

CHAPTER 12

DECISIONMAKING IN THE WORKPLACE OF THE FUTURE

I. INTRODUCTION

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“It was the best of times, it was the worst of times.” When Dickens wrote this phrase he was talking about two different places in the same time. I think our panel is going to be talking about the same place at different times—now and in the future. Almost without exception, speakers tend to emphasize and say that change is inevitable and the changes and challenges that are now before them are more formidable than ever before. I’m not going to challenge that concept because I think that rule applies here.

We’ve all read or heard about the changes that have occurred at the end of the last century and beginning of this century as a result of the great industrial revolution. It set the stage for business and industry as we came to know it; for the developing social conditions; for the attendant social programs; for labor unions’ growth, development, and structure; and for the structure and philosophy of present day management. At that time, the economic engine of our system was those basic industries that were so intensively organized. The western European immigrant ethic prevailed, business and unions we came to know flourished, and along with that, the collective bargaining and arbitration system that we are so comfortable with and so used to came into being. We were comfortable with that situation until the last 20 years.

In the past two decades, the technological information age revolution has come upon us, literally exploding. In fact, I think we jumped from an industrial based system right past a service industry economy to a high tech economic based system. While I believe that which preceded it certainly was great, I do believe the changes today are much greater than ever before and will present even

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greater challenges. For example, we are experiencing changes in values, changes in social conditions, changes in industry structure, changes in ownership, changes in financial base; and a realization that globalization of business and work is the rule rather than the exception. As a specific, I've noticed recently that Apple Computer, in interviewing new and prospective employees, doesn't talk about fringe benefit or retirement programs anymore because there is an assumption that these folks are not going to be with them very long. I also notice that computer companies want to become communications companies, banks want to become brokerage firms, insurance companies want to be brokerage firms, insurance companies want to become banks, and banks want to become the other two.

I recently learned that a company called People Soft, a computer software company on the west coast that designs human resource software programs for employers, is in the process of developing even more sophisticated programs with Hewlett-Packard and Texas Instruments. Concurrently, Hewlett-Packard and Texas Instruments are developing the same kind of relationship with a company named SAP, a German software company located in Heidelberg, Germany. The list could go on indefinitely.

It's against this kind of a backdrop that our panelists will approach the topic and direct it toward the decisionmaking framework and those situations we anticipate we will be confronting shortly.

II. WORKPLACE CHANGE AND STORMY WEATHER— THE CANADIAN EXPERIENCE

BASIL "BUZZ" HARGROVE*

I am privileged to be here with you today, and I am, I admit, a little cautious. Never before have I had to pitch a case to so many arbitrators—at least, not all at the same time.

My brief this afternoon was to discuss the future of decisionmaking in organizations. I will interpret that topic broadly because I think we need a clear sense of what is happening now before we can talk about the future.

I have organized my remarks around two points. The first is that our workplaces are not dramatically different from the context in

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which they function. This might seem obvious, and yet, when it comes to workplace change, it is precisely what we are asked to believe. We are told, over and over again, that managerial efforts to create the so-called new workplace will result in something decidedly *different* and *better*. We are told that the nature of work and jobs is changing, and that workplace relations are changing, and that in this transformation there is a strategic opportunity for win-win outcomes. Employers achieve productivity, efficiency, and flexibility and we, as workers, receive in turn more rewarding work and more democratic workplaces. The chorus of those cheerleading managerial efforts—be it academics, consultants, or government—is so loud and persistent that I feel like the kid who happened to point out that, not only was the emperor without new clothes, but he was actually naked. Our experience is quite different from what we are told. What I will argue today is at odds with the hastily constructed new conventional wisdom about the workplace. Contrary to so much that is being written about workplace change, our jobs and our workplaces in the closing years of this century are actually getting worse. What we see in broader social terms—efforts to undermine our social wage, cut actual wages, reduce our standard of living, erode universal rights and entitlements, and weaken progressive organizations—is reflected in our workplaces by insecure employment, contingent pay, flexible workers, intensified work, and efforts to weaken and compromise unions.

