

**The Role of Local Unions in Workplace Restructuring: Evidence From the North  
American Integrated Steel Industry**

by

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**Submitted to the Sloan School of Management in Partial Fulfillment of the Requirements  
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ABSTRACT

Over the past decade and a half significant changes in the competitive environment have forced firms in the advanced industrial nations to fundamentally restructure. The first wave of this restructuring consisted largely of closing excess capacity and shedding labour. The second stage witnessed the movement towards high performance models of work organization, the hallmarks of which include decentralized decision making, flexibly deployed teams of multi-skilled workers, and worker involvement in problem solving. This second stage has produced considerable diversity across sites in how work is reorganized -- in some cases a virtuous cycle of change has produced positive outcomes for the various stakeholders of the firm. In others, meaningful restructuring is only partially accomplished or is blocked altogether.

The purpose of this dissertation is to explain this variation. In contrast to traditional explanations that attribute such diversity to technology, institutions, or to the strategic choices of management, I argue here that the strategies of labour are a central determinant of both the process of workplace change and of final outcomes experienced by the various stakeholders involved in the restructuring process. I develop a typology of labour strategies that includes five distinct strategies. I then illustrate how the pursuit of different strategies by four local unions influences the form of work organization and final outcomes affecting firms, workers, and their unions. Where the local union is actively involved in the process of workplace restructuring, benefits accrue to the firm (higher productivity, better quality, lower cost), to workers (increased wages, skills, and levels of autonomy) and to the union (increased role in the governance of the workplace). Where the local union either obstructs change or merely acquiesces to management's proposed changes, outcomes tend to benefit the firm in the short run, make little difference to outcomes for workers, and lead to a marginalization of the union at the workplace.

The setting for this research is the North American integrated steel industry. I study two matched pairs of steel making facilities, two in Canada and two in the United States, that allow me to control for a number of important competing explanations of workplace diversity. Drawing upon data gathered in over one hundred hours of interviews with representatives of plant management and the four local unions, I document how local unions pursuing a range of strategies shape new forms of work organization.

Based on the case study evidence, the thesis concludes by identifying the critical capabilities local unions require to pursue an Interventionist strategy. These four capabilities include the ability to access and process knowledge regarding workplace reform; to educate and mobilize the membership; to exert leverage vis a vis management; and to balance cooperation and conflict. This work contributes to the development of industrial relations theory in several important ways. First, the conceptualization of five distinct labour strategies developed here adds clarity to our understanding of labour's actions, moving away from the traditional, but misleading, "cooperative" and "adversarial" continuum. Second, this work highlights the important role played by *local* unions and emphasizes the importance of understanding the critical ways in which differences in local unions' strategies and actions affect outcomes. Finally, this work integrates labour more fully into the strategic choice framework.

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## **CHAPTER 1: How to Explain Variation in Workplace Restructuring?**

### **I. Introduction**

Over the last decade and a half, an apparent consensus has emerged among academics, policy makers, and managers about the successful organization of industrial production. This “new conventional wisdom” (Osterman 1994: 173) links positive workplace outcomes -- high productivity, high quality, and low cost -- to new or “transformed” models of workplace organization, the hallmarks of which include decentralized decision making, flexibly deployed teams of multi-skilled workers, and worker involvement in problem solving. Despite widespread agreement about the value of these new models, their implementation and diffusion have proven illusive. In some settings a virtuous cycle of change has produced positive outcomes for the various stakeholders of the firm. In others, meaningful restructuring is only partially accomplished or is blocked altogether. Understanding and explaining this variation is a critical research undertaking, one with important implications not only for the workers, unions, and firms directly involved, but also for the performance of regional and even national economies.

I focus in this dissertation on the process and outcomes of this transformation, what I term “workplace restructuring”: the movement from traditional, Fordist forms of work organization to high performance forms of work organization. Since the mid 1980s, workplace restructuring has occurred in a wide range of industries in the advanced industrial economies, brought about by a variety of reasons. In some cases, such as the automobile industry, an increase in foreign competition forced companies to alter their practices (Turner 1991; Turner and Auer 1992; Katz and Sabel 1985). In telecommunications, deregulation precipitated the need to restructure (Batt 1993). In the newspaper industry, technological change was the catalyst for similar kinds of changes in industry structure and work organization (Gennard and Dunn 1983; Griffin 1984). Despite the different pressures precipitating the need to restructure, restructuring had

similar objectives in every instance: raise productivity, increase quality, and lower cost. Yet, in all cases, the degree of success in reaching these objectives, both within and across industries, has been far from uniform.

The purpose of this dissertation is to understand why. Broadly speaking, three types of explanations for variation in the outcomes of workplace restructuring have appeared over time in the literature: those that focus on technology, those that give a primary role to institutions, and those that rely on the strategic choices of management. Technology was once seen by some as a powerful force for convergence in workplace organization. Pluralists, neo-classical economists, and Marxist scholars have all argued that differences in workplace organization were due either to differences in the underlying technology or were simply short term aberrations from a long term trajectory in which similar technology would eventually produce similar outcomes (Friedman 1953; Braverman 1974; Dunlop 1958). Later, in critiquing this perspective, others recognized the existence of persistent differences in workplace organization despite similar technology (Jones 1991). They, instead, asserted that institutions -- such as labour law, financial markets, and the involvement of government -- structured labour-management-state relations in ways that produced unique outcomes across countries (Turner 1991; Thelen 1991; Dore 1986). Finally, recent work by industrial relations scholars has pointed to differences in the strategic choices of management to account for such diversity (Kochan, Katz, and McKersie 1986; Walton, Cutcher-Gershenfeld, and McKersie 1994; Cappelli 1985). These researchers argue that an increasingly competitive environment has forced management to choose from a range of possible strategies, each of which produces a particular outcome.

None of these explanations adequately accounts for the important diversity observed in the outcomes of workplace restructuring. Two problems plague our current explanations of diversity in workplace outcomes. First, condition A (read technology, institutional context, or managerial strategy), rather than leading predictably to outcome

A', can just as often lead to outcome B'. Second, conditions A and B can both produce outcome A'. To overcome this shortcoming, we need an explanation that can account for this seeming indeterminacy.

The alternative put forward and tested in this dissertation is that the strategies of labour play an important role in shaping the outcomes of workplace restructuring. The strategic choice literature made a large contribution to our understanding of workplace outcomes by highlighting the effects on outcomes of different strategic choices made by management. However, the role played by labour has remained virtually ignored in this stream of work. As workplace change becomes ubiquitous and increasingly important for the competitive success of firms, the actions of labour need also to be understood, both in their own right as well as in how they shape the strategies and actions of management. For too long, one half of the labour-management relationship has been poorly conceptualized. To understand how one set of labour-management interactions leads to particular outcomes while another virtually identical set leads to others, we need to delve into the labour side of the equation more deeply.

I attempt to do so in this thesis. In particular, I examine how labour influences the *process* of workplace restructuring and through the process, the eventual outcomes experienced by management and labour. Following Thomas (1991), I conceptualize the process of workplace change as having three stages beginning with proposal generation, followed by proposal selection, and ending with the implementation of the changes. The degree to which and the way in which labour engages in the process of workplace restructuring is expected to have an important effect on the eventual form of work organization implemented and on the degree to which those affected by the changes accept them.

In addition to understanding labour's effect on the process of restructuring, I am also interested in discovering the underlying determinants of particular labour strategies. Why is it that labour in one context pursues a particular strategy, leading to certain

outcomes, while labour in an identical context pursues a very different strategy with correspondingly different results? What are the key capabilities labour needs to proactively engage management in the process of workplace restructuring? As labour is increasingly called on to participate in the redesign of work, understanding the capabilities necessary to engage successfully in this process is an important undertaking. In this thesis I seek to identify and describe the capabilities labour requires to engage in workplace restructuring in ways that produce positive outcomes not only for the firms involved, but also for workers and their representatives.

This chapter has several objectives. First, it provides a more thorough review and critique of each of the explanations of diversity in workplace outcomes briefly referred to above. The objective here is to uncover both the strengths and shortcomings of each approach. Second, I build upon the specific strengths of each of these earlier approaches to construct a new framework for understanding the variation in the process and outcomes of workplace restructuring. In this alternative framework I highlight the importance of incorporating the strategies of labour into our understanding of the factors that influence workplace change and the importance of understanding the capabilities labour needs to pursue particular strategies. The chapter concludes with an overview of the rest of the dissertation.

## **II. Earlier Explanations of Diversity in Workplace Outcomes**

### ***A. Technology***

An early explanation for variation in workplace organization was technology, with several distinct literatures each embodying an underlying technological determinism. In each of these views, identical technology would, over time, lead to similar forms of work organization and ultimate outcomes.

Dunlop (1958), writing from the pluralist perspective, viewed the technological context as a powerful force for convergence in the web of rules binding the worker to the

industrial process, and in particular, to his job. "The technical context substantially influences the occupations, jobs, or operational content of services performed at the work place . . ." (p. 73). This included the skills of workers, their degree of responsibility, and the distribution of skills and responsibilities in the workforce.

Building upon Dunlop's earlier work, Kerr, Dunlop, Harbison, and Myers (1960) refined Dunlop's argument by arguing that technological factors (rather than cultural and national differences) become increasingly significant in determining the substantive web of rules and the apportionment and distribution of skills and responsibilities, the more a country industrializes. That is, the more modern a nation's methods of production and the level of its technology, the more technology alone will determine forms of work organization. Thus, with industrialization and the spread of modern technology, the authors argued that the structuring of labour-management-state relations and the web of rules governing relationships at the workplace would converge across nations. In the end, one-best-way would emerge to ensure all actors' needs were met: that firms were profitable, that workers enjoyed a satisfactory standard of living, and that society remained stable.

Neo-classical economic theory similarly predicted a convergence in work organization as technology converged. Friedman (1953) viewed the firm explicitly as a black box, passively responding to market signals. Changes in the firm's environment, most notably changes in markets and technology, led the firm to adjust its output, shift between available technologies, and reorganize production. Firms that did so in the one-best-way are those that would survive the natural selection of the market. Like the pluralists' view of the power of industrialization, these economists saw workplace change occurring due to overwhelming and irresistible forces.

From a very different perspective, Marxist writers reached conclusions almost identical to those of their neo-classical and pluralist counterparts. Rather than pushed by the pursuit of efficiency and the impartial dictates of the market, or the balancing of

labour-management-state interests in the process of industrialization, Marxists view class interests as the engine of change, pushing for convergence in the organization of production and work (Braverman 1974). Unlike those who view technology alone as determining outcomes at work, Marxist scholars pay particular attention to the nature of social relations on the shop floor and the effects of conflict and political struggle surrounding workplace change. The nature of capitalist society, Marxists argue, pits managers and workers against one another in a struggle to extract surplus value from the production process. However, despite the recognition of conflict and the diversity of workplaces in which these struggles occur, the resolution is inevitably identical: management is all powerful and the organization of work is "shaped by the resulting imperative for control over labour" (Tolliday and Zeitlin 1991: 9).

Braverman (1974) exemplified this view by arguing that through scientific management, capitalists consciously set out to reduce the knowledge and initiative of the individual worker, centralize the planning and direction of production in management's hands, and impose a fragmented and tightly supervised distribution of tasks on the shop floor. Over time the control imperative would drive firms and whole industries to converge on this form.

In each of these streams of literature, the authors viewed technology as having an underlying logic which demanded convergence in its use, with failure for those firms that defied that logic. As a result, there was no indeterminacy in outcomes due either to conflict or political struggle occurring on the shop floor or due to the idiosyncratic characteristics of the workplace context. Yet, contradicting this logic is considerable evidence of diverse outcomes occurring in the presence of identical technological constraints, suggesting that technology is more malleable than many of these authors recognized. Jones (1991) documents the way in which similar technologies are used very differently across national boundaries. So, too, does Cole (1989) in his work looking across Sweden, the U.S., and Japan. In addition, considerable evidence has been amassed



on both sides of the skilling/deskilling debate calling into question the power of Marxist arguments about management's need for control (or its ability to gain it) (c.f., Hunt and Hunt 1985; Francis 1986; Jones 1982; Kelley 1986; Spenner 1983). Furthermore, recent technological innovations appear to promise only more choices, not fewer, when it comes to forms of work organization (Zuboff 1988).

Two alternative theoretical views of technology run counter to the deterministic streams of literature reviewed above and are more congruent with the empirical evidence cited above. Researchers in the socio-technical systems field argue that technology offers a range of possibilities and can be explicitly tailored to the needs of the social system in which it is used (Trist and Bamforth 1951; Emery 1959). As a result there are many possible ways to couple a system's technical and social subsystems (Rankin 1994), with many paths to successful outcomes. The particular design choice will depend upon the dictates of the larger context in which the organization exists (Rankin 1994).

The flexible-specialization literature is a second research stream that eschews technological determinism. In this school of thought technologies have no self-contained logic, but rather the technologies that succeed are dependent upon the outcomes of political struggles (Piore and Sabel 1984). Work organization is equally fluid and subject to political pressures. Further, the flexible-specialization literature suggests that market uncertainties, increasingly fierce international competition, and rapidly changing technology demands that workers and technology be deployed fundamentally differently than they were under traditional Tayloristic practices (Piore and Sabel 1984, Zuboff 1988). Instead, increasing demands for higher quality, just-in-time production, and cost containment, mean that workers need to be given more discretion, autonomy, and responsibility than in the past (Hirschhorn 1984; Davis and Taylor 1976).

Although each of these other literatures goes some distance towards overcoming the drawbacks associated with the technologically deterministic literature, neither goes quite far enough. Those working in the socio-technical systems framework have a well

developed understanding of the importance of the workplace and its context, but they have virtually no conceptualization of the attendant conflict of interests which accompany workplace change and the reorganization of work. The nature of those conflicts, how they play out during the process of workplace restructuring, and whether and how the conflict is eventually accommodated all have ramifications for the redesign of work and the success of its implementation. Those working within the flexible-specialization framework have the opposite problem -- they have a well developed conceptualization of politics and the playing out of workplace conflict, but have a poor conceptualization of the workplace, except in very stylized, ideal-typical terms. Without a rich conception of the actual workplace it is difficult to understand the determinants of the attendant conflicts and how they might play out, as well as the effects certain forms of work organization will have on outcomes critical to the parties.

It appears from this brief review of the technology literature that technology alone cannot account for the diversity in the observed outcomes of workplace restructuring. The next section examines the literature promoting national institutions as explanators of this diversity.

### ***B. Institutional context***

Recognizing the limitations associated with the early literature attributing differences in work organization to differences in technology, a second stream of literature seeking to address the same issue developed, ceding a central role to institutions, for the most part national institutions<sup>1</sup>. This literature focused on the power of institutions to shape workplace outcomes through the structuring of labour-management-state relations.

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<sup>1</sup> National level institutions can be either macro or micro in nature. By macro I mean institutions above the industry level. Examples include national industrial policy, labour law, and peak level bargaining that establishes wages and hours for whole industries at a time. Micro level institutions are those that occur at the worksite itself. Examples of these include the presence of a works council (or other legally mandated form of employee representation), a well developed apprenticeship system, and the practice of life time employment. Although these are manifested at the workplace itself, I still consider such institutions national in character since they occur in workplaces throughout a nation.

Perhaps the largest and most influential body of work in this stream is the neo-corporatist literature that emerged in the 1980s to describe and account for the variation in nations' abilities to cope with the economic woes of the 1970s and 1980s. This work is both descriptive and comparative. Cameron (1984) examined the experiences of the advanced industrial nations in coping with unemployment and inflation to understand why some were so much more successful than others in maintaining near-full employment and low levels of inflation in an era of world recession and stagnation. He concluded that those nations with well developed corporatist institutions and practices were those that fared best (Cameron 1984).

Brown's (1985) study of a non-corporatist nation, the United Kingdom, showed how the Conservative government's attack on the labour movement created the conditions for widespread changes in working practices. However, rather than managerial unilateral action, most changes were produced through negotiated settlements between union representatives and managers at the local level (Brown 1985). It appeared that the removal of legal protections set into motion a movement towards more locally based accommodation between labour and management.

Institutionalist researchers have attributed important variation in the outcomes of restructuring not only to macro, but also to micro level national institutions. Dore (1986) showed how the Japanese textile industry was able to adjust much more successfully than its British counterpart in the late 1970s to increasing competition from the newly industrializing countries. He attributed Japan's success to MITI's intervention and coordination of the restructuring process, to Japanese firms' commitment to employees for long term employment that necessitated the finding of new product markets, to Japan's superior educational system that enabled Japanese firms to move easily into higher technology fields, and to Japan's financial system which freed corporate managers from short term capital market constraints and encouraged long range planning (Dore 1986).

Many scholars have pointed to the institutional structure of the German economy at both macro and micro levels as being conducive to industrial adjustment. Thelen (1987), drawing upon the experience of restructuring in the German steel industry, argued that a singular German institution, codetermination, facilitated industrial adjustment and workplace restructuring when compared to the experience of other European steel industries. Codetermination aided industrial adjustment in two ways, she argued. First, it allowed downsizing to occur relatively smoothly by relying largely on attrition rather than mass layoffs to reduce employment. Second, codetermination, by consulting with workers and their representatives beforehand, made workers less resistant to changes in work organization. Through such changes in work organization, productivity in the German steel industry increased dramatically (Thelen 1987).

Similarly, looking at the auto industry, Streeck (1989) concluded the German auto industry's success in the 1980s could be attributed to a particular product and process strategy (moving up market and upskilling the workforce) encouraged by particular German institutions. He argued that codetermination and industry-wide wage bargaining created external rigidities that led labour and management to create flexible internal labour markets, increase worker training, and de-Taylorize work organization enabling the successful pursuit of an up-market product strategy (Streeck 1989).

Turner (1991) also documented the success of German institutions in shaping outcomes in the German auto industry. His work looked at the American and German automobile industries and pays particular attention to the works council/union nexus and its impact on workplace restructuring. He found two variables to be critical in explaining national variations in outcomes: worker integration into managerial decision making; and laws or bargaining arrangements that encourage firm level union participation from outside the firm (Turner 1991). In Germany, a secure, powerful, and strategic thinking union, IG Metall, is able to promote its vision of the team concept known as "group work" by educating works councilors in how to negotiate over work reorganization with their

managerial counterparts at the workplace. Only through having an industry based union that can see the whole industry, its problems, needs, and opportunities, and by having a workplace based forum for such discussions with management over the subject of work reorganization, is it possible to present such a common agenda with respect to work reorganization (Turner 1991).

Despite the logic of these arguments about the effects of national institutions on the outcomes of workplace restructuring, a growing body of evidence suggests some weaknesses with them. Especially problematic is evidence that despite similar national institutions, variation occurs in how workplace restructuring takes place and the kinds of ultimate outcomes it has. Batt (1995) describes workplace restructuring in two Regional Bell Operating Companies, BellSouth and NYNEX. Despite facing identical competitive pressures and being embedded in the same national institutional context, quite distinct differences in workplace restructuring have emerged. BellSouth has taken a much more cooperative position vis a vis work reorganization, has pursued more upskilling, multi-crafting, and team forms of work organization. In contrast, NYNEX has pursued a strategy focused more on cost cutting -- favouring contracting out, job deskilling, and much heavier downsizing (Batt 1995).

Walton, Cutcher-Gershenfeld, and McKersie (1994) likewise document considerable diversity both in approaches and outcomes of workplace change in three different industries embedded in the same national context: auto parts, railroads, and pulp and paper in the United States. Similarly, Wever (1991) shows in the German case much more diversity in outcomes in the chemical, engineering, and financial services industries, than the accounts of Streeck, Thelen, or Turner acknowledge.

Others, too, have noted the difficulties many national model approaches have in accounting for subnational diversity. As a result, a separate, but related stream of institutional literature has been devoted to the study of subnational variation and the regional institutions that explain such diversity.

Locke (1995), for example, explains diverse restructuring experiences in Italy by highlighting differences in regional patterns of associationalism, intergroup relations, political representation, and economic governance. Firms in localities characterized by dense networks of associations and interest groups able to aggregate interests, resolve conflict, and diffuse information were able to restructure more successfully than firms located in regions without such developed local resources (Locke 1995).

Herrigel (1990) and Saxenian (1994) make similar kinds of arguments for Germany and the U.S. respectively. Rather than refer to the socio-political attributes of a region *per se*, both Herrigel and Saxenian focus on the structure of industry in a particular region. Herrigel's (1990) study of Germany's machinery industry uncovers two distinct industrial orders: one being neo-corporatist, comprised of large autarkic firms, and the other being decentralized and regionally based, comprised of small and medium sized firms. Each industrial order possesses its own organizational logic at the workplace and therefore has adjusted to the demands of the past decade and a half in quite different ways.

Saxenian (1994) uncovers a similar duality within the U.S. computer industry. She characterizes California's Silicon Valley as comprised of small, networked enterprises in which personnel travel freely and in which there is a considerable amount of relational contracting and in which interfirm knowledge flows through informal contacts (Saxenian 1994). Here work is organized towards a high skill, flexible, high quality, continuous improvement kind of mode. Quick response, working to customer specifications and aiding in the development process between firms are all part of production in Silicon Valley. In contrast, Massachusetts' Route 128 computer district is characterized by an agglomeration of large autarkic firms in which knowledge and personnel fail to flow as freely, with corresponding impacts on work organization and ability to restructure. Within Route 128 production tends to be in-house or contracted out at arms' length. Work organization therefore tends to be Fordist, and adaptation and change are difficult.

To summarize, a reliance on national institutions as an explanation for diversity in workplace outcomes leaves a considerable amount to be desired. Researchers relying upon national institutions as an explanation are best able to account for international differences. Unfortunately, their focus on the national level leaves them no categories for explaining variation within nations. Although scholars exploring the importance of institutions below the national level have added considerable insight to the causes of observed variation in workplace restructuring, their work retains critical weaknesses. Although institutions are richly described and their effects carefully documented, the actors in these institutional contexts remain fuzzily defined and largely indistinguishable from one another. These black boxed actors are largely left to be acted upon by the institutions around them. Like the national institution accounts, institutions acquire a life of their own, “determining” outcomes without human agency.

Clearly a more focused lens needs to be applied to the problem of accounting for diversity in the process and outcomes of workplace restructuring. I turn now to the strategic choice framework developed in the field of industrial relations.

### *C. Strategic choice*

A third stream of literature that seeks to account for diversity in the outcomes of workplace change is the strategic choice literature. The strategic choice framework offers some notable improvements over both the technology and institutional literatures. First, it eschews any sort of technological determinism and instead attributes outcomes to actors’ strategic choices. Second, rather than ignoring institutions, it builds upon the strengths of the institutionalists’ work. Building upon the work of Dunlop (1958) and his concept of an industrial relations system, the strategic choice framework starts with the assumption that institutions do matter -- for example, legislation, market characteristics, and collective bargaining structures -- and that these institutions define a range in which actors may make strategic choices (Kochan, McKersie, and Cappelli 1984). History, ideology, and

business strategies then shape the actors' specific choices (Kochan, Katz, and McKersie 1986).

Much empirical work over the last decade has used the strategic choice framework to account for the growing diversity in industrial relations outcomes, particularly in the United States. Kochan, Katz, and McKersie (1986) document diverse industrial relations outcomes occurring within a cross section of American industries, in which firms in each were faced with identical competitive pressures. How they reacted was largely determined by the firms' choices of business strategy. Cappelli's (1985) study of airline bargaining illustrates this connection. Airlines competing in sheltered niches were not forced to seek concessions from their unions, while those flying in the most competitive routes often sought deep cuts in pay from their unions and laid off hundreds of workers (Cappelli 1985). Similarly, Arthur (1992) uses the strategic choice framework to explain diversity in industrial relations practices and forms of work organization among American steel minimills. For a sample of 29 steel minimills, Arthur (1992) finds firms that follow a mass production, cost minimization strategy tend to maintain traditional, cost minimizing industrial relations strategies, while firms that emphasize more flexible manufacturing and compete on some basis other than cost, tend to maintain industrial relations practices that encourage employee commitment.

Despite the framework's considerable insight into how different managerial strategies have produced different workplace outcomes, the framework cannot adequately explain why the pursuit of *identical* managerial strategies sometimes leads to different outcomes. Evidence from a number of settings illustrates this empirical puzzle. Birecree's (1993) rich case study of International Paper and its drive for concessions in contract terms and work organization documents the diverse outcomes achieved at various locations of the same company. Katz's (1985) work on restructuring in the U.S. auto industry uncovers similar anomalies. Faced with an identical competitive challenge, the Big Three chose to respond to it in the same way, by adopting many Japanese lean



production practices and by forming more cooperative relations with the UAW. However, not only did the automakers differ in the degree to which they were able to move their systems of production and labour-management relations to the new paradigm, there was also clear variation within each company (i.e., across plants) (Katz 1985).

