participate in the meetings? (As opposed to a few people dominating much of the meetings)			
	A few dominate	12% Some participate much more than others	29% Some participate a little more than others	59% Balanced participation
4.	In what percentage of the meetings which you attended were topics discussd in which you had a personal interest?			
	3% Less than 10%	Less than 50%	38% Over 50%	59% Over 90%
5.	Were you satisfied with the decision of the group (such as projects and solutions selected)?			
	3% Very dissatisfied	Somewhat dissatisfied	44% Somewhat satisfied	53% Very satisfied
6.	How well did the leader encourage balanced participation ?			
	Poorly	Not too well	30% Fairly well	70% Very well
7.	How much did the leader dominate the meetings?			
	12% Very much	28% Moderately	19% A little	41% Almost never
8.	How well did the leader accept and encourage differing ideas from the members?			
	3% Poorly	6% Not too well	35% Fairly well	56% Very well
9.	Could your age group have used more or less help from the facilitator for your group to work smoothly together?			
	Could use much less	94% Could use a little less	3% About right	3% Could use a little more Could use much more
10.	Should the facilitator be at many meetings?			
	Never	Infrequently	15% About half	85% Most or all meetings
11.	How many times a year should a management presentation be given? Comments? " As necessary " 26%; " once " 20%; " twice " 48%; " four times " 6%			
12.	How would you describe the quantity of training your circle received?			
	Too Little	Marginal	100% Adequate	Too Much
13.	How would you describe the quality of the training your circle received?			
	Poor	Marginal	53% Adequate	47% Excellent
14.	Has the Quality Circle program made your job less enjoyable, more enjoyable, or has there been no change?			
	6% Less enjoyable	52% No change	39% More enjoyable	"move work" 3%
15.	Should the Quality Circle program be continued and extended to other growth?			
	No	Probably not	32% Probably yes	68% Definitely yes

<u>Question</u>	<u>1981 average response</u>	<u>1984 average response</u>	<u>Percentage increase</u>
1. Feedback on good performance	2.0	2.2	11%
2. Long term employee appreciation for a job well done	2.1	3.1	48%

Another method of assessing employee input is to consider (not necessarily in cost-benefit terms) the outcome of employee suggestions. There have not been any cost-benefit calculations of safety committee results at one location, although the management officials were aware of tangible adjustments as a result of committee meetings. One such adjustment area pertained to reduction in bus crime. After bus trips were made by committee members; radios were put on buses and some "bad" bus stops were eliminated. Also, a major problem was uncovered on one type of bus (General Motors RTS2) where bus drivers would slip while trying to adjust the right front mirror. One safety committee member (a union steward) suggested that a metal flange should be welded to the door to serve as a rough step in mirror adjustment. This idea was implemented by the committee with no subsequent cost-benefit calculations.

Other benefits of labor-management cooperative (LMC) efforts reported by union and management officials are (specific labor-management cooperative effort associated with benefit in parentheses):

Reduced grievances (Accident Review Board; Employee Assistance Program)

Centralized employee records; therefore, more consistent discipline (Employee Assistance Program)

Improved trust (employee input program)

Reduced accident rates (Accident Review Board)

Relationship Between Labor Management Cooperation and Collective Bargaining

We have previously noted in Chapter I that the historical roots of collective bargaining in the United States reflect both cooperative and adversarial dimensions. An attempt was made to avoid this complex mixture by focusing mainly on activities outside of the labor agreement. This strategy, while helpful, still uncovered an imprecise relationship between labor-management cooperative efforts and the negotiation and administration of the labor agreement. Interviews with mass transit practitioners did not clarify this relationship. However, two observations for further investigation and consideration are presented. The first observation is that the labor agreement restricts labor management cooperation in at least two ways: contract language and grievance procedures. Contract language initially restricts discretion of both union and management officials. For

example, a commonly found contractual provision concerns an employee who wishes to transfer to another job on the property. The bidding procedure usually indicates when and under what conditions the employee receive the new job assignment. In this case, the labor agreement tells union and management officials what they cannot do, since these individuals in the bidding situation are not free to substitute their own procedures (even if jointly agreed upon) for those applicable provisions found in the labor agreement.

The assumptions behind many labor agreement provisions also appear to restrict at least some labor-management cooperative efforts such as "employee input" programs. It would appear that these efforts and the underlying premises of the quality of worklife approach which spawned them are based on the notion that employees have varied interests and capabilities. This notion runs counter to some major labor agreement provisions.

One of the most important set of substantive provisions in the typical plant agreement specifies the job classifications and job titles that are arrayed in a hierarchical job and corresponding wage structure. Embedded in this structure is the principle that individuals are to be compensated on the basis of "equal pay for equal work." Thus, the typical reward system found in collective bargaining agreements is based on job content and requirements rather than on an individual's knowledge, skills, ability, or performance.⁴³

Also, a potentially significant labor agreement provision which can restrict labor-management cooperation is the grievance procedure. Union and management respondents at all of the interviewed properties expressed the somewhat common notion that QCs and other employee input programs must avoid collective bargaining issues if they are to be successful.⁴⁴ In most cases, union leaders and members are free to use the grievance procedure if they feel the labor-management cooperative effort is impacting upon the collective bargaining process and/or results.

At one location, a newly elected union president felt that employee input programs could harm the collective bargaining process. He, therefore, filed a grievance against the implementation of this input program. The complete statement of the grievance reads as follows,

The union feels that management is attempting to take away the administrative power of its elected officials by instituting a mixed committee of management and employees to solve problems, etc. The union views this also as an

⁴³Thomas A. Kochan and Harry Katz, "Collective Bargaining, Work Organization, and Worker Participation: The Return to Plan Level Bargaining," Labor Law Journal, (August, 1983), p. 525.

⁴⁴"Open Forum: Labor Looks at Quality Circles," California Public Employee Relations Review, (March, 1983), pp. 34-35.

infringement on contractual provision Article 2, Section 8. The desired relief stated in the grievance is, "That management not institute a problem solving committee. Further that problems the employees may have be channeled through the union organization and provisions as contained in the memorandum of agreement.

