

## CHAPTER 9

# NEW INDUSTRIAL RELATIONS AND INDUSTRIAL JUSTICE

### I.

W.J. USERY, JR.\*

It is indeed a pleasure to be with you this morning. Having been involved in labor relations as a union official, a government official, and a consultant for over 40 years, I, like most of you, have witnessed the dramatic changes—some good and some not so good—which have evolved in collective bargaining and dispute resolution. And like you, I have observed the recent changes in world politics, with one eye on their impact on the global market, and with the other on our country's position in the world market. That is why I was eager to accept Herb Fishgold's invitation to participate in this session on The New Industrial Relations and Industrial Justice.

We are in the second year of a new decade, but the nineties represent something more. We will awaken sometime in the 1990s and find the world a vastly different place. The integration of Europe, the development of the Mainland China/Hong Kong trading system, and the continued expansion of Japan will place us (and possibly our Canadian and Mexican neighbors) in competition with several large economic power blocs. In a very real sense, the world will still need the United States, but not as much, or in the same way, as it used to.

Evidence of this economic power shift is already abundantly clear. Of the ten largest banks in the world, eight are now Japanese. The United States is still home to the largest companies in the world, but only if profits are used as a yardstick. When sales are used, Japan is clearly in the lead. As technology continues to advance, markets worldwide will become more

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intertwined, with communications of prices and other information occurring almost instantaneously, and we must change accordingly. As a wise man once said, "The world tolerates conceit from those who are successful, but not from anybody else."

What can be done? One of the things we can do is encourage responsible, good faith collective bargaining. It is a proven instrument where there is some parity between the participants. But now we are seeing a change in industrial relations where conflict has become deadly. Collective bargaining failure can result in total victory over employee organizations or, worse, in the destruction of the company and the very source of employment.

The internationalization of finance, expanded world trade, and other factors have weakened the nature of collective bargaining, as we know it. In the United States the traditional view of collective bargaining was that the economic (and occasionally political) pressures on the parties led to an agreement. There was an incentive to work things out and get back to business. What has worked reasonably well should be continued. In our manufacturing sector, however, there is an unfortunate tendency to "call it quits," to shut down and move on, rather than attempt to find a joint solution. In some ways, this is the result of both parties' being reluctant or lacking the imagination to try new techniques, such as work organization restructuring, employee consultation, incentive wage packages, or joint planning. This lack of imagination is a luxury we can no longer afford. The time has come to move on. The stakes now are not only the size of the wage and benefit package but the survival of domestic employment and, by extension, the preservation of the huge U.S. market for goods and services. In a global market with growing international competition, labor and management must rise to the challenge. With the growth in the global economy, which can mean so much for so many, we have to consider the special labor relations issues emerging in the new marketplace.

Having had the opportunity to advise and assist several foreign corporations entering the U.S. market, certain cautions are in order. The advice foreign employers often receive about dealing with American unions can be very expensive and simply wrong. Many times they conclude that there are only two choices: to fight like hell to keep unions out, or be hamstrung if

you have to deal with them. This is a perfect example of the type of reactionary mentality that plagued much of American management in the past. I feel fortunate to be on the panel today with two gentlemen who have proven such advice to be misguided. They will be discussing their own experiences in detail in a few moments.

To their credit, foreign owned corporations have made solid allies of the American consumer, by providing us with a wide variety of high quality consumer goods at reasonable prices. By the same token, those corporations should extend that same kind of good will to the ultimate consumer of their products, the American worker. This seems especially appropriate when their own domestic laws compel them to do so when they operate on their own soil. What I am advocating here is the acceptance of American workers as partners.

Let me briefly describe how cooperation has worked from an example in which I was personally involved. It involved a joint Japanese-American venture, and makes a good case study for positive action in an international context.

The GM assembly plant in Fremont, California was built in 1963 and at one time produced over 300,000 cars annually with a work force of over 6,500. However, by 1982 it was closed, an unprofitable plant with a history of terrible labor relations. I will spare you the pathology of how it got to be in such bad shape, but confrontational attitudes and insecurity, as previously discussed, were major factors.