Nor can the strategic choice framework adequately explain how the pursuit of quite different strategies leads sometimes to similar outcomes. Cutcher-Gershenfeld's (1988) work on Xerox illustrates how a highly cooperative approach between labour and management led to a fundamental reorganization of work on the shopfloor, the creation of dozens of employee problem solving teams, and ultimately large scale improvements in cost and productivity outcomes. In contrast, Ichniowski's (1992) study of changing forms of work organization, increased levels of employee involvement, and impressive increases in firm productivity in the paper industry, highlights the forcing strategy initially pursued by management to force the work rule changes it believed necessary to produce the changes it required. In both cases, outcomes were virtually identical, yet the strategies pursued to reach them varied considerably.

One explanation of this apparent twofold conundrum comes from Walton, Cutcher-Gershenfeld, and McKersie's (1994) *Strategic Negotiations*. Using a negotiations framework to study changing union-management relations in the U.S. railway, pulp and paper, and auto parts industries, the authors note the fundamental indeterminacy of the change process. In many cases management pursued the identical strategy (forcing or fostering) but outcomes varied tremendously between sites in the same industry all of which faced an identical set of competitive constraints. Similarly, managements pursued quite different strategies to achieve similar ends. One possible explanation for both such outcomes looks to the response of the unions with management was negotiating. In some cases the union responded militantly, causing management to escalate its strategy, leading to unforeseen negative consequences. In others, the union responded passively or willingly and management was able to achieve its objectives almost

unilaterally. Because the changes the authors documented were negotiated and not simply directed by management alone, the interests and resulting strategies of labour affected management's ability to implement its chosen strategy.

In short, to improve upon the strategic choice framework, we need to incorporate labour as a strategic actor in a serious way. Doing so will allow us to understand why different outcomes may emerge despite the pursuit of identical strategies while at the same time to understand how similar outcomes may result from the pursuit of quite different strategies.

The current competitive environment has only increased the tendency for labour's response or strategy to affect the outcomes of workplace change. Traditionally, management was viewed as the driver of change and labour was perceived as simply preferring to negotiate over the outcomes (Slichter, Healy, and Livernash 1960). However, as Thomas (1991) notes, a new era has emerged over the last decade and a half in which the focus of negotiations has shifted from outcomes to the process of change itself. Further, he argues, the insertion of labour into the process is likely to intensify the conflict surrounding such change and substantially change core organizational structures and processes which in turn can affect outcomes in diverse ways (Thomas 1991). Thus, although management may *often* continue to act and implement change in a relatively unfettered way (especially in situations where labour has no formal representation), increasingly this cannot be assumed.

However, despite its clear contribution both empirically and theoretically to this stream of research, Walton, Cutcher-Gershenfeld, and McKersie's (1994) work does not go far enough in capturing the full richness of the labour side of the story. Because of their focus on formal contract negotiations, Walton et al observe only unionized environments. Yet, workplace change in both the substantive forms of work organization and the social contract (towards more commitment) is occurring across union and non-union sites alike. Outcomes in both settings are equally important for sustaining firm

competitiveness, ensuring worker welfare, and stimulating economic growth. Thus, we need a framework that analyses and allows us to differentiate between different *labour* strategies generally, whether organized or not.

In short, labour needs to be incorporated more seriously into our framework for understanding workplace change. One stream of literature that has attempted to address the effect of labour across both union and non-union workplaces is the labour economic literature. For the most part this stream has proven unsatisfactory because of the tendency of these scholars to treat the organization of a workplace as a dummy variable (“1” if union; “0” otherwise) (Allen 1986; Bemmels 1987; Boal 1990; Mefford 1986). As a consequence, observations within each category are treated as indistinguishable from one another. Such a conceptualization is deeply misleading. Not only does important variation occur within the “union” category, but so too do non-union sites differ. In some workplaces, informal workgroups may play a powerful role in blocking or proposing changes. In others, employee representatives may discuss plans with their management counterparts through some form of employee involvement program in which, even if they have little decision making clout, they at least may raise concerns or receive and disseminate information to their fellow workers that facilitates the change process. In still others, fragmented and powerless individuals may face the unbridled force of management to do what it wishes unilaterally.

Much of the industrial relations literature (including Walton et al’s work) improves upon the labour economics literature by attempting to unblack box unionized settings by differentiating between the responses of unions to management’s strategies. Although differentiating among union responses is a valuable addition, the responses of unions to management proposals for change have been traditionally characterized as falling along a continuum anchored at each end by the adjectives “cooperative” and “adversarial” (Bluestone and Bluestone 1992; Kochan, Katz, and McKersie 1986; Perline and Sexton 1994; Katz 1988). Unfortunately, in attempting to understand the implications of labour’s

strategic response for the formation of management strategy and its eventual implementation, these categories do not provide us with much insight. The main problem with such a characterization is that it doesn't recognize the often significant and important variation within each category. For example, Perline and Sexton (1994) note the wide variation in management's and labour's perceptions of the meaning of "cooperative". To unions, cooperation entails an increase in information sharing and increased input into decision making at the workplace (Perline and Sexton 1994). For management, cooperation involves workers providing important insights into ways of improving quality and productivity and allowing the relaxation of restrictive work rules, but it does not entail any additional input into workplace decision making (Perline and Sexton 1994).

Even if the parties could come to an agreement on the meaning of "cooperation", another problem remains. Two very different kinds of behaviours can be construed as cooperative, and each may have a correspondingly different impact on outcomes. Perhaps the most straightforward example is the traditionally recognized cooperative behaviour: management proposes and labour acquiesces. In such a case, the ultimate outcome can vary considerably depending on the quality of the initial suggestion. Acquiescing can be the result of apathy or resignation on labour's part or it can be the result of agreement with a well thought out and reasonable management proposal. The outcome associated with the former may not end up meeting the interests of either actor, while the outcome in the latter situation may work out well. However, a case where management proposes and labour says "No", but instead proposes an alternative that meets the agendas of both labour and management can also be seen as cooperative. This scenario may in fact produce a better outcome because it meets workers' needs and thereby secures their buy-in to the change process, or because it meets management's needs better in the long run than just simply in the short term.

Similarly, it is equally important to differentiate between two responses that may be construed as adversarial: a vehement and simple "No" and a more complex, "No,

instead . . .”. These two responses are indeed quite different. Both may be perceived as adversarial responses, especially if labour uses power and leverage to block the initially proposed change and to ensure its alternative gets heard. Although the simple “No” may block important change needed for the competitive survival of the firm, the “No, instead . . .” response may have indeterminate outcomes. It may also block necessary change, or it may force management to adopt a less than ideal second choice strategy. Alternatively, it may meet the interests of both labour and management and in the end lead to mutually beneficial and otherwise more desirable long term outcomes.

Our understanding of labour’s strategies and their impacts on the choice and implementation of management’s strategies remains poorly conceptualized. Two fundamental problems need to be addressed in developing a framework for analysing labour’s various strategic actions. First, the framework needs to be able to distinguish between a range of possible alternative strategies available to labour. Second, it should be generalizable across unionized and unorganized settings alike. By encompassing both union and non-union settings and by allowing for a wide range of possible strategies, such an alternative framework provides us with much added insight into the process of restructuring: how labour both directly and indirectly affects the process and, ultimately, the outcomes of workplace restructuring.

The incorporation of the strategies of labour enriches the strategic choice framework in several ways. First, to understand and explain variation in outcomes occurring at the workplace, the incorporation of labour as a major player is critical. By incorporating workers and their representatives (if any) we force ourselves to look at the shop floor and the struggles that occur there over new forms of work organization and a new accommodation of shop floor interests. Second, by understanding the interactions between the strategies of labour and management it becomes possible to explain the choice of different strategies by managements facing identical competitive environments. It also

becomes possible to explain how, when managements do select identical strategies, the implementation of those strategies and consequently outcomes, may nonetheless differ.

These scenarios are explainable by allowing labour's strategies to have several different effects on outcomes. First, labour's strategies may not simply block or accept the implementation of management's strategies. As pointed out above, labour may interact with management to propose alternatives to management's initial proposal which in the end are implemented. Second, labour itself may proactively engage in the restructuring process, actively suggesting changes in the workplace: the form of work organization or the division of roles and responsibilities on the shop floor. Our traditional conceptualizations of labour's strategies and actions do not allow for this particular possibility. Yet, increasingly, earlier intervention into the process of workplace change makes this an important and significant influence on final outcomes (Thomas 1991; c.f. Cutcher-Gershenfeld 1988).

### **III. The Strategies of Labour**

Figure 1.1 below illustrates an alternative conceptualization of labour's strategies, one that covers both organized and unorganized workplaces and differentiates more clearly between strategies that are too often lumped together in the "cooperative" or "adversarial" categories. Instead, I have chosen to differentiate among labour's strategies based on two separate dimensions: labour's stance -- whether labour is reactive or proactive; and labour's action -- whether labour chooses to accept, reject, or negotiate with management over its proposal.

Figure 1.1  
Labour Strategies

Labour's Action	Labour's Stance	
	Reactive	Proactive
Accept	Acquiescent	(empty)
Reject	Obstructionist	Pre-emptive
Negotiate	Pragmatic	Interventionist

Each of the five occupied cells<sup>2</sup> presents a distinct labour strategy, any of which may be pursued by organized or unorganized workers alike. What differs between the two groups however, is the distribution of strategies pursued because of the need for bargaining power or leverage associated with certain strategies. Unionized workers or those with some other form of bargaining power, perhaps emanating from their specialized skills or role in the production process, will be more likely to be able to pursue strategies on the right hand side and towards the bottom of the matrix.

In what follows, I describe and illustrate, using examples, each of the five strategies.

The Reactive/Accept cell contains the Acquiescent strategy. This is perhaps the classic notion of cooperation on the part of labour to management's initiative. Drawing on real world examples, we see such behaviour in most non-union environments where workers are powerless to do anything in response to management initiatives. We may also observe this strategy pursued by a union where the union has no stake in the strategy

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<sup>2</sup> The Proactive/Accept cell is empty, representing a nonsensical possibility.

being implemented by management (whether management does X or Y, the union remains indifferent); or where the union lacks the leverage to protest.

Moving down one row to Reject, two strategies appear: the Obstructionist and the Pre-emptive. The Obstructionist is a reactive strategy and is most closely associated with traditional notions of labour's adversarial response to management's strategies. Literally dozens of cases of the Obstructionist strategy can be cited from the industrial relations literature and popular press of the last decade and a half. The UPIU strike at Jay, Maine falls into this category (Walton, Cutcher-Gershenfeld, and McKersie 1994). So, too, does the strike mounted by Greyhound drivers in the early 1980s in which striking workers were eventually replaced (Kochan, Katz, and McKersie 1986).

The Proactive/Reject cell filled by the Pre-emptive strategy is a much rarer strategy to observe. One example, however, comes from the Canadian Autoworkers union. In the late 1980s and early 1990s this union published a series of statements outlining the union's position on the use of technology and the reorganization of work (CAW 1988; CAW 1991). In doing so, it laid out what kinds of work organization the union's members desired and specifically drew the line against other forms. By doing so, the CAW has effectively shut off the pursuit of those objectives by management in the plants in which it represents employees. There is far less "jointness", team forms of work organization, and quality circle activity in Canadian plants than in their American counterparts.

The fourth strategy, falling at the juncture of the Reactive and Negotiate axes is the Pragmatic strategy. The Pragmatic strategy is a very common one and can be a derivative of either a traditional "adversarial" or "cooperative" approach. Its distinguishing feature is the negotiation over the specific details of the changes management is proposing. In some cases, management expects and encourages such negotiation (a fairly cooperative approach between the parties), while in others, labour has to use its leverage to get management to negotiate over the fallouts from the changes it is making. Thomas' (1991) study of the implementation of new technology and union-



management cooperation provides several illustrations of this strategy. After the installation of new manufacturing equipment the union went to management to negotiate over the job classifications and wage levels associated with the new jobs and to ensure that training was provided to those seeking it (Thomas 1991).

The final cell is occupied by the Interventionist strategy located at the juncture of the Proactive and Negotiate axes. The Interventionist strategy resembles the Pragmatic strategy in that the parties together negotiate over the impact of workplace change. The key difference, however, is the timing of that negotiation process. In the Interventionist strategy, labour inserts itself into the change process at a much earlier stage -- before the change has been fully designed and an alternative chosen and implemented (whereas, under the Pragmatic strategy negotiation occurs only during or after implementation). To successfully pursue this strategy, labour requires considerable leverage or bargaining power. Without such power, labour cannot force management to engage with it over the formulation or even the process of implementation of its strategy. Given this requirement of significant leverage, this cell is relatively uncommon.

An example of labour pursuing an Interventionist strategy comes from the experience of ACTWU's Xerox local. After becoming heavily involved in a joint QWL initiative, the union learned of management's decision to subcontract out the assembly of wire harnesses used in Xerox machines (for the detailed story see Cutcher-Gershenfeld 1988). Threatening to withdraw from the QWL program, the union forced management to submit the decision to joint decision making. A study team comprised of union members and management was formed to find ways to lower costs to enable the work to stay in-house. After six months of study, the team had exceeded the target savings level and kept the wire harness work in-house.

The Interventionist strategy has the greatest potential to produce outcomes that diverge the most from traditional expectations that management acts and labour responds in ways that results in little or no deviation from expectations. It also has the greatest

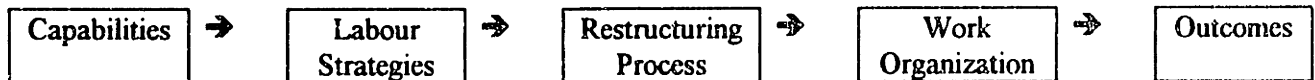
potential to create the most positive outcomes for both labour and management. This potential derives from two sources. First, by intervening early in the decision making process regarding the possibilities for workplace change, labour can bring valuable insights from the shopfloor. Those closest to and most familiar with the production process have the greatest detailed knowledge of what works, what could work, and what is simply infeasible, and can provide that information to those responsible for the redesign effort. Further, by entering the process earlier and having leverage to be party to the decision, labour can also affect the actual choice being made. This is done by suggesting or insisting that certain criteria that otherwise might not be employed be used that make for a better decision. For example taking into account scheduling issues or the ergonomic design of new processes -- things that management may not put much weight on, but that mean considerable amounts to those affected -- may facilitate the acceptance of the proposed changes and smooth their implementation.

The second way the Interventionist strategy can lead to overall better outcomes is through the legitimation it provides the decision making process preceding the implementation of workplace change. When workers' representatives are seen to have actively participated in the design and choice of the workplace change, those affected are more likely to see the proposed changes as meeting their interests, or at least not being fundamentally in opposition to them. Additionally, when an Interventionist strategy is pursued by labour, labour often insists upon direct ratification of the proposed changes by the affected workers. This ratification only solidifies and ties more closely the legitimation of the outcome to be implemented with workers' perceptions of what is just. If they have voted or otherwise approved the changes before they are implemented, it is hard for them then to later cry "foul" and resist the changes. Thus, management can expect the implementation process to unfold more easily and the expected benefits to materialize.

#### IV. The Framework Guiding this Research

As stated earlier, this research focuses on the strategies and actions of labour in the process of workplace restructuring. Figure 1.2 below, illustrates the critical variables on which this research focuses and the linkages between them that I trace.

Figure 1.2  
Overall Framework Guiding This Research



The strategy labour pursues during the course of workplace restructuring is a central variable in this research. Labour's strategy is hypothesized to influence the restructuring process itself: when labour enters the process (the proposal generation stage, the proposal selection stage, or the implementation stage); the degree of leverage labour has to influence the process of workplace redesign; and the degree of legitimacy labour provides the solution to be implemented. In turn, the process of restructuring and labour's involvement in it is expected to shape the forms of work organization that emerge. That form of work organization, specifically whether or not work organization takes on many "high performance" or "transformed" features, will influence the outcomes experienced by the parties: cost, quality, and productivity for management; wages, skills, health and safety, and autonomy for workers.

The critical variable preceding all this, however, is labour's capabilities. In this research I address two critical questions surrounding this variable. First, what are the capabilities necessary to pursue an Interventionist strategy? And second, where do these capabilities come from?

#### V. Conclusion

This chapter has argued for the importance of labour strategy in understanding the variation observed in the process and outcomes of workplace restructuring and has presented a new conceptualization of labour strategies, differentiating among five possible

alternatives. The development of this five part typology was driven by the need to more fully understand the influences on both the formulation and implementation of managerial strategies regarding workplace change so that we may understand the drivers of diversity in outcomes observed in seemingly similar contexts and the similarity of outcomes occurring across diverse contexts.

This typology provides several improvements over traditional conceptualizations of labour strategies. First, it encompasses labour generally, applying equally to contexts in which labour is represented formally (by a union or some other form of employee representation) as well as those in which labour is unorganized. Second, the framework departs from the traditional dichotomization of labour strategies into “cooperative” and “adversarial” categories. Recognizing that very different strategies with potentially very different impacts on outcomes can be subsumed within each of the traditional categories, this alternative framework differentiates among strategies along two separate dimensions: labour’s stance and labour’s action. Third, by disaggregating potential labour strategies to the extent it does, the framework highlights the Interventionist strategy, a strategy that has potentially large payoffs for both labour and management in the new competitive environment. The Interventionist strategy has the potential to considerably alter the process of workplace restructuring in ways that both improve the quality of the final workplace changes designed and implemented as well as provide the changes with a degree of legitimacy to ensure they are implemented in ways that deliver the hoped for benefits for all parties.

This chapter also presented the overall conceptual framework guiding this research. Ceding a central role to labour strategy, this framework linked labour strategy in turn to the process of workplace restructuring, forms of work organization, and outcomes for the parties. The framework also highlighted the need to understand the capabilities necessary for pursuing an Interventionist strategy and where those capabilities come from.

In what follows in the rest of this dissertation, I present evidence of the differences in work organization and final outcomes for the parties produced by labour's pursuit of different strategies. In doing so, I argue that labour's strategy has a profound effect upon the process and outcomes of workplace restructuring. I also seek to identify the critical capabilities possessed by different labour actors and show how they affected labour's choice of strategy. Further, I seek to understand where these capabilities come from.

The next two chapters, Chapters Two and Three provide the necessary background to this thesis. Chapter Two is devoted to outlining and justifying the choices of the particular research setting (the North American integrated steel industry), the research method, and the research design. Chapter Three provides the historical background necessary for understanding the context in which the changes discussed in subsequent chapters take place. It provides a review of the changes undergone by the North American integrated steel industry since the early 1980s. It also summarizes the corresponding adaptations made by the United Steelworkers of America in both Canada and the U.S. during this same period.

Chapters Four and Five form the empirical backbone of the dissertation. Chapter Four presents the contrasting experiences of two steel making facilities with workplace restructuring. These two plants are located in the same region, are both the flagship plants of their respective companies, and concentrate on the market for flat rolled sheet steel. However, Local 1010 at Inland Steel has managed to negotiate much more beneficial terms for its membership in the process of restructuring while at the same time allowing management to achieve the productivity and cost improvements it needed to remain viable in the marketplace. In contrast, Local 1066 at U.S. Steel-Gary Works has found itself unable to intervene in managerial decision making in the course of workplace restructuring. As a consequence, outcomes for workers are much less fortuitous and employee commitment to the company and continuous improvement are much lower than at Inland Steel.

Chapter Five presents evidence from a second pair of steel plants. These two plants belong to the same company, Stelco, Inc. and are located only 30 miles from one another in southern Ontario. In this chapter I study the restructuring of identical departments at each facility and present a detailed analysis of work organization before and after restructuring while documenting the two local unions' attempts to influence those outcomes. Chapter Five also looks empirically at the outcomes of restructuring at these two Stelco plants. In doing so, I analyse wage, skill, and health and safety outcomes for workers; cost, quality, and productivity outcomes for the company; and levels of influence in plant level decision making for the local union.

Chapter Six advances the central argument of the thesis: that the strategies of labour have an important effect upon the process and ultimate outcomes of workplace restructuring. Before making this argument, however, I return to look at all four cases and seek to rule out plausible alternative explanations for the diversity observed in outcomes. Each pair of cases controls for several alternative explanations. However, by looking across the four cases four additional factors can also be ruled out as likely explanations for the observed variation: plant size, workforce characteristics, whether or not the facility belongs to a single plant enterprise, and other firm effects.

Chapter Seven draws upon the evidence presented in Chapters Four and Five to develop a theory of local union capabilities to explain the differences in strategies pursued by labour. First, I elaborate upon what I believe these essential capabilities to be. Second, I seek to lay out an explanation, that, in rudimentary form, constitutes a theory of local union capabilities: where they come from, why some locals have certain capabilities and not others, and why still others have none at all.

The final chapter of the dissertation, Chapter Eight, summarizes the major findings of this research and discusses the implications of this work for unions, managers, and public policy makers.

## **CHAPTER 2: Research Context, Method, and Design**

### **I. Introduction**

This chapter provides the methodological background necessary for understanding and evaluating the research that follows in subsequent chapters of this dissertation. Unlike some research projects that use a well understood method and proceed in a fairly linear and straight forward manner from well defined hypotheses, to data collection, to testing, this project has been multi-phased, iterative, exploratory, and, in the end, explanatory. The purpose of this chapter is to expose the research process to the reader, so that he or she may properly evaluate the validity of the evidence presented to support the conclusions that I draw from this research.

This chapter is organized in the following way. The next section explains my choice of the North American integrated steel industry as the setting for this research. Section three describes the research method -- the comparative case study method -- and outlines its suitability for this project. In section four I outline each of the phases through which this research has progressed -- from exploration, to case selection, to data collection. Section five highlights the importance of the concept of work organization for this research and defines the dimensions of work organization I study. The final section of this chapter summarizes and concludes.

### **II. The Research Context: The North American Integrated Steel Industry**

To study the phenomenon of workplace restructuring, I have chosen the North American integrated steel industry. Integrated steel producers make steel directly from iron ore and coal and need to be distinguished from steel mini mills which make steel by melting steel scrap in electric arc furnaces. The mini mill sector has not been subject to the same competitive pressures, witnessed the same industrial decline, or been forced to restructure in the way that the integrated sector of the industry has throughout the 1980s and early 1990s. For these reasons it is excluded from this study.

The North American integrated steel industry provides an ideal context for my research for a number of reasons. To begin, the last decade and a half has been a period of prolonged industrial crisis for the industry (Adams and Mueller 1990; Hogan 1984; 1991; Hoerr 1988). Buffeted by low cost imports, the rise of the highly efficient mini mill sector, and a decline in overall demand for steel, the industry has been forced to fundamentally restructure (Hogan 1991). Initially, companies slashed operating capacity and eliminated thousands from their payrolls. Eventually, however, the subsequent need to produce a higher quality, lower cost product with far fewer people led to the need to restructure at the workplace. Such workplace restructuring entailed investing in new technology, retaining employees, and reorganizing work (Thelen 1987).

As individual plants engaged in this process in the late 1980s and early 1990s, considerable variation in workplace outcomes began to emerge (c.f. Camlin, Scharf, and Walton 1993, Ichniowski, Shaw, and Prenzushi 1993, Konzelmann Smith 1996). Cutting employment and eliminating excess capacity required little more than swiftness to be effective in reducing costs. In contrast, workplace restructuring proved to be much more difficult and its outcomes more variable. Yet successful outcomes are of great importance to all parties. Without successful workplace restructuring that lowers costs, increases productivity, and enhances product quality, plants are not likely to survive. Moreover, without viable plants workers lose their increasingly scarce well-paid industrial jobs and unions lose members. Thus, understanding and explaining this variation is an important task.

Yet, the North American integrated steel industry is constrained by a number of factors that would tend to mitigate such variation. First, the common industrial relations strategy pursued by the major players in this industry provides an important constraint on variation in workplace restructuring. The North American integrated steel industry is



virtually 100% organized (with the exception of Dofasco<sup>3</sup>, Canada's second largest steel maker), with the same union, the United Steelworkers of America, representing the vast majority of workers. The industry and the USWA have a long history of highly centralized pattern bargaining in both Canada and the United States. However, since the early 1990s, after years of arms' length and adversarial union-management relations, the parties have taken a more cooperative path with both increased information sharing and increased worker and union involvement in decision making at the plant and company level.

