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Developing Human Resources: Participative Management and Employee Involvement: Slogans and Reality?

*Ben Fischer**

Employee involvement is a movement with momentum of its own, beyond anything the quality circle advocates of the 1970s even remotely anticipated. Why? Because we have an economy that will not stand still. The change is constant due to the interplay of countless forces from sources around the world. Change is rapid, telescoped in time by virtue of new technologies in communications, transportation and artificial intelligence.

The expansion of employee involvement is not a response to some ideology or someone's novel idea. Rather, it is increasingly apparent that concerns with trade policy, wage levels and technology do not necessarily address the whole strategy needed for competitive success. The management of human resources and the roles of people at work are emerging as decisive issues for an economy being challenged by fierce global pressures.

Early on, quality circles were established and designed to gently tap some employee ideas, hopeful that something useful may result. These are proving to be too timid and woefully inadequate. More radical medicine is needed and should be related to the ailment. That ailment results from years of post-war prosperity and growth creating a set of institutions and customs that suited their time.

I was among those that enjoyed the arm's length labor management relationships. What labor, management and government did was to adapt to the traditional master-servant system that has permeated history. The managers and supervisors made the decisions and issued the orders. The working people obeyed. The unions went along, sometimes reluctantly at first, but eventually in a completely resigned fashion.

Many now suggest that during the years between the end of World War II and the 1980s, leaders of labor and management should not have taken advantage of enormous economic prosperity growth and opportunity. Instead, they should have adjusted their strategy to what actually happened later. Just how we were to refuse to enjoy prosperity, and instead, follow policies related to an economy that had not yet even been contemplated is entirely beyond me. The critics even suggest that institutions should have adopted strategies not even thought of until the 1980s. Of course, what actually took place during those years was that Ameri-

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can unionized workers prospered and graduated into middle class status, a first for the history of man. Even amidst growth and prosperity, provisions were made in some industries for the displaced and the fallouts from the general trend of economic progress.

For the time these were bold moves, but based on an assumption that change would be gradual, restructuring would continue to take place at a pace that allowed for relatively painless accommodation. The progress of our rivals would be slow enough not to cause disruption, while other nations could engage in balanced growth with the rate of expansion tuned to their own domestic consumer markets. There was no reason to fear violent disruption of our own economy. Our assumptions proved wrong, as predictions so often do.

I now meet many people who claim they knew what was coming, but where were they? If they sounded warnings, it must have been in whispered bedroom conversations with their spouses. Now, the contrast with the heyday of the pre-1980 era requires not retroactive castigation, but frankly acknowledging the radically different needs of these times.

How drastic the changes must be can be illustrated by comparing the traditional quality circle with the newly emerging advanced patterns typified by the GM Saturn plant and the LTV Eagle plant right here in your own backyard, and the gap between those and the original quality circle concepts.

The quality circle permitted volunteers to seek out suggestions for making things a bit better, which was a vast improvement over the suggestion box, but still a development that only touched the surface of what was required. The scenario that hopefully is emerging now is far different from any past experience. It places great responsibility and authority in the hands of working people. It removes the master-servant class symbols from the clothing of the servants, their parking spot, their eating facilities, their method of payment and the scope of their job. At long last, ordinary people are coming into their own in the new work systems. All the employees are on salary, have no job descriptions and are no longer under the thumb of a supervisor who has no special superior ability or talent.

These working people are encouraged to identify with the firm and the plant by virtue of their crucial importance to the enterprise and by virtue of their own dependence on the enterprise. And, at long last, the employee who spends his life in a business is not treated with less concern or less importance than the person who invests a few dollars in purchasing some shares.

The employee involvement trends have a central purpose — to maximize the efficiency of operations, which includes achieving high quality, satisfying customer demands for service and making possible a competitive price. The attempted experience with employee involvement will be deemed successful only if employees meet these objectives. In the new

roles of workers and the new systems of managing, unions will be tested. If they contribute strength to the business, they will succeed in the eyes of the employees, and eventually be welcomed with opened arms even by management. If they resist or merely tolerate new employee roles, they may well be passed by as irrelevant.

But American unions play a unique role. While European unions are likely to continue to play their traditional important political and ideological roles in their respective countries, the actual task of day-to-day representation of employees in the operations of workplaces in much of Europe will be in the hands of work councils elected by the employees, and empowered to play a major part in the governance of human resources.

But unions in this country do not, and will not play a significant political or ideological role, at least not in the European sense of seeking power and advancing an ideology. However, our unions will continue to do the type of thing that is done by legally mandated work councils in Europe. Our unions will continue their emphasis on narrow work related employer-employee relationships, which is our tradition. Our unions will try to use the political system only to further their representation interests in relation to workplaces and the problems that arise at the workplace.

If our existing unions fail to serve the economy by what they do, they will be replaced, not by a return to pre-New Deal management domination, as the union-free crowd mistakenly thinks, but rather by forms of employee councils or associations, either privately created and managed, or should that not occur, then by an American version of the government-mandated work council.