If my first point is to argue that what happens in our workplaces is a reflection of broader, political-economic developments, then the second point is to turn that around. In different historical periods what happens in the workplace takes on greater significance than the relationship between the workplace parties themselves. At times, what happens in the workplace, and more particularly, what happens in labor-management negotiations, ends up influencing society more generally. No doubt, my thoughts are affected by the upcoming round of Big Three bargaining, but that is not the reason I make the point.

Certain periods stand out. In the 1930s, for example, the conflicts over unionization were not just narrow economic struggles in the workplace. Instead, they were a response to a new era of industrial organization and a powerful force about the need to regulate economic life. It would be possible to make a similar case for the role of the post-war labour-management productivity coalition in shaping consumerism, or the blue-collar blues and the workplace militancy of the 1960s role in deepening the welfare

state, broadening universal programs, and strengthening the social wage. I think we are once again at a time when what happens in the workplace will have broad social consequences. The question today is whether we will simply adjust at the level of the workplace to a growing corporate arrogance and an era of competitive austerity or will we actually challenge those developments and, in so doing, help shape a different future.

Let me go back to the first point. The number of managerial workplace initiatives is legion: lean production, total quality management (TQM), synchronous manufacturing, cycle time management, socio-technical systems, re-engineered organizations, reinvented government, and on and on. For some the starting point is with new production techniques; for others it is a hyped-up psychomanagerial populism. However, they are all focused on changing production methods, work practices, and management's flexibility in the workplace. The goal is to achieve what is called "world class" status.

Despite the popularity of the programs or the enthusiasm with which they are promoted, the underlying analysis that supports them is in error on two accounts. The analysis is incorrect in, first, suggesting that there is a win-win situation for workers and employers, and, second, in terms of the reasons offered to explain the superiority of "world class" performers.

The win-win approach to workplace change characterizes us as highly skilled problem solvers working in teams with more responsibility and authority, less supervision, in an empowered, involved, and technologically sophisticated work environment. This is not the case. The changes that are taking place are not providing workers with more training. They are not increasing general skill levels. They are not giving workers more control over our jobs. They are not creating more interesting work. They are not improving the quality of our work life.

We know this from our day-to-day experience in the workplace. But we do not stop there. In the Canadian Automobile Workers (CAW) union we have just completed one of the most intensive working conditions benchmarking study ever undertaken. In the first two rounds of the study, we concentrated on the auto industry, both the independent parts sector as well as Ford, Chrysler, General Motors, and CAMI. We have surveyed more than 7,000 workers with an instrument that asks more than 45 questions about workload, health, shop floor relations, and how these have changed.

The results are overwhelming—and they are troubling. Workers are insecure. Too many report that they are working in awkward positions and in pain for much of the time. They are working too fast and too hard with not enough time or people to do the work. They are tired and tense. They often have little energy for their families. And they doubt whether they can keep up the pace of their work until they are age 60, never mind 65. Instead of improvements, our members report a deterioration in conditions. Perhaps most important for our understanding of workplace change, the responses are the most negative in those workplaces where management has been the most successful in implementing its agenda.

These are not developments in corporate hard times. This is the shape of work in corporate good times. These are working conditions at a time when productivity and profit numbers are up, when the exchange rate favours producers, when shipments are growing, when corporate taxes are moderate, and when governments are cutting and slashing spending and programs in the name of the deficit. And yet this is the time when too many workers are pushed beyond their reasonable limits day after day. Having early 20th century jobs in 21st century workplaces is not what we consider a win-win situation.