Second, the industry's players have converged upon a common product market strategy. As the crisis persisted and deepened, integrated steel makers abandoned many of their former product markets in the face of competition from domestic mini mills and foreign producers. One by one, the integrated producers relinquished the markets for wire, rods, structural shapes, fabricating operations, and low end bar products. Collectively, the industry found refuge in the markets for the high value added cold rolled and coated sheet steel used in automobile and appliance manufacturing.

Third, as a result of this convergence of product strategies, North America's integrated steel makers also collectively invested in new technology. Technology has always been relatively constraining of work organization in the steel industry because the industry uses process technology. However, the convergence of product strategy has increased this constraint since now integrated steel makers now operate the same pieces of equipment with the same degree of technological sophistication.

The number of constraints operating in the integrated steel industry combined with the need to restructure at the workplace make the integrated steel industry an ideal setting

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<sup>3</sup>Yet even Dofasco operates as if unionized. It pays its workers the union bargained wage, it operates a formal grievance procedure, and provides generous health, pension, and recreation benefits. Its form of work organization is very traditional -- narrowly defined jobs, strict lines of progression between jobs, and layoff and recall based on seniority. Only in the last few years has Dofasco begun to move toward higher performance forms of work organization and only very slowly at that.

for my research. Our traditional explanations of workplace diversity -- technology, institutional context, and managerial strategic choice -- would predict little or no variation in outcomes given the similarity in these dimensions across the industry. The constraints imposed by similar levels and types of technology in this industry should rule out variation. Similarly, although the institutional context may explain some variation between the U.S. and Canada, it is insufficient to explain the considerable intra-national variation that exists. Finally, the strategic choices of management in terms of both product market strategies and industrial relations strategies have converged in this industry. They, too, should preclude any variation. Yet, variation in the process and outcomes of workplace restructuring abounds in this industry (c.f. Camlin, Scharf, and Walton 1993; Ichniowski, Shaw, and Prensushi 1993; Konzelmann Smith 1996). Thus, the steel industry offers an ideal setting for trying to discern the source of that variation.

### **III. The Choice of the Case Method**

The findings of this research are based on the in-depth analysis of four cases of restructuring involving four different plant managements and local unions. Several reasons led to my decision to do case study research. First, the phenomenon in which I was interested, workplace restructuring, is not well understood. Existing theories are unable to adequately explain the variation we observe. Thus, there was not a standard set of questions to ask or hypotheses ready to test. Instead, I needed to become intimately familiar with the integrated steel industry and the process of workplace restructuring in which it was engaged so that I could identify the important questions, the critical variables, and generate testable hypotheses about the sources of that variation.

Second, the workplaces and actors that are the focus of this research are deeply embedded within a context -- both a physical as well as an historical context. The key context I study is the plant, its management, and the local union representing production and maintenance workers there. Restructuring concerns people -- their work lives, roles,

responsibilities, and inevitably their place and power in the organizational hierarchy. Restructuring also inevitably involves disrupting the status quo, creating as a result winners and losers. Conflict is a common by-product of this process. In the context of a work site, where interests are distinct, the parties usually have traditional ways of dealing with conflict. Consequently, the plant's history, the local union's history, and the historical relationship of the parties are also important variables in my analysis. Not only does history create certain past practices that the parties find difficult to abandon; and that structure expectations of what is right and just; but they also play a role in shaping how the parties deal with conflict -- especially important in the process of workplace change.

Initially, I was not certain where context ended and the phenomenon began. For example, was the labour-management relationship context, or was it part of how restructuring proceeded? To understand phenomena that are so embedded requires a finely grained and detailed examination of each case (Yin 1993). The multiple methods (e.g., observation, interviewing, collection of archival materials and quantitative data) and the intensity of case based research made it a natural choice for this project.

Third, Yin (1981) points out that case research is ideally suited to discovering explanations for phenomenon rather than to determining their incidence. This was precisely what I set out to do -- explain the variation in workplace restructuring I observed in the course of this study. Further, case research allowed me to understand a process. Without understanding the process, its nuances, the interactions of the parties, the obstacles to change, and the outcomes of restructuring, I would not have been able to develop a convincing explanation of what I observed.

Although many perceive case studies to be primarily useful for simply exploring a phenomenon or describing it in detail, case study research can also be explanatory. That was my purpose in beginning this process. I set out to develop grounded theory related to workplace restructuring and its outcomes. Only by examining the phenomenon of workplace restructuring and exploring its relationships with other key variables will theory

dealing with this important phenomenon -- one that affects the viability of firms, the working lives of employees, and the future of unions -- be developed.

To do this kind of explanatory, theory building kind of work however, required me to design my study with great care. The case method, like the experimental and statistical methods, seeks to relate one set of variables to another while holding all else constant (Lijphart 1971). The major drawback to the case study method is, however, that there are many variables and a small number of cases. Lijphart (1971) proposes several ways to minimize this problem: increasing the number of cases, reducing the number of variables, focusing on a set of "key variables", and making the cases as comparable as possible. I chose to follow the latter strategy. That is, to use the comparative case study method.

The matching of the pairs of case studies was of critical importance in this project. Without careful controls, any conclusions I wish to draw may be ruled out by plausible alternatives. My objective was to reduce the number of those plausible alternatives through careful case selection. I describe below how I selected the four cases on which this research is based and which alternative explanations they help me to rule out.

#### **IV. The Phases of the Research**

##### ***A. Phase One: Overview***

The first stage of this research consisted of extensive field work over the course of a year in which I visited nine different steel plants. In the course of conducting this overview research I conducted dozens of interviews and gathered a wide range of archival materials.

These field visits served a number of purposes. First, they allowed me to confirm that there was indeed considerable variation in workplace restructuring occurring in this industry, despite the numerous constraints highlighted earlier. Variation existed in the extent of restructuring (from none at all, to work in every department being subject to evaluation and redesign), in the kinds of changes that were being made (ranging from

simple job combinations and eliminations to the creation of autonomous, multi-skilled teams), and in the actors involved in the redesign and change process (from processes driven unilaterally by management, to restructuring that was designed with the input of workers, their union, and management).

Second, these visits enabled me to begin to understand the phenomenon of workplace restructuring: the linear process it tended to follow and the variables that appeared critical in determining how it proceeded and how extensive it was. I also learned more about the plants and local unions I was visiting. This information would be invaluable in the final selection of the cases I would study in depth. Table 2.1 contains descriptions of all sites I visited during this preliminary stage and each's ultimate fate with respect to inclusion in, or exclusion from, this research project.

Table 2.1  
 Sites Visited: Plant, Local Union, Location, Ultimate Outcome

Plant	Local	Location	Outcome
<b>Canadian Sites</b>			
Algoma Steel	USWA 2251	Sault Ste Marie ON	Rejected: worker ownership gave union incomparable power
Dofasco	non-union	Hamilton ON	Rejected: no USWA presence
Stelco-Lake Erie Works	USWA 8782	Nanticoke ON	Included
Stelco-Hilton Works	USWA 1005	Hamilton ON	Included
<b>American Sites</b>			
Bethlehem-Burns Harbor	USWA 6787	Portage IN	Rejected: no significant restructuring taking place
Bethlehem-Sparrows Point	USWA 2609 USWA 2610	Sparrows Point MD	Included*
Inland-Indiana Harbor Works	USWA 1010	East Chicago IN	Included
National-Midwest Division	USWA 6103	Portage IN	Rejected: not an integrated steel making site
U.S. Steel-Gary Works	USWA 1066 USWA 1014	Gary IN	Included

\*Bethlehem-Sparrows Point Division is discussed in Chapter 7 as an example of a site where the local unions were ill-equipped to deal with restructuring but where they are seeking to become prepared through extensive membership education and training.

***B. Phase Two: Case selection***

The final sample of cases I ultimately analyse in this research consists of two matched pairs of restructuring examples (four case studies in all). Each pair of cases holds a number of important characteristics constant, while allowing the variables that I want to

relate to each other to vary. I wanted to control for the three major alternative explanations I outlined in Chapter One: institutional context, technology, and managerial strategy. I also wanted to control for a number of basic economic or competitive features.

My first pair of cases is made up of two steel making sites in Northwest Indiana. Inland Steel's Indiana Harbor Works and U.S. Steel's Gary Works offer a number of important controls for this study. These two plants are located near one another, less than 20 miles apart along the shore of Lake Michigan, in the same institutional context of Northwest Indiana and District 31 of the United Steelworkers of America (USWA). Although I am unable to study the restructuring of exactly the same department or piece of equipment, I control for technology in a number of other ways. First, the overall make-up and complexity of the two sites is virtually identical. Both are the flagship plants of their respective companies and produce for the same product markets using very comparable pieces of equipment. Second, I am able to compare the restructuring of two finishing processes. The inputs to the process are comparable, the outputs are both high value added specialty products, and both processes involve rolling and treating the steel input. Third, I control for managerial strategy by the virtue of the competitive environment and the constraints put on management by the new Cooperative Partnership Agreement both companies signed. Finally, U.S. Steel's Gary Works and Inland Steel's Indiana Harbor Works offer a number of important economic and competitive controls. Both are large plants; both are old plants with parts dating back to the turn of the century; both have workforces of the same average age, seniority, and ethnic mix; and both rely heavily on the market for flat rolled steel used in the manufacture of appliances and automobiles.

My second pair of cases is comprised of two facilities from the same company. Lake Erie Works and Hilton Works are both fully integrated steel making facilities owned by Canada's largest steel company, Stelco, Inc. These two plants offer a number of key controls. Both are located in the same institutional context, Ontario and District 6 of the

USWA. I study the same department at both sites and thus am able to control very closely for technology. Finally, as these two plants are part of the same company, I am able to control for corporate strategy. They are also located only 30 miles from one another, so that plant management frequently moves back and forth between these two facilities. This provides me with very good control of management strategy at the plant level.

Table 2.2 summarizes the controls each pair of cases offers.

Table 2.2  
Controls Offered by Paired Case Studies

<b>Hilton Works</b>	<b>Lake Erie Works</b>
same institutional context same technology prior to restructuring work was organized identically same corporate parent frequent transfer of plant management	
<b>Indiana Harbor Works</b>	<b>Gary Works</b>
same institutional context same industrial relations strategy: Cooperative Partnership Agreement same product market strategy same plant size, age, technological sophistication identical workforce characteristics	

***C. Phase Three: Data collection***

I collected the data from the four sites during 1994 and 1995. In each case I visited the site at least twice and sometimes three times for a period of one or two days each time. The details concerning the exact timing and duration of this field work can be found in Chapters Four and Five. The data I collected from all four sites were both qualitative as well as quantitative. In this research I study two distinct things: first, new forms of work organization (how they were negotiated, what they are, and how they vary



from earlier forms); and second, how those new forms of work organization affect outcomes for the company, the workers, and the union.

For the first part I collected data concerning the impetus for restructuring; the process of negotiation surrounding the change; and detailed before and after descriptions of staffing levels, worker skills, job descriptions, and pay levels. These data were largely qualitative and came from interviews with representatives of both union and management. Management representatives ranged from general foremen, to departmental managers, to works managers, to plant level IR/HR managers. Union representatives included District Directors, local union executive members, union committeemen, and union stewards<sup>4</sup>. Appendices in Chapters Four and Five list the individuals interviewed at each site and their positions. The information gathered from these interviews was supplemented by documentation provided to me by the parties: copies of their collective agreements, mutual agreements, local union newsletters, internal correspondence, and company annual reports. I also drew upon secondary sources such as the business press and newspaper articles.

For the second piece, the data are both quantitative as well as qualitative. Management at Lake Erie Works and Hilton Works supplied me with monthly data on worker health and safety, productivity, quality, and cost for their respective coke ovens departments beginning roughly two years prior to the restructuring and running for two years afterwards. Because the two processes studied at U.S. Steel's Gary Works and Inland Steel's Indiana Harbor Works are not directly comparable, I have separate sets of outcome data related to the specifics of each process supplied to me by management. In addition, I received pay and staffing level data from the companies and unions at all sites to document other outcomes for workers and the company. Finally, I have collected a

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<sup>4</sup> The term "stewards" here refers to all levels of workplace based union representatives. These include grievors, assistant grievors, and stewards at Local 1010; zone committeemen at Local 1066; and stewards and assistant stewards at Local 1005 and Local 8782.

number of qualitative indicators of the outcomes for each local union as a result of how it was involved in the process of workplace restructuring.

## **V. The Transformed Workplace: Forms of Work Organization**

A central variable of interest in this research is the form of work organization implemented by the parties as a result of the restructuring process. The frequent goal of workplace restructuring is the transformation of the workplace from the old inflexible, buffered, command and control hierarchy to the so-called “high performance” or transformed workplace. Through this transformation firms are able to achieve flexibility, innovation, and responsiveness -- characteristics required for success in the new competitive environment. An integral part of making this transition involves changing forms of work organization.

The new form of work organization to emerge as a result of workplace restructuring plays a central and critical role in shaping the ultimate outcomes experienced by the parties. The allocation of responsibilities, the design of tasks, and the degree of worker knowledge about the job all influence the final outcomes in which workplace actors are interested. By changing the organization of work management hopes to achieve its objectives of higher productivity, higher quality, and lower cost. At the same time workers want to ensure their wages are maintained, their employment prospects are stable, and that their autonomy and skill levels are enhanced. Thus, to understand the diversity in workplace outcomes experienced by the parties we need first to look at the form of work organization.

Unfortunately, a survey of the literature reveals no consistently agreed upon components of high performance forms of work organization. Instead, I highlight here four dimensions that researchers have commonly cited (often under different names) as characterizing transformed forms of work organization.

### ***A. Job breadth***

A common feature of high performance forms of work organization identified by researchers is the presence of broadly defined jobs (Osterman 1994; Schonberger 1994; Katz and Keefe 1992; Rankin 1994). Broad job descriptions indicate a move away from narrowly defined, Taylorized forms of work organization. They often entail the addition of work planning, quality monitoring, and liaison activities between workers or work groups. With more broadly defined jobs workers are more likely to be aware of how what they do affects the overall production process. Therefore, they are better able to work in ways to positively affect the productivity, quality, and cost of their product or service. At the same time, workers' responsibilities are increased, their skills are enhanced, and their jobs become less repetitive.

### ***B. Job rotation***

The presence of job rotation is a second key dimension highlighted by many researchers as contributing to a high performance work system (Osterman 1994; Dertouzos, Lester, and Solow 1989; Katz and Keefe 1992). The ability of workers to rotate jobs is predicated on prior investment in cross training on a set of interrelated jobs or tasks. Once job incumbents have been trained on the cluster of jobs through which they are expected to rotate, the actual form of job rotation may vary along a number of dimensions: the regularity with which incumbents rotate, the frequency with which they do so, and whether or not the rotation schedule is controlled by the work group or by management.

Job rotation provides several benefits to firms that have organized work in this way. First, when workers rotate jobs they are able to fill in for one another allowing the firm to staff its operation more leanly than in the past, and thereby creating an immediate reduction in costs. Second, if done frequently enough, and if accompanied by sufficient training to ensure workers are proficient across all jobs, job rotation gives workers a

deeper understanding of several components in the production process: both individually as well as how they fit together. Workers then have the knowledge required to make meaningful productivity and quality enhancing suggestions to improve the production process. At the same time, job rotation provides workers with several benefits. It allows them to acquire new skills (which often means an increase in pay), to trade off more onerous tasks for those less onerous, and to relieve the boredom that often results from performing a single narrowly defined job.

### *C. Degree of worker autonomy and decision making authority*

A third critical dimension of high performance work organization identified in the literature is the level of autonomy or decision making afforded employees (Ainsworth 1993; Lawler 1990; White 1994). Rather than maintain a bureaucratic hierarchy of supervision and inspection, the transformed workplace strips away many (if not all) of these layers, leaving front line employees to make decisions regarding the performance of their work.

By increasing the degree of worker autonomy and decision making authority the firm stands to benefit in several ways. First, the elimination of the traditional layers of supervision and a specialized inspection workforce allows an immediate cost savings to the firm. Second, front line employees are closer to the work process and often possess superior knowledge about what indeed should be done at any given time leading to improved performance. For workers, increased autonomy and decision making authority provides them with a more hospitable work environment free from onerous levels of supervision. Further, additional responsibility and decision making authority is generally accompanied by an increase in pay.

### *D. Employee involvement*

A fourth critical dimension of work organization often highlighted in the literature is the presence of a forum for employee participation in decisions about workplace

improvements (Osterman 1994; Dertouzos et al 1989; Arthur 1992; Ichniowski 1992). These may range from ad hoc problem solving groups to on-going quality circles. In each case the key ingredient is whether or not employees are encouraged to generate ideas about how to improve productivity and/or the quality of the work they do and whether or not some forum exists for hearing, evaluating, and implementing these suggestions. Without workplace institutions to encourage the generation of these ideas, or without mechanisms to evaluate and act upon them, a wealth of information made possible by other work reforms (such as more broadly defined jobs or job rotation) is left untapped. In addition to providing a medium through which management can learn about ways to improve productivity, raise quality, and lower costs, an employee involvement program can also be used to address workers' concerns such as health and safety, working conditions, and equitable treatment.

These are the four dimensions of work organization I study in this research. The degree to which each is present in a particular example of workplace restructuring and the way in which it has actually been operationalized tells us a great deal about the degree to which a firm has moved towards "high performance" or "transformed" forms of work organization. This in turn has important implications for outcomes affecting all actors at that site.

## **VI. Conclusion**

This chapter has outlined the reasons for selecting the North American integrated steel industry as the setting for this research, described the reasons for conducting case study research, specified the research design and method, and highlighted four critical features of work organization that will be studied in subsequent chapters. However, before proceeding to the data, one more chapter of background material is necessary to fully understand the context of this research. Chapter Three contains an overview of the

competitive crisis in North America's integrated steel industry and describes how the industry and the United Steelworkers union have tried to adjust between 1980 and 1994.

## **CHAPTER 3: The Restructuring of the North American Integrated Steel Industry and the United Steelworkers of America -- 1980-1994**

### **I. Introduction**

The purpose of this chapter is to provide the necessary context -- in both historical as well as industry specific terms -- for the study of the four cases which follow in Chapters Four and Five. In it, I overview the competitive difficulties faced by the North American integrated steel industry between 1980 and 1994 and outline how the industry has adjusted both at the industry level as well as at the level of the workplace. In the latter portion of this chapter I review the changes that the United Steelworkers of America has made over the same period to encourage local unions to take on more responsibilities regarding issues specific to their workplaces. The chapter concludes by highlighting the mismatch between the allocation of power and authority within the Steelworkers union and the dictates of the competitive environment of the past decade. Historically, and for very compelling reasons, power within the USWA was consolidated in the International headquarters and at the District level, leaving local unions for the most part with little role to play. Yet today, local unions must be able to deal effectively with the need to restructure at the workplace if their role is to be preserved, the best interests of their members are to be protected, and the firm, in the long run, is to prosper.

### **II. The North American Steel Industry Since 1980**

#### ***A. The U.S. steel industry***

The recession of the early 1980s precipitated a crisis of unprecedented depth in the U.S. integrated steel industry. Although several competitive weaknesses appeared in the industry as early as the mid 1960s, it was not until the 1980s that these fissures splintered wide open.

One such critical weakness was the industry's oligopolistic behaviour. Judge Elbert Gary, Chairman of U.S. Steel between 1904 and 1927, began the practice of

establishing gentlemen's agreements on steel prices at regularly held "Gary dinners" attended by the leaders of the United States' major integrated steel making firms. In this way, the prices established by the dominant U.S. Steel would simply be reflected in the prices charged by all others in the industry (Hoerr 1988). Although Gary's tenure ended in the late 1920s, Barnett and Schorsch (1983) make a convincing argument that the oligopolistic price setting and following behaviour among major players in the industry lasted well into the 1960s. Through price setting and following, U.S. integrated steel makers were able to effectively increase prices and protect profit margins despite an ever increasing lack of competitiveness. That increasing lack of competitiveness came from several sources described below.

A second weakness and a source of increasing uncompetitiveness was the industry's inward focus. This inward focus manifested itself in an all-too-casual estimation of the foreign competition. Steel imports began to trickle into the U.S. in the 1950s, fluctuating at less than five percent of the domestic market and consisting of mainly low quality products (Adams and Mueller 1990). However, by the mid 1960s the quality of imports had improved dramatically and steel was landing on U.S. shores at prices lower than Americans could produce it at home (Barnett and Schorsch 1983). By the mid 1980s roughly a quarter of U.S. demand was being met by imported steel (see Table 3.1).



Table 3.1  
Imports as a Percentage of Apparent Domestic Supply: U.S. and Canada 1980-1993

Year	United States	Canada
1980	16.3	10.5
1981	18.9	21.8*
1982	21.8	15.7
1983	20.5	14.6
1984	26.4	17.3
1985	25.2	18.7
1986	23.0	18.9
1987	21.3	18.7
1988	20.3	21.8
1989	17.9	18.5
1990	17.5	24.5*
1991	17.9	26.2
1992	18.0	22.1
1993	n.a.	22.2

\*in 1981 and 1990 an industry wide strike interrupted production for 125 and 106 days respectively.

Source: American Iron and Steel Institute, various years; Statistics Canada, various years.

The industry's inward focus also led to a failure to seek out leading edge steel making technologies being developed in other parts of the world. Rather, the U.S. industry continued to invest in outmoded and less competitive technologies. In the 1950s the U.S. installed more than 40 million tons of steel melting capacity using already obsolete open hearth technology rather than the more efficient basic oxygen furnace (Adams and Mueller 1990). Similarly, U.S. steel makers were slow to adopt continuous casting. In 1978 U.S. integrated steel makers were continuously casting only 11 percent of their steel, while the Japanese were continuously casting more than four times as much: 46.2 percent of its total output (Adams and Mueller 1990). By 1988 the U.S. integrators were continuously casting 46 percent of their steel (see Table 3.2). By then, however, the Japanese were making more than 90 percent of their steel this way.

Table 3.2  
Adoption of Continuous Casting and Basic Oxygen Steelmaking: United States and  
Canada 1980-1993

Year	United States (in thousands of net tons)			Canada (in thousands of net tons)		
	%Concast	%BOF*	%OH	%Concast	%BOF*	%OH
1980	20.3	60.4	11.7	25.6	55.2	20.4
1981	21.6	60.6	11.1	32.6	59.3	13.7
1982	29.0	60.7	8.2	33.1	61.6	14.0
1983	32.1	61.5	7.0	37.7	66.7	7.2
1984	39.6	57.1	9.0	38.7	73.7	0
1985	44.4	58.8	7.3	43.9	72.6	0
1986	55.2	58.7	4.1	46.2	71.1	0
1987	59.8	58.9	3.0	49.4	69.9	0
1988	61.3	58.0	5.1	69.9	67.4	0
1989	64.8	59.6	4.5	76.7	69.2	0
1990	67.4	59.1	3.5	77.3	63.0	0
1991	75.8	60.0	1.6	84.2	67.6	0
1992	79.3	62.0	0	87.1	67.1	0
1993			0			0

\*%BOF and %Open Hearth do not add up to 100. The category %Electric Furnace has not been included here (mainly because it is the domain of mini-mill producers). Together, these three categories equal 100.

Source: American Iron and Steel Institute, various years; Statistics Canada, various years.

A third manifestation of the U.S. industry's inward focus was its initial and relatively prolonged lack of concern about competition from the domestic mini-mill sector. By the late 1960s competition from this source ended the integrated industry's ability to consistently raise prices and thus hide its competitive inefficiencies. One by one the markets for reinforcing bar, wire rod, and structural shapes were taken over by domestic mini-mill producers who were able not only to undercut the integrated producers on price, but also to sell products below the prices of imports (Adams and Mueller 1990). By the early 1990s the mini-mill sector had forced the integrated producers to compete in a much narrower range of products than they had before: mainly in the high value added cold rolled and coated steel used by automobile and appliance manufacturers. But even these

markets were being encroached on as mini-mills sought to upgrade the quality of their sheet products (Hess 1992).

The U.S. steel industry suffered massive losses throughout the 1980s and 1990s (see Table 3.3). Between 1980 and 1993, the industry as a whole was profitable in only five of thirteen years and its losses were regularly measured in the billions, not millions, of dollars. Individual companies' financial statements mirrored that of the industry as most companies suffered record losses. Many small steel companies, primarily those in the fabricating or finishing businesses simply went under. Other larger companies demanded concessions from the USWA to keep them afloat. At the extreme, LTV, the nation's third largest steel producer filed for bankruptcy in 1986 (Hoerr 1988).