Why not just union-free? Because it is doubtful whether employees can really function and contribute fully by merely obeying management orders. For employees to be full partners in their firms, they must be granted a vote, a meaningful vote, not necessarily to rule a firm, but to effectively make their voice heard, their wishes expressed, their diversity mediated and composed and their interest defended when they are threatened.

It is interesting to note that when groups that have much to contribute, such as teachers and nurses, see their institutions challenged, they tend to move their unions towards promoting programs aimed at increasing effectiveness of their own role, and thereby of the institutions they are connected with. While these groups tend to start as ordinary unions concerned with wages and redress of grievances, it is notable that as they succeed and become stronger, they address the way the work is done, the weaknesses in the delivery systems of the institutions and the failure to permit them to play a large enough role so that they can genuinely contribute to the effectiveness of the groups that are employing them. Such employees are less confined to merely following orders. Their roles ex-

pand, their self-reliance increases, their ability to function becomes more dependent on their having educational tools, acquiring knowledge, understanding the business and their own operations and having a chance to institute improvements. These are exactly the kinds of functions that are strengthened by employee organizations.

Managers are hard-pressed to achieve real involvement by giving orders, making surveys or presiding at group meetings. If we look closely enough, we in fact see that in many enterprises, managers are edging toward virtually creating employee organizations where they do not already exist and even trying to develop parallel channels where unions choose to stay confined to traditional roles. Such things as peer discipline, employee councils and a range of *ad hoc* employee committees are very tentative steps. Just as the quality circle so often expands deeper and deeper toward comprehensive employee involvement, so too will employee groups move toward becoming employee associations — unions in fact, no matter what name is given them and no matter how they may deny that they are unions.

Some years ago when much of the current technology was still being developed in labs, the assumption was widespread that automation would lead to a work force made up of a few highly trained professionals along with a work force needing neither skill nor initiative. The worker would be a mere clock number; a human robot was the term often used by those speculating about the future at that time. That has proved quite wrong. The firms that try this system tend to fall on their faces, in large measure because such a system does not effectively exploit the ongoing technology. We are learning that working people have an affinity for understanding the idiosyncracies of machinery, for improving on what engineers planned and even for identifying physical improvements that can and should be instituted to improve operation efficiency.

It is also becoming apparent that the allegation that machines do not take coffee breaks really misses the point, because in fact, machines take all kinds of breaks many of which are a lot longer than coffee breaks. They suddenly develop quirks. The intricacies are such that the drawings and the manuals cannot fully reveal all the reasons for errant behavior, nor can the potentials of machines be accurately predicted. The stories are mounting of equipment being coaxed into doing far more than the planning provided. The worker today is less and less a slave to routine. On the contrary, there are more and more cases where employees spend much, if not most of their time solving problems, monitoring performance, testing alternatives and even making mistakes and failing, formerly something only managers and technicians were allowed to do.

We are also experiencing a new pattern of marketplace demand. The consumer who is able to shop around, and knows what he wants, is objecting to poor quality, poor service and non-competitive pricing. No one can ignore this. If managers do, they are merely managing liquida-

tion. If workers perform to traditional standards, they will be bargaining for job security, too often only because they can anticipate imminent market failure.

It was very few years ago that built-in obsolescence was the order of the day. It helped make more work, more profits and accelerated demand. I happen to recall an incident years ago, while Walter Reuther was still vice president of the UAW in charge of General Motors bargaining. He was late for a GM negotiating meeting, and when he finally arrived, his counterpart from GM, naturally enough, taunted him. Since Walter was rarely late or in any way errant, he claimed that his Chevrolet car had broken down. He stated that if GM made decent cars, he would not have been late. His management counterpart said to him, "Walter, if our cars did not break down, your people would not have work." That expressed well the conventional wisdom of that time.

Reversing a generation of such utter cynicism is no simple matter. A memo from the CEO does not do it, not by a long shot, even if he can get it countersigned by the president of the union. Along every step of the way changes in attitudes, processes and organization must be implemented. Vested interests get in the way. Lifetime habits must be shaken, and a balance must be created between the demands for on-time delivery, which are very real, and the constraints inherent in assuring such delivery. Even a new operation with new personnel has difficulty; transforming the existing operations is even more difficult.

Employee involvement is essential because no system merely handed down from above can cover all of these bases. The employees themselves must want to do the right thing, and then be empowered to do it. That does not require an employee committee that meets once in a while, but a series of essential considerations, such as not condemning employees who are conferring as loafing. Chatting among themselves becomes an essential form of work as the people are engaged in ongoing problem solving. Supervision has to be redefined, and its traditional meaning has to be changed. The boss is not the order-giver and disciplinarian, but a leader and part of the crew, working like the others and not restricted by union taboos. He should be part of the union bargaining unit. The unique American way of excluding the front-line supervisor from the union should be abolished as one more expression of the assumption that workers and supervisors are, should and must inherently be adversaries and enemies.