The union's executive board, the operations management staff, and an industrial psychologist hired by the firm met to resolve the grievance. After much discussion, the union and management agreed that the employee input program will be implemented under the following guidelines:

1. All participation in the program is voluntary and any individual may choose to withdraw from service on a committee at any time.
2. Given that this effort is a joint program between union and management to improve the work environment based on good faith cooperation, either side may decide to disband the program if (a) it is determined that the program is ineffective, or (b) that the other side has failed to act in good faith and used the program to unilaterally advance its interests. However, before either side would move to withdraw support for the program, problems would be raised at the regular union-management meetings. If problems could not be resolved in this forum, a special meeting of the executive board and operations management would be called to consider the problems. Only if this special meeting did not result in resolution would either side consider the decision to disband.
3. The union may appoint two representatives to this program's committees. However, in making these appointments, consideration will be given to the size of the unit from which the program's committee will be drawn. In the case of a very small unit, one appointment may be advisable.
4. The agency agrees that no employee will lose regular wages if marked off-schedule to attend a program meeting. If an employee is marked off regular duty to attend a program meeting, that employee will receive his or her regular hourly wage for that meeting. In addition, both sides agree to the principle that individuals should donate a portion of their own time to this program. Individuals who attend the meeting on their off-hours will be paid one hour of straight time. Since meetings will normally extend for one and one-half hours, one-half hour will be contributed by the employee.
5. Since one of the objectives of the program is to increase the opportunity for involvement in decision making, both sides agree to limit, to the extent possible, participation in the program to individuals not already serving on an Agency committee or task force. However, it is recognized that in some cases this may not be practical.
6. It is understood that the program's committees in themselves do not have the authority to implement changes, they will make recommendations through the union-management meetings which occur monthly.

Even grievances which are not directly related to labor-management cooperative efforts can affect the extent and/or existence of labor management cooperation. Barriers to labor-management cooperation can come from a more rigorous, literal policing of the labor agreement. One such labor agreement states that the employees can only have "split days off" (no two consecutive days can be taken off). A grievance was filed claiming that Sunday and Monday are in different work weeks; therefore, they are not "consecutive." This interpretation would mean an employee could have these days off and the contract would not be violated. Interviewed management officials indicated that the union was very well aware of the intent behind the provision and that the filing of this "frivolous" grievance could jeopardize the existing "cooperative spirit" at the facility.

The second observation is that currently, labor and management cooperation and collective bargaining is interrelated, although the future magnitude and direction of this relationship is unpredictable. Although not common, interviewed mass transit practitioners did report some examples of overlap between labor-management cooperative efforts and collective bargaining concerns.

For example, the labor-management board's efforts and research into the causes and patterns of absenteeism might result in this subject being addressed in formal contract negotiations. The labor-management board can devote sufficient time to analyzing an issue or problem. In subsequent contract negotiations both union and management officials can indicate, "Here's what we agree to or recognize; now what are we going to do about it?"

At another location the suggestion of a quality circle might have also increased the scope of collective bargaining issues and results. A quality circle recommended that the former practice of sanding asbestos on vehicle brakes with electric sanders be stopped and that the practice should be done by hand to reduce the amount of dust, a considered health hazard. When some of the employees continued to use electric sanders, the QC leader went to the shop steward. The shop steward arranged a meeting of union and management representatives and a written rule was promulgated requiring hand filing, with penalties for infractions. This cooperative process worked very much like a step-one grievance to resolve this problem.

The preceding examples indicate how labor-management cooperative efforts can add to the intent and terms of the labor agreement. This situation is not usually favored by management officials who do not like the possibility of "year round bargaining" and subsequent erosion of managerial prerogatives. On the other hand, labor-management cooperative efforts might reduce the number, time, and impact of the traditional input mechanisms, grievances. This situation was expressed by a union official who was heavily involved in a labor-management board. "In 1974 we had 700 to 800 cases ready to go to arbitration and the union politically eliminated them down to 15 arbitration cases. Since 1975, we have had no more than 25 arbitration cases, which will now likely be limited to issues affecting everybody's cost of living adjustment calculations, for example." This situation was reflected at many properties where the number of grievances were reduced after the labor-management cooperative effort was implemented.

Thus, labor-management cooperative efforts might facilitate or burden collective bargaining efforts; few predictions can be made about the relative outcome of this relationship. It does appear likely, however, that the directions of both collective bargaining and labor-management cooperative efforts will be similar. Since all locations reported that the same union officials in labor-management cooperative efforts are active in collective bargaining; a location having hostile, disruptive collective bargaining will unlikely have many successful labor-management cooperative efforts. On the other hand, as reported by one interviewed respondent, a successful collective bargaining relationship can initiate, and be enhanced by LMC activities.

The labor-management relations in the [agency]...are generally quite good. Many of the union chairmen and other officers have worked with the divisional managers for many years. The relationship which has evolved seems to be frequently characterized by a willingness to accept that the other labor or management individual is 'doing his job,' and should at least be tolerated, and at best respected, in that role. Building on this basically collaborative preexisting relationship, the labor-management board has primarily increased the frequency and altered the content of the contact between the two parties. Rather than meeting about grievances and crisis-level problems, labor and management regularly discuss a much broader range of issues, in a "friendlier" environment, on at least a biweekly (and more frequent) basis. In addition, persons not generally involved in the previous conferences regarding grievances and so on, (e.g. non-officer drivers, training instructors) are now included in these labor-management discussions.

The development of more trust between labor and management may emerge as an outcome of frequent meetings which are not focused upon adversarial issues. One chairman described his experience with the collaborative LMB process in this way:

A lot of things that get discussed in [labor-management board] are enlightening to me as a union representative. Management discusses things more openly in [this format] than in their office or on the street. [board] meetings let them understand the real problems going on in the division and on the street...at least they're aware of the things that are being discussed...[the labor-management board] opened a dialogue so we could discuss things like we should have been doing all the time.

A division manager echoed similar sentiments during a separate interview:

Operators [on the committee] can say things to me that they'd never say in my office because we leave titles outside the door. Letting our hair down is long overdue. [the labor-management board] management see labor's problems from labor's eyes and vice versa.

These thoughts indicate the positive changes in communication which joining processes can create. While all aspects of the labor-management relationship may not be affected -- hearings, for example, may not change -- the process of discussing non-contractual issues on an informal basis has and will continue outside [labor-management board] meetings. And one can posit that increased trust and communication will continue to impact the running of the division, the prevention of problems, and the speedy resolution of those that arise. Any one of these results is a highly valuable achievement.

CHAPTER IV

CONCLUSIONS

This study has reported an intensive examination of labor-management cooperative (LMC) activities at seven mass transit properties. The focus has been on successful efforts, although some problems and/or failures were noted. While the investigation of seven properties provides only a limited basis for conclusions and generalizations, several broad conclusions have emerged out of our research. These are discussed in this section.

1. Possible relationships between labor-management cooperative activities and other labor-management issues.

Our findings suggest that there is a direct relationship between mutually successful collective bargaining and mutually successful labor-management cooperative (LMC) efforts. A property might have successful collective bargaining and no LMC efforts. But it is doubtful that a property will have unsuccessful collective bargaining and successful LMC efforts.