Table 3.3  
Steel Industry Financial Performance: U.S. and Canada 1980-1992

Year	United States (in millions of US\$)			Canada (in millions of C\$)		
	Sales	Profit	ROS	Sales	Profit	ROS
1980		681				
1981	43 109	1 653	3.8			
1982	28 239	(3 384)	(12.0)	4 672	(22.9)	(0.5)
1983	24 463	(2 231)	(9.1)	4 691	(13.3)	(0.3)
1984	30 005	( 186)	(0.6)	5 712	46	2.6
1985	28 272	(1 834)	(6.5)	5 909	250	4.2
1986	24 875	(4 150)	(16.7)	5 642	52	0.9
1987	26 933	1 077	4.0	6 236	266	4.3
1988	32 466	( 567)	(1.7)	6 125	348	5.7
1989	31 525	1 597	5.6	7 118	331	4.7
1990	30 635	54	(0.2)	5 726	(1 583)	(27.6)
1991	26 871	(2 042)	(7.6)	5 446	(315)	(5.8)
1992	26 838	(3 838)	(14.3)	5 334	(481)	(9.0)

Source: American Iron and Steel Institute, various years

### ***B. The Canadian steel industry***

The Canadian integrated steel industry, comprised of three players - Stelco, Dofasco, and Algoma - was not nearly so devastated as its American counterpart by the

recession of the early 1980s. For many decades Canadian steel producers enjoyed protected markets as part of the federal government's plan to encourage the development of domestic industries (Krueger 1959). In addition, although it has a mini mill sector, Canada's mini mills are all organized and therefore could not undercut the integrated sector simply on the basis of lower labour costs (Verma and Warriar 1992). Mini mills only became a competitive threat once they became efficient enough to compete on a basis other than labour costs. This meant they began to erode Canadian integrated producers' markets relatively later than did the U.S. mini-mills the U.S. integrated steel makers' markets<sup>5</sup>.

In addition to the greater degree of protection from two sources of competition to which the Americans were exposed, Canadian steel makers also proved less myopic than U.S. steel makers. The Canadians were quicker to adopt new steel making technologies including both basic oxygen furnaces and continuous casting. In part this was attributable to more favourable tax incentives (Zollo, Warda, and Muramatsu 1986). It was also due to heavier investment in R&D by Canadian steel makers.

The Canadian industry's losses were relatively small in 1982 and 1983 and the industry returned to profitability for the rest of the decade. However, by the early 1990s the Canadian steel industry looked like its American counterpart had ten years earlier. A high Canadian dollar, a 106 day industry wide strike, a deep recession, the closure of many Canadian manufacturers (and steel customers) in the wake of the Canada-U.S. Free Trade Agreement, and a newly revitalized American steel industry all combined to send imports into Canada soaring and demand for Canadian produced steel to plummet (see Table 3.1). The industry found itself in financial crisis, losing more money in a single year than it had earned over the previous decade (see Table 3.3). In 1990 Algoma Steel, Canada's third

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<sup>5</sup>Not only were the U.S. mini mills lower cost producers on the basis of their often non-union labour, but the integrated steel makers in the United States were even less productive than the Canadian integrated producers. As a result of both effects, the gap was closed much more quickly in the U.S. than in Canada.

largest steel maker, was pushed close to bankruptcy. Only through state intervention and a complex agreement negotiated between the United Steelworkers, Algoma's creditors, and the provincial government was the company saved through an employee buyout. In mid 1992, Stelco, Canada's largest steel maker was on the verge of bankruptcy as its stock price fell to 90 cents from the \$C20 - \$C25 range only three years before (*Stelco Annual Report*, various years). The industry's losses continued through 1993.

### *C. Responses to the crisis*

To cope with the financial crisis, steel makers on both sides of the border pursued three concurrent strategies: they reduced capacity, shed employment, and invested heavily in new technology to modernize and rehabilitate what were often steel making facilities from the last century.

Steel industry forecasts of the 1960s and 1970s had been overly optimistic, leading to a great oversupply of capacity on the market. Forecasts for the early 1980s had predicted demand for 170 million tons. Actual demand was only half that (Hoerr 1988). Unprecedented layoffs, many of them permanent, occurred as departments and even whole plants were shuttered. In the U.S. this occurred mainly in the regions with some of the oldest and least up to date steel making equipment -- eastern Ohio, western Pennsylvania, northern New York state, and south Chicago (Adams and Mueller 1990) -- with resulting economic devastation in these communities (Hoerr 1988). In Canada, the integrated steel makers retreated away from low end markets such as wire, rod, low quality bar products, and fabricating businesses<sup>6</sup> (Frost and Verma 1996). In total nearly 27 percent of the U.S.'s steel making capacity was removed between 1981 and 1992 (see Table 3.4). In Canada, 20 percent of the industry's capacity was eliminated (see Table 3.4).

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<sup>6</sup>The same degree of community devastation did not occur in Canada. In the one instance where it was possible -- the closure of Algoma Steel would have had a significant negative effect on the northern community of Sault Ste. Marie, Ontario -- the government stepped in to facilitate an employee buy-out of the steel company.

Table 3.4  
Output, Capacity, and Capacity Utilization: United States and Canada 1980-1993

Year	United States (in thousands of net tons)			Canada (in thousands of net tons)		
	Output	Capacity	Utilization	Output	Capacity	Utilization
1980	111 835	153 700	72.8			
1981	120 828	154 300	78.3	16 135	22 062	73.1
1982	74 577	154 000	48.4	12 965	23 473	55.2
1983	84 615	150 600	56.2	14 030	23 519	59.7
1984	95 528	135 300	68.4	16 058	23 519	68.3
1985	88 259	133 600	66.1	16 019	23 519	68.1
1986	81 606	127 000	63.8	15 419	19 815	77.8
1987	89 151	112 200	79.5	16 118	19 815	81.3
1988	99 924	112 000	89.2	16 235	19 815	81.9
1989	97 943	115 900	84.5	16 901	21 191	79.8
1990	98 906	116 700	84.7	13 430	20 609	65.3
1991	87 896	117 600	74.7	14 214	20 664	68.8
1992	92 949	113 100	82.2	15 256	19 715	77.4
1993				15 759	19 474	80.9

Source: American Iron and Steel Institute, various years; Statistics Canada, various years.

With these capacity reductions came even larger employment losses. Between 1980 and 1992 the U.S. steel industry shed 65 percent of its workforce (see Table 3.5). The Canadian steel industry reduced employment by nearly 30 percent between 1983 and 1992. As a result of this consolidation however, capacity utilization rates rose in the latter half of the 1980s -- important in a process industry such as steel with its associated economies of scale (see Table 3.4). As well, productivity rates as measured by employees per thousand tons of steel improved over the same time period (see Table 3.5).

Table 3.5  
**Employment and Employees Per Thousand Tons: United States and Canada 1980-1993**

Year	United States		Canada	
	Employment	Ees/000 Tons	Employment	Ees/000 Tons
1980	399 000	3.57		
1981	391 000	3.24	48 000	2.97
1982	289 000	3.89	44 800	3.46
1983	243 000	2.87	42 300	3.01
1984	236 000	2.55	44 600	2.78
1985	208 000	2.36	43 800	2.73
1986	175 000	2.14	39 900	2.59
1987	163 000	1.83	40 800	2.53
1988	169 000	1.69	40 700	2.51
1989	169 000	1.73	40 500	2.40
1990	164 000	1.66	35 400	2.64
1991	146 000	1.66	32 600	2.29
1992	140 000	1.51	30 300	1.99

Source: American Iron and Steel Institute, various years; Statistics Canada, various years.

At the same time they were downsizing and shedding labour, U.S. integrated steel makers began to invest in the latest steel making technologies: basic oxygen furnaces and continuous casters. Table 3.2 shows the steady increase in the use of continuous casting rather than ingot casting and the simultaneous increase in the use of basic oxygen furnaces rather than open hearth steel making. By 1983 the last open hearth in Canada (at Dofasco) was closed. It was not until 1991 that the U.S.'s last open hearth was shuttered. Canadian as well as American steel makers also invested in the latest technologies to enable them to shift their product focus towards higher value added markets: ladle metallurgy facilities, vacuum degassers, and electrogalvanizing facilities. The bulk of these investments were geared towards producing flat rolled steel for the discerning automobile and appliance markets.

By the late 1980s the integrated steel industry in both Canada and the United States had shed much of its redundant capacity, dramatically reduced employment, and had invested heavily in new technologies and equipment. The industry's mandate shifted

to finding a way to make a higher quality, lower cost product with far fewer people. This mandate created the need to restructure at the workplace -- to combine jobs, reorganize work, and reconsider the flow of production. This requirement posed a new set of difficulties for the union representing the vast majority of production and maintenance workers in the industry, the United Steelworkers of America. It is this process of workplace restructuring that is the focus of my dissertation.

### **III. The United Steelworkers of America**

The founding of the United Steelworkers of America in 1942 was the culmination of nearly seventy-five years of attempting to organize steelworkers in North America. The earliest attempts were mainly shortlived (Brody 1960). Focusing on only skilled workers, these unions were vulnerable to technological change that deskilled work and to employers' use of semi- and un-skilled replacement workers during strikes. The Steelworkers Organizing Committee (SWOC), formed by John L. Lewis of the United Mineworkers in 1936, was the first large scale and well financed attempt to organize all steelworkers regardless of skill into an industrial union (Sweeney 1956). That strategy, occurring at an especially favourable historical moment<sup>7</sup>, in the end proved successful. In Canada, union organizing proceeded at the same time as SWOC organizers came north of the border. However, Canadian workers did not enjoy legal protection to organize and the right to bargain collectively with their employer until after the enactment of P.C.1003 in 1944. It took two more years before the steel industry in Canada was brought under contract. In 1946, after a three month long industry wide strike, Canadian steel workers successfully negotiated their first contract with the industry's employers (Roberts 1981).

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<sup>7</sup>Despite the capitulation of U.S. Steel to SWOC in 1937, Little Steel was prepared to go down a different road. Refusing to recognize the union in its plants, Little Steel battled the union in some of the bitterest strikes in American history. It was only after America's entry into WWII that the companies relented, held representation elections which the union won, and that the War Labor Board intervened and handed down the first contract in order to ensure war related production.



In May 1942 SWOC and the old AFL union, the Amalgamated Association of Iron, Steel, and Tin Workers, merged to form the United Steelworkers of America. From its inception as SWOC, the USWA was hierarchical and highly centralized. This was in part due to its historical roots. SWOC was founded and run by men from the United Mineworkers, itself a highly centralized union designed to regulate a national industry comprised of many work sites. It was also due to the need, in steel, to deal with the giant U.S. Steel as well as with the other major players in the industry, Little Steel -- none of which was "little" in any sense. In dealing with a highly concentrated industry and with such powerful employers the union needed a strong central organization and to present a united front (Stieber 1980).

The International union headquarters in Pittsburgh oversaw the union's affairs, with the Canadian National Office in Toronto having a considerable degree of discretion in overseeing the union's affairs in Canada. Outside of highly centralized International union headquarters, the USWA operated a regionally based contract administration system. The responsibility for interpreting and policing the agreement, handling arbitrations, and negotiating letters of understanding rested with the union's twenty-five District Directors (Livernash 1961). However, the decentralization only went as far as the districts. Local unions had few responsibilities beyond handling the initial steps in the grievance procedure. Further, decentralization did not mean autonomy. Although the District Directors were elected by the rank and file in their districts, the president of the International union exerted considerable influence over staff appointments and the resources necessary for the political security of the District Directors. The result was that with very rare exception<sup>8</sup>, District Directors followed the dictates of the International union executive board. Local unions were similarly kept in line. Wayward locals often

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<sup>8</sup>Perhaps the most notable exception to this rule was the 1973 election of Ed Sadlowski as District Director in District 31. Sadlowski ran on an anti-national union platform, pledging to return the union to the control of the rank and file. His "Steelworkers Fight Back" campaign was one of historic significance in the USW.

found themselves under administratorship until the locals' militant or radical elements could be purged (Ulman 1962).

In sum, between 1942 and the late 1970s, virtually all power in the United Steelworkers lay with the International union and the districts. Local unions fell, for the most part, into an institutionalized slumber. The McCarthy era and the purging of Communists from the leadership of many locals also did much to eradicate local union vitality (Nyden 1984). Having no formal role to play, the ability of local unions to actively serve their members atrophied. There were a few exceptions to this rule, but on the whole, the International union, with the help of the District Directors and their staff, dominated life within the United Steelworkers of America.

During this period the North American steel industry prospered. The union's biggest task was to ensure an ever larger package of wages and benefits for its members. Through industry level coordinated bargaining, the USWA achieved its objective.

From the late 1940s through the early 1980s the negotiation of collective agreements in the American steel industry occurred at the industry level with bargaining coordinated by the union. Collectively the industry would bargain with the USWA, with U.S. Steel traditionally taking the lead. Only after a settlement was reached between U.S. Steel and the union would the rest of the industry sign virtually identical "me too" agreements (Stieber 1980). 1983, however, was the last year industry wide coordinated bargaining took place.

Even by that time though, the system was in shreds. The Coordinating Committee Steel Companies (CCSC), the steel industry employers' bargaining committee, came to the union asking for a contract reopening in 1981. After months of negotiation the parties broke off talks in July 1982 after failing to reach a settlement. In October 1982 when negotiations resumed, the industry's situation had worsened so that companies now needed significant concessions rather than just the wage freeze they had proposed back in July (Hoerr 1988). Several companies had already won concessions from the USWA by

that time: Northwestern Steel and Wire, McLouth Steel, Interlake Steel, and Colorado Fuel and Iron (Hoerr 1988). In November a deal was reached and presented to the Basic Steel Industry Council (BSIC) the body comprised of presidents of basic steel locals who had to ratify any agreement before it became effective. The BSIC voted the proposed deal down<sup>9</sup>.

After this failure a number of companies approached the USWA about the possibility of concluding a separate agreement. In December 1982 Wheeling-Pittsburgh was granted concessions totaling \$2.85 per hour. Overtures from J&L Steel, National Steel, and Republic Steel were all rebuffed by the union. In March 1983 an industry wide (or what was left of industry wide) agreement was reached. That contract included wage concessions of \$1.25/hour to be restored over the life of the three year agreement; a much-reduced COLA provision; and rolls backs in holidays, vacations, and Sunday premiums (Arthur and Konzelmann Smith 1994).

In May 1985 the CCSC disbanded. By that time its membership had shrunk to only five members: U.S. Steel, LTV, Bethlehem, Armco, and Inland. Two major reasons for the disbandment of the group were cited. First, each company faced a particular set of competitive circumstances to which it wished to have its collective agreement tailored. Second, the non-U.S. Steel members had grown increasingly disturbed by U.S. Steel's provocation of the union. Now part of USX, a highly diversified company in which steel counted for but a portion of the company's income, U.S. Steel was much better placed to withstand a strike, even a long strike, than any of the other CCSC members who relied

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<sup>9</sup>Two reasons have been cited for the failure of this agreement to pass. One was the level of concessions it asked for, not only wage give backs, but also the elimination of COLA. A second was its proposal to cut so-called List 3 units off from the industry wide settlement. List 3 facilities were those that were not involved in basic steel production: fabricating operations, warehouses, etc. By keeping these businesses tied to the basic steel settlement the union felt it was resigning them to failure since most of these businesses faced intense low wage competition. The 75 local union presidents of these locals at the BSIC, however, felt they were being cut loose to swim with the sharks.

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much more heavily on their steel operations for survival. None of these companies wanted to be led into an industry wide strike by U.S. Steel (Hoerr 1988).

In the 1986 round of bargaining each company would negotiate separately with the USWA. The result was a fresh set of concessions. Unlike the 1983 round, however, the concessions were not applied equally to all in the industry -- some companies won more relief than others. Variation even occurred between plants of the same company. Armco's various facilities got concessions tailored to their particular competitive crisis (BNA 1992: 18, 242). In 1989 wage levels began to be restored after more profitable years in 1987 and 1988. But negotiations continued to be handled on a company by company basis (Arthur and Konzelmann Smith 1994).

In Canada, collective bargaining in the steel industry was also coordinated at the industry level, but with contracts signed at the plant level, not the company level. In each round of bargaining from 1946 through 1981, negotiations would take place simultaneously between Algoma, Stelco, and other steel makers and their various local unions. Although the lead was taken by Stelco and USWA Local 1005, which represented workers at Stelco's largest facility, Hilton Works, a collective agreement would only be signed once each local in the industry was satisfied with the outcome. In effect the agreement negotiated by Local 1005 and Stelco would set the pattern followed by the rest of the Canadian steel industry (and much of Canadian manufacturing) (Adams and Zeytinoglu 1987). This system remained in place until 1981 at the industry level and until 1993 within Stelco itself (Verma and Warriar 1992; Frost and Verma 1996). At no time, however, did Canadian employers demand the same kinds of concessions as did their American counterparts.

The similarity in agreements between companies ended in 1981. Algoma successfully concluded an agreement with its USWA locals before the expiration of the old contract. Stelco and its locals, however, failed to reach agreement. The USWA locals representing employees at Stelco's Lake Erie Works and the fastener and forgings facilities

struck for two weeks before settling for slightly more than the Algoma package (Verma and Warran 1992). The strike continued for 125 days however, at Stelco's Hilton Works and the company's two mini-mills (Verma and Warran 1992). In the end the settlements at each of the three groups was slightly different and, perhaps more importantly, the expiry dates for the Algoma and Stelco contracts were now out of synch.

In 1984 Algoma negotiated separately with its local unions. The 17 Stelco locals however, negotiated at a common table with their employer. Although such negotiations were complex and difficult, with the help of mediation the parties were able to reach agreement before the expiration of the contract (Verma and Warran 1992). In 1987, Stelco returned to coordinated bargaining with Local 1005 taking the lead, but not settling until all locals were satisfied with the outcome. In neither round did workers win any increase in base wages (Frost and Verma 1996). In 1990, Stelco announced that it wanted decentralized negotiations, so that the collective agreements covering each facility reflected the competitive environment that each business faced (Frost and Verma 1996). The union demanded coordinated bargaining and in the end struck the company for 106 days. In the end the union gave up its demand but each local union presented identical positions on common issues during the bargaining process. Finally, in 1993, bargaining at Stelco was fully decentralized (Frost and Verma 1996).

#### **IV. Developments in United Steelworkers Strategy**

At the same time that the North American integrated steel industry struggled to regain its competitiveness during the 1980s and early 1990s, the union representing the majority of the industry's production and maintenance workers, the United Steelworkers of America, similarly struggled to adapt its structure and strategy to effectively cope with the challenges presented by the new environment. During the 1980s and early 1990s, the union sought to change many of the features that in the post-war period had contributed significantly to its power and success. Ironically, it was precisely the union's high degree

of centralization, reliance on industry wide pattern bargaining, and a network of relatively weak local unions that proved incapable of dealing with the idiosyncratic needs of various companies and their worksites during the 1980s and early 1990s. To remedy this shortcoming, the International union took several important steps during this period.

#### *A. Servicing the agreement*

One important step the International union took was to push contract administration -- the processing of grievances and the handling of arbitrations -- down from the District staff into the hands of local union leaders. In large part, this change was brought about by financial need.

At the same time that the North American steel industry was radically downsizing, the United Steelworkers of America was losing hundreds of thousands of dues paying members. USWA membership in 1975 was 1,062,000; by 1991 it had fallen to 459,000 (AFL-CIO 1991). Between 1979 and 1983 alone, the union lost 494,000 members (Arthur and Konzelmann Smith 1994). As a consequence, the union could no longer afford to support the network of 1460 full time staff it deployed to service local unions' needs (Hoerr 1988). In 1986 the union, through an early retirement program, reduced its staff by 25% (Hoerr 1988). After struggling to provide service with a much reduced staff, in 1988 the International union formally adopted a resolution recognizing the need to decentralize responsibility from District staff to local union leaders and followed that resolution up with a report specifying ways in which this process could be managed (USWA 1988). This report focused on local unions taking over the handling of their own grievances and arbitrations. Current District staff would act as trainers, facilitators, and resources in this process of knowledge transfer.

#### *B. Union involvement in business decision making*

A second area the International union began to champion was increasing the involvement of the union in the business decisions made by the employers in the industry.

In the words of former Steelworker president Lynn Williams, "the job of management is too important to leave to management alone." Initially, the International union sought more information and involvement with the corporate executives running the companies in which the union's members were employed. Later, the union would encourage District Directors and local union leaders to become more involved in the business decisions of individual plants.

In 1991, the Canadian National Office of the United Steelworkers held a two day conference in Toronto entitled "Empowering Workers in a Global Economy: A Labour Agenda for the 1990s". The proceedings of that conference (USWA 1991) laid out the union's goals with respect to developing a high wage, high skill path for the industry to follow. The conference's many invited speakers highlighted the need to invest heavily in worker training, spoke of the leverage worker buy-outs might offer the industry, and charted a new role for local unions to play in the restructuring of the workplace (USWA 1991). The impact of this conference and the subsequent publication of its proceedings cannot be overemphasized in the context of the Canadian steel industry.

Shortly after that conference, the Canadian National Office played a central and critical role in negotiating the 1992 worker buyout of ailing Algoma Steel. Through this exercise the union put many of its policies from the 1991 conference into practice, creating institutions for unprecedented levels of union and worker involvement in the management of the restructured company.

The lessons of the 1991 Canadian Steelworker conference and the 1992 union-led buyout of Algoma Steel, were not lost on the International union in Pittsburgh. In 1992 the USWA's Constitutional Convention passed a resolution calling for increased levels of workplace democracy (USWA 1992). This resolution specifically outlined the importance of local unions and their members being involved in the process of workplace restructuring and in the fundamental business decisions that affected members' lives. In order to ensure that work was made "safer, more humane, less stressful, ergonomically correct, and more

satisfying," the union and its members, the resolution stated, must have "an equal voice with management with respect to fundamental business decisions, the design of the workplace, and the work related training of its members" (USWA 1992: 36). Only through active union involvement in workplace change can "the positive potential of workplace reorganization be fully developed, and the negative consequences be minimized or eliminated." (USWA 1992: 37).

In 1993, the United Steelworkers brought its ideas regarding union and worker involvement in managerial decisions to fruition with the successful negotiation and ratification of the Cooperative Partnership Agreement at all but one of the major steel companies<sup>10</sup>. The Cooperative Partnership Agreements granted the union a representative on each company's Board of Directors, created a multi-level system of joint committees to be filled by local union leaders and managers to oversee each company's business including investment decisions, the purchase and implementation of new technology, the reorganization of work, and the training of workers.

### *C. Union and worker involvement in workplace reorganization*

In addition to pushing for greater input on companies' business decisions, the United Steelworkers also promoted an agenda of increasing union and worker involvement in the day-to-day management of production. As the industry in the U.S. headed for financial ruin in the first half of the 1980s, the union promoted the involvement of local union leaders and members in shop floor based problem solving teams. These quality circle like institutions were known as Labor-Management Participation Teams (LMPTs). Created by the Labor-Management Participation Teams Experimental Agreement in 1980, the teams, comprised of 10-15 hourly workers and salaried employees, were to come together to identify and solve problems related to productivity, quality, and employees' quality of working life (Ball, Kennedy, Ozley, and White 1989).

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<sup>10</sup>U.S. Steel signed the Cooperative Partnership Agreement in early 1994.



By 1983 over 300 LMPTs were in place at plants of six of the seven largest steel makers<sup>11</sup> (*Business Week* 1983). By far the most successful venture with the LMPT process occurred at National Steel (Ball et al 1989). Interestingly, it was also here that employees, from 1986 onwards, were granted an explicit guarantee of employment for the life of the collective agreement. However, with the continued layoffs and downsizing that occurred throughout the industry in the mid 1980s, the LMPT program floundered and eventually died.

It was brought down in part by the deep suspicions of workers who believed LMPTs were management's tool to get workers to suggest ways to do themselves out of a job<sup>12</sup>. Additionally, LMPT-inspired improvements were hard to sustain given the continuing competitive crisis of the industry. Companies simply couldn't promise the employment security (with the exception of National Steel after 1986) that a successful and sustainable LMPT process required. Many instances are recounted of LMPTs working to save their particular department or even the entire plant, and being promised that if certain targets were met the plant or department would be spared. Despite the achievement of the targets, the closure nevertheless occurred (Hoerr 1988). Further, the LMPT process focused almost exclusively on improving the companies' bottom lines. Very little attention was paid during that period to improving the nature of work -- reducing supervision, moving towards the creation of autonomous work groups, or increasing worker skills through cross training and job rotation. In addition, management in many cases was not fully committed to the process. This included top level management (especially at U.S. Steel who felt LMPTs were little more than "feel good" exercises for workers (Hoerr 1988)), who in some cases laid off the facilitators or

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<sup>11</sup>No LMPTs existed at Inland Steel due to Local 1010's resistance to the concept, viewing LMPTs as a way for management to coopt workers and use workers ideas with little recompense. The existence of LMPTs was nearly as scarce at U.S. Steel -- only a few existed at one facility.