There has been a subtle but significant shift in explanations to account for the differences in productivity and quality between so-called “world class” and other workplaces. Initially, the explanation offered was the existence of work teams and what has been described as “empowered operators.” More recently, the explanation is the new human resource management (HRM) strategies. Let me briefly track these explanations. Probably the most prominent among them is the Massachusetts Institute of Technology (MIT) analysis (on which the book, *The Machine That Changed the World*,¹ is based), which reported on the first round of the multicountry, multicompany, multimillion dollar International Motor Vehicle Program (IMVP). The conclusion of the study was unequivocal. It boldly asserted that at the heart of lean production was the dynamic work team and the empowered operator. The CAW was skeptical. In fact we were very critical of such superficial explanations. We also questioned whether what the researchers had found in “world class” firms were actually work teams or, for that matter, empowered operators.

¹Womack, Jones & Roos, *The Machine That Changed the World* (Macmillan Publishing 1990).

Enough evidence has now accumulated from both those who support the MIT analysis and those who were critical of it to conclude that it was wrong in its claims about team-based workplaces. In the second round of the IMVP study, the current one, there is a shift from an explanation centered on the role of the team and empowered operator to one that holds up the new HRM as a central factor. But again there are serious flaws in the argument. Although HRM is a broader, if vaguer, concept involving everything from the number of suggestions per employee to job rotation and contingent pay, it is still unsatisfactory as an explanation.

One of the problems is that productivity and quality numbers do not necessarily coincide with rankings on a HRM scale. The point is clear in the case of Canada. In Canada, various reports and studies have indicated that there has been a slower diffusion of the HRM model, and yet our quality and productivity growth has been substantial, and our actual productivity and quality rankings are higher than in jurisdictions in which there has been greater adoption of HRM practices. So I think it is wrong to establish a causal link between HRM practices and so-called “world class” status. The differences between “world class” companies and other companies are not found in developments such as teams, suggestion programs, small group improvement activities, multiskilling, and the like. Instead, we should be looking for differences in production factors such as capacity utilization, in managerial strategies such as outsourcing, in technical developments such as design for assembly (simple designs, fewer parts, quick assemblies), and in labour process terms, work intensification—tight work cycles, long hours, regimented work practices, and significant managerial flexibility to use labour as it sees fit.

Why is there such a gulf between those who promote the current models of work reorganization and those who resist them? What accounts for the considerable differences in perspective and analysis? Part of the problem, I believe, is that those who promote work reorganization do not very often ask workers about their conditions of work; when they do ask workers questions directly, they are often the wrong ones. Another part of the problem, I think, is the language of workplace change. It is so confusing that it means something completely different than what it seems to mean. Employers, for example, use the phrase “working smarter” when they actually mean “working harder.” Similarly, “team work” ends up to mean “peer pressure” and “short staffing”; “multiskilling” means multitasking; “eliminating waste” means going after work-

ers' time; "continuous improvement" means speeding-up and cutting jobs, and "consensus" means agreeing with management. Employee empowerment means helping management achieve its objectives, and union input means becoming a junior partner in the workplace whose chief role is selling the managerial view of the world to our membership.

But more important, we should be asking whether—in all the talk about workplace change, world class or whatever—there aren't two unacceptable tradeoffs being offered between a narrow definition of efficiency and a broader view of sustainable production and between a narrow view of managerial flexibility and a broader view of worker well being.

Another part of the problem is ideology—and this will take me to the second point I discussed earlier. If you judge companies by their actions, there is not a lot of ambiguity in their objectives. Companies layoff workers in bad times, and they downsize in good times. They cut jobs when profits are down and reduce staff when profits are up. Similarly, judging by policy initiatives, governments have a relatively clear program (even if the perspective is clouded by words and phrases as imprecise and misleading as those we find in the workplace). So the confusion is elsewhere. It is a confusion that stems from a considerable investment—analytic, intellectual, social, and political—in promoting a model of competition that simply does not exist.