Past suspicions and skepticism resulting from collective bargaining do not vanish easily when subsequent LMC efforts are introduced.¹ It is doubtful, for example, that a national union leader would blindly endorse a vague and broadly based cooperative approach with the following, on record, observation,

...close beneath [management's] veneer of civility

...lies the bedrock primitive desire for the master-servant relationship.²

Union leaders and members are naturally concerned about the "promise" of labor and management cooperation when they are aware of the increase in hired anti-union consultants,³ or when they ..."read the Wall Street Journal and are wary of employers who brag of their financial health to the bankers while pleading poverty to their employees.⁴ Our interviews at two locations also

¹Dale Yoder, and Paul D. Staudohar, "Rethinking The Role of Collective Bargaining," Labor Law Journal, 34 (May, 1983), p. 314.

²"Management Acceptance of Unions as Partners Seen As Positive Development by Union Leaders," Bureau of National Affairs, Inc., Daily Labor Report, Number 235 (December 7, 1982), A-1.

³William H. Wynn, "Confrontation at The Bargaining Table," Labor Law Journal, 34 (May, 1983), p. 314.

⁴"IRRA President-Elect Cites Elements Necessary for Successful Cooperation," Bureau of National Affairs, Inc., Daily Labor Report, Number 237 (December 8, 1983), A-10.

found that labor-management cooperation is ephemeral--subject to sudden change over a few allegedly negative incidents counted by the other party.⁵

Cooperation is difficult when one side appears to be gaining at the other's expense. One interviewed local union president illustrated this situation with statistical changes in two major transit facilities which included his union members. The first facility's 1968 employment figures included 36 hourly employees, one supervisor, and five foremen; in 1983, there were 24 hourly employees, one supervisor and 11 foremen. A second facility had 1,216 hourly employees and 67 management employees in 1968, these figures changed to 886 hourly employees and 173 management officials in 1983.

On the other hand, some success with labor-management cooperative efforts can pave the way for successful collective bargaining and other critical issues facing labor and management officials. Union and management respondents at one location cited previous cooperative efforts as a useful precondition for cooperation over significant mass transit issues. For example, union and management officials had joint lobbying efforts with state legislators to modify a proposed regional agency bill and to raise funds from the state legislature.

Mass transit is faced with several critical, even survival, type issues.⁷ In the 1980's, chief among these issues are funding sources,⁸ competition from private mass transit operators,⁹ and proposed mass transit Federal subsidy cutbacks. Previous, unsuccessful labor-management cooperative efforts will not facilitate a coordinated union-management effort in solving these larger issues.

⁵For examples of this reaction in the private sector see, "UAW Local Votes to Suspend QWL Program at Plant in Flint, Michigan," Bureau of National Affairs, Inc., Daily Labor Report, Number 218 (November 9, 1983), A-2; and "Hot UAW Issue: 'Quality of Work Life'" Business Week, September 17, 1979, pp. 120-121.

⁶For examples of this situation in the private sector see, "Cooperation with Auto Workers Cited in Ford Sales Pitch for New Models," Bureau of National Affairs, Inc., Daily Labor Report, Number 195 (October 7, 1982), A-8; and Peter Lazes and Tony Constanza, "Cutting Costs without Layoffs Through Union-Management Collaboration," National Productivity Review, Autumn, 1983.

⁷Robert C. Lieb, "Urban Transportation Labor Issues in the 1980s," Transportation Journal 20 (Fall, 1980), pp. 50-56, and, Harlan S. Byrne, "Chicago's Troubled Transit System Takes Unorthodox Steps to Attract Commuters," Wall Street Journal, January 1, 1984, p. 33.

⁸Christopher Conte, "Cities' Battle For U.S. Mass Transit Funds Enters New Phase with Rating of Projects," Wall Street Journal, May 26, 1984, p. 25.

⁹Christopher Conte, "Resurgence of Private Participation in Urban Mass Transit Stirs Debate," Wall Street Journal, November 27, 1984, p. 37.

2. "Canned" Approaches to Labor-Management Cooperation Will Not Work.

There are several standard conditions for labor-management cooperation which are applicable to all mass transit properties and labor-management relationships in other industries.

Studies of union-management cooperation from the 1920's to date are remarkably similar in their conclusions with respect to the conditions necessary to successful union-management cooperation: (a) For sustained union cooperation, there must be management acceptance of collective bargaining and union security. (b) For management participation in such efforts, there must be freedom to innovate and a belief that the union is able to deliver on its commitments. (c) Union and management support for cooperative efforts is normally associated with a mature relationship characterized by a relative balance of power and mutual respect between the parties. (d) Essential to success is strong commitment to cooperation at all levels of the participating organizations, including top management and supervisors, union officials and members. (e) For workers, participation depends on gain-sharing (financial incentives) and a feeling of job security. (f) Successful cooperation calls for unusual personal skills in decision-making and problem-solving on the part of all participants. This recognition has in recent years led to intensive training in these skills. (g) Above all, experience shows that continuing cooperation must produce results that are satisfying to all participants. This is possible only in a "benign" environment in which attractive rewards are available and no sudden changes expected.¹⁰

At first glance the preceding quotation would suggest the possibility of standardized labor-management cooperative efforts in terms of procedures, organizations and goals. However, our interviews suggested four necessary conditions which reflect and extend those in the preceding quotation; the significant point is that each of these conditions needs to be evaluated in terms of the unique aspects of each mass transit facility.

First, our research and other experiences indicated in the literature review suggest that labor-management cooperative efforts will benefit from having "quick hitters," clearly and easily defined issues as:

Early successes are important: They build credibility for the idea of cooperation between labor and management. Hence the committee should first take

¹⁰Lois S. Gray, "Union-Management Cooperation, A Passing Fad or Permanent Change?," Labor Studies Journal, 8 (Winter, 1984), p. 218.

on simple issues that are likely to provide tangible, visible, and noncontroversial results.¹¹

These issues should not highlight previous conflict or raise unnecessary emotions, problems which would likely occur if the topic were "unfair incentive systems." As one author notes, "the objective is to build a new cooperative road, not merely to repave the old adversary course."¹²

Two other factors which influence the success of the labor-management cooperation are: union leaders must be secure with their membership, and commitment by top union and management officials. There must be a sense of ownership at the local agency if the labor-management cooperative effort is to be successful. Also, some flexibility might be needed to adjust the design of a program to minimize inclusion of less than committed, even antagonistic union and/or management officials.