I was approached by Toyota in early 1983 and was asked to assist them and General Motors (GM) in their effort to create a joint venture at the then-closed Fremont plant. The Japanese initially wanted to operate nonunion. My first task was to convince them this would be impossible. Eventually Toyota agreed, realizing that working with the union would actually be in their own best interests. Although it was initially difficult to sway the Japanese, they agreed to work with the union in good faith only if I could enlist from the union a commitment that (1) their relationship be based on mutual trust and respect, and (2) their relationship be sufficiently flexible so as to allow the introduction of Toyota production methods through a team effort.

As you can well imagine, there were strong initial doubts and suspicions on both sides. In large part this was due, first, to the way in which GM had conducted its labor relations at the plant, and second, to the perceptions and stereotypical ways in which

each viewed the other's industrial and labor relations practices. However, both parties committed themselves to reaching a reasonable solution. Together we were able to overcome these obstacles, and in the spirit of mutual trust and respect, GM, Toyota, and the UAW entered into a letter of intent, which paved the way for the opening of New United Motor Manufacturing, Inc. (NUMMI). The letter of intent led to advance recognition of the UAW as the collective bargaining representative and, eventually, to a formal collective bargaining agreement.

There were numerous complexities in the NUMMI agreement, but the essentials were the acceptance of the union, an elimination of virtually all work rules and job classifications, and the adoption of the Toyota production system. (All of this was based on a new, solid foundation of mutual trust, rather than a more commonly acceptable foundation of mistrust.) Allow me to quote from the first page of the letter of intent:

Both parties are undertaking this new proposed relationship with the full intent of fostering an innovative labor relations structure, minimizing the traditional adversarial roles, and emphasizing mutual trust and good faith. Indeed, both parties recognize this as essential in order to facilitate the efficient production of a quality automobile at the lowest possible cost to the consumer while at the same time providing much needed jobs at fair wages and benefits for American workers.

I am pleased to say that we met and surpassed all the objectives embodied in the letter of intent. The Fremont plant achieved a productivity level rivaling that of the parent Japanese company, but my friend, Bill Childs, will tell you more about that and how it is today.

Our success at NUMMI, while not a miracle, comes very close to being one when compared to other auto plants and what was going on at the time. The NUMMI plant, like everything else in the auto industry, is at the mercy of a highly competitive market. For me, what NUMMI achieved came about because the agreement had unqualified good faith support at the highest management and union levels. These people took a chance and they were guided by a common vision. The flexibility demonstrated by both sides was outstanding. For example, in commenting on the agreement and especially on the job classification reform the UAW magazine *Solidarity* said the following:

If the lone job classification is a concession to Toyota, it is even more a concession to the age-old thirst of American workers for creativity, flexibility, and a degree of job control.

In NUMMI we did not deal only with the "labor problem" or "the human relations side." The NUMMI agreement was much more than that because it laid the groundwork for further, more ambitious efforts. In fact, Roger Smith, then chairman of General Motors, told me in a later conversation that if it had not been for the success of the NUMMI experiment, GM would not have gone ahead with the Saturn project.

As I close, I want to emphasize once again what we must do to foster the growth and development of a strong labor relations strategy. If we are successful, this approach will bring us the productivity and quality essential to be competitive in the industrial system of the next century. Labor and management must treat each other with mutual trust and respect. Distinguished neutrals and highly respected individuals such as yourselves have a great opportunity to play a key role in helping to educate and promote this kind of relationship. Meetings of this kind, which allow a free and candid exchange of thought, experience, and ideas, can go a long way to helping achieve what should be viewed as a common goal. I believe I can assure you it will be a plus for you and your profession, and I am absolutely sure that it will be best for America.