In an era of intensified global competition, the signing of free trade deals, unregulated and lightning-quick capital mobility, and disruptive economic restructuring, there was a hoped-for social compromise, a deal between labour and capital—a competitive coalition—that would be capable of fueling an economic or, more accurately, a competitive resurgence. This model of "progressive competitiveness" argues that countries can compete on the basis of skill, technology, and responsiveness. It suggests that training would drive the economy and propel a value-added economic restructuring. As companies moved to higher value-added products, the rate of technological change and effectiveness would increase and so would wages and skills. This high skill/high wage restructuring would be achieved with the transition from jobs with obsolete skills to jobs with new skills in emerging sectors and more involvement and cooperation in the workplace. Public policy, in this scheme of things, would focus on training and human resource strategies as well as on technological development, acquisition, and implementation.

Even when its features were only rudimentarily defined, the underlying logic had already shifted. What we have had is the language of progressive competitiveness masking a model more coercive and more disruptive and that has been appropriately termed "competitive austerity." Essentially this is a model that dramatically reduces employment security, increases managerial discretion, weakens union bargaining leverage, and intensifies work. It is a model where market fundamentalists celebrate the dismantling of social programs, where public policy panders to those with power and wealth, and where public is a disease and private is the cure, all the while arguing that our countries will emerge stronger and richer for it. In "competitive austerity" the goal is clearly not one of partnership or win-win outcomes but of rolling back workers' gains. The objectives are to erode workers' rights and living standards and, perhaps more important for the longer term, to undermine the foundation of effective resistance by challenging the legislative base, workplace strength, and public legitimacy of unions. Or more in keeping with the language of the times, these objectives aim "to promote greater flexibility in the functioning of external and internal labour markets."

Some recent developments in Ontario, the province in which you are meeting, are illustrative of a broader set of international changes. Last June, the Conservative party was elected with a majority of the seats in the Legislative Assembly. From the start it has taken the radical right's prescription for government of "moving fast and not flinching" to heart. In just one year it has revised the Labour Relations Act, changed the criteria for arbitrated awards in the public sector, closed down the bipartite health and safety agency, cut injured workers' benefits, drafted punitive changes to the workers' compensation system, and fired the labour directors on the board. It has gutted the Ministry of Labour's inspection and enforcement operations, slashed the wage protection fund for workers owed money when their workplaces close, scrapped employment equity laws, announced massive layoffs of public sector workers, eliminated successor rights for public sector workers and specified service workers (cleaning services), and recently announced sweeping changes to the Employment Standards Act. It has also given billions to the wealthy in tax cuts, frozen the minimum wage, and punished the poor for not having any money.

The government has dramatically, and with Draconian dispatch, rewritten the constitution of the workplace. They have attempted

to weaken unions, limit individual worker rights, and shift power to employers. They have done so while using the language of democratization and of strengthening individual rights. In the Labour Relations Act, the government excluded certain workers from representation and decertified agricultural workers. It made it more difficult for unions to organize while making it easier to decertify. It eliminated the protections against the use of scabs, placed time restrictions on strike votes, eliminated the duty to bargain over an adjustment plan in the event of a closure, rescinded the reinstatement procedures after a strike or lockout, and eliminated compulsory arbitration on first contracts. In addition to other specific measures, it changed the purpose clause of the Act. Previously the emphasis was to ensure that workers could freely exercise the right to organize, to enhance the ability of employees to negotiate terms and conditions of employment, and to ensure effective, fair, and expeditious methods of dispute resolution. Now the emphasis has shifted to recognize the importance of workplace parties adapting to change, to promote flexibility, productivity, and employee involvement, to recognize the importance of economic growth, and to promote the expeditious resolution of workplace disputes.

In the current round of changes to the Employment Standards Act, the government, under the guise of getting rid of red tape, is rewriting the rules on overtime—how many hours an employee works before becoming eligible for overtime, how overtime is calculated and scheduled. It is changing the rules for vacation entitlements—how many weeks a worker earns per year and which statutory holidays must be awarded. And, in the name of “self-reliance” and “adjusting to the times,” there are provisions that would, among other things, require unionized employees to deal with alleged violations of labour laws through the grievance procedure.