Finally, each program should take into account the demographic composition of the particular agency. Employees tend to view potential labor-management cooperative issues differently according to their sociodemographic background. One study found, for example, that

Older workers with extensive seniority, perhaps only a few years from retirement and with only limited alternative job opportunities, were more willing to sacrifice income for job security than younger employees with greater family responsibilities and greater opportunities for equivalent jobs. Those with readily salable craft skills were more reluctant than production workers to accept any reduction in compensation.¹³

One ex-union official (possibly defeated because of identification with labor-management cooperative efforts) believed that there was a relationship between the demographic composition of the work force at the property and acceptance of labor-management cooperative efforts.

Sixty percent of our membership has less than ten years of seniority. This group tends to represent a militant faction, and thinks, "labor-management cooperation" is the same as "wheeling and dealing" with management.

¹¹Paul J. Champagne and Mark Lincoln Chadwin, "Joint Committees Boost Labor-Management Performance and Facilitate Change," S.A.M. Advanced Management Journal, 47 (Summer, 1983), p. 21.

¹²Donald N. Scobel, "Business and Labor-From Adversaries to Allies," Harvard Business Review, 60 (November-December, 1982), p. 130.

¹³Peter Hanle, "Reverse Collective Bargaining? A Look at Some Union Concession Situations," Industrial and Labor Relations Review, 26 (April, 1973), p. 961.

This implication does not mean that there should not be communication between properties. A regular exchange of ideas and possible factors which influence the success of labor-management cooperative efforts would be helpful. Two locations which featured task forces and travels to their mass transit properties seem to uncover potentially useful information. However, the aforementioned conditions necessary for successful labor-management cooperative efforts all point to a locally developed and maintained program.

3. More and better communication about labor-management cooperation can improve the climate for such activities.

Any property interested in developing labor-management cooperative activities should involve management, labor and union representatives from the earliest stages. There is frequently a great deal of cynicism, skepticism, misconception, and misinformation about labor-management cooperative efforts on the part of both labor and management. Only through open and frank discussions can a cooperative program be designed which will have enough initial support for a chance at success. Once in operation, if the labor-management cooperative activity is successful, both management and labor must communicate this success to their peers. Both management and labor tend to be insulated by their normal work routines from the outcomes of labor-management cooperative programs. If the labor-management cooperative program does not effect an employee directly, he or she usually has little interest or incentive to look for applications of labor-management cooperative activities to other areas. Communication must be frequent and utilize several methods, such as memoranda, newsletters, formal presentation, etc. To be effective, someone must be formally responsible for the communication of labor-management cooperative activities and results.

The potential for increasing the number and quality of labor-management cooperative programs and activities among many transit properties also suffers from poor communication. Our interviews uncovered no interproperty communication network or national communication effort aimed at sharing information about labor-management cooperative efforts. More widespread communication at the national level would be valuable for at least two reasons. First, it would serve to encourage mass transit properties to investigate the applicability of labor-management cooperative activities to their property. Secondly, by reporting and analyzing successful as well as unsuccessful labor-management cooperative programs, labor and management could improve their knowledge and awareness of problems and issues that lend themselves to labor-management cooperative efforts. Also, information about successful and unsuccessful program designs and operations could reduce the need to "rediscover the wheel" at each property. Even though labor-management cooperative activities need to be tailored to the needs and circumstances at each property, such information sharing should be very beneficial.

4. Current limited potential for "incentive programs".

Transit is similar to other industries in the United States in that increasing attention has been paid to the involvement, commitment and participation of individual transit workers and work groups and task-related decisions on the various properties in our research project. While many of these efforts have been directed toward improving the quality of worklife in general, the related worker-participation efforts started in the middle 70's

and early 80's deemphasized productivity issues and separated QWL efforts from either the collective bargaining process in relationships and/or productivity gains issues. However, in several of the properties the participation efforts, to a limited extent, were more directly addressed towards issues affecting work organization and productivity. It is interesting to note where these variations, emphasizing productivity gains whether for the individual or the organization behavior, have found their way into the provisions of the transit collective bargaining agreement. However, the incentives have been limited primarily to productivity gains and have not dramatically affected the wide issues involving items such as the scope of jobs and the provisions for employee protections. In other words, the role of seniority compensation, and job evaluation systems and promotions, transfer and bumping rights of different workers do not seem to have been affected by the rather restricted incentive programs that were observed in our research of the transit industry.

There appears to be some limited support for work-place participation efforts through incentive programs to change the degree of labor union management cooperation and improve the employers [agency] positions. These incentive participation plans, admittedly limited, have entailed a mixed bag of risk and opportunities for the local unions examined. In a bilaterally determined situation, which we define as necessary for union-management cooperative initiatives undertaken in this study, it is believed that union leaders must play important roles in setting the stage for, designing, and administering participation programs and may attempt to integrate those programs into their representational role at the work place. It is also necessary to understand that the managements of transit properties will, over time, attempt to use these programs to build higher worker commitment to the agency, challenging existing work rules and even fashion new work organization arrangements.¹⁴ Our examination of the various incentive programs, admittedly limited in number and scope, did not reveal that the incentives were being utilized to modify the traditional roles at the work place nor to adjust, with any increased flexibility or variation, the practices that could eventually result from greater worker involvement.

¹⁴M. H. Schuster, Union-Management Cooperation (Kalamazoo, MI: W. E. Upjohn Institute, 1984), Also see T. A. Kochan, et. al. Worker Participation and American Union, (Kalamazoo, W. E. Upjohn Institute, 1984).

APPENDIX A

CASE STUDY ANALYSIS FORMAT

1. List the three most significant labor-management issues in or out of the contract at your property?

2. What is the extent these topics have or could be resolved through cooperative efforts instead of formal contract negotiations?

3. Why or why not the issue can be best handled outside of the contract?

4. What are all the topics approached by "cooperative efforts" at your property? Cooperative means some formal committee/communications system to assess and resolve issues.

* QWL programs

a) participative problem solving _____

b) work restructuring (flexitime, job enrichment, job enlargement, self pacing, job rotation, etc.) _____

c) innovative reward systems _____

d) selection of employees and supervisors _____

e) communication improvement through attitude surveys and/or better understanding of company policies and related activities through information sharing and/or training _____

f) solving employee problems (safety, alcoholism, absenteeism, turnover) _____

* conserve energy and fuel _____

* equipment: preventative maintenance; vehicle rehabilitation; reduce equipment down time _____

* eliminate waste of materials or equipment _____

* health cost containment _____

5. Describe the features of the cooperative program(s). (Get approximate dates of each.)

6. Topics featuring possibility of involvement and cooperation (give response sheet).

What are management and union involvements and present degree of cooperation on the following issues? (get involvement score and cooperation score)

Topic	Involvement Responses A-F	Cooperation Response Scale (1-7)
a. selection of employees		
b. layoffs of employees		
c. implementation of affirmative action programs		
d. length of runs		
e. application for capital grants		
f. revenue charges (fares and advertising)		
g. scheduling changes (routes)		
h. scheduling changes (times)		
i. technological changes (new bus design, etc.)		
j. time standards (run times) of routes		
k. training and apprenticeship		
l. bidding of runs		
m. spread time (maximum time in which 8 hours of work can be scheduled at base hourly rate)		

(Involvement Responses)

- A. Unilateral management right
- B. Present labor agreement provisions pertaining to the issue
- C. Union has right to petition or grieve to management officials
- D. Management has obligation to meet and confer with union over issue but does not need the union's agreement
- E. Management must receive union approval on the issue
- F. Union has the right to negotiate the issue

(Cooperation Response Scale)

1	2	3	4	5	6	7
No attempt to cooperate and resolve differences		Little attempt to cooperate and resolve differences		Some attempt to cooperate and resolve differences		Great deal of effort to cooperate and resolve differences

c) Background of labor and management officials most identified as being currently in-charge with program(s).