Employees must have the essential educational tools that are usually needed for self-management and problem solving roles, to say nothing of being essential for absorbing training and learning the intricacies of modern technology. Employees must be informed about the business. People cannot relate to what they do not know. Keeping people in the dark is inconsistent with employee involvement. Not only must the communication bars be let down, but the art of translating business information into

everyday language must somehow be mastered. In this regard, if accountants are to be involved, they need retraining so that they can shift from their own brand of mumbo jumbo to meaningful use of the English language of the type generally used in our society.

Furthermore, motivation is essential. If the people do not care about the customer, quality, timely delivery and mission of the business, nothing will work. Employees constantly demonstrate their skill at frustrating order-givers by not getting the job done at the pace or in the way management orders them to do it. In fact, the skill demonstrated by employees of this negative nature ought to prove that employees can self-manage, and hopefully can do it for positive purposes, rather than the negative role which so often has been, and continues to be, the custom.

We have great difficulty in knowing how far short we are from achieving the potentials we can, should and must achieve. I have long thought that performance improvements on the scale of twenty-five to forty percent or more are possible if people and institutions are really determined to do all that is possible to carry out such goals. The trick is how to create that willingness, that dedication, that acceptance of the value of success by the individuals who make up the work force.

This brings us to our final observation. The labor-management relationship is challenged to constantly examine and review a wide array of issues, such as compensation methods and levels, benefit programs, handling of employee complaints and employee lapses, seniority matters, job and income security, and the better use of older employees rather than the current mode of driving them from the work force. Underlying all these, and other labor relations issues, is the matter of impasse when the issues cannot be resolved.

Modern day economics and cultures are not tolerant of either strikes or arbitrary abuse of power, presenting us, therefore, with a tough dilemma. How are strikes to be avoided, and even eliminated from consideration without leaving all the power in the hands of management? The steel industry experimented with this between 1974 and 1980, but only after a long strike-free period had passed. And, remember that the issues then were far simpler than they are now. Then increases, of course, could simply be passed on to the consumer as they often cannot be now.

The way to eliminate strikes and strike threats in the current economy is more complicated than ever, but also more essential. There are many reasons this needs to be accomplished, and one is employee involvement. The records are very clear. Employee involvement programs cannot survive strikes, strike threats and bitter labor-management conflict. When the cooperation idea started to become fashionable, both labor and management leaders insisted it was possible to operate on a two-tiered basis in a two-tier world.

In one, the employees, their union and management would be uniting in a common mission, and in the other they would fight it out in the

traditional ways. I understand why this view came about; it was a neat interim gimmick to make believe that it was possible to strike out in bold new directions and still cling to the traditional cornerstones of labor relations, the competitive grievance procedure and the period of contract negotiating confrontation. If there had been any doubt about whether this would work, the 1980s proved it would not.

Every strike has seriously damaged plant cooperation programs, often killing them off for an extended period of time. Even negotiating periods usually cause virtual suspension of joint programs. As employee involvement programs mature and take hold, they invariably impact on the grievance procedure, often virtually doing away with grievances in the traditional sense. They also seemed to greatly influence the atmosphere of the former bargaining periods. If employees are first class citizens of the enterprise and are exercising considerable power on a daily basis, it makes sense that they and their union develop a comparable role in addressing the traditional contractual and grievance issues. Conflict need not be threatening; it usually creates opportunities for arriving at sound solutions if properly managed and not forbidden to do so.

Without getting into the full array of collective bargaining issues and process problems, it should be indicative of what is needed by the suggestion that the parties should shun formulating the demands, and instead identify issues, both separately and together. Their job then might be to address the issues and how best to solve them, not how to prepare for warfare.

Might I conclude by going one step further. The day will come when there will be no need for a labor contract as we know it. After all, the labor contract is really a truce, absent warfare you do not need a truce. Union and management representatives should have an ongoing relationship which addresses issues as they arrive and review what exists, whenever it appears that change may be appropriate. This degree of togetherness ought not alarm us, since when local plant managers and unions feel threatened from outside forces, including top managers and remote financial bosses, they do a great job of uniting and figuring out ingenious ways to protect their mutual interests against the enemies from without. That ought to tip us off.

The actors in every phase of the American economy are directly or indirectly under attack, or at least threatened from lots of external forces, including foreign economies. Whatever differences management and unions have with each other, they are small indeed when viewed against the backdrop of the pressures and complexities of the ever changing global developments. Americans will learn to succeed together, or go down fighting each other. Perhaps a long period of post-war affluence led us to think we are God's annointed people, which of course, we are not. We could slip and falter and even fall, if we fail to recognize the tremendous commonality of our economic interests and mission.

To me, the employee involvement movement is a key, and even crucial element, in harnessing the potential energies and abilities of the American business system. Its time has come, unless we are satisfied with being second or third class actors in this rapidly changing and fascinating world