<sup>12</sup>Among those not favourably disposed towards the LMPT process, LMPT came to stand for "Less Men Per Turn".

management coordinators of LMPTs without regard for the subsequent impact on the program (Kochan, Katz and Mower 1984). It also included industrial relations managers at the plant level who perceived the LMPT process as in the long run reducing the number of grievances, rendering the managers' roles moot (Kochan, Katz and Mower 1984). Further, the LMPT process often stalled due to the resistance of first line supervisors to manage in the more participatory manner demanded by this form of worker participation (Kochan, Katz and Mower 1984).

On the whole, the attempt at LMPTs in the early to mid 1980s was not a success. The legacy of LMPTs also coloured the parties' perceptions of and reactions to proposals for new forms of labour-management decision making and problem solving that began to emerge on a company by company basis in the later 1980s and early 1990s. The LMPT legacy was also felt strongly as the parties strove to implement the joint committees associated with the 1993/94 Cooperative Partnership Agreement. Interestingly, it is in places without any LMPT experience where labour and management seem best able to come together to work jointly on competitive as well as worker oriented subjects. Inland Steel, because of the refusal of its local union, bypassed the LMPT experience and in 1995 appears to be the furthest along of all the Cooperative Partnership companies in its implementation of the contract. Similarly, the LMPT process never diffused to the Canadian steel industry. In part this was due to the less desperate competitive situation north of the border during the early and mid 1980s. In addition, the more leftward leaning Canadian labour movement, Steelworkers included, wanted nothing to do with American style "cooperation". A strong and independent union movement would work jointly with management but only on its own terms and only in ways that protected workers best interests and protected the institution of the union. Worker cooperation without employment guarantees did not meet this standard. Yet, today in Canada joint union-management initiatives dealing with substantive issues from the shop floor to the board room exist at both Algoma Steel and Stelco Steel.

#### *D. Remediating an organizational mismatch*

Shortly after its founding in 1942, the International headquarters of the USWA quickly strove to establish a highly centralized organization, arms' length relations with employers, and the dominance of the International union over its locals. This structure brought clear benefits to the union's members. Through it the union could successfully pursue its first priority: the establishment of national pattern bargaining in order to rationalize pay structures, job classification systems, work hours, promotion patterns, and grievance procedures throughout the industry (Livernash 1961).

In the current era, this highly centralized model of union administration has proven inadequate as the new competitive environment affects firms differentially depending on location, product markets, equipment, and cost structures. Consequently, local unions are increasingly being called upon to negotiate, at the plant level, the reorganization of work and its consequences for the redefinition of jobs, skills, seniority, and compensation. Most local unions are ill-equipped to take on this new role. After having been forced to relinquish many responsibilities following the rise of the International union and having relied for so long on union staff representatives, often at the District level, to negotiate and administer contracts, many local unions simply cannot fully comprehend, let alone effectively negotiate, the changes underway within their firms.

Thus the United Steelworkers union is caught in a particularly difficult situation -- with an organizational structure and capacities designed to serve the needs of members in a by-gone era. Recently, however, the union has attempted to bring its structure into line with the needs of the new environment. Much is riding now, on the ability of local unions to take on their new role. For issues such as work reorganization, the implementation of new incentive systems, and the development of specific training programs, the International union is no longer the appropriate bargaining agent. It has neither the expertise to become familiar with literally hundreds of local worksites nor the time or resources to do so. These are the areas must be the prerogative of the local union. How

well they do has important consequences not only for the future competitiveness of the firm, but also for the working lives of their members, and for the union's continued importance in the workplace.

## **V. Conclusion**

As can be seen from this chapter, the North American integrated steel industry has been through two major economic downturns between 1980 and 1993. At first, companies shed labour, closed capacity, and invested in new technology. Later, management began to restructure at the workplace -- to redesign jobs and reorganize work. How successfully firms manage this process will largely determine whether they will cope successfully over the long run. How unions and their members shape that process will also influence its success -- not only for the firms, but also for the unions and for those workers who depend on the industry for employment and for a standard of living that is becoming increasingly difficult to find.

In part the solution is being sought by the International union in Pittsburgh and by the Canadian National Office in Toronto. But, increasingly, local unions are having to struggle to cope with the myriad challenges presented by rapid technological, competitive, and environmental change. Local union leaders must now assume more responsibilities, balance a wider range of potentially competing issues, and be ever aware of the changes in their industry affecting their plant.

In what follows I document the experiences of four plants and four local unions as they grappled with the need to regain competitiveness by reorganizing the way work was done. The approaches taken by the parties and the outcomes that emerged differed considerably. In Chapters Seven and Eight I draw on the experiences of the four comparative case studies to develop the argument that local union strategy has importantly shaped the process and outcomes of workplace restructuring and develop some

hypotheses about the ways in which local unions differ that enabled some to deal effectively with workplace change, while others struggled to do so.

## **CHAPTER 4: Variation in Workplace Restructuring I -- Inland Steel and Local 1010 and U.S. Steel-Gary Works and Local 1066**

### **I. Introduction**

To recap, I maintained in Chapter One that several traditional explanations of diversity -- institutional context, technology, and managerial strategy -- could not adequately account for the often considerable variation observed in the outcomes of workplace restructuring. Instead, I argued that the strategies of labour can importantly affect the process of restructuring, and by doing so shape subsequent forms of work organization. The particular form of work organization that results in turn influences workplace outcomes -- not only performance related outcomes of concern to companies (such as cost and quality), but also those of concern to workers, and their representatives.

This chapter presents the first empirical evidence to test the overall argument that it is the strategies of the local union regarding workplace restructuring that can account for much of the diversity in outcomes we observe. In this chapter I focus on the process of restructuring, the resulting forms of work organization, and the final outcomes for management, workers, and the local unions at a matched pair of steel mills. In it I show how two local unions, each drawing upon fundamentally different worldviews, having developed distinctive internal institutions, and interacting to sharply differing degrees with the rank and file, pursued two markedly different strategies -- one an Obstructionist strategy, the other an Interventionist strategy -- and as a result, negotiated markedly different forms of work organization. These choices of work organization, in turn, have had profound effects upon the outcomes for all parties at these two facilities.

This chapter analyses the experiences of USWA Local 1010 at Inland Steel's Indiana Harbor Works and USWA Local 1066 at U.S. Steel's Gary Works. I collected the data presented in this chapter during site visits to both Gary Works and Indiana Harbor Works and the union hall of each local. I visited Gary Works and Local 1066 in

March and December of 1994. I was at Indiana Harbor Works and Local 1010 in March, May, and November of 1994. On each visit I spent one or two full days at each facility, meeting with the parties jointly as well as separately. I was also able to draw on the insights of the District Director of District 31 and the Sub-District Director of Sub-District 1 regarding restructuring at both sites and the role played in that process by each of the local unions. I met with those individuals in March and May of 1994. Finally, in addition to the interviews conducted in person, I have been in contact by telephone with key individuals at both sites on several occasions to fill in gaps, seek clarification, and to request further documentation. A list of informants and their organizational roles is contained in the Appendix. This chapter is based largely on this interview data as well as on documentation provided to me by informants: copies of collective agreements, committee reports, memoranda of understanding, union newsletters, company annual reports, and CWS<sup>13</sup> job descriptions.

The chapter is organized as follows. In the next section I describe the two sites: Inland Steel's Indiana Harbor Works and U.S. Steel's Gary Works. In the third section I examine the reorganization of work at the two facilities to illustrate how, after beginning from virtually identical Taylorist forms of work organization, the two sites reorganized work in quite different ways. Section four describes the outcomes for management, workers, and the local unions resulting from the new forms of work organization implemented at each site. The fifth section links differences in the strategies pursued by the two local unions to the forms of work organization chosen and implemented at each site. Section six describes Local 1010 and Local 1066, highlighting their histories and internal institutions as explanations for their particular choice of strategy. The chapter concludes by summarizing the main findings of this structured case study.

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<sup>13</sup>The Cooperative Wage Study system is a method of job evaluation. The CWS manual outlines a point system to be used to evaluate every job in the steel industry. Jobs are evaluated along a number of different dimensions and the accumulated point total is translated into a monetary value.

## II. The Two Sites

These two steel making sites were chosen as research sites because they offer a number of important controls. First, they are located within twenty miles of one another along the shore of Lake Michigan and are thus embedded in the same institutional context. They also use similar technologies and their managements are pursuing identical business and industrial relations strategies. They are also approximately the same size, employ a virtually identical workforce, and are their respective companies' flagship locations.

U.S. Steel's Gary Works is North America's largest integrated steel making site. The sprawling steel works, parts of which date from the turn of the century, employs more than 10,000 people and produces just over 6 million tons of steel annually (*U.S. Steel Group Annual Report*, 1993). Producing nearly two-thirds of the company's total raw steel output<sup>14</sup>, Gary Works is U.S. Steel's flagship mill. Its product offering is focused on two primary markets: the market for large plate and the market for the flat rolled and coated steel used in appliance and automotive applications. Approximately forty percent of Gary Works' output goes to the latter market alone. United Steelworkers Local 1066 represents the nearly 3,000 workers on the finishing end<sup>15</sup> of U.S. Steel's Gary Works.

Indiana Harbor Works is Inland Steel's only fully integrated steel making site<sup>16</sup>. Like Gary Works, Indiana Harbor Works is a huge steel making complex, employing about 9,800 people and producing close to 5.5 million tons of steel annually. Inland Steel was incorporated in 1893 and the Indiana Harbor Works poured its first ingot in 1902 (*Inland Steel at 100*, 1993). Like U.S. Steel's Gary Works, just over forty percent of Indiana Harbor Works' production is turned into flat rolled steel used in the appliance and

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<sup>14</sup> U.S. Steel operates two other integrated steel making sites: one in Fairfield, AL; the other in Mon Valley, PA. Each of these produces roughly 2.5 million tons annually.

<sup>15</sup> By "finishing end" I am referring to the processes involved in producing a finished steel product from a continuously cast slab of steel. These processes include rolling in the hot strip mill to produce hot band and then myriad finishing processes including cold rolling, pickling, tempering, galvanizing, and tinning.

<sup>16</sup> In addition to the Indiana Harbor Works, Inland operates I/N Tek and I/N Kote, two joint ventures with Nippon Steel Corporation. I/N Tek is a state-of-the-art cold rolling facility. I/N Kote operates two galvanizing lines. Both are located near South Bend, IN.



automotive markets. United Steelworkers Local 1010 represents workers at Inland Steel's Indiana Harbor Works.

During the past decade and a half, both these steel making sites faced identical pressures to restructure. Both sites were devastated by the steel crisis of the 1980s. Thousands of bargaining unit employees lost their jobs as Indiana Harbor Works' employment fell from its 1970 height of 21,000 and Gary Works' employment fell from its 1970 peak of 25,000. At the same time, nearly four million tons of capacity were taken out of both facilities. Both companies lost billions of dollars during the 1980s and early 1990s and losses outstripped profits during this period (*Inland Steel Industries Annual Report*, various years; *U.S. Steel Group Annual Report*, various years). As a result of the financial crisis precipitated by the general uncompetitiveness of both sites, management during the mid 1980s invested hundreds of millions of dollars in new capital equipment, bringing steel making at these sites into the twentieth century (*Inland Steel Industries Annual Report*, various years; *U.S. Steel Group Annual Report*, various years). By the early 1990s both sites were operating much more leanly, with considerably updated equipment. They now had to reorganize work to produce a higher value-added and higher quality product with far fewer people.

### **III. New Forms of Work Organization**

This section describes the different ways in which work was reorganized at Inland Steel's bar making facility and U.S. Steel's electrogalvanizing line. In the Inland case I look specifically at work reorganization in the electric furnace/billet caster area. In the Gary Works case I analyse the restructuring of all jobs involved in operating the electrogalvanizing line.

Although I do not study the restructuring of identical processes here (it was impossible to find a match), a number of characteristics of these two settings make them nonetheless comparable. First, both are inherently process-based technologies in which

machine up-time is of critical importance in producing a high quality product cost effectively. Thus, maintenance is critical and processes to encourage continuous improvement have potentially large payoffs. Second, both departments were originally organized along Taylorist lines, with each worker performing one of many narrowly specialized jobs. Third, the reason for restructuring at both facilities was identical: in both cases management needed to lower costs in order to justify significant investment in outmoded equipment if it were to meet the competitive demands of the market place.

Since the early 1980s the market for shape products (bar, rod, and wire) had become the domain of the mini-mills. To compete successfully, Inland Steel had to move up-market, abandoning the commodity bar markets to the mini-mills, while at the same time lowering its costs. In 1988 Inland management approached Local 1010 proposing an investment in the bar making facility of \$150 million that would allow the company to compete effectively in the high end bar market<sup>17</sup>. Before it did so, however, it wanted concessions from the local union to ensure cost effective operations (Shattuck interview May 1994).

At Gary Works, the story was similar. Between 1986 and 1988 management found demand for single-sided galvanized steel falling dramatically (Boege interview Dec. 1994). In 1991, management approached Local 1066 proposing to convert the single-sided electrogalvanizing line to a double-sided line with an investment of \$16 million in exchange for concessions by the union to make the investment cost effective.

Tables 4.1 and 4.2 below show the job descriptions that existed at the two facilities both before and after restructuring.

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<sup>17</sup> High end bar products are used in both automotive and appliance manufacturing. Typical uses include axles, strut rods, motor shafts, and agitator columns for washing machines.

Table 4.1

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**Work Organization Before and After: Inland Steel Electric Furnace and Billet Caster**


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**JOB DESCRIPTIONS****Before****After****Melting**

1st Helper  
2nd Helper  
3rd Helper  
Furnace Stocker

Furnace Leader  
Furnaceman  
Utilityman

**Ladle**

Ladleman  
Ladleman Helper

Ladlemet Leader  
Ladlemet Operator  
Utilityman

**Withdrawal**

Withdrawal Operator  
Billet Loader  
Withdrawal Operator Helper  
Stamper Burner

Withdrawal Leader  
Withdrawal Operator  
Utilityman

**Casting**

1st Caster  
2nd Caster  
Tundishman  
Tundishman Helper  
Tundish Cleaner

Casting Leader  
Caster  
Utilityman

**Cranes**

Ladle Craneman  
Charging Craneman  
Billet Craneman  
Scrap Craneman  
Service Craneman

Ladle Craneman  
Charging Craneman  
Material Craneman  
Utilityman

**Material Handling**

Dust Control Attendant  
Bin Stocker  
Fork Tractor Operator  
Payload Operator  
Mobile Loader Operator

Operator  
Utilityman

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Source: Mutual Agreement between Local 1010 and Inland Steel regarding Shape Products, August 12, 1988.

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Table 4.2  
 Work Organization Before and After: U.S. Steel - Gary Works Electrogalvanizing Line

<b>J O B   D E S C R I P T I O N S</b>	
<b>Before</b>	<b>After</b>
<b>Line Operation</b>	
Operator	
Senior Operator	
Feeder	Senior Operator/Technician
Coiler	
Anode Man	Operator/Technician
Weigher	
Inspector	
<b>Auxiliary</b>	
Material Handler	Material Handler
Bundler/Hooker	Crane/Hooker/Warehouse Man
Craneman	OI Man
OI Man	
<b>Maintenance</b>	
Millwright expanded	Motor inspector expanded
Motor inspector expanded	

Source: Agreement between USWA District Director, District 31 and U.S. Steel-Gary Works regarding the Electrogalvanizing Line, March 7, 1992.

The differences, however, go deeper than Tables 4.1 and 4.2 suggest. The two solutions also differed along many of the key dimensions of work organization frequently cited in the literature and reviewed in Chapter Two: job breadth, job rotation, the degree of worker autonomy and decision making authority, and the level of employee involvement in productivity or quality enhancing problem solving activities.

**A. Job breadth**

At Inland's bar facility, the parties negotiated jobs that were broadened in two ways. First, all former operating jobs were clustered together into sequences of "skill-based"<sup>18</sup> jobs. The new skill-based jobs were created by clustering three or so of the old Taylorist jobs into a single skill block (Oliver interview May 1994). Skill blocks in turn

<sup>18</sup> "Skill-based" is the parties' term for a pay-for-knowledge system. Under the skill-based system, operators are paid for the skills they have acquired and are able to perform, not the job they do on any given day.

were put into sequences through which incumbents would progress. Second, minor maintenance tasks were added to all operators' jobs. The specific tasks for which each operator would be responsible varied by the area in which each worked. Generally, however, these tasks included replacing lightbulbs, lubricating and inspecting equipment, and assisting maintenance personnel by retrieving tools and parts and by cleaning up after a repair job was completed (Mutual Agreement August 1988).

At Gary Works' electrogalvanizing line, all former operating job descriptions were eradicated and two were left in their wake: Senior Operator/Technician and Operator/Technician (Mutual Agreement March 1992). Both positions combined all former operating jobs (those listed in the "before" column of Table 4.2). In addition, these positions were now to be staffed by skilled trades people who were therefore able to both operate the equipment and then maintain or repair it when necessary (Boege interview Dec. 1994). The difference between the two positions was solely due to the level of responsibility and leadership expected from the Senior Operator/Technician. His duties included not only operating at any position along the line and being able to maintain and repair the equipment, but also directing the rest of the crew pursuant to instructions received from the supervisor (CWS job description, March 1992).

### ***B. Job rotation***

At Inland's bar facility, job rotation was an inherent part of the post-restructuring form of work organization and it was institutionalized in all departments. Workers within a skill block decided upon their own rotation schedule and rotated jobs to ensure all members of their block acquired and maintained the necessary skills.

At Gary Works, despite the creation of very broadly defined jobs in the restructured electrogalvanizing department and the expectation that each worker assigned to the line would know how to perform all operating jobs, no job rotation occurred.

Consequently, the vast majority of operators continued to man but a single operating job much as they did prior to restructuring.

*C. Degree of worker autonomy and decision making authority*

The post-restructuring form of work organization negotiated by Local 1010 and Inland management at the bar making facility increased levels of worker autonomy and decision making authority considerably. The parties at Inland's bar company negotiated a new "Leader" position to head each sequence of jobs. The Leader, a bargaining unit member, took on most jobs previously performed by the first line supervisor including directing crew members, planning the work, conducting safety inspections, calling maintenance personnel when necessary, recording crew members' attendance, and training crew members. All these duties are in addition to working as a member of the crew. As a result of the creation of the Leader position, all turn foremen, day foremen, and supervisors in the bar making facility were eliminated and only two levels of supervision remained: Managers (formerly Departmental Superintendents) and Assistant Managers (formerly General Foremen) (Oliver interview May 1994).

In addition to the implementation of the Leader position, worker autonomy and decision making authority were increased in other ways. First, team members determine their own training needs and see that members get the training that they require in a timely fashion (Oliver interview May 1994). Second, the teams decide upon their own rotation schedules -- working out rotations that ensure all team members acquire and maintain the required level of skill on all jobs (Oliver interview May 1994). Third, team members also now control safety training -- determining what it is they need to know, how best to impart that knowledge, and designing ways to maintain safe conditions in their work areas (Mezo interview March 1994).

In contrast, the new form of work organization at Gary Works has resulted in very few changes in workers' autonomy and decision making authority. Levels of supervision

remain as before. No additional decision making was delegated to the crews of Operator/Technicians. Only the Senior Operator/Technicians experienced an increase in their levels of autonomy and decision making ability by becoming crew leaders. Yet, they still remain under direct supervision (CWS job description, March 1992).

#### *D. Employee involvement*

The restructuring of work at Inland's bar making facility resulted in several new forums to facilitate employee involvement in the operation of the business. The Mutual Agreement laying out the terms of the restructuring of this facility set up a Joint Committee to oversee the entire bar facility's operations. The committee is comprised, on the union side, of the local union president, the Chair of the Grievance Committee, and the two grievors from the bar facility, and on management's side by the four operating managers and the HR manager. The committee meets monthly to share information regarding cost, quality, and financial data, and to resolve issues of mutual concern to improve the operations of the area and the quality of work life for employees (Oliver interview May 1994; White-Pettaruti interview March 1994).

Similarly, at the department level, joint labour-management groups meet to discuss performance data coming from their department and to informally deal with grievances that have arisen. These groups are headed by the operating manager and the griever in the area and are attended by supervisors appointed by the manager and bargaining unit members appointed by the griever (Oliver interview May 1994).

Finally, teams of workers on the shop floor meet regularly to get reports on the performance of their area and to communicate problems to management as they arise. They also meet to make decisions regarding operations and to engage in problem solving in the areas of quality, production, safety, and other matters affecting the performance of work (Oliver interview May 1994; Mutual Agreement Aug. 1988).

In reorganizing work on the electrogalvanizing line at U.S. Steel's Gary Works no forums were created for encouraging employee involvement in productivity or quality enhancing problem solving. Since 1988 Gary Works management has run an employee involvement program for workers throughout the plant. To date, however, it has remained under the control of management with no formal union involvement (Rizer interview Dec. 1994). However, the employee involvement program, although generating significant activity, has failed to produce many tangible bottom line results (Rizer interview Dec. 1994).

Table 4.3 summarizes these four differences in the form of work organization that emerged after restructuring at these two steel making facilities.



Table 4.3  
Differences in Key Dimensions of Work Organization: Inland Steel and U.S. Steel-Gary Works

Dimensions of Work Organization	Inland Steel Bar Facility	U.S. Steel-Gary Works electrogalvanizing line
<i>Broad job descriptions</i>	<ul style="list-style-type: none"> <li>• Clustered several jobs into "skill blocks"</li> <li>• Included minor maintenance in operator jobs</li> <li>• Large and significant investment made in cross training</li> <li>• Tiered wages correspond to acquired skill levels</li> </ul>	<ul style="list-style-type: none"> <li>• Combined all operating jobs into one basic description</li> <li>• Operators also have maintenance skills</li> <li>• Little investment in cross training</li> <li>• Tiered wages unrelated to skill acquisition<sup>19</sup></li> </ul>
<i>Job rotation</i>	<ul style="list-style-type: none"> <li>• Job rotation done</li> </ul>	<ul style="list-style-type: none"> <li>• Little or no job rotation</li> </ul>
<i>Increased autonomy and decision making authority</i>	<ul style="list-style-type: none"> <li>• Significant reduction in supervision</li> <li>• Leader position instead</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<i>Employee involvement</i>	<ul style="list-style-type: none"> <li>• Joint L-M committee to oversee operations of whole facility</li> <li>• Joint departmental committees for info sharing</li> <li>• Work teams problem solve on shop floor</li> </ul>	<ul style="list-style-type: none"> <li>• No additional involvement</li> </ul>

Source: internal company documents, union sources, interviews

#### IV. The Effect of Work Organization on Outcomes

The forms of work organization that emerged at Inland Steel and at U.S. Steel-Gary Works differed considerably. At Inland, work assumed many more high performance features: broadened jobs, job rotation, increased worker autonomy and decision making, and enhanced levels of employee involvement in productivity and quality

<sup>19</sup> The Mutual Agreement negotiated between the parties included a clause that stipulated management was responsible for designing and administering a test to ascertain the qualifications of the new line operators. Only once certified as knowing the required skills, would workers receive the top rate of pay. However, if management failed to design and administer this test by March 1993, then all workers would automatically advance to the top pay grade, regardless of skills. This is in the end what happened.

improvement. In contrast, at Gary Works, work organization on the restructured line did not differ fundamentally from traditional forms. Although these outcomes are of interest in and of themselves, the larger question of course is what difference such “high performance” forms of work organization (or lack of them) mean for final outcomes of relevance to the actors. Are wages and skills enhanced for workers? Does management realize improvements in productivity and quality? Does the union gain additional leverage and input to decisions regarding the governance of the workplace? This section seeks to answer these questions by analysing the final outcomes associated with each form of work reorganization.