## II. THE NUMMI EXPERIENCE: A MANAGEMENT VIEWPOINT

WILLIAM CHILDS\*

I'm going to cover a small segment of our very broad title: what it means to us at New United Motors (NUMMI). What is industrial justice? We call it dispute resolution. Dispute resolution at NUMMI has made a revolutionary change from what existed when General Motors had that plant. They operated the facility in Fremont from 1962 to 1982. They had tremendous

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problems in that plant: absenteeism in the neighborhood of 20 percent on a daily basis, Mondays and Fridays about 45 percent. (They had to hire a work force from local colleges strictly for Mondays and Fridays—there was very little ownership on those jobs.) You could buy alcohol and sex in the plant. It was literally an operation without controls. Naturally, quality took a back seat. You would never want to buy a car made on Monday or Friday.

They had approximately 6,000 to 8,000 grievances operative at any given time during the last ten years of that plant. You may have heard that only about five grievances went to arbitration in any year, but you probably didn't hear that when there was a threatened strike over work standards, General Motors would settle by giving money. The union literally would dictate who would receive the settlements to wipe out the grievances. That was not a good system.

Today we have approximately 30 grievances in the system at any one time; we have about 60 grievances filed in any year. In other words, 1½ grievances are written every two months by a union committeeman who is full time, versus what existed in the past.

It's important to remember that these are the same committeemen who were in that plant from 1962 to 1982. We have revolutionized the dispute-resolution procedure at NUMMI. Of those 60 complaints filed each year about 30 percent are for disciplinary terminations, another 20 percent for written corrective notices. The latter are not technically legitimate grievances within our system since anything less than a suspension or discharge is not subject to the grievance procedure. However, if we do get into arbitration, we have to open up all the past discipline we have given. So in order to sustain a case in arbitration, we have to make sure that the procedure has been diligently followed.

At NUMMI we have three different dispute-resolution procedures: We have one that addresses the normal day-to-day activities, the regular grievance process, called the problem-resolution procedure. We have another procedure that addresses work standards, and another that addresses safety issues. You are probably aware that in the auto industry, comprised of the "Big Three," a strike can occur during the life of the contract if there is a dispute over work standards or over

safety. In our labor agreement that's not possible. We have established a procedure to handle those items.

### **Grievance Procedure**

Just briefly, the regular procedure we have to handle employee complaints is very similar to that in most labor contracts. First, if employees have a problem, they try to resolve it with the team leader (who is a union member) and the other team members. They try to work it out among themselves. If that can't be done, it goes to the group leader, which is the first level of supervision. At that point if it isn't worked out, it goes to the union coordinator. If there is a settlement at this level, there is no precedent-setting value on that item. There are time limits for processing to the second step. If not resolved, the union committee representative is called in, who is paid full-time to administer the labor contract for the UAW. At that point, the grievance is put in writing for the first time.

Specific requirements are in the labor contract about what a written grievance has to contain: the nature of the problem, the facts, the date of occurrence, contract provision violated, remedy requested. It has to be signed by the affected employee and/or the union. There has to be a second-step answer within seven days. The second step is the joint labor-management committee, made up of the chairman of the shop committee, the vice president for human resources, the manager of labor relations, general manager of the related department, the president of the local union, and an international representative of the union. We sit down and try to resolve the issue, but if we can't resolve it, it goes to arbitration.

While this is a normal procedure, there are some key points that set it apart from the norm:

1. There is a genuine attempt to resolve the grievance at the lowest level possible, between the group leader and the employees. Whenever employees have a complaint and they want to discuss it with the group leader and team members, we will pay for overtime to have that complaint worked out. That is a key point in our system.

2. Employees have to use a problem-solving technique. We've trained all our employees in problem solving, namely, to get down to the root problem, to discuss all the alternatives to solve the problem, and to put the solution into effect. This training is

emphasized particularly at our team-leader and group-leader levels.

3. There is joint factfinding. The union doesn't go out and do factfinding separately from that of the company. The facts have to be presented jointly from labor and company representatives and have to be signed off. Therefore, you have a statement of fact that is not contested. As most of you know, if you can agree on the factual situation of a dispute, it is more likely a settlement will result.

In summary, we have three key points that are much different from the normal grievance procedure: (1) requiring joint factfinding, (2) using problem-solving techniques to resolve the dispute, and (3) attempting to resolve it at the lowest possible level. The union and company representatives feel that, if the dispute is not solved at the lowest level, they are not doing their job properly. So we have incentive to get these disputes resolved very quickly.