Although I have drawn these specifics from Ontario, the situation is not unique to Ontario or to Canada. I could have talked about the development of individual contracts in New Zealand, the continued assault on trade union rights in the United Kingdom, the increasing strength of the anti-worker U.S. south, the attack on labour rights in Australia, the fragmentation of centralized bargaining in Sweden, the challenge to German unions, the Organization for Economic Co-operation and Development (OECD)

recommendation to deregulate the labour market in support of a low-wage strategy for job creation, and on and on.

What is in particularly sharp relief in Ontario is part of a general international pattern of stronger corporations, weaker unions, and state policies that encourage flexibility, all of which in turn reinforces the downward pressure on workers and their organizations.

In earlier periods, workers and unions were influenced through changes in public policy and social programs. Today, it is more of a direct attack on unions. In the last decade or so we have seen a dramatic and purposeful shift in the balance of power from democratic institutions to multinational corporations. The North American Free Trade Agreement (NAFTA) is one example. Now those weakened democratic institutions are being used to further shift the balance in the workplace from workers' rights to employer rights, from union strength to corporate power.

Last July, *Business Week* ran a cover story expressing concern about potential economic damage in the event a weak labour movement was unable to maintain the purchasing power the economy required. The banner headline read, "Wages: They're Stagnant While Profits Are Soaring. Are We Headed for Trouble?" The story went on to ask whether "the sight of bulging corporate coffers co-existing with continuous stagnation in Americans' living standards could become politically untenable."

More recently an article in the *International Herald Tribune* by the founder of the World Economic Forum opened with the following paragraphs:

Economic globalization has entered a critical phase. A mounting backlash against its effects, especially in the industrial democracies, is threatening a very disruptive impact on economic activity and social stability in many countries.

The mood in these democracies is one of helplessness and anxiety, which helps explain the rise of a new brand of populist politicians. This can easily turn into revolt, as December's unrest in France showed.²

Earlier, I suggested that different historical periods stand out in making the point that what happens in workplaces exerts powerful

²Schwab & Smadja, *Start Taking the Backlash Against Globalization Seriously*, *International Herald Tribune* (Feb. 1, 1996).

influences over society. And I argued that we are now at such a time. But it is a time of limited choices. At the workplace we can either adapt to "a free market on the rampage" or we can challenge the logic of a senseless system. There is no middle position, regardless of the good intentions behind calls for better corporate citizenship and greater social responsibility. The weight of evidence is pointing to the challenge.

In the normal course of workplace relations there are both cooperative and contentious times and issues. I think our relations will become more contentious. How can you have a supposed partnership in the workplace when the employer is pushing and championing changes outside the workplace that diminish our rights in the workplace? How can we have cooperative workplace relations when employers and governments are trying to weaken our organizations?

As employers and the state bring the fight to the workplace, workers will increasingly take their politics to the streets. In Ontario in the last six months we have had three separate days of protest in three different cities. The next one will occur in a couple of weeks. The first one in London was the first time during many of our lives that workers en masse walked off the job over both workplace and social issues. In each of the other communities workplaces were closed, and thousands upon thousands of workers refused to go to work. In these protests workers are redefining politics. Workers are saying they are no longer content to leave politics to corporations and politicians. The new activism is expressed through protest, but it is about educating, organizing, and mobilizing. It is about building. In each of the cities, the communitywide campaigns have been a vehicle for getting out information, fostering broader discussions at the local level, bringing more people into politics, sharpening the skills of activists, creating structures for fighting back, and making links among different groups in the community.

I will not exaggerate their impact; we are still at an early stage in building the kind of movement that can reverse the political climate. But I do believe that what is being increasingly questioned is the legitimacy of corporations in setting the social agenda, and that what will be increasingly challenged is managerial rights.