#### *A. Inland Steel's bar making facility*

The empirical evidence suggests that the restructuring of Inland's bar making facility was a highly successful undertaking for all involved<sup>20</sup>. Management achieved its cost objectives and subsequent improvements in productivity and quality have led to an increase in market share. Similarly, workers won increases in pay, received extensive training to upgrade their skills, and have increased levels of autonomy and decision making authority on the job. Finally, based on the experience of restructuring in the bar making facility, Local 1010 has become an integral player at the workplace, successfully negotiating with management over the restructuring of other departments using the same process and attaining many of the same benefits for all parties. I document each of these accomplishments in more detail below.

##### 1. Outcomes for management

Management's objective in restructuring Inland's bar making facility was to reduce cost per ton by a specified dollar amount. The capital investment made at that time and the simultaneous reorganization of work in that area accomplished this initial objective

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<sup>20</sup> The one exception to this general statement is, however, first line supervisors in this area. In the course of restructuring this area, many first line supervisory positions were eliminated and these individuals were removed from the managerial hierarchy.

(White-Pettaruti interview March 1994; Mezo interview March 1994). Additionally, changes in the form of work organization led to subsequent improvements in performance over time. In 1988 productivity in bar making stood at 1.54 man hours per ton (the standard productivity measure in the industry). By 1995 that number had fallen by more than 45% to 0.9 man hours per ton (Mezo presentation June 1995). At the same time quality had improved as yield had increased from 91% in 1988 prior to the restructuring to 94% in 1995 (Mezo presentation June 1995). Recognizing the improvements in productivity and quality, the market responded. From a market share of 7% in early 1989, Inland bar products represented 10% of the market in the first quarter of 1995 (Mezo presentation June 1995).

## 2. Outcomes for workers

These improvements in firm performance did not however, come at the expense of the workforce. Table 4.4 shows the changes in wages that occurred as a result of reorganizing work.

Table 4.4  
Job Classes Before and After: Inland Steel Electric Furnace and Billet Caster

<b>J O B   C L A S S E S</b>			
<b>Before</b>			<b>After</b>
<b>Melting</b>			
1st Helper	23	Furnace Leader	23
2nd Helper	14	Furnaceman	17
3rd Helper	9	Utilityman	4
Furnace Stocker	7		
<b>Ladle</b>			
Ladleman	14	Ladlemet Leader	23
Ladleman Helper	9	Ladlemet Operator	17
		Utilityman	4
<b>Withdrawal</b>			
Withdrawal Operator	12	Withdrawal Leader	15
Billet Loader	10	Withdrawal Operator	12
Withdrawal Op. Helper	9	Utilityman	4
Stamper Burner	7		
<b>Casting</b>			
1st Caster	23	Casting Leader	23
2nd Caster	17	Caster	17
Tundishman	14	Utilityman	4
Tundishman Helper	10		
Tundish Cleaner	5		
<b>Cranes</b>			
Ladle Craneman	14	Ladle Craneman	14
Charging Craneman	12	Charging Craneman	12
Billet Craneman	8	Material Craneman	9
Scrap Craneman	8	Utilityman	4
Service Craneman	8		

Source: Mutual Agreement between Local 1010 and Inland Steel regarding Shape Products, August 12, 1988.

In addition to gaining additional job classes<sup>21</sup> from the restructuring of Inland's bar making facility, workers also gained in other respects. First, workers' skills were increased (as is reflected by the higher job classes associated with the restructured jobs) as a considerable investment was made in worker skill development and cross training across

<sup>21</sup> Job classes are calculated using a job evaluation formula that assigns values to a number of job dimensions (such as responsibility, skill, working conditions, etc.). The resulting job class is then assigned a monetary value which becomes the job holder's wage rate. Thus, an increase in a job's job class result in higher pay to the job holder.

all the jobs now clustered into the new skill blocks. In addition, workers' jobs were broadened by the addition of minor maintenance skills to their operating jobs, making their jobs somewhat less limited and potentially stifling. However, the actual tasks added were negotiated as part of the original Mutual Agreement and any changes had to be jointly agreed to by the grievor and manager of the department (Mutual Agreement 1988). In this way, safety was ensured as no tasks that required a trade designation could be added to operators' jobs. Finally, workers at Inland's bar facility were able to work under much reduced levels of supervision and more autonomously in the post-restructuring period.

### 3. Outcomes for Local 1010

Local 1010 can also be seen to have benefited as an institution from the successful restructuring of Inland's bar making facility. The success of the bar facility restructuring made the model used for that process the model used subsequently in the plate mill (Chandler interview March 1994) and cold mill (Smith interview Nov. 1994) for restructuring those areas. As a result, Local 1010 leaders and members have been actively involved in the redesign of work in areas needing to be made more competitive. In addition, by providing members with this involvement in restructuring and putting more control over their work environment into their hands, Local 1010 is managing to make the union as a workplace institution more valuable to its members. For many years, "the union" was something off in Pittsburgh that negotiated a contract every three years (Mezo interview March 1994). Today, Local 1010 has made "the union" more salient to its members by providing more direct and tangible benefits to them. The process of restructuring in which Local 1010 has engaged with management has also set the local union up to deal perhaps more effectively with the implementation of the Cooperative Partnership Agreement than many local unions. Not only have the parties become used to dealing with one another at multiple levels (as the Cooperative Partnership demands as well), but both union representatives and their management counterparts have developed

negotiation skills and the means to balance both cooperation and conflict that will be useful in maintaining the on-going Cooperative Partnership relationship.

***B. U.S. Steel-Gary Works' electrogalvanizing line***

The evidence suggests that the restructuring of the electrogalvanizing line at Gary Works produced mixed outcomes. Management gained a number of concessions it sought, but did not realize the full potential it might have from the reorganization of work on the electrogalvanizing line. Workers also experienced mixed outcomes. Some workers gained significantly in financial terms, while others did not. Overall however, little else changed for workers. The reorganization of work in this instance had little impact on Local 1066.

**1. Outcomes for workers**

Table 4.5 below shows the staffing levels and job classes associated with each job before and after the restructuring. A small decrease in manning occurred as a result of the restructuring: the operating staff was reduced from ten to nine, the auxiliary staff was cut from four to three, and the assigned maintenance personnel was reduced by two, from four to two. The major change occurred in operators' jobs. All new operating positions (Senior Op/Techs and Op/Techs) were paid significantly more than the former operating positions: on average more than a nine job class increase. However, for the new incumbents of these positions, who were drawn from the skilled trades and who had been earning a job class 18 in their former positions, the actual increase they received averaged less than three job classes. However, the maintenance people recruited to fill the new Senior Op/Tech and Op/Tech positions were very happy to take these jobs. Not only did they pay somewhat more than their craft jobs, but they were relatively "easy" jobs: clean, often sedentary, and low stress (Boege interview Dec. 1994). The former operators whom they replaced however, were not happy with the changes. They were angry that

they, as non-maintenance personnel, would no longer be eligible for the new higher paying jobs (Boege interview Dec. 1994).

Table 4.5  
Job Classes and Staffing Levels Before and After: U.S. Steel - Gary Works  
Electrogalvanizing Line

<b>JOB CLASSES AND STAFFING LEVELS</b>					
<b>Before</b>			<b>After</b>		
Line Operation	Staff	JC		Staff	JC
Operator	(1)	20			
Assistant Operator	(1)	15			
Feeder	(1)	11	Senior Operator/Technician	(2)	24
Coiler	(1)	13			
Anode Man	(4)	9	Operator/Technician	(7)	20
Weigher	(1)	8			
Inspector	(1)	12			
<b>Auxiliary</b>					
Material Handler	(1)	10	Material Handler	(1)	10
Bundler/Hooker	(1)	5	Crane/Hooker/Warehouse Man	(1)	9
Craneman	(1)	8	OI Man	(1)	8
OI Man	(1)	8			
<b>Maintenance</b>					
Millwright expanded	(2)	18	Motor inspector expanded	(2)	18
Motor inspector expanded	(2)	18			

Source: Agreement between USWA District Director, District 31 and U.S. Steel-Gary Works regarding the Electrogalvanizing Line, March 7, 1992.

## 2. Outcomes for management

For Gary Works management, the restructuring of the electrogalvanizing line can be seen as successful, at least in the short run. By negotiating a revised job structure with the United Steelworkers, plant management won approval to make the \$16 million investment to convert the single-sided line to a double-sided one. As a result, it was able to supply a buoyant product market with a highly profitable product. However, the agreement did not go far enough to achieve a number of other objectives that would have payoffs well into the future. For example, management did not realize the leanness in maintenance staffing that it originally envisioned. In fact, management did not reduce the

maintenance requirement for this line at all (Kolb interview Dec. 1994). Further, given the lack of training associated with the implementation of the new Senior Op/Tech and Op/Tech positions, management ended up operating the line in much the same way it did with much lower paid workers (on average nine job classes lower paid). Levels of supervision were the same and workers, because of their lack of training and job rotation, did not acquire the knowledge necessary to make suggestions for continuous improvements in quality or productivity (Boege interview Dec. 1994).

Although it is impossible to compare productivity and quality indicators prior to and after the restructuring of the electrogalvanizing line because the fundamental nature of the equipment was changed, the consensus is that the outcomes were less than hoped for (Kolb interview Dec. 1994; Boege interview Dec. 1994). In the labour relations manager's own words:

We put a bandage on that facility. We didn't fix the whole thing. In fact we haven't reduced maintenance at all and the quality and productivity numbers we had hoped for just aren't there. (Kolb interview Dec. 1994).

### 3. Outcomes for Local 1066

As I show below, Local 1066 was virtually uninvolved in the negotiations surrounding the remanning of Gary Work's electrogalvanizing line. As a result, the local union missed an opportunity to actively engage in restructuring negotiations and to perhaps develop the skills necessary for involvement in subsequent negotiations with management over the restructuring of other areas. Instead, the membership of Local 1066 failed to see their elected representatives doing anything proactive on their behalf and instead watched the local union leadership taking a passive role, while the Sub-District Director negotiated over the implications of the changes management proposed.

#### *C. Implications for future performance*

Not only were outcomes at Inland Steel's Indiana Harbor Works better for all involved in the short run, they appear to be superior to those outcomes achieved at U.S.



Steel-Gary Works in the long run as well. Research and the experience of the Japanese tells us that the key to competitiveness is on-going incremental improvement (Ichniowski 1992). Such improvement only comes from the input of employees who are able and willing to provide suggestions for change.

At Inland Steel's Indiana Harbor Works a number of factors suggest that such employee involvement will be forthcoming. First, Local 1010 has been actively involved in shaping the institutions overseeing workplace change (Design Teams, joint committees, etc.), ensuring that workers' interests are protected in the change process. Second, knowing that their interests are protected, workers are more likely to feel able to participate in productivity and quality enhancing suggestion systems. Third, Local 1010 has developed an employee involvement program with management that it encourages its members to participate in.

In contrast, at U.S. Steel-Gary Works, on-going improvements are less likely. Management has unilaterally designed and operates the employee involvement program with no official involvement of Local 1066. Workers, therefore, see employee involvement as a management tool, not as something that can be used to further their own interests as well. Thus, their interest in participating is relatively low (Fritz interview May 1994). Local 1066 has left the operation of the employee involvement program in management's hands -- neither encouraging nor discouraging workers' participation in it. As a result, employee involvement has produced little in terms of tangible benefits to date (Rizer interview Dec. 1994).

Thus, in the two sites, very different likelihoods of on-going improvement exist. At Inland Steel, Local 1010 continues to promote its vision of worker involvement as restructuring throughout the plant continues. This was true in the subsequent restructuring of Indiana Harbor Works' plate mill and cold mill. Thus, we can expect worker involvement to continue, leading to on-going improvements. In contrast, at U.S. Steel-Gary Works, Local 1066 appears to be being by-passed as much as possible by

management making as many changes as possible unilaterally, without local union or employee involvement. Without employee involvement, little improvement can be expected.

## **V. Explaining These Differences: The Strategy Pursued by the Local Union**

As can be seen from the descriptions of the forms of work organization and the final outcomes they produced at the two sites, considerable differences existed between the electric furnace/caster department of Inland Steel's bar making facility and U.S. Steel-Gary Works' electrogalvanizing line. I attribute these differences to the strategies pursued by the two local unions at these sites during the process of restructuring. In what follows I highlight the divergent paths each local chose and the impact those choices had on work organization<sup>22</sup>.

### *A. Inland Steel's bar making facility*

Local 1010 pursued an Interventionist strategy in the reorganization of work at Inland Steel's bar making facility. By pursuing this Interventionist strategy, Local 1010 gained access to the decision making process before a new form of work organization had been designed, allowing the local union and its members to participate in the process. Further, the local union used its leverage to ensure it had input to the selection of the final form of work organization. Finally, the legitimation provided the new solution by the local union's and members' involvement in the design process ensured the buy-in of those affected and the successful implementation of the plan.

The process by which work was reorganized at Inland Steel's bar making facility was characterized by a high level of local union and membership involvement. In 1986 the company and the union (represented by officers of the International union and the District Director) included in that year's collective agreement a letter of understanding to the

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<sup>22</sup> I focus here on work organization because I hypothesize that the form of work organization is what is immediately influenced by the local union's involvement in restructuring and also that the form of work organization has important implications of the outcomes experienced by labour and management.

effect that the parties would begin to explore ways of increasing the competitiveness of Inland Steel's bar business. In 1987, the District Director was observed touring the bar facility by local union leaders. His presence gave notice to local activists that something was afoot (Shattuck interview May 1994). Local 1010's response was to push to be involved in whatever negotiations were going to ensue and to ensure that the members of Local 1010 had access to that process as well (Mezo interview March 1994; Shattuck interview May 1994). In the end, the local was successful as the International union and the District Director both left the negotiations over restructuring in the hands of Local 1010 representatives. The Mutual Agreement eventually written by the parties was signed on the union's side only by local union officials: the local union president, the Chair of the Grievance Committee, and the grievors from the affected areas. No signatures of "outsiders" - either at the District or International union levels appear on this document.

Initially management approached the local union with a specific list of demands for restructuring the bar making facility (Mezo interview March 1994). High on management's list were head count reductions and wage concessions to lower costs to levels at which the company believed it would be able to compete (White-Pettaruti interview March 1994). In addition, as a way to accomplish these objectives, management sought a separate agreement to cover the company's bar making operations. The local union president's immediate response was that he was not prepared to deal on those terms, but rather wanted a more open process (Mezo interview March 1994). He then took the lead and established key parameters for the negotiations: specifically, no separate contract ("One local/One contract" stickers were circulated throughout the plant); no wage concessions; and head count reductions only through attrition (Shattuck interview May 1994; Mezo interview March 1994). He also sought outside counsel in the form of an independent assessment of Inland's bar making facility and its odds of success should it be restructured and receive the proposed investment (Shattuck interview May 1994).

Lazard-Freres, the consultants to which Local 1010 turned, reported that the facilities would have a good chance of success if the necessary investment were made.

To determine what should be done, the Local 1010 president asked management to share with him its real needs, not its solution (for example, the need to lower costs by so many dollars per ton rather than a demand for \$6/hour in wage give backs) (Mezo interview March 1994; White-Pettaruti interview March 1994). On this basis he and the local union representatives involved in the restructuring process could seek solutions that met not only the company's needs, but at the same time could satisfy the needs of Local 1010's members (White-Pettaruti interview March 1994).

The negotiations surrounding the restructuring of Inland's bar business were characterized by a multi-level process of local union and membership involvement. Interestingly, the structure set up through which the reorganization of work would be designed and negotiated over, would be the structure that would remain to oversee the operation of the restructured area in the future.

The Joint Committee headed the restructuring effort (White-Pettaruti interview March 1994). Any changes implemented first had to be approved by this committee. Below the Joint Committee, the four Department Level Committees oversaw the restructuring of each department. The Department Level Committees' main task was assembling and staffing the joint Design Teams. The grievor selected bargaining unit members to serve on these teams, while the department manager appointed the salaried representatives.

The Design Teams' mandate was to study how work was done in their areas and devise ways to reorganize work that would lead to cost reductions (White-Pettaruti interview March 1994). Before embarking on this task, all Design Teams received training in how to do this. In restructuring their areas, the Design Teams' assignment was to construct skill-based blocks of jobs -- that is, to combine the former narrowly circumscribed Taylorist jobs in ways that made sense from an operating and skill

requirement point of view. Once a plan was developed by a Design Team it needed to be approved by the joint Departmental level committee before being passed on to the Joint Committee for final approval (Oliver interview May 1994).

Before being implemented, however, even if a proposal had received the approval of the Joint Committee, the proposed changes in work organization needed to be ratified by the workers affected (Shattuck interview May 1994). Further, a majority of workers in each department had to approve the proposed changes or else the entire project would be shelved. Initially, the parties agreed to a five year trial period of the new system, after which it would be re-evaluated and a decision made on whether or not to continue it. In 1988, a majority of workers in each affected department voted to accept the proposed changes. In 1993, the vote was significantly in favour of keeping the new system (Shattuck interview May 1994). At that time, the 1988 Mutual Agreement was simply rolled into the new Inland Steel-Local 1010 collective agreement.

The way in which Local 1010 approached the restructuring of Inland's bar business and the strategic agenda it pursued had important ramifications for the form of work organization that emerged. The post-restructuring form of work organization found at Inland's bar making facility contains many of the features I identified in Chapter Two as high performance.

The success of increasing job breadth at Inland's bar making operations can be seen to flow from the involvement of Local 1010's members in the process of job redesign. By having people intimately familiar with each old job -- its importance, its skill requirements, etc. -- the skill blocks were constructed in ways that made sense and were acceptable to those who would be asked to perform the new jobs. In addition, having a high degree of local union input ensured the minor maintenance tasks operators would be asked to perform would not cause friction with the skilled trades (i.e., operators "crossing trade lines", performing work that they were not qualified to do, or that posed safety risks to others).

Job rotation was also facilitated by a number of things the local union did in the process of negotiating over new forms of work organization. First, because of the expected resistance of those workers already at the top of the old sequences (and therefore in the “best” and highest paying jobs) to rotating jobs and thereby going back to perform less desirable work that they felt they had earned their right out of, the local union insisted on grandfathering a number of top jobs’ incumbents. This was a concession the union suggested as a way to get the principle of job rotation accepted and a way to get the process started in places lower down in a given sequence.

Second, to facilitate job rotation, Local 1010 put a strong emphasis on ensuring a thorough training plan was developed and then invested in. The union was heavily involved in developing the training plans for each sequence and encouraged the development of bargaining unit trainers. Local union leaders believed people would learn best from their peers, not from managers, or from outsiders. Local 1010 also pressed to ensure that significant financial resources were invested in training: between three and four million dollars per year for four years (White-Pettaruti interview March 1994). The ability to complete this training was further facilitated by the creation of the Utilityman position at the base of every sequence, a person who was available to fill in for workers as they were being trained.

Finally, the union negotiated tiered wages to correspond with the acquisition of new skills. Until an incumbent learned all skills associated with the new job, he or she was paid up to eight job classes lower than the top rate (Urban interview May 1994). This financial differentiation gave most incumbents sufficient motivation to acquire the necessary new skills.

Local 1010’s strategic agenda and approach to workplace restructuring increased worker autonomy and decision making ability considerably at Inland Steel’s bar making facility. The post-restructuring form of work organization created and incorporated the Leader positions and put control over worker training, job rotation, and safety training in

the hands of hourly workers. This occurred because of Local '010's leadership's belief that workers know best what they need and are capable of ensuring they get what they need. Further, the development of the Leader position can be seen to flow from the Local 1010 leadership's belief in the value of worker autonomy. The traditional system of close supervision has long been viewed as oppressive and often unnecessary. Leaders could, in fact, outperform traditional supervisors because they, as bargaining unit members, could perform bargaining unit work at the same time as they carried out their administrative duties<sup>23</sup>.

A formal employee involvement program was written into the 1988 Mutual Agreement covering the bar facility's operations. Work teams comprised of both hourly and salaried people were set up as the formal mechanism through which employee involvement takes place. Several protections were negotiated into the Mutual Agreement to ensure the employee involvement program did not coopt workers or work in ways to harm union members' interests. First, union representatives were free to monitor any team's activities (Mutual Agreement 1988: 6). Second, no work force reductions were to occur as a result of any team's suggestions for productivity enhancement (Mutual Agreement 1988: 6). Third, the focus of the employee involvement program was not simply on outcomes of direct interest to the company such as productivity, cost, or quality, but also included issues of worker concern such as safety and the ways in which work was performed (Mutual Agreement 1988: 6). Beginning with the work teams' input into the restructuring process itself, the teams have continued to operate as successful vehicles for employee involvement in the restructured organization (Oliver interview May 1994).

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<sup>23</sup> Leaders have not taken on the disciplinary role played by supervisors and therefore continue to rely on the General Foreman level (generally at a remote location) for this job (Oliver interview May 1994).

### *B. U.S. Steel-Gary Works' electrogalvanizing line*

In sharp contrast to the strategy pursued by Local 1010 in restructuring Inland Steel's bar making facility, Local 1066 followed an Obstructionist strategy in responding to the need to restructure the electrogalvanizing line at U.S. Steel's Gary Works. By refusing to negotiate the terms of restructuring with Gary Works management, Local 1066 forced management to go over the local union to the District Director. The District Director then appointed the Sub-District Director to negotiate on Local 1066's behalf with Gary Works' Manager of Employee Relations. As a result, Local 1066 had no input to the restructuring of work on the electrogalvanizing line. It had no say in the choice of the eventual plan. And, in the end, the solution had little legitimacy in the eyes of those affected, because they had not been consulted or involved in the new system's design.

The Gary Works electrogalvanizing line had operated as a single sided line (that is, only one side of a coil of steel was coated with zinc) since 1977. Originally, all galvanizing facilities were designed this way and end users of the product simply painted the uncoated side. However, in the mid 1980s it was discovered that paint could also be applied to the galvanized side. This provided a much more durable product as otherwise paint chips left an unprotected and rust prone surface. Demand suddenly shifted to double sided product and demand for Gary Works' output fell precipitously between 1986 and 1988 (Boege interview Dec. 1994).

In 1991, Gary Works management approached the International union with a proposal to invest \$16 million to convert the electrogalvanizing line to a double sided line in exchange for union concessions allowing management to run the line in a leaner fashion. The International union gave its approval. Management then approached the local union, to work out the details of the new form of work organization. The local union, however, refused to negotiate any such changes (Boege interview Dec. 1994; Yover interview Dec. 1994).



Having been promised by the International union that it could make the proposed investment and receive the needed concessions, Gary Works management went back to the International union to complain about the recalcitrance of the local union and to threaten to close down and relocate the electrogalvanizing line if the needed concessions were not negotiated. The District Director was dispatched to change the minds of local union officials.

In the end, the District Director and the Sub-District Director negotiated the necessary settlement with Gary Works' Manager of Employee Relations. Towards the end of negotiations the Area Manager of the electrogalvanizing line and the grievor representing workers in that department were included in the discussions, but mainly as a way to provide them with progress reports rather than to involve them substantively in the discussions. Similarly, the Sub-District Director kept the local union president apprised of developments in the negotiations so that, in the words of the District Director, "you guys won't moan." (Parton interview March 1994). The only signatures to appear on the Mutual Agreement signed in March 1992 are those of the Manager of Employee Relations and the District Director.

Not only were the terms of the new form of work organization worked out by those other than local union representatives, but the final agreement was imposed on the workers in that area without their explicit agreement. No ratification of the proposed changes occurred before implementation. The new form of work organization was simply handed down once it was negotiated by the District Director and the Manager of Employee Relations. Although one union activist in the electrogalvanizing line area wanted workers to ratify the changes, he was unable to persuade enough of his fellow workers to insist upon it (Boege interview Dec. 1994). Therefore, the agreement was implemented without such approval.

The changes in work organization negotiated at Gary Works' electrogalvanizing line were formulated without input from those closest to the work. As a result, many of

the changes implemented have failed to have their intended effects because their full ramifications were not seen by those designing the changes. For example, operators' job descriptions were broadened to encompass all operating positions along the line.

Although in my interviews with local union representatives they reported smaller clusters of jobs (combining 3 or 4 operating positions into one new job description) would probably have worked better in that people could be reasonably expected to master 3 or 4 jobs, that input was not used in redesigning the work (Yover interview Dec. 1994).

Instead, with all seven operating jobs combined into one "super job" workers had difficulty mastering all tasks. As a result, workers remained primarily stationed at one particular task -- much as they had before the restructuring occurred (Boege interview Dec. 1994)<sup>24</sup>.

