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Discussion

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## Discussion After the Speeches of Ben Fischer and William K. Rusak

QUESTION, *Professor King*: What will the role of middle management be after participative management is in effect? And my second question is, when you talk about participative management, in terms of decision making in the company, how high are you talking? Are you talking in terms of shop floor decisions, or are you talking in terms of product policy decisions?

ANSWER, *Mr. Fischer*: Middle management, so far as I am concerned, is doomed. One of the great problems almost every company has in trying to institute change concerns middle management. Middle management is the company's vehicle through which to communicate and implement programs. And yet, you have to be a pretty dumb middle manager not to know that the end result of a successful participative management program is the elimination of your own job. It is hard to find people who are so devoted to the general welfare of a company, that they are willing to implement a program that will result in the elimination of their own jobs.

I do not think anyone has come up with an adequate answer. We offer to buy out more people with fancier pensions and severance arrangements than we offer to transfer people. One thing we do not do is offer people a chance to go back to work in the plant and utilize their wisdom in making things work. This is a tough issue, and I have rarely seen a good enough answer.

Management in America, if it has felt anything, has felt secure. The unions had to fight for their establishment, job security, seniority and grievance procedures, but managers have always had the inside track; they were always secure in their position. However, for approximately the last ten years, this has no longer been the case. Managers now have, if anything, less security than union members. That has had a profound effect on attitudes, morals and dedication to the company. One possible answer is if we could become enormously successful, and if we could resume great growth in our economy, then these folks could be absorbed in various ways.

The degree, depth and scope of employee involvement is going to be determined by events and by the interplay of forces. I do not know where it is going, nor how high it is going to go. I am not impressed with what has taken place in other countries in the way of co-determination; I think there is a lot of "co" and much "determination" involved in co-determination.

The important thing is to look at what I hope will be a very success-

ful future at the Saturn automobile plant. Saturn has not resolved these kinds of questions, to my knowledge, nor are they even trying to face them. They are just going about their business. They do so with a minimum of charts and declarations about who has which role. They are trying to make a success of that enterprise. I think we will learn a lot from it, if it is successful.

If I were the ultimate boss and could dictate, I would say, "Let nature take its course; involve the employees and the unions so that we can genuinely have partnerships." The degree to which they allocate advisory powers versus effective powers will flow with the times and vary from industry to industry, place to place, and union to union. I see nothing particularly wrong with that. I do not think we have to start by raising one of the most impossible problems in the whole picture, which is precisely where all this will end up some day. I am satisfied to say, "Let us just continue the involvement process and not worry too much about just where it is going to take us."

COMMENT, *Mr. Rusak*: I cannot agree more with what was just said. I think the role of managers and the role of front-line supervisors is going through a transition from policeman and movers of information, to managers of resources. With the big push in corporations to eliminate layers, now, in some cases, you can go from the CEO right down to the shop floor in about five or six layers. I think you see the spans of control of these people in-between taking on new dimensions and responsibilities that are completely different from what they used to be.

If the CEO says we are going to have participative management, employee involvement or total equality management, and you do not begin at the beginning, you are going to quickly lose credibility.

QUESTION, *Mr. Sharpe*: You have told us how well a lot of these programs work, and I can see that they do, particularly with a lot of the integrative kinds of issues, like quality control and how best to organize the production and work rules. So there still are distributive issues, like wages, that may not succumb to the integrative bargaining process and may need to be settled in the distributive fashion. If that is true, and if we cannot use a strike, how do we resolve those impasses?

ANSWER, *Mr. Fischer*: I just finished writing a book in which I discussed at length some of my experiences with this problem. I have a peculiar personal history. I have negotiated hundreds of wage programs for five major industries while encountering only one strike. I am one of the architects of ENA, the no-strike arrangements in the steel industry. I negotiated with Alcoa for some thirty-five years, and we had only one strike. It was a pension strike in which there was no real argument, but a strike ensued and was settled on a basis that would have been acceptable to all parties in the first place.

I think the biggest problem is our culture. We are convinced that it is supposed to be a very difficult problem. There is not a day that goes by

that hundreds of thousands of people do not settle distributive questions. Overwhelmingly, they do it by understanding each other and each others' interests and making accommodations.

One of the things I do constantly is answer inquiries from journalists. They are always asking, "Will the auto workers strike this year? Will the telephone workers strike?" The unions have not thought about it themselves, but the press does. It is part of our culture. It is deeply ingrained in us to anticipate a strike. I see no reason why working people and those who have control of decision making in enterprises, cannot sit down, work out their differences and avert potential problems.