### **Work Standards**

The second issue I'd like to talk about is work standards. Within the auto industry, work standards are primarily established by industrial engineers. The Fremont plant had about 85 industrial engineers to put in work standards. As soon as they went in, there was a dispute. Whether that was right or wrong, there was an argument. There was always an attempt to lessen the amount of work that had to be done in any period of time.

In our plant the work standards are established by the group leader with the overall responsibility, along with the team leader and the team members. They personally do the work-standards computation. All of them are trained in the use of the stop watch and the development of work standards. If there is a work-standard dispute, employees have to get together and resolve it. Management (the group leader) has the final authorization to set the rate; however, if employees cannot do the job in the allowed time, they are permitted to pull the cord and stop that line. They can do that for a productivity problem, for an efficiency problem, for a safety problem, for a quality problem, or if they make an error, so that they don't pass on a defective product to the next process and ultimately to the customer. Thus, even though management sets the work standards, the employee can still stop that line. The development of the work standards, however, uses

the team members and the team leaders, who are all union people.

A couple of things have happened on this work-standard issue. A group came to me when a new line was going in and asked if the company would send out somebody to set the work standards since they were in disagreement. I said, "Yes, we can set the work standards, but that's not our job; that's your job." They countered that they couldn't get an agreement with their second shift counterparts. So I told them that we would set into place machinery so they and the second shift could sit down and discuss the work standards. We did that, and in a couple of weeks they resolved their dispute and set the work standards.

Another situation arose. General Motors' people came in to see how we set work standards. They said: "We're going to adopt your system of setting work standards, shooting for 80 percent of normal." I told them that they would still be way behind at 80 percent since nobody sets their sights on 80 percent of normal. I said, "You'll argue with the union about whether it's 81 or 79 percent. So you get right back into the same disputes as in the past." I asked, "Why not rely on your people to set the standards? The only criterion should be that when you set a standard you should try to improve it."

Our people work about 55 to 56 seconds out of every minute. General Motors people work in the neighborhood of 40 seconds out of every minute. We have relied on our people to help us to establish the work standards of that plant, and they have responded overwhelmingly to increase efficiency to a level that is unmatched in the United States because we trusted them to do the right thing. We also trusted them to pull that cord if there's a quality problem.

Our safety dispute-resolution system is very similar to that for work standards. We have a philosophy that underlies all our dispute resolution:

1. We have a clear understanding of published work rules. All team members know what's expected of them. This is true for every team leader and every group leader as well. So we have a clear, concise publication of work rules.

2. We make sure there is equal treatment of all employees. We've had some arbitrations over discharge, but the union has

yet to point out any discrepancy, any type of unequal treatment among people. We have a system to make that happen; we treat everybody alike.

3. We make sure that we get a clear understanding of facts and get to the crux of the problem. Agreeing on the facts is important to dispute resolution. We have open discussion with our people to try to resolve the issues. It's not who's right, but what's right. We have grievances in the system that shouldn't be there, but we don't argue about that. And we don't argue about time limits even though we have them spelled out in the contract. We don't argue about whether the dispute should be settled on that ground. We settle the dispute based on what the problem is as opposed to time limits. In other words, we don't allow any disputes over arbitrability. If there's a complaint, we try to resolve it in the best possible way. That's what accounts for our success in bringing industrial justice to employees at NUMMI.

### III. THE SATURN EXPERIENCE: A UNION VIEWPOINT

MICHAEL E. BENNETT\*

Let me first say how pleased I am to be here and to have this opportunity to share with you the exciting things that are going on in labor-management relations at Saturn and with the United Auto Workers (UAW). In listening to the presentations this morning on the future of arbitration as well as the comments of my fellow panelists, Bill Usery and Bill Childs, I could not help but be struck by the four concepts that leaped to the forefront of my mind. These concepts take the form of four words that obviously have new meaning and importance in today's context: (1) management, (2) authority, (3) structure, and (4) conflict.