Job rotation was also not encouraged on the restructured electrogalvanizing line. Representatives of both union and management admitted that such rotation was prohibited by a serious underinvestment in worker training on this line (Kolb interview Dec. 1994; Yover interview Dec. 1994; Boege interview Dec. 1994). In the words of the Area Manager:

I still don't think we trained enough. We didn't have time. We did it quick (moved to three crews). We even brought in contractors when we needed them. (Boege interview Dec. 1994).

In large part this was due to the overwhelming demand for this highly profitable product. Management simply wanted to get the line up and running and producing as much product as possible as quickly as possible (Boege interview Dec. 1994). In the words of the Labor Relations Manager:

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<sup>24</sup> In asking the Area Manager of the electrogalvanizing line about the forms of work organization both before and after restructuring, the listing of jobs he recounted to me varied little between before and after. Only the job classes attached to the positions differed. Puzzled by this, I turned to the formal agreement negotiated between the Steelworkers' union and local management. It was only in the formal agreement that I found the Senior Operating/Technician and Operating/Technician job titles (and corresponding CWS job descriptions).

A lot of the training just didn't get done. It wasn't due to budgets but to the product demand being huge. The down period was not long enough to do all the training. . . We just stopped doing formal training. (Kolb interview Dec. 1994).

Further, although cross training was encouraged by the negotiation of tiered wages to correspond to the successful mastery of all skills on the line, management ended up paying the top level wages regardless of skill acquisition. A letter of understanding attached to the Mutual Agreement stated that if management had not developed and implemented a test of worker skills before February 1993, to ascertain whether or not workers had acquired the needed skills to advance to the top pay level, then all workers would simply be paid at the top rate regardless of their skills. By February 1993 no such test was in existence so all workers automatically advanced to the top level of wages (Yover interview Dec. 1994). Thus, Gary Works management ended up paying for skills workers did not possess and failed to capitalize on the benefits that such cross training and job rotation could provide, such as an improved understanding of the production process that could lead workers to make productivity and quality enhancing suggestions (Yover interview Dec. 1994).

The new form of work organization negotiated at the electrogalvanizing line made no change to workers' levels of autonomy or decision making authority. The main benefit management sought was to reduce the number of highly paid maintenance personnel it required in the area. Its goal was to operate the electrogalvanizing line with maintenance personnel thereby using the new "operators" to maintain and repair the equipment as well. Thus, its need for a separate maintenance crew would be eliminated. In addition, because workers affected by the changes had no input to the redesign of their work, they could make no suggestions that would have increased their autonomy and decision making authority, something that they in particular may have valued. Instead, the negotiations were carried out by those at the District level, far removed from the shop floor and the daily realities of operating in the electrogalvanizing line department. Increasing worker

autonomy and decision making authority were not criteria used by those remote decision makers.

Finally, because of the distance from the shop floor to where work was reorganized at Gary Works, no forum was developed to facilitate employee involvement. In part, this can be attributed to the pressure put on the union by the company just to get the work rule concessions it needed. The agreement was negotiated in a period of only a few weeks and so little time could be devoted to such ancillary changes as employee involvement. Further, Gary Works has had a program of employee involvement in operation since 1988 that, for the most part, excludes the union. Management, who openly admits it drives the employee involvement program (Rizer interview Dec. 1994), therefore had no incentive to develop a new employee involvement forum that included formal union involvement.

## **VI. Characteristics Of The Two Local Unions**

Given the two very different strategies pursued by Local 1010 and Local 1066, how then do we understand each local union's particular choice? In what follows, I highlight the significant differences in the histories of these two locals and the effects of those histories on the internal institutions and practices of each of these local unions.

### ***A. Local 1010***

As the single local representing production and maintenance workers at Inland Steel's Indiana Harbor Works, Local 1010 is the USWA's largest local. Together with its size, Local 1010's reputation for member activism, militancy, and dissidence in the face of the dictates of the International union, sets it apart from other Steelworker locals.

By the late 1940s, Local 1010 had already developed its reputation as a dissident local, a reputation that was maintained over ensuing decades. With a history of rank and file control over bargaining and grievance handling, Local 1010 was vehemently opposed to the centralizing tendencies of the International union, which, beginning in the 1940s, set

out to consolidate control over finances, bargaining, and contract ratification (Ulman 1962). Instead, Local 1010 continued to fight the International union for the right to deal directly with Inland Steel. Local unionists were constantly unhappy with the representatives sent by the International to service the local, believing they were not aggressive enough in their dealings with the company (Nyden 1984).

This dissatisfaction with the policies of the International union continued to be voiced by Local 1010. In the 1950s Local 1010 was at the forefront of the movement protesting a dues increase passed seemingly over the disagreement of convention delegates (Ulman 1962). In the early 1970s Local 1010 activists were in vehement opposition to the ratification of the Experimental Negotiating Agreement which took away the union's right to strike in exchange for an arbitrated settlement. In the late 1970s Local 1010 was an important source of support for Ed Sadlowski's successful dissident candidacy for the Directorship of District 31 and, later, his unsuccessful bid for the International union presidency (Hoerr 1988).

This independent and often militant position can be seen to stem from a particular set of institutions. Early organizers and founding leaders of Local 1010 were ideologically committed to grass roots involvement in local union activities. Consequently, they wrote local union by-laws and institutionalized practices to protect and encourage continued rank and file involvement in local union decision making.

In contrast to many union locals where stewards (known as "grievers" at Local 1010), committeemen, and safety representatives were all appointed positions, at Local 1010 these positions were made elected offices (Nyden 1984). Further, Local 1010 established, and continues to maintain, a dense network of shop floor representatives. In addition to the grievers representing workers in each department, Local 1010 members also elect assistant grievers and stewards to represent workers' interests. These three layers of shop floor representation are unusual in the industry and give Local 1010 a very high profile at the workplace. Such a dense network gives the local union many more

contact points between itself and its members. It also provides many more opportunities for the local union to access management.

A second institution that developed from Local 1010's founding, was the establishment of a formal opposition movement. A number of early union activists were central in institutionalizing a formal faction within the local. As the International union moved to consolidate its power in the 1940s, a grass roots movement, the Rank and File Caucus, emerged within Local 1010 to in an attempt to preserve local control over policy making and collective bargaining (Nyden 1984).

Initially comprised of a fairly tightly knit group and led by those activists central in the local's original organization, it began by institutionalizing the rank and file social networks found at Inland Steel and pressing for a more aggressive stance vis a vis Inland Steel management. In the 1960s, the Caucus became more formalized. It elected officers, held regular elections, put out a newsletter, kept financial records, and organized educational lectures, meetings, and social events for disaffected local union members (Nyden 1984). During this time the Rank and File Caucus became an institutionalized part of the local and succeeded in electing several of its members to local union office and in getting the local union's executive to adopt a number of its policies (Nyden 1984). Although not successful in winning control of the local, the Rank and File Caucus nonetheless drew on the support of a significant minority of members and served as the conscience of the local, in effect the equivalent of a "loyal opposition".

In 1976 the Rank and File Caucus won a landslide victory by electing its entire slate of candidates to the local union executive (Persons interview, Feb. 1994; Mezo interview March 1994). The Rank and File Caucus controlled Local 1010's executive for the next twelve years -- a tenure unprecedented in Local 1010's history.

In late 1984 the Steelworkers' Caucus split off from the Rank and File Caucus taking a number of former Rank and Filers with it (Persons interview Feb. 1994). In part the split occurred in reaction to the formation in the mid 1980s, of a top level joint union-

management committee for the purpose of information exchange. Some members of the Rank and File Caucus perceived the leadership becoming too close to, and perhaps even coopted by, management (Persons interview Feb. 1994). Despite the departure of several key activists, the Rank and File Caucus maintained control of the local union executive again in 1985 (despite elections occurring in the aftermath of a concessionary contract). The breakaway Steelworkers' Caucus took control of the local in the 1988 elections and the current president of Local 1010 was first elected president at that time. In April 1994 that president was re-elected in a hard fought election to his third consecutive term.

Although the internal political life of Local 1010 is active, by no means is it anarchic. Very little in-fighting occurs (Parton interview March 1994). Those elected are given a three year term to deliver. If unhappy, others may then challenge the incumbents at the next election. In contrast, in other USWA locals, competing factions often challenge one another and maintain on-going warfare during the term of office with the result that no effective administration of the local's affairs can take place (Parton interview March 1994).

Local 1010 also maintains a dense network of shop floor representatives -- grievors, assistant grievors, and stewards. The local also devotes considerable time and resources to training these individuals, providing grievors with twelve days of union designed training per year (Mezo interview March 1994). This triple-layered network of shop floor representatives is kept informed via two mechanisms: a monthly meeting at the union hall to discuss issues of union concern in the plant; and regular meetings within each department of the respective grievors, assistant grievors, and stewards to deal with problems that arise in their area (Mezo interview March 1994).

Not only does this network of representatives allow for multiple channels of access for union members, thus encouraging them to use their union representative to deal with issues on their behalf, but it has meant that Local 1010 has the capacity to deal both effectively and at multiple points with management. As a result, Local 1010 is at the

forefront of the movement for local unions to take over the grievance and arbitration process from District staff (Parton interview March 1994). This is not a job simply assumed by the local union president, however. It also involves the Chair and Secretary of the Grievance Committee (Parton interview March 1994; *Local 1010 Steelworker* May-June 1994).

The worldview or ideology of Local 1010's current leadership guides much of these individuals' actions and colours how they approach the challenges presented to local unionists by the changing demands of the workplace. Perhaps surprisingly, the president of Local 1010 professes very traditional trade unionist values and he views collective bargaining as the preferred format for dealing with issues. The new Cooperative Partnership, in his view, "is not a substitute for collective bargaining, but rather institutionalizes and enhances collective bargaining at multiple levels." (Mezo presentation June 1995). Further, despite the common lament in many workplaces about change being made impossible by a lack of trust, Local 1010 leaders do not believe trust is a necessary ingredient. In the president's words,

Trust is between two people, not two institutions. This is not so much about trust as it is about recognition. The company and the union are two institutions that have needs to be met. Through the collective bargaining process we can reach an agreement that meets those needs jointly. (Mezo presentation June 1995).

As a manifestation of this worldview or outlook, Local 1010 has taken a proactive stance towards the implementation of the new Cooperative Partnership Agreement. The president of the local union maintains close contact with the union's designated member of Inland Steel's board of directors. Further, the union's representative on the board has met several times with the grievers and the membership at large to report on Partnership developments and to hear from them what issues they would like to see addressed by the Partnership (McKersie interviews 1995). Although frustratingly difficult to implement, Local 1010 appears to be as committed (if not more so than many of their management



counterparts) to establishing the Cooperative Partnership. To this end considerable amounts of training have been developed and delivered by the union and jointly between Local 1010 and Inland Steel management (see Table 4.6).

Table 4.6  
1994 Partnership Training Undertaken at Inland Steel Indiana Harbor Works

Description	Duration	Attendance	
		Company	Union
Mutual Gains Bargaining	2 days	84	65
Current state of industry	1 day	25	18
Principles of Partnership	1 day		23
Understanding Inland Steel (planning--accounting)	1 day		32
SPC introduction	2 days		18
Quality seminar	1 day		17
Best practices in Labor/Mgmt relations	.5 day	50	35
Strategic Planning	.5 day		25

### ***B. Local 1066***

In contrast to Local 1010, Local 1066 is a politically inactive local, representing a largely apathetic membership, and headed by a president almost totally uninvolved with shop floor restructuring, which is managed instead by a representative from the District staff.

In part, this local's historical development accounts for its distinctive features. Local 1066 was organized in 1937, the year that U.S. Steel's Chairman Myron Taylor entered into agreement with John L. Lewis to recognize the Steelworkers Organizing Committee and meet SWOC's demands for a five dollar day and a forty hour work week, with time and a half paid for overtime. In return for agreeing to recognize the union and to meet its demands, U.S. Steel had a demand of its own: it insisted the union help maintain peace on the shop floor and eliminate any disruptions in work flow (Reutter

1988). Later, as the United Steelworkers International union consolidated bargaining and sought to institutionalize industry-wide pattern bargaining, the union singled out U.S. Steel to be the pattern setter. Once again, in acting as the pattern setter for wages and conditions in the entire industry, U.S. Steel demanded control at the local level from the International. To keep U.S. Steel happy (and acting as the willing pattern setter that the other companies could then be forced to follow), the International union was happy to oblige. As a result, local activism or dissident behaviour within U.S. Steel locals has never been tolerated by the company or by the International union (Ulman 1962; Herling 1972).

A lack of internal institutions to encourage and maintain grass roots involvement in the local union further exacerbated the apathy created by the pressure for conformity from both the company and the International union. In contrast to Local 1010, Local 1066 maintains a relatively weak shop floor presence. Like Local 1010, Local 1066 elects grievors in each department to represent workers' interests. However, assistant grievors are not elected. Instead, each grievor selects and appoints an assistant (Yover interview, Dec. 1994). This makes assistant grievors much more likely to cater to the interests of the grievor who appoints them rather than to the workers they are supposed to represent. In addition, Local 1066 maintains no steward network (Yover interview, Dec. 1994). Thus, its shop floor network is limited to grievors that are responsive to the membership and assistant grievors with a questionable level of commitment to the rank and file.

Further dampening the internal political life of Local 1066 is the fact that like many USWA local unions, most positions within Local 1066 have been and continue to be appointed. The local union executive and the grievors are two exceptions (Yover interview Dec. 1994; Kranz interview March 1994). Even the Chair of the Grievance Committee is not elected at large (as at Local 1010), but rather is one of the grievors chosen by his peers to chair the committee (Kolb interview Dec. 1994). Finally, most local union committees are headed and staffed by appointments made by the president (Kranz interview March 1994).

At the same time that there is little activity around committee work or worker representation, there is little internal political activity of any kind. Although Local 1066 politics were quite turbulent in the 1970s, no legacy of this remains today (Yover interview Dec. 1994). No formal caucuses or factions exist within the local. Recent local union elections are indicative of the low levels of political activity within Local 1066. The current president was recently acclaimed to his fifth consecutive term, having now led the local since 1982 (Yover interview Dec. 1994). As well, the entire local union executive ran unopposed and was simply acclaimed in 1991 and again in 1994 (Yover interview Dec. 1994). Fewer than half of the grievor positions were filled as the result of contested elections in 1994 (Yover interview Dec. 1994).

Given the relatively low number of union representatives on the shop floor and the general apathy of members in the unions' affairs, it is not surprising that the ability to negotiate effectively with management resides outside the local. When management does deal with Local 1066 it deals largely with the Chair of the Grievance Committee, not with grievors located in the plant or with the local union president (Kolb interview Dec. 1994; Rizer interview Dec. 1994). But even this contact is relatively rare. For the most part the Sub-District Director does most of the work that normally would be done by a local union president and executive. The local union president himself prefers to have the staff representative deal with management and readily admits that this individual is the local union's backbone in dealing with Gary Works management (Kranz interview March 1994). Management, too, continually cites the staff representative as the critical union person to whom it turns to deal with on-going issues such as grievances and arbitrations, changes in manning agreements, and any form of workplace restructuring (Kolb interview Dec. 1994). The Sub-District Director also represents the local union leadership at the daily managers' meetings to review production, to highlight problems, and to share information. The local union president does not attend these meetings (Yover interview Dec. 1994). If it were not for the staff representative assigned to Local 1066, it is unclear

whether anything of much value would ever get done or whether anything would stand in management's way of doing everything and anything it wanted unilaterally (Parton interview March 1994; Kranz interview March 1994; McCall interview 1994).

As a result of its lack of a dense network of shop floor representatives, Local 1066 has made it relatively easy for management to contact and involve workers directly in its employee involvement program (Kolb interview Dec. 1994). Management clearly believes that it drives change at Gary Works and admits that it controls the employee involvement teams (Rizer interview Dec. 1994). Ironically, the local union president is very proud of the levels of employee involvement in his local. He knows there is no formal union presence on these teams, but when pressed about why not, replied that he couldn't imagine having enough dedicated union representatives to oversee the process in any meaningful way (Kranz interview March 1994).

Consistent with this pattern of little activity within the local per se and a heavy reliance on the staff representative, Local 1066 has done little to date to further the implementation of the Cooperative Partnership Agreement. Although some training was currently being developed to be given to the members regarding the union's role in the new Partnership as of late 1994, it was not yet finished. In the words of the Chair of the Grievance Committee, "there's too much going on right now" (Yover interview Dec. 1994).

What does seem to be going on in Local 1066 is an on-going fight with management over raising incentive rates<sup>25</sup>. This is where the local union president's attention is directed. The issue of incentives is a traditional issue of basic rivalry between the two locals representing workers at Gary Works. Both locals claim their incentive rates are the "best in the industry" (Yover interview Dec. 1994; Hopkins interview May 1994). Yet, this attention seems somewhat misdirected. At the same time the local union

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<sup>25</sup> In the steel industry, wages have traditionally been made up of a base rate and an incentive rate based on production. The incentive rates are negotiated at the local level.

president and the grievors in each area are fighting for increased incentive rates, management is reorganizing work, remanning whole departments, and perhaps most significantly, contracting out bargaining unit work. For example, a manager, who wished to go uncited, confided he had recently learned just how many contractors were employed at Gary Works. Even he was surprised to find out that Gary Works was consistently using 2,200 contractors. He felt sure that neither local union had any idea how many contractors were in the plant<sup>26</sup>.

Finally, led by a largely uninvolved president and represented by a thin and questionably effective system of shop floor representatives, members of Local 1066 feel cut off from their local union. Further, since 1988, the local union has not published a union newsletter, making on-going communication with the membership very difficult if not impossible. Local 1066 appears to be a local union adrift, held together only by the direct intervention of the Sub-District Director.

### *C. The two locals compared*

As can be seen from the above descriptions, Locals 1010 and 1066 are two very different local unions. These two locals differ along a number of dimensions, dimensions that have influenced their choice of strategy and that have affected how the two locals have approached workplace restructuring.

Local 1010 is a very active union local. It has an active internal political life in which elections at all levels, from the local union executive to shop floor representatives, are hotly contested. Further, the maintenance of this active internal political life and its attention also to external political campaigns and organizing drives<sup>27</sup>, are indicative of this

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<sup>26</sup> In fact, at least Local 1014 is aware that more than 2,000 contractors come into the plant on a regular basis (Hopkins interview May 1994).

<sup>27</sup> Local 1010 is also directed externally, toward strengthening workers' rights beyond the plant walls. For many years Local 1010 has been active in community politics (Persons interview Feb. 1994; Parton interview March 1994). In addition, Local 1010 is active in organizing in the area and sends members out to do organizing (Parton interview March 1994). In particular, Local 1010 members have been actively involved in the drive to organize workers at J. T. Ryerson & Son, Inc., a steel service and

local union's values concerning democratic and member-involved unionism. In addition to maintaining close contact with the membership through the local's dense network of shop floor representatives and through the need periodically to be re-elected to union leadership positions, Local 1010 puts a great deal of emphasis on member education and information sharing. Training at Local 1010 is on-going -- not only for union representatives on traditional subjects such as grievance handling and health and safety, but also for members regarding the local union's involvement and strategies regarding the implementation of the Partnership agreement. In addition, Local 1010 regularly publishes a newsletter mailed to all members' homes describing the local union's affairs.

In contrast, Local 1066 is an inactive local with very little contact between the local union's leadership and the membership. The president of the local is removed from the day-to-day happenings on the shop floor. If anyone is involved it is the Chair of the Grievance Committee, but for the most part the local union relies on the services of the Sub-District Director. Nor is there any noticeable union representation on the shop floor. Grievors tend to be ignored by management and the local union executive alike. The membership is likewise largely ignored by the local union leadership. No emphasis is placed on member education or training or on on-going information about the doings of the local union via a union newsletter or bulletin. Local 1066 appears to an outsider to be but a shell organization, doing little or nothing to further workers' interests in the plant.

## **VII. Conclusion**

This chapter has provided the first empirical evidence that the strategy pursued by the local union can have a profound effect upon workplace outcomes: on the form of work organization and, as a result, on ultimate outcomes for workers, management, and the local union itself. This chapter has looked at workplace restructuring in a matched pair of steel mills. The two mills are located in the same institutional context and in the

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distribution company wholly owned by Inland Steel Industries (*Resolution in support of our fellow workers at Chicago Ryerson 1995*).

same industrial region. They are both the flagship steel producing facilities of their respective companies, of similar vintage, and are using virtually identical technologies to supply products to the same markets. Managements at both facilities are pursuing not only identical business strategies, but their industrial relations strategies have also recently converged as both have signed the new Cooperative Partnership Agreement with the United Steelworkers of America in the 1993 round of industry negotiations. Still, despite these similarities, the post-restructuring forms of work organization and the ultimate outcomes for the parties differed markedly. This chapter sought to highlight those differences and to link the strategies and actions of the local union at each site to those outcomes.

Local 1010 at Inland Steel pursued an Interventionist strategy -- gaining early access to the restructuring process, having an opportunity to generate a number of alternate forms of work organization, as well as having a role in selecting the final form of work organization, and finally, enabling workers affected to vote on whether to accept the proposed changes. The process of restructuring at Inland Steel's bar making facility was undertaken solely by representatives of Local 1010, the local union representing workers at that facility. The process used was characterized by a multi-leveled approach to negotiations in which the input of rank and file members into the redesign of work formed the basis upon which changes were proposed, designed, and ultimately approved by union and management representatives at the department level (griever and manager) and at the top of the organization (local union executive committee and representatives of top management). Further, the local union president forestalled a solution unilaterally designed by management by forcing management to reveal its bottom line needs, rather than focusing solely on what it perceived the necessary solution to be. In this way, the restructuring was able not only to achieve management's cost objectives but also to ensure that workers' interests were met. Additionally, the potentially affected workers were required to ratify the changes before they could be implemented. As a result, work was

reorganized in a way that increased workers' skills, pay, and levels of autonomy, while at the same time met management's needs for cost savings. The way in which work was reorganized has also promoted continued improvements in quality and productivity over time, and has led to ongoing involvement by Local 1010 in the restructuring of the workplace in which the local takes a proactive role and makes its presence and activity relevant to its membership.

In contrast, at U.S. Steel's Gary Works where Local 1066 pursued an Obstructionist strategy, refusing to negotiate with Gary Works management over the need to reorganize work on the electrogalvanizing line, the restructuring was negotiated not by the local union representing those workers, but by the District Director and his staff. Consequently, those closest to the shop floor were not involved in the redesign of work or the negotiations surrounding it. As a result, the eventual form of work organization differs little from traditional forms, despite filling operating positions with skilled tradespeople and paying much higher wages for those positions. The major failure in this case was a lack of training to realize the potential associated with having cross trained skilled tradespeople operate and work to continuously improve operations of the equipment. The training deficit resulted from a lack of union pressure to ensure it was done, combined with management's desire to get as much product out as quickly as possible for a hot market. Management in the end did not realize the quality and productivity goals it had envisioned. Nor did the local union gain anything as an institution: neither experience in dealing with management over restructuring; nor added credibility with the membership for acting as a force representing workers' best interests in the process of change.

The chapter concluded with a look at the internal characteristics of these two local unions as a way to understand their particular strategic choices. Local 1010 is characterized by a dense network of shop floor representatives, an active internal political life, and a leadership that strives to be involved in workplace decision making. In contrast,



Local 1066 maintains a weak shop floor presence, enjoys a very limited internal political life, and depends virtually solely on the services of the Sub-District Director to deal with Gary Works management.

The next chapter takes a look at two different cases. In it, I study two facilities owned by the same company and represented by two quite different local unions. Once again, despite controlling for the traditional explanations of diversity in workplace outcomes, distinct differences remain. The strategies pursued by the local unions representing workers at these two sites, appear, once again, to offer a credible explanation of those differences.

## **CHAPTER 5: Variation in Workplace Restructuring II -- Hilton Works and Local 1005 and Lake Erie Works and Local 8782**

### **I. Introduction**

Like the previous chapter, this chapter presents evidence from a matched pair of steel mills in which the local unions engaged with management over the need to reorganize work. Once again, despite controlling for technology, institutional context, and managerial strategy, outcomes across these two sites varied considerably. Not only did the new forms of work organization agreed to by the parties vary across sites, but so too did the final outcomes experienced by management, workers, and their local unions. Again, as in the previous chapter, the strategies pursued by the two local unions appear to explain the variation observed. Local 8782, representing workers at Stelco's Lake Erie Works pursued an Interventionist strategy, while its counterpart at Stelco's Hilton Works, Local 1005, pursued a Pragmatic strategy.