However, there are times when it is not possible to avoid a strike. There is a very simple formula which might have worked in the steel industry had ENA considered arbitration. If nothing else can be done, and an agreement cannot be reached, then knowledgeable people from outside must be brought in. If worse comes to worse, the right to make the ultimate decision can be given to those outsiders, which would mean, ninety-nine percent of the result is what has been negotiated anyway.

QUESTION, *Mr. Langmack*: In the last twenty years, we have observed our Japanese friends going into industry and changing the whole concept of how factories are run. Are we learning anything from the Japanese method of running a factory?

ANSWER, *Mr. Rusak*: Yes, as a general response, I think we are learning. I think we must change from the traditional way of doing things on the shop floor, in the office, and in the field to a more modern approach of tapping the hearts and minds of the folks on the shop floor, and getting them to help resolve some of the issues. I think one constraint on capital has been our notion that issues are resolved by throwing millions of dollars at problems through the engineering department rather than consulting the workers themselves. The workers know how to operate their machines a lot better than anyone else does. When you involve the guy on the shop floor, he can probably tell you how to fix the problem more effectively than the engineering department.

I went to Japan to look at a tire plant thinking that they would have an incomprehensible arrangement. What I found was a better laid-out facility for the employees, with major and minor refinements, and a more efficient allocation of the daily working hours. We are picking up on that.

COMMENT, *Mr. Fischer*: One observation that I made is that all is not so sweet in these plants. It is going to be very difficult for us to develop labor relations or a human resource culture based on the fact that American workers love to agree with the boss and with each other.

There is a tradition of authority in the hierarchy. I am much more interested in learning what we can from Japan, provided we do not think it is more than it is. We need to start to think very seriously of how we must relate to and learn from Europe, because Europe will push Japan

into the background in this century. Europe is going to become a major market and a major source of progress, inventiveness and industrial and commercial enterprise.

I am fascinated with the fact that we are going to send our managers over to Europe to tell them how to manage. Whether they will survive that, I do not know. Europe is full of tremendous talent and is becoming more organized. I suspect that we will find in the next several years that even Eastern Europe has inherent talent that has not been entirely destroyed by the communist tradition.

As we begin to work with the Europeans more closely, I think we will naturally try to learn from each other. In fact, even now there is an interchange of information that is going to increase very rapidly. In labor relations, or more particularly in how they manage and involve people effectively in the enterprise, there is going to be a lot of interchange between the United States and Europe. There is some going on now. We will have a lot to learn and a lot to teach.

QUESTION, *Professor King*: What are your views on the concept of co-determination?

ANSWER, *Mr. Fischer*: I do not know why union folks should not serve on boards of companies and be about as useless as the other members of the board are, with the exception of Weirton Steel. One reason I said what I said is that I look at the European experience, and it makes me kind of nervous. One thing many German companies do is have co-determination by having two boards. One is a big board with representation and severe restrictions as to their rights and powers. The other is a small board, which is made up quite differently. So I think we have to be very careful about getting overly involved.

Symbols are important, and this might include having an employee sit on the board, if that makes the employees feel more involved, better represented and more confident in the integrity of the organization. I am not concerned how important that representation is if it actually has a positive effect on the performance of the institution. I would suggest that very often happens.

It is not who has what power, but how do you get the institution to do what needs to be done. If we keep that mission clearly in mind and stay free enough to make whatever changes are necessary, the formal ways in which the decision making process is organized become secondary.

QUESTION, *Mr. Harwood*: I cannot help but think that we are wasting a lot of energy trying to keep up with the Japanese. Are we not shooting ourselves in the foot by all of the Japan bashing that is going on all over the world?

ANSWER, *Mr. Fischer*: If people want to dislike Japanese, they have that right. If they want to dislike Americans, that is also their right. But I agree, it is a waste of time. It is equally a waste of time to

think that we learn by watching what the Japanese do over there in a very different set of economic, political and cultural circumstances.

I am not saying that we should not learn a little bit if we can. But, we cannot evade the responsibility of our own problems in our own context and culture. Our problems will not go away. If we do not face them, we are going to sink.

COMMENT, *Mr. Rusak*: I agree that we should not be overly excited about a lot of things that are going on elsewhere in the world, for example, co-determination which got its impetus after War II and the rebuilding program in Europe. The Japanese, through their culture, have a different approach to dealing with each other as principal and subordinate. I think we have a responsibility, as managers, to define the mission for our corporations and then provide the resources to our managers to go forward and become more competitive than our friends, either on the east or west side.