As Usery explained, there are great economic forces at work in the form of global competition that are playing out new relationships between labor and management. Management, for me, has new meaning and new importance. Under the umbrella of the General Motors (GM) and UAW partnership, the Saturn

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Corporation was created to explore new labor-management concepts and in the process manage conflict in quite a different way.

The philosophy and principles set down in the old GM-UAW contract established management as a position of authority rather than a practice that both labor and management could participate in. At Saturn management is no longer perceived as a position of power with exclusive, unilateral authority to organize work. Under Frederick Taylor's model<sup>1</sup> the organization of work was divided between the thinking and planning aspect and the task-performing function, thus establishing our autocratic decision-making structures that we have been faced with over the last 100 years. This gave rise to the adversarial system we have come to know but not necessarily appreciate. In my presentation today, I hope to explain a model that lays aside many of the parameters associated with Taylor's system.

However, let me take a few minutes to comment on the topic, New Industrial Relations and Industrial Justice and to share with you some thoughts on this subject that Walter P. Reuther, President of the UAW (1946–1971), enunciated in a speech to the Detroit Economic Club (DEC) in February 1963. The invitation to Reuther asked him to speak on the subject, "Labor-Management Relations—Responsibilities, Problems and Opportunities Ahead." In that speech Reuther made reference to another speech he had made to Japanese business students at a university in Tokyo. Japanese students had asked him to comment on four issues: (1) war and peace and the nuclear policy of the United States; (2) racial discrimination and what the U.S. would do about it; (3) the John Birch society and its long-term influence on American society; and (4) America's approach to automation, its continued acceptance of high levels of unemployment, and the conflict created in the pursuit of these two policies. Reuther concentrated his remarks on the last question. He agreed that the students had identified America's central long-term problem when they aggressively questioned our ability to find a workable resolution of these conflicting policies within the framework of the decisionmaking processes in labor, management, and government. This is interesting considering that Japanese business students of 1963 would likely be the

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<sup>1</sup>Taylor, *The Principles of Scientific Management* (New York: Norton, 1967).

managers and CEOs of Japanese companies in the 70s and 80s who would take the lead in global competition.

Reuther told the DEC he believed labor-management relations could mature, develop, and be responsible only if they broadened their relationship. Only by working together could labor and management deal effectively and realistically with the broader problems of the enterprise, community, and the nation. He believed that labor-management relations has a responsibility to help this country free itself from the indifference and the complacency it faces to realize our great unused potential. We need to recognize our priorities and put first things first as we commit ourselves and our resources to the practical implementation and fulfillment of what are our true national priorities.

Labor-management relations must, Reuther said, conform to the basic needs of the whole country and total community. It must rest on sound philosophical principles. First, we must all commit to a common set of values, such as the essential worth and dignity of each individual. Within this framework of values labor and management have more in common than in conflict.

Second, labor-management relations must be based on the recognition that freedom is indivisible. We cannot have free management without free labor. In our free democratic society we get unity in diversity; other systems get unity by conformity. It is a kind of human symphony whereby we harmonize differences and draw from that harmony the special competence and special contribution of each group, making them compatible with the whole. This will be our source of genius in a free creative society. But freedom will not prevail over tyranny because it is morally sound, nor will it triumph because it is committed to basic human values. Freedom will, according to Reuther, prevail over injustice only as we mobilize the great unused potential of our free society. This means labor and management must find ways of dealing with unsolved problems that we collectively face together.

Labor and management are not going to be judged by what we have, but rather by what we do with what we have. It is not how great our material wealth is, but how we equate material wealth with human values. Similarly, it is important that we reflect technological progress in terms of human progress and the opportunity for human fulfillment. Reuther stated the following:

When we measure what we have done by what still needs to be done and the great resources we are wasting, we must conclude that we, as a nation, are not doing so well.

Idle workers and idle factories and the failure to achieve adequate economic growth has cost the American economy dearly. Our basic problem is that we have mastered the technique of creating abundance, but we have not mastered the technique of learning to share it.