(1) Office(s) held

(2) Length of time in related positions

(3) number of union-management contracts negotiated

(4) length of time (months, years) spent in direct dealings with counterpart in the program(s)

d) Were these officials involved in the origination of the program?
(If not, get background) _____

8. Event/problem which precipitated cooperative effort.

* Provision in labor agreement or memorandum of understanding. (What were circumstances which lead to this provision; how difficult was it to obtain provision--any major arguments over its existence and contents. Get copy of language). _____

* "Crisis" (declining productivity figures; sharp increase in absenteeism or turnover, reduction of govt. funds, sudden technological change, competitive services; political-mass media opinion against operation, etc.) _____

9. Extent precipitating problem was:

a) Clearly identifiable _____

b) of mutual concern to management and labor (both felt they could gain from problem's solution) _____

c) capable of being solved at the departmental or property level

10. Role of 13-C in hindering or promoting cooperative efforts (would think 13-C would provide necessary job security guarantees)

11. How does structure of the _____ committee differ from contract negotiating committee (e.g., different union officials or management officials on committee; scope doesn't directly include non-union bargaining unit employees; scope of committee's representatives and/or issues different, etc.)

12. Is the _____ committee/program plant-wide or department-wide? (Advantages and disadvantages of this arrangement over the other alternative)

13. (If committee is department-wide) has the program (or will the program likely be) transferred to other areas at the property? (if answer YES) to what extent have the following characteristics associated with the program posed, or will likely pose, a barrier to its diffusion.

a) communicability--changes posed by issue or program are straight forward and easily grasped by other people in the organization _____

b) compatibility--extent suggestions congruent with existing norms and structure in other areas of property: _____

c) reversibility (the easier it is to change or eliminate the idea-program the greater the chances it will be accepted in other areas) _____

d) Possible existence and success of "gate keepers" in other areas.

14. How are committee members selected (e.g. union and management each select their own representatives) on what basis (e.g., functional representation) and by what method (for union representatives is a vote taken?) _____

15. What are the roles of top union and management officials in the meetings? _____

16. Methods for rotation of members? _____

17. Any guarantees that members will not receive reprisals for comments raised in meetings? _____

18. Number of meetings in a month and length of time spent in each meeting. _____

19. Description of what goes on in a typical meeting: _____

20. Specific types of training received by members (e.g., quality control, communication, group dynamics, financial data, decision making skills including quantitative methods, etc.). _____

21. Methods for termination of participation by either one or several committee members. _____

22. Consideration/use of outside consultant (perceived advantages/ disadvantages of this individual). _____

23. In the implementation of labor-management cooperation, how have the following affected a particular program? (Also note exceptions)

a) Specific responsibilities and controls given committee members; for example, do members have the responsibility of shutting down an operation presumed to be unsafe?, or do members determining restructured (enlarged) job tasks for bus mechanics review related statistics on a regular basis to determine if this decision was successful? _____

a) continued _____

b) Are responsibilities and controls different for salaried members than for hourly members? (how and why) _____

c) Communication mechanisms, types, and purposes. What types of communication channels are used (bulletin boards, meetings, newsletters, etc.) to obtain the following purposes:

(1) information sharing (current facility operations and future estimates for example) for various types of decisions (get a sample report for each decision area if possible.) _____

(2) feedback on committee suggestions--why they were accepted or rejected. It is probably too speculative, but it would also be good to obtain some estimate of average length of time from suggestion to final acceptance or rejection. _____

(3) establish or demonstrate a continuing commitment by top management and union officials.

- (4) Time tables for two types of suggestions made by the committee which were implemented: "representative" or "typical" and "most significant" issue to be resolved by the committee in the past three years.

The time table should consider approximate number of days (5 day week) it took for the following three general implementational phases:

- (a) problem refinement--time it took from first day of suggestion of problem by one or both parties to operationalize it in mutually acceptable terms.

- (b) discussion and evaluation of possible alternatives and development of proposed approach.

- (c) consideration of approach by top management and union officials, possible refinement of approach based on suggestions, and start up of approach (experimental or permanent basis.)

Should get at open ended reasons for the difference in any of these phases between "representative" issue and "significant" issue.

24. What are the perceived advantages and disadvantages for the following participant categories:

a) First line supervisors (program) _____

b) other management officials _____

c) union steward/other union officers (program) _____

25. The proportion of bargaining unit employees who have participated in the program. Reasons for this high or low figure. Are there union and nonunion bargaining unit employees on this committee? _____

26. How have union member's perceived advantages differ from those of union stewards and officers? _____

27. How have supervisory and middle management perceived advantages differ from those of executive management levels? _____

28. How have managers and union officials attempted to rebut perceived disadvantages and enhance perceived advantages? _____

29. Describe the formal training programs and procedures available committee participants (either for some or all groups) _____

30. What is the extent that the property's cooperative program(s) have encountered the following implementation consideration/problems found in other programs.

a) pride of authorship--specific group will not accept suggestions made by others. _____

b) deference patterns--those having more authority in management or in the union dominate in terms of time and ideas. _____

c) people often participate to the extent of their knowledge

d) suboptimization--too much team spirit and identification at expense of larger organization

e) loss of key persons and turnover of other members

f) politics

g) risk of rising expectations

h) how are gains defined? to what extent are they shared?

31. Do you have a written evaluation of the program? Yes No .
If yes, is evaluation available to all participants? Yes No .
If yes, can we have a copy(s) of information.

32. Do you calculate and share cost/benefit information? Yes ___ No ___.
Can we obtain a copy of the information?

33. Was the decision to calculate costs and/or benefits made early in the program, after the program had been operating a while, or never?
(Relative advantages/disadvantages of the selected answer when compared to the other alternatives).