QUESTION, *Mr. Drotning*: How will the Saturn UAW contract compare with a typical steelworkers contract or even a more modern UAW contract?

ANSWER, *Mr. Fischer*: The Saturn contract will work. However, it is a mistake to over-emphasize the importance of contracts. First of all, the Saturn contract does not have a lot in it. What is wrong with the Saturn contract is what is *not* in it. The company and the union are working everyday to resolve problems.

I seriously doubt whether the activists carry a copy of the Saturn contract in their pocket. I do not think that is their job. Their job is making automobiles, which is great. They are interested in making automobiles. To me, that is the ultimate contract.

The Saturn agreement raises a very crucial question for America. Can we survive having a whole body of labor legislation and labor law which restricts us from doing the things we ought to do, need to do and want to do?

I think the General Counsel of the NLRB was a genius when she wrote the Saturn decision and explained how in this era, unlike any other era, two and two make five and three-quarters. I think it was a great contribution and very important because we are now beginning to see more signs of companies and unions saying, "We are not here to fight with each other. We are not here to respond to dissatisfaction of the employee. We are here because of our mutual determination that we want to have a successful enterprise."

Why would an employer need a contract? There are two wage rates, no seniority, no job classifications and no job descriptions. They have a grievance procedure. They have had two grievances in the last five years.

So, most of what we worry about in these long, incomprehensible documents has never confronted us, and hopefully never will.

QUESTION, *Ms. Murray*: What will remain standing after the dismantling program?

ANSWER, *Mr. Fischer*: I am not sure about Canada, but in the United States, there were no rights before the National Labor Relations Act, so I do not know what could be taken away.

The National Labor Relations Act came into being because if you were going to have unions in principal industries, such as the smokestack industries, it would only be because the government forced it upon the employers. It was a great advancement, and it changed the face and culture of America.

Today, that legislation, if applied the way it is written, says that management and labor are supposed to be adversaries. You have to operate at arm's length, and the longer the arm, the better. Some employees may join the unions, and some may not; all of which may have been necessary when you were governing a fundamental struggle between two warring parties, namely, workers who wanted unions, and managers who would resist them at all cost.

Today, we have a wide array of experiences that we are confronted with. I would not advocate getting rid of the National Labor Relations Act. Nor would I advocate dismantling the Railway Labor Act, however, it has to be drastically changed. Mr. Schlossberg is one of the great authorities on how it ought to be changed.

If you start opening these things up, the fighters are going to try to change the law so as to make the fight more intensive, and I think that is the dilemma. It seems to me that what we are doing is typically English. We are more English than the Canadians in the way we do things, that is, bumbling our way through, ignoring some of the regulations, and eventually allowing foremen to join unions. However, we will not call them foremen, and we will let them work one hour a year so that they are part of the bargaining union. We have all kinds of ways of doing these kinds of things, and I do not think we will do the clean job that Mr. Schlossberg envisioned.

I think rather than modernizing them, what we are doing is ignoring them. That is not quite satisfactory because every once in a while, someone invokes narrower interpretations of the law. It is not the most desirable way although it might be the only way that is available to us.

QUESTION, *Mr. Sharpe*: Does the recent development of the law on wrongful discharge and the nationally applied just-cause standard advance your vision of where things are headed?

ANSWER, *Mr. Fischer*: I am fearful that we are going to march towards an increasing amount of governmental intervention in all phases of labor relations and human resource management. I happen to be a consultant to a group of human resource vice presidents, a cross-section of American business, which is devoted to stopping that.

One reason it is creeping up on us is because the labor/management

communities are a small portion of the workforce, and in many ways they are less effective. More non-union people are turning towards the government because they have no other choice. They do not see the labor/management relationship as the place for addressing their problems, so we are getting more invasions. We are being driven towards more government involvement. I think American management has been foolish with respect to wrongful discharge, employment-at-will, et cetera. They have turned it over to their lawyers.

American management should be enraged over the idea of interference with their employment-at-will doctrines. I do not hear the rage because the real answer to that is, let us work it out ourselves with our employees. Why should the government get involved? Once you say that, you are saying we ought to have unions.

American management has been caught in this dilemma and does not know which way to turn. You cannot tell the public, the courts and the legislative bodies, "Keep out of our business, employees have no rights." You can only tell them that these rights are adequately protected by unions.