This is not a matter of economic justice, it is a matter of economic necessity because the free system will not work unless we achieve a dynamic balance between our ability to create greater wealth and our ability to consume it. Only then, out of this dynamic balance, can we achieve real economic growth and expansion.

Collective bargaining today is not as simple as it was. It has taken on new dimensions and new responsibilities. Reuther added, "I believe it will meet those new responsibilities only if we work together to raise collective bargaining above the level of a struggle between competing, irreconcilable economic pressure groups."

The remarks of Reuther in 1963 continue to hold true today. Each of us at the bargaining table has separate responsibilities, but we need to keep in mind that labor and management have a joint duty to the whole community, which transcends our separate responsibilities. Reuther summed it up this way:

New problems will require new ideas, new approaches, and new concepts because we will not solve the problems of tomorrow with yesterday's tools. We need the moral courage in labor and management to explore new ideas and new concepts. We ought to judge new ideas by their substance and not their source so we can together find the answers to the next century's problems and realize America's great potential.

Reuther was talking about the creation of wealth, not wealth for the shareholder, or the business executive, or a chosen few, but real wealth created through the simple economic principle every business student learned in Economics 101: wealth flows naturally from the interdependent relationships between labor and management. This is the same basic principle the Japanese learned in the early 1950s and have applied so well, but one which the American business executive has forgotten and fails to comprehend even today. Labor, business, and government must return to the fundamental "economic necessity" Reuther spoke of in 1963.

The business enterprise is an invention that was created and is permitted to operate by society and within society. It is an orga-

nizational structure created for competition, whose purpose is to convert resource inputs to outputs economically and in the process to create wealth—wealth for the worker, for the stockholder, and for the nation. Failure to do so results in lower standards of living and quality of life for all of us. Over the last 25 years American management has failed to live up to those expectations. America's statistics since the early 1970s show the lowering of both the average annual family income and average hourly earnings. We have not done a good job of creating wealth for the lower 80 percent of the nation's population. The only wealth created in the United States has been for the top 20 percent. The nation continues to tolerate high levels of unemployment, which is the wasted unused potential Reuther spoke of. It's not that we should lower the income of the top 20 percent but that together we must find ways to turn the trend line of the bottom 80 percent.

In the American auto industry this unused potential has put us at a great disadvantage. The Japanese have taken basic business principles and have applied them well in their everyday activities so that incrementally over the last 40 years, they have moved ahead of us. A recent study by the Massachusetts Institute of Technology (MIT), titled *The Machine That Changed the World*, conclusively and clearly documents the competitive gap that exists between the American "just in case" system versus the Japanese "lean, just in time" system. In total product-development time from concept selection to product introduction, in total labor hours per car, in total assembly plant hours, and in product quality the Japanese have an advantage that translates into cost and market superiority. When we look at North American passenger car capacity, we see nearly a four million over-capacity production situation by 1993, not including the voluntary imports brought into the country. When we look at the results of this on General Motors alone, the impact on human suffering and wealth-creating enterprises is enormous. Today we no longer have the capacity to produce cars and trucks as a result of the 25 plant closings that have occurred. From this fact alone, you can understand the importance of the issue and the importance of holding American managers more accountable.

GM and the UAW came to the same conclusions in 1984 with the Saturn study team as the MIT study did in 1990. The two studies found that we, labor and management, have a choice. Fifty years of adversarialism has well established our willingness

and ability to fight. But the adversary role is one that does not necessarily get the work force and the enterprise to where they need to be for long term job security and the creation of wealth for all stakeholders. On the other hand, as a full partner in the business decisionmaking process, the relationship changes. The union, with a full voice in decisions, owns those decisions. This approach reconceptualizes the role of the union and managers, and raises the issue of responsibility and accountability for implementing those decisions. This approach redefines the role of managers. The necessity to share power and authority in the decisionmaking process provides for more accountability and responsibility for those decisions.