34. Was the decision to determine sharing of benefits made early in the program, after the program had been operating a while, or never? (Relative advantages/disadvantages of the selected answer when compared to the other alternatives.)
If the decision to share in benefits was made, need to get a rather specific description of this calculation.

35. What are the advantages and disadvantages of general as specific cost calculations?

36. What are some of the various types of cost associated with the program(s)?
Such as:

a) time spent in meetings

b) impact or suggestions on formal bargaining demands

c) turnover of management personnel who have lost authority and/or feel their position is weakened by program

d) union leader's weakened political position; lost subsequent election, and/or development of rival factions.

e) Other

37. What are the advantages/disadvantages of general versus specific benefit calculations?

38. What are some of the various types of benefits associated with the program(s)? Such as:

a) general/specific attitudinal measures such as "improved morale"; "better labor-management relationship-climate"; and attitude survey results

b) personnel statistics (did each of the following increase, decrease, stay the same and/or uncertain).

- turnover
- tardiness
- absenteeism
- grievances filed
- accidents
- training programs
- layoffs

c) service statistics (have r's suggest the three "most significant" productivity-efficiency measures used at the property. For each measure ask if the program has resulted in the following statistical changes: increase, decrease, stay the same and/or uncertain).

- customer complaints
- equipment breakdowns
- platform time

d) Other

39. Are the individuals involved in the cooperative efforts different from the key individuals in contract negotiations and grievance handling? Why? (By design and is it important?)

40. What is the extent that the major issues handled under cooperative program are completely independent from formal contract negotiations and grievances? Is this independence planned and enforced? Is it easy to tell where cooperative efforts end and collective bargaining begins (why or why not)?

41. What are the perceived advantages cooperative programs offer formal contract negotiations and grievances (examples include: parties understand the issues better; crisis atmosphere is eliminated; controversial issues can be referred to committee--parties are not stuck with inflexible, binding and possibly confusing contractual language during the life of the labor agreement).

42. What are the perceived disadvantages cooperative programs offer formal contract negotiations and grievances (Examples include "barbaining becomes a 365 day a year event"; often raises union members' expectations and subsequent disappointment puts the heat on union officials; concerns are more open-ended, results in time being spent on "trivial" matters--complaints are now listened to which wouldn't have previously been the case as grievances were limited to the labor agreement provisions; dilutes the symbolic and political significance of formal contract negotiations and the grievance procedure.

APPENDIX B

THE "PROBLEM SOLVERS" INVENTORY CONTROL

Problem: Misfiled and Missing Travel Cards

COST OF PROBLEM: Searching for lost travel cards requires 1 3/4 hours per day by 13 people

4 Office Associates @ \$11.53/hr	\$ 80.71
8 Office Aides @ \$10.41/hr.	145.74
1 ATMA @ \$20.00/hr.	35.00
	<u>\$ 261.45</u>

\$261.45/day x 220 days

BENEFIT TO SOLVE PROBLEM = TOTAL COST, PER YEAR \$57,519

COST TO SOLVE PROBLEM ACCORDING TO RECOMMENDATIONS:

	<u>COST</u>	<u>STATUS</u>
1. Filing by designated personnel		
a. Personnel assigned specific stock numbers -- no additional cost		impl.
b. Memo assigning new responsibilities	nominal cost	impl.
2. Establish procedures to restrict access to files	nominal cost	impl.
a. Memo from Director, Sources & Requirements		
b. Rotary file supervisor overseeing compliance with procedures, 1 hr/wk x \$18.53/hr.	\$ 964/yr	impl.
3. New color code for Wheels III and IV 200 cards colored yellow with marker 4 hours @ \$8.87	nominal cost	impl.
4. Hire people to specifically handle filing of documents * 4 Office Aides @ \$16,143	\$ 64,572/yr	not impl.
5. Training of back-up personnel, on-the-job training for new personnel 4 Office Aides @ \$8.87, 1 hr/week for 24 weeks	\$ 852	not impl.
6. Change work schedule, staggered work hours, 4-day week. Study change.	nominal cost	not impl.
7. Sweep files monthly 30 minutes @ \$10.27/hr x 12 =	\$ 62/yr	impl.
8. Double check system procedures. Verbal changes written on a flip chart, converted to memos for reference. 4 changes per month, 5 minutes each @ \$10.27/ hr. = \$3.42 x 12.	\$ 42/yr	impl.

Problem Solvers, continued

9.	Familiarize personnel with Rotary Number System			
	Sings posted for each rotary group		nominal cost	impl.
10.	Training in procedures for all personnel. Reading 1 hour; Brush-up on-the-job, 1 hr/week for 4 weeks, 50 people			
	Reading \$10.31 x 50	\$	516	not
	Brush-up \$515.50 x 4	\$	2,062	impl.
11.	Make standard written procedures available. 100 page manual			
	Writing, 6 days @ \$23.00/hour	\$	966	not
	Typing, 6 days @ \$8.87/hr.	\$	373	impl.
	Copying, 50 copies @ .03/page	\$	150	
12.	Limit use of same stock number by running system check for all storerooms. 50 checks/week, 10 minutes each @ \$10.72/hr. \$1.80 x 50 = \$90/week x 52			
		\$	4,680/yr	impl.
13.	Liaison between Purchase and Inventory Control 50 minutes per day spent solving problems			
	@ \$10.41/ 3 hour = \$8.50/day	\$	2,117/yr	impl.
14.	Separate files for long-term projects such as CORE. Duplication of <u>all</u> CMD files for 60,000 parts.			
	* 10 minutes/file = 10,000 hours @ \$8.87	\$	88,700	not
	New file cabinets and folders	\$	5,000	impl.
	QUALITY CIRCLE meetings, 65 meetings, \$92.85 each	\$	6,035	
	TOTAL, ONE-TIME COSTS	\$	104,654	
	TOTAL, ONGOING COSTS, PER YEAR	\$	72,437	

NOTE: SALARY COSTS THROUGHOUT THIS ANALYSIS INCLUDE A FRINGE FACTOR OF APPROXIMATELY 35%.

ITEMS WITH AN ASTERISK (*) ARE NOT INCLUDED IN THE PROBABLE CASE COST-TO-BENEFIT CALCULATIONS.

COST/BENEFIT ANALYSIS

PROBABLE CASE

NOTE: A discount rate of 4% is used throughout.

Annual costs have been subtracted from benefits so that the figures shown below are net benefits.

INVENTORY CONTROL - THE PROBLEM SOLVERS

Assumption:

1. The recommendation for new CORE files (costing \$93,700) and 4 new office aide positions (\$64,572 annually) will not be implemented. As a result half of the total possible benefits (\$57,519) will be realized each year.
2. The computerization of the information contained on the travel cards will eliminate the problem (and the benefits associated with solving it) by the middle of Year 1.

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$ 10,954		
1		\$10,050	\$ 10,050

C/B RATIO - 1.09
INTERNAL RATE OF RETURN = -8.25%

WORST CASE:

Assumptions:

1. If all the circles' recommendations are implemented, the problems will be solved.
2. The assumptions concerning the useful life of recommendations remain the same as the probable case situation.

INVENTORY CONTROL

The annual costs of solving the problem--(when all recommendations made by the circle are implemented) are greater than the annual cost of the problem itself.

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$104,654		
1		-\$ 7,175	-\$ 7,175
TOTAL COST		\$111,829	
NO BENEFITS			

BEST CASE

Assumption: concerning the useful life of recommendations remain the same as the probable case situation.

INVENTORY CONTROL

Assumption:

All benefits can be realized without the duplication of CORE files (\$93,700) and without additional office aide positions (\$64,572 annually).

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$ 10,954		
1		\$23,883	\$23,883

C/B RATIO = .43

THE "BETTER WAY": STOREROOM #1

PROBLEM: Worker's lack of knowledge of total storeroom operations

COST OF PROBLEM: Storeroom foreman estimates 3 hours per week are wasted by each employee

14 stock handlers @ \$15.86=\$222.04 x 3 = \$666.12 \$666.12/week x 52 =	\$	34,638
51 stock assistants @ \$13.28=\$677 x 3 = \$2031.84 \$2031.84/week x 52 =	\$	<u>105,656</u>
BENEFIT OF SOLVING PROBLEM =	\$	140,294

COST TO SOLVE SR#1 PROBLEM ACCORDING TO RECOMMENDATIONS:

1. Create a Stores procedures manual; under contract to Ernst & Whinney, estimated cost.	\$	86,000	Satellites: Complete. Mains: in process
--	----	--------	--

2. Formal training program for all storeroom personnel			
a. Week long course			
14 stock handlers @ \$15.86 = \$222.04/hr.	\$	7,771	not impl.
51 stock assistants @ \$13.28 = \$677.28/hr.	\$	23,705	
b. Training manual, 65 copies (Already written. Additional printing needed)	\$	195	
c. Teacher Training by Management Development 2 foremen for 1 week	\$	1,350	
d. Heavy equipment training 3 people for 1 day	\$	313	
e. Training film on heavy equipment	\$	250	
f. Program development (by foreman)	\$	<u>675</u>	
TOTAL	\$	34,259	

3. Functional job descriptions all personnel.			
Managerial, by L. B. Knight Associates	\$	100	impl.
Hourly employees, by consultant and in-house work	\$	<u>6,725</u>	not impl.
TOTAL	\$	6,825	

QUALITY CIRCLE Meetings 119.92/meeting x 31 meetings	\$	3,718
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TOTAL ONE TIME COSTS (ALL ONE-TIME COSTS)	\$	130,802
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COST/BENEFIT ANALYSIS

PROBABLE CASE

STOREROOM: THE BETTER WAY

Assumptions:

1. There is a 5% annual turnover rate in personnel.
2. After 5 years the changes in procedures will be significant enough to require a new training course.

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$130,802		
1		\$128,214	\$128,214
2		\$116,794	\$245,008
3		\$106,012	\$351,020
4		\$ 95,960	\$446,980
5		\$ 72,255	\$519,235

C/B RATIO = .25
 Internal Rate of Return = 85.7%

WORST CASE

STOREROOM 1: The worst case is the same as the probable case

TOTAL COST: \$130,802
 BENEFITS: \$519,235

BEST CASE

STOREROOM 1: The Best Case is the same as the probable case.

COST: \$130,802
BENEFIT: \$519,235

"Q.C.X": PURCHASING RAPID BUYING

PROBLEM: Removal of documents from Control Desk

COST OF PROBLEM: Staff time searching for 2 missing purchasing orders daily.

Buyer, 35 minutes/day @ \$15.60/hr;
9.10/day x 220 days = \$ 2,002/yr

Control Desk clerk,
20 minutes/day @ \$9.26/hr. \$3.00/day x 220 days \$ 660/yr

Shop supervisor waiting while search is made
18 minutes/day @ \$29.67/hr. \$8.82/day x 220 days \$ 1,940/yr

Documents that cannot be found must be
replaced. 4 per year, each requiring 5 days
of buyer's time to duplicate.
\$15.60/hr. \$109.20/day x 5 days x 4 \$ 2,184/yr

BENEFIT OF SOLVING PROBLEM = TOTAL COST/YEAR \$ 6,786

COST TO SOLVE Q.C. X PROBLEM ACCORDING TO RECOMMENDATIONS:

1. Make individuals aware of what documents are available elsewhere, and provide education for users.

Training course for staff and managers, 3 1/2 hours

50 buyers @ \$15.60	\$ 780.00
10 Office Aids I @ \$9.26	92.60
20 Office Aide III @ \$10.85	217.00
5 Admin. Associates @ \$18.54	92.70
10 Managers @ \$25.00	250.00
1 Director	<u>48.22</u>

Total, One Hour \$ 1,481.52

Total for course, 3 1/2 hours \$ 5,182

Manual for course 50 pages x .03 = \$1.50x110 copies \$ 165
Extra copies for other departments 50 copies. \$ 75

Writing of manual, Senior Buyer, 21 hrs x \$16.75 \$ 356
Typing 21 hrs x \$10.41/hr. \$ 219

In process.
Targeted
completion
Dec., 1983

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2. Formal notice, including statement of strict penalty for unauthorized removal of documents

1/2 hr to write, by Director, \$24
1/2 hr to type, \$5.20; copying \$1.20 nominal cost not impl.

Q.C.X. continued

3. Written policy for document use and enforcement of that policy

1 day to write, by analyst,	\$	129.80	
1 day to type,		72.87	
1 page, 40 copies		12.00	

	\$	215	In process
Enforcement - Supervisor 1 hr/wk \$18.06/wk.	\$	939/yr	Target Completion: Dec., 1983

4. Questions only

If this recommendation is implemented all questions will be answered at the Control Desk and no document would have to be removed

* Additional person to staff, part-time	\$	8,426/yr	not impl.
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5. Signs with instructions

Materials		nominal cost
Cost of time to create signs, 2 hrs		

6. System of sign in/out

Memo implementing new system		nominal cost
Materials (notebook, forms)		nominal cost

Enforcement, 1/2 hr/wk by a Supervisor \$18.06/hr.	\$	470/yr	not impl.
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7. Structural reorganization of Control Desk area

This would require the physical rebuilding of the area to limit access.