There is a structural difference between sharing decision-making through participation (where input is sought, but the manager ultimately makes the final decision) and decision-making by consensus (where both labor and management, as equals, make the decision and work toward a collaborative end). This latter approach tears at the traditional legal barriers that we have imposed on ourselves in a system that has outlived its usefulness to workers, management, and the nation. Saturn is an attempt to explore new ground, new ideas, and new approaches to labor-management relations. It is more than a car company.

We now know that in today's global economy the successful business enterprise requires certain key characteristics to be built into its structure and purpose. It must be flexible, responsive, innovative, quality focused, open, customer oriented, value driven, competitively aggressive, and it must continuously seek improvement. These features require complete structural reorganization. They also drive certain outcomes. Such an organization requires individual self-discipline when decisions are pushed down to the worker. It must be flatter, leaner, and it must produce better products at lower cost. Work must be organized to increase the workers' responsibilities for planning, scheduling, organizing, directing, and controlling their own work. These concepts generate team structures and performance-based pay systems, all of which have an impact on labor and management and the relationship between them. The conclusion can only be that change is inevitable.

The UAW-Saturn partnership addresses these issues by attempting to find solutions to the answers needed to unlock the potential within the enterprise. The 1985 Saturn-UAW Memorandum of Agreement is a living document with six basic princi-

ples to ensure that the union will not be co-opted in the decision-making process:

1. recognition of the stakes and equities of all major players in the organization,
2. full union participation in the decisionmaking process,
3. consensus decisionmaking,
4. distribution of appropriate organizational authority and decisionmaking with emphasis on the work unit,
5. free flow of all information, and
6. a clearly defined decisionmaking process.

The union and the managers at Saturn each have their individual roles. The union's duty of fair representation and the managers' responsibility to fiduciary oversight remain intact. The union's responsibility to represent the stakes and equities of the workers and the managers' responsibility for formal hiring and firing remain untouched. However, as Reuther pointed out, these responsibilities may be superceded by our collective responsibilities to society. Within these collective responsibilities Saturn and the UAW have identified our partnership arena. This framework is based on common objectives, common goals, and common principles. Our mission and philosophy have been clearly identified and agreed upon in the 1985 Memorandum of Agreement.

Within this framework Saturn and the UAW have given new meaning to the concept of republicanism within the enterprise since elected union officials are integrated into the strategic, tactical, and operational decisionmaking structure. By definition, partnerships provide for two separate entities committed to working in collaboration and to sharing equally in the risks and rewards of the business. The UAW and Saturn believe that their partnership will result in certain competitive advantages through combining our strengths, increasing ownership and buy-in to decisions, thus improving the caliber of decisions, improving our effectiveness, helping individuals develop and grow, adding value for the customer, and increasing trust.

As you might imagine, involving more people in more decisions increases conflict. However, conflict is managed in quite a different way at Saturn. In the old world, management made all the decisions and the union reacted to the decision. Management granted and the union grieved. At Saturn, the union still has the grievance structure and the right to strike, but we do not rely on these tools to resolve conflict. Instead, we use the consen-

sus decisionmaking process and its guidelines to make decisions together with our conflict-resolution model to resolve serious conflict.

This process ensures that the union will not be co-opted. Within these guidelines union members not only have the right to block a decision, but are obligated to block it if they are not 100 percent committed to implementation. When doing so, the blocker of a decision must provide a reasonable alternative to the original proposal. At Saturn the union is fully integrated throughout the decisionmaking structures of the business. Although managers are formally accountable for the operation of the enterprise, there is nothing in the law that precludes managers from sharing this responsibility informally or contractually. At Saturn we have established many processes that allow the union to participate as a full partner in the decisions of the business. There are too many processes and too little time to review all of them here.

Saturn and the UAW have launched into a bold and exciting challenge. UAW President Owen Bieber, in a speech given at the Bargaining Convention in Kansas City in 1990, called for a new model that would make Americans proud again—one that provides for American workers' involvement at all levels of decision-making and one that ultimately provides better products, better quality, better prices, and better working conditions. The call was issued in 1963 and again in 1990 for labor and management to lay aside their differences and get on with tapping unused human potential. We at Saturn have started on that journey and we hope that all America will soon follow.