Materials	\$	2,500	In Process
Labor	\$	2,500	No date set

8. Feasibility study of word processing for Control Desk

Analyst, 2 hours	\$	46	impl.
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Quality Circle meetings		
57 meetings, \$106.76 each	\$	6,085

TOTAL ONE TIME COSTS	\$	17,343
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TOTAL ONGOING COSTS, PER YEAR	\$	9,835
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COST/BENEFIT ANALYSIS

PROBABLE CASE

PURCHASING -- Q.C.X. -- RAPID BUYING

Assumptions:

1. No additional part time staff (at a cost of \$8426 annually) will be hired. Consequently 75% of the problem will be solved.
2. Computerization (by the end of 1985) will cut the problem, and resulting benefits, in half.
3. The recommendations for solving the problem will have a useful life of five years.

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$ 17,343		
1		\$ 3,879	\$ 3,879
2		\$ 3,729	\$ 7,609
3		\$ 3,584	\$ 11,194
4		\$ 1,724	\$ 12,917
5		\$ 1,657	\$ 14,574

C/B RATIO = 1.19
INTERNAL RATE OF RETURN = 6.44%

WORST CASE

QC X PURCHASING - The annual costs of solving the problem with all the circle's recommendations are greater than the annual cost of the problem itself.

PROBABLE CASES continued

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$ 17,343		
1		-\$ 4,289	-\$ 4,289
2		-\$ 4,124	-\$ 8,413
3		-\$ 3,963	-\$ 12,376
4		-\$ 1,906	-\$ 14,282
5		-\$ 1,832	-\$ 16,114

TOTAL COST: \$33,457
NO BENEFITS

BEST CASE

PURCHASING -- QC X -- RAPID BUYING

Assumption: All benefits can be realized without additional part time staff (\$8,426 annually).

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$ 17,343		
1		\$ 5,173	\$ 5,173
2		\$ 4,974	\$ 10,147
3		\$ 4,780	\$ 14,927
4		\$ 2,299	\$ 17,226
5		\$ 2,210	\$ 19,436

C/B RATIO = .89

"THE ACHIEVERS": PURCHASING SURFACE BUYING

PROBLEM: Misfiled Purchase Order Cards

COST OF PROBLEM: Eight buyers each find 2 cards missing per week, requiring 10 minutes to locate each one.

$$\$14.62 \times 6 = \$2.44 \text{ per card} \times 2 = \$4.88 \text{ per week} \times 8 = \$39.04 \times 52 =$$

BENEFIT OF SOLVING PROBLEM = TOTAL COST, PER YEAR \$ 2,030

COST TO SOLVE PROBLEM ACCORDING TO RECOMMENDATIONS:

1.	Create new standard operating procedures on the use of P. O. cards. To be written by Standards & Procedures Division, 2 days @ 23.00/hr	\$ 322	
	Printing 20 pages @ .03, 150 copies	\$ 90	
	Typing, 7 hrs @ \$9.26/hr	\$ 65	not impl.
<hr/>			
2.	Create a dead file for historical information to reduce overcrowding of files. New filing cabinet Purging of files to eliminate old P. O. cards, total of 15,000 cards, 250 per day can be sorted requiring 60 days 420 hours Office Associate \$12.11/hr. x 420 =	\$ 300 \$ 5,086	 not impl.
<hr/>			
3.	Directive issued to return P. O. cards promptly. To prepare memo, 1/2 hour Director \$35.70/hr. and 1/2 hour Typist \$12.10/hr.	\$ 24	impl.
<hr/>			
4.	Create a new position, at P. O. file desk to * maintain P. O. cards Office Aide I	PER YEAR \$ 16,853	not impl.
<hr/>			
5.	Centralize P. O. files rearrange furniture -- 1 hour, 3 Building Services Staff	\$ 40	not impl.
<hr/>			
6.	Institute a new "out card" procedure Responsibility for filling out card would rest with P. O. file desk clerk. Printing of "out cards", typing and 5000 copies	nominal cost \$ 156	 not impl.

The Achievers, continued

7.	Directive issued on correct stapling measures	nominal cost	not impl.
8.	P. O. Cards should be created for Rapid stock		
*	items. 25,000 items, 5 minutes for each on an ongoing basis by clerks. 2083 hrs x \$9.26 =	\$ 19,289	not impl.
	QUALITY CIRCLE meetings		
	49 ,meetings. \$140.11 each	\$ 6,865	
	TOTAL ONE-TIME COSTS	\$ 32,237	
	TOTAL ONGOING COSTS, PER YEAR	\$ 16,853	

COST/BENEFIT ANALYSIS

PROBABLE CASE

PURCHASING -- THE ACHIEVERS -- SURFACE BUYING

Assumptions:

1. The problem will be eliminated with computerization by the end of 1985.
2. The recommendations for the duplication of Rapid P. O. cards (\$19,289) and the new office aide position (\$16,853 annually) will not be implemented. Consequently half of the problem will be solved.

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$ 21,948		
1		\$ 976	\$ 976
2		\$ 939	\$ 1,915
3		\$ 902	\$ 2,817

C/B RATIO = 7.79
IRR = -58.92%

WORST CASE

THE ACHIEVERS

The annual costs of solving the problem according to circle recommendations are greater than the annual cost of the problem itself.

WORST CASE THE ACHIEVERS continued

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$ 32,237		
1		-\$ 14,260	-\$ 14,260
2		-\$ 13,711	-\$ 27,971
3		-\$ 13,178	-\$ 41,149

TOTAL COST \$73,386
NO BENEFITS

BEST CASE

PURCHASING -- THE ACHIEVERS -- SURFACE BUYING

Assumption:

1. All benefits can be derived without the duplication of Rapid P. O. cards (\$19,289) and without an additional office aide (\$16,853 annually).

YEAR	COST	BENEFIT	CUMULATIVE BENEFIT
0	\$ 12,948		
1		\$ 1,953	\$ 1,953
2		\$ 1,878	\$ 3,831
3		\$ 1,805	\$ 5,636

C/B RATIO = 2.3

TOTAL COSTS AND BENEFITS FOR THE FOUR CIRCLES - PROBABLE SITUATIONS

COST \$181,047
BENEFIT: \$546,676

C/B RATIO = .33

IRR = 62.18%

FOUR CIRCLES COMBINED - WORST CASES

COST: \$349,474
BENEFITS: \$519,235

C/B RATIO = .67

NOTE: All benefits were derived from SR 1. The other three circles had no net benefits.

TOTAL COST AND BENEFITS, FOUR CIRCLES COMBINED. BEST CASES.

COST: \$172,047
BENEFITS: \$568,190

C/B RATIO: .30

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