I collected the data upon which this chapter is based during site visits to both Hilton Works and Lake Erie Works and to the union hall of each local. These visits occurred in March, May, September, and November of 1994. On each visit I spent one or two full days at each facility, meeting with both management and union representatives. At Hilton Works I met with the parties separately. At Lake Erie Works I met with the parties separately as well as jointly on some occasions. A list of informants and their organizational roles is contained in the Appendix. This chapter is based largely on my interview notes as well as on documentation my informants provided me: copies of collective agreements, committee reports, memoranda of understanding, union newsletters, transcripts of speeches, Stelco annual reports, CWS job descriptions, and employment records. In addition to the interviews I conducted on site, I have been in contact by telephone with key individuals at both sites on several occasions to fill in gaps, to ask for more detail on certain subjects, and to request further documentation. Further,

a description of the restructuring process and outcomes (contained in Frost and Verma 1996) has been read and verified by the parties at each site.

The chapter is organized as follows. In the next section I describe Hilton Works and Lake Erie Works, highlighting their similarities, but also recognizing their differences. In the third section I examine the reorganization of work in the coke ovens department at each facility to illustrate how work organization differed after restructuring at the two sites. Section four links the form of work organization at each facility to the outcomes experienced by management, workers, and each local union. The fifth section links differences in the strategies pursued by the two local unions to the forms of work organization chosen and implemented at each site. Section six describes Local 1010 and Local 1066, highlighting their histories and internal institutions as explanations for their particular choice of strategy. The chapter's final section summarizes the main findings of this structured case study and concludes.

## **II. The Two Sites**

Stelco's Hilton Works is located at the western end of Lake Ontario in the industrial city of Hamilton, Ontario. Hilton Works is the company's largest and oldest steel making facility, employing just over 7,000 people and producing 2.8 million tons of steel annually. Originating in the early years of this century, the sprawling complex is comprised of various steel making and finishing facilities that include aging as well as state-of-the-art equipment.

Stelco's newest facility, Lake Erie Works, is located in Nanticoke, about 30 miles southwest of Hamilton amidst the rolling farmland of southern Ontario. Opened in 1980, Lake Erie Works is the last integrated steel mill built in North America. It produces 1.8 million tons of steel annually and employs about 1400 people. Lake Erie Works' output consists of hot rolled coils<sup>28</sup> that are sent to Hilton Works for further processing<sup>29</sup>.

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<sup>28</sup>Hot rolled steel is a mid-process product -- not as unfinished as steel slabs (unrolled steel) but not a finished product with many uses. Cold rolled and coated steel is the high-value added product on which

Stelco has traditionally been managed in a highly centralized manner, with many plant level decisions being made at corporate headquarters. Despite the formal move to decentralize Stelco's myriad operations into "the Stelco group of businesses", the current CEO (a former Works Manager of Hilton Works) maintains considerable control over plant level affairs -- hiring being a prime example. Thus, despite Lake Erie Works' newness and potential for it to be managed in a leaner, more decentralized fashion, corporate management chose to manage it as Hilton Works always had been. Thus Lake Erie Works is staffed with the same management structure as at Hilton Works and even many of the same managers. No attempt was made to establish a new work system (except multi-crafted trades were implemented at Lake Erie Works first) as many companies did when opening greenfield sites in the 1980s. For all its potential to be quite a different operation from Hilton Works, given its age and its size, Lake Erie Works resembles nothing but a mini Hilton Works.

The main difference between the two sites is the complexity of the products they produce. Hilton Works not only makes hot rolled coils as does Lake Erie Works, but it has many different processes through which it can put those coils: tempering, cold rolling, annealing, and galvanizing. It also has a plate mill and a bar mill. In contrast, Lake Erie Works operates a very simple process: steel production, casting, and hot rolling. In order to minimize this difference I have taken several steps. First, I have ensured that the facilities at Lake Erie Works are comparable to their counterparts at Hilton Works. That is, that the coke ovens, blast furnace, basic oxygen furnace, caster, and hot strip mill are of similar capacities, ages, and technological sophistication. Second, my analysis focuses on

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most North American integrated steel makers focus. The cold rolling and coating of Lake Erie Works' steel takes place at Hilton Works.

<sup>29</sup>Hilton Works, in contrast, not only produces hot rolled coils itself, but is home to myriad finishing processes -- cold rolling facilities, coating lines, and a bar mill -- making it a much more complex operation. However, the steel making process up to the completion of hot rolled coils, at the two facilities is virtually identical. Both have aging coke ovens, similar vintage blast furnaces, continuous casters installed in the mid-1980s, and newly revamped hot strip mills.

a particular department -- coke ovens and by-products -- at the two sites. Not only is the technology at the two sites virtually identical (same purpose, similar age, and comparable levels of automation), but the coke ovens at Lake Erie Works were originally manned and work was initially organized as it was at Hilton Works. The goal of restructuring was also the same at the two sites: in both cases management needed to do the same work with fewer people and the restructuring of the same kind of work.

These two Stelco facilities offer an ideal set of controls. As before, in Chapter Four, these two sites use the same process technology that is highly constraining of forms of work organization, and the technology is of similar vintage and technological sophistication. Further, these two sites are located in the same institutional context: both are governed by the laws and regulations of the province of Ontario, employees at both sites are represented by locals of the United Steelworkers, and both are embedded in the regional economy of southwestern Ontario in close contact with both suppliers and customers. Finally, and perhaps most importantly, this pair of cases provides an unique opportunity to control very carefully for differences in managerial strategy. Not only is corporate management the same in these two cases, but because of the facilities' proximity to one another, even plant level management can be controlled for by the frequent transfer of managerial personnel between the two sites. In no other cases are two plants as virtually indistinguishable from one another as these two. Yet, in spite of this set of controls, post-restructuring forms of work organization and the final outcomes that accrued to labour and management differed markedly.

### **III. New Forms of Work Organization**

This section describes the different ways in which work was reorganized in the coke ovens and by-products department of Hilton Works and Lake Erie Works. Although the original staffing of the coke ovens at the two sites was virtually identical, when the process of restructuring was finished, work organization looked quite different. Table 5.1

below shows the job descriptions that existed at the two facilities both before and after restructuring.

Table 5.1  
**Work Organization Before and After: Coke Ovens at Hilton Works and Lake Erie Works**

<b>J O B   D E S C R I P T I O N S</b>		
<b>Before</b>	<b>After -- Hilton Works</b>	<b>After -- Lake Erie Works</b>
Labourer Coke Handling Utilityman - Battery		Utility Person II
Wharfman Coke Handling Operator Tractor Loader Truck Driver Labourer Coke Handling Utilityman - Battery		Utility Person I
Operator Coal Handling Utilityman Coal Handling Operator Tractor Loader	Maintenance-Operator	Operator Coal Handling
Patcher Patcher Helper Serviceman, Doors Operator Tractor Loader		Patcher
Operator Pusher Car Operator Charge Car Operator Door Machine Operator Quench Car		Battery Operator

Source: Interviews, company and union supplied documents

The differences, however, go deeper than Table 5.1 suggests. The two solutions also differed along many of the key dimensions of work organization frequently cited in the literature and reviewed in Chapter Two: the breadth of jobs, whether or not workers rotate jobs, the degree of worker autonomy and decision making authority, and the level of employee involvement in productivity or quality enhancing problem solving activities. At Lake Erie Works the new form of work organization assumed many of these high performance features. Work organization at Hilton Works, in contrast, remained

organized in very traditional ways. Table 5.2 summarizes these differences and I elaborate upon them below.

Table 5.2  
Differences in Key Dimensions of Work Organization: Hilton Works and Lake Erie Works

Dimensions of Work Organization	Hilton Works	Lake Erie Works
<i>Broad job descriptions</i>	<ul style="list-style-type: none"> <li>• Included minor maintenance in operator jobs</li> <li>• Cross training not emphasized</li> </ul>	<ul style="list-style-type: none"> <li>• Included minor maintenance in some operator jobs</li> <li>• Provided formal cross training</li> <li>• Tiered wages correspond to acquired skill levels</li> </ul>
<i>Job rotation</i>	<ul style="list-style-type: none"> <li>• Not emphasized</li> </ul>	<ul style="list-style-type: none"> <li>• Job rotation schedules stipulated in agreement</li> </ul>
<i>Increased autonomy and decision making authority</i>	<ul style="list-style-type: none"> <li>• No change</li> </ul>	<ul style="list-style-type: none"> <li>• Union representatives gained say in assessments of skill</li> </ul>
<i>Employee involvement</i>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Through the on-going restructuring process</li> </ul>

Source: internal company documents, union sources, interviews

**A. Job breadth**

At Hilton Works the form of work organization that emerged differed very little from traditional forms. Initially, all operating positions were encompassed by a single maintenance-operator job description and were staffed by skilled trades workers. The former change enabled management to get around the need for costly bumping and to deploy workers where it wished without having to ensure the most senior person was on the highest paying job. The latter change allowed management to reduce the number of employees it required. However, despite the very broad job description, the coke ovens continued to be staffed by individuals performing a single task on a regular basis. That is, the maintenance-operators differed from the former operators only in that they also had

the trades skills necessary to repair the equipment -- they continued to perform but a single, narrowly defined task in the traditional manner.

Three characteristics differentiate the way jobs were broadened at Lake Erie Works. First, in contrast to Hilton Works which replaced the former operators with 215 skilled trades personnel who became maintenance-operators, Lake Erie Works did not redesign the work of the skilled trades personnel at all (McClure interview May 1994). Second, at Lake Erie Works, five new operating jobs were created by clustering groups of the former jobs together. These new jobs required the incumbents to learn all the former jobs now clustered into the new job (for example, an incumbent in the new Battery Operator position would be required to learn how to operate the Pusher Car, Larry Car, Door Machine, and Quencher Car). This contrasts with the approach taken at Hilton Works which resulted in the creation of one "super job". In addition, minor maintenance tasks such as visual inspection, greasing, oiling, and assisting the skilled trades, were added to three of the five new job descriptions (Mutual Agreement, October 1993).

### ***B. Job rotation***

Despite the creation of the very broad operating job descriptions, management and the local union at Hilton Works did not implement a formal process of job rotation. Although workers were expected (on paper at least) to be able to perform any of the old narrow jobs now subsumed by the new job description, no provisions were put in place to ensure this happened. Consequently, most workers simply continued to perform their former, single job functions (Hatch interview May 1994). The benefit to management of the single job description came not from operational flexibility or increased worker understanding of the coke making process or equipment<sup>30</sup>, but rather from the increased ability to transfer and assign workers (Hatch interview May 1994). It allowed

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<sup>30</sup>Ichniowski (1992) cites this as a prime factor in whether or not workers are able to suggest productivity and quality enhancing ideas which lead to continuous improvement.



management to put those it believed most proficient on each job without having to worry about seniority.

At Lake Erie Works workers were expected to rotate across the jobs now contained in their new job descriptions and rotation schedules for the Utility Person I, Battery Operator, and Patcher Positions were included in the working committee's report on work reorganization (Mutual Agreement, October 1993). These schedules were designed to ensure adequate time to cross-train as well as opportunities to keep all skills sharp once they were acquired (McClure interview May 1994).

*C. Degree of worker autonomy and decision making authority*

No significant change in the levels of workers' autonomy or decision making authority occurred with workplace restructuring at Hilton Works. The new job descriptions did not assume any responsibilities formerly held by supervisors, the number of supervisors did not decline, and the roles and responsibilities of supervisors did not change (i.e., they did not become "coaches" or "facilitators") (Moline interview March 1994).

At Lake Erie Works several changes in worker autonomy and decision making authority occurred. Some were formally negotiated at the time of restructuring, others have occurred as a consequence of the new form of work organization. Local 8782 increased workers' autonomy by putting the job of determining an appropriate job rotation schedule into the hands of the operators (Leibovitch interview May 1994). Although formal schedules were included in the working committee's report, after the initial learning period of about six weeks, workers were free to design their own rotations -- the only caveat being that all crew members' skills had to be adequately maintained (Leibovitch interview May 1994). In addition, workers gained the ability to assess their peers' qualifications as cross training progressed. Any disputes would be jointly resolved -- by the chief steward and the departmental superintendent (Preston interview May 1994).

As a consequence of the creation of the new clustered job descriptions, workers within each job operate as a self contained work group, not only deciding who does what jobs, but also being ready to help each other out as necessary. As a consequence, as supervisors in this department have left due to attrition, they have not been replaced (McClure interview Nov. 1994). Workers in many areas of this department now work on an autonomous basis.

#### ***D. Employee involvement***

At Hilton Works rank and file members of Local 1005 are not involved in any formal productivity or quality enhancing problem solving or suggestion programs. Nor have any institutions been created to facilitate or encourage such worker input.

Although a formal employee involvement program does not exist at Lake Erie Works either, in fact the process of workplace restructuring has turned into such an institution. The process of restructuring not only seeks input from multiple levels within the plant (from the shop floor to the top echelons of both the local union and plant management), the scope of negotiations is broad and therefore can encompass diverse issues and topics, it also requires the ratification of those affected before any changes can be made. These characteristics of the process of workplace restructuring at Lake Erie Works mirror the ideal characteristics of an employee involvement program. The point about requiring the ratification of those affected before any changes can be made is especially important for employee involvement programs: without a guarantee that their individual interests will not be harmed by any proposed changes, people are hesitant to make suggestions for improvements. The ratification process provides them with that safeguard.

#### **IV. The Effect of Work Organization on Outcomes**

Despite beginning from virtually identical forms of work organization prior to restructuring in their respective coke ovens departments, Stelco's Hilton Works and Lake

Erie Works moved towards quite different forms of work organization after restructuring. The new jobs at Lake Erie Works took on a number of high performance or transformed features, while those at Hilton Works differed little from conventional forms. Although these outcomes are of interest in and of themselves, the larger question of course is what difference these differences in forms of work organization mean for final outcomes of relevance to the actors. Are wages and skills enhanced for workers? Does the work environment become safer? Does management realize improvements in productivity and quality? Does the union gain additional leverage and input to decisions regarding the governance of the workplace? In what follows I try to answer these questions by analyzing the final outcomes associated with each form of work reorganization.

#### *A. Lake Erie Works*

##### 1. Outcomes for workers

The inability to meet the increasingly stringent emission levels allowed by the provincial government was the impetus for reorganizing work in the coke ovens department of Lake Erie Works. Six people (two on each of three crews) had to be freed up from other work in the coke ovens area to do luting, the treatment of coke oven battery tops to reduce or prevent emissions during the coke making process. The luting function was added to the job description of the Utility Person II position. To accomplish this objective, the changes in work organization described above and listed below in Table 5.3 were made. In reorganizing work and redesigning the jobs to be done in the coke ovens department, changes were also made in the job classes paid to each of the new jobs. Those changes in job classes<sup>31</sup> are also contained in Table 5.3. As can be seen from Table 5.3, workers, on average, received an additional 3.36 job classes or a \$1.68/hour increase

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<sup>31</sup> An increase of one job class is equal to a wage increase of approximately \$.50/hour.

in wages. Some workers did much better than this average, gaining up to \$3.50/hour<sup>32</sup> in wages.

Table 5.3  
Job Titles and Job Classes: Coke Ovens at Lake Erie Works

Before		After	
<i>Job title</i>	<i>Job class</i>	<i>Job title</i>	<i>Job class</i>
Labourer -Coke Handling	4	Utility Person II	6
Utilityman - Battery	3		
WharfmanCokeHandling	4		
Labourer Coke Handling	4		
Utilityman - Battery	3	Utility Person I	10
Operator Tractor Loader	8		
Truck Driver	8		
Operator Coal Handling	10		
Utilityman Coal Handling	9	Coal Handling Operator	11
Operator Tractor Loader	8		
Patcherman	10		
Helper, Patcherman	8	Patcher	13
Serviceiman, Doors	9		
Operator Tractor Loader	8		
Operator Pusher Car	11		
Operator Larry Car	11	Battery Operator	12
Operator Door Machine	8		
Operator Quencher Car	7		

Source: Proposal submitted to SLC October 1, 1993 by the working committee on coke ovens job restructuring; internal company-union document; union sources.

Workers' skills were also enhanced considerably as a result of the redesign of work in this department. Cross training enabled workers to broaden their skill base. In addition, the incumbents on the new Utility Person I, Coal Handling Operator, and Battery Operator positions all acquired additional minor maintenance skills. And finally, with the reduction in supervision levels that occurred in parts of this department, workers gained added autonomy and new levels of responsibility.

<sup>32</sup> For example, those working formerly as Utility Man Battery, Operator Quencher Car, and Helper Patcher Man who became Utility Person I, Patcher, and Battery Operator respectively now earn 7, 5 and 5 job classes more than they did before -- \$3.50, \$2.50, and \$2.50 per hour more.

At the same time, workers' health and safety were not sacrificed as a result of the leaner manning of this department. T-tests for the equality of means before and after restructuring show no differences in accident frequency or severity (top half of Table 5.4). Further, a regression model fit with a dummy variable equal to 1 in the post-restructuring period shows no statistically significant effect of restructuring on accident frequency and severity (bottom half of Table 5.4).

Table 5.4  
 Lake Erie Works Coke Ovens Health and Safety Performance Before and After  
 Restructuring: Frequency and Severity Rates

<b>Comparison of Means</b>	<b>Means (standard errors)</b>		
<i>Accident Frequency</i>			
Before restructuring	39.32 (3.98)	N=21	
After restructuring	80.79 (23.16)	N= 18	t-test for equality = 0.10
<i>Accident Severity</i>			
Before restructuring	927.65 (495.68)	N=21	
After restructuring	1727.20 (293.44)	N=18	t-test for equality = 0.18
<b>Linear Regression</b>	<b>Coefficient</b>	<b>Significance</b>	
<i>Accident Frequency</i>			
Restructuring	41.47	0.07	
constant	39.32	0.01	
Adjusted R <sup>2</sup>	0.06		
F-statistic		0.07	
<i>Accident Severity</i>			
Restructuring	799.55	0.19	
constant	927.65	0.03	
Adjusted R <sup>2</sup>	0.02		
F-statistic		0.19	

Figure 5.1  
 Accident Frequency at Lake Erie Works Coke Ovens Before and  
 After Restructuring

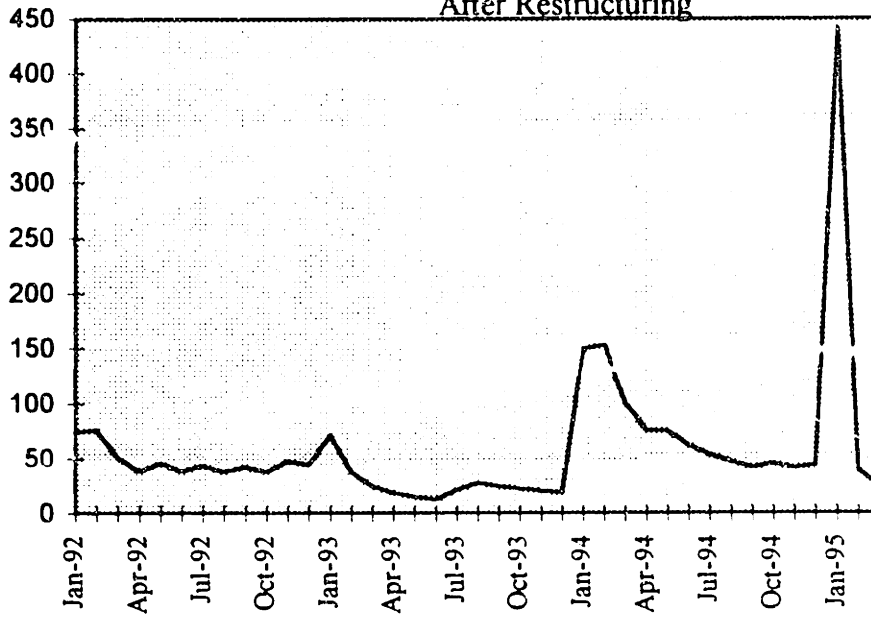
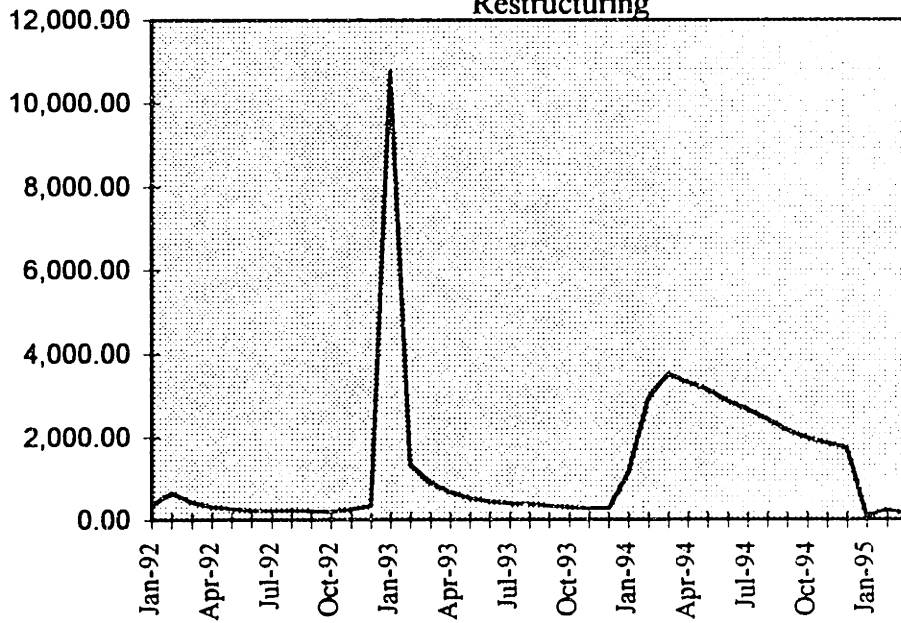


Figure 5.2  
 Accident Severity at Lake Erie Works Coke Ovens Before and  
 After Restructuring



## 2. Outcomes for management

Lake Erie Works management's primary goal in negotiating the restructuring of the coke ovens department was to free up the labour to do the luting needed to meet the new provincial emission standards. In doing so, however, management did not want to lower the area's productivity, decrease the quality of the coke being made, or add to the costs of coke making as the addition of six people to that department's pay roll would have done. Instead, a way needed to be found to use the existing personnel to accomplish all coke making tasks as well as take on the additional luting functions.

As a result of this reorganization of work, management was able to accomplish its objectives. The people needed to do the necessary luting on the battery tops were freed up by redesigning and reassigning the coke department's tasks. Before restructuring the coke ovens department was crewed with 74 people plus 1 welder assigned full time (company supplied data). If work had remained organized as it had been before, crewing would have increased to 80 people to accomplish the necessary luting. By restructuring, the crew remained at 74 with the use of 1/2 a welding position. Thus, Lake Erie Works management increased productivity by approximately 7%<sup>33</sup> while once again meeting the province's environmental standards. (The manhours per tonne measure for the coke ovens department remained unchanged despite the need for the performance of the additional luting tasks -- see Table 5.5 below.)

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<sup>33</sup>  $74.5/80=93.1\%$ .  $100\%-93.1\%=6.9\%$ . The data in Table 6.3 show manhours/tonne of coke produced (disguised). They do not reflect the additional need for manpower brought about by the need for luting. As a result, they show productivity remaining constant. Yet, given the need for more people to do luting, a constant level of productivity is actually an improvement.



**Table 5.5**  
**Lake Erie Works Coke Ovens Productivity Before and After Restructuring: Manhours Per Tonne**

<b>Comparison of Means</b>	<b>Means (disguised) (standard errors)</b>		
Before restructuring	0.357 (0.003)	(N=21)	t-test for equality = 0.681
After restructuring	0.359 (0.003)	(N=18)	

<b>Linear Regression</b>	<b>Coefficient</b>	<b>Significance</b>
Restructuring	0.001	0.681
constant	0.266	0.000
Adjusted R <sup>2</sup>	-0.022	
F-statistic		0.681

The quality of the coke being made at Lake Erie Works also improved after the restructuring. Table 5.6 shows the increase in two quality measures -- coke size and coke stability -- after the reorganization of work in this department. Table 5.6 compares mean levels of quality before and after restructuring and shows the results of fitting a regression model using a dummy variable (equal to 1) to represent the post-restructuring period in which the dummy variable achieves statistical significance. As people became familiar with more than just their own operating job, they not only understood the coke making process better, but they could also perform their own jobs better. As a result of both changes, quality improved.

Table 5.6  
 Lake Erie Works Coke Ovens Quality Before and After Restructuring: Coke Size and  
 Coke Stability

Comparison of Means	Means (disguised) (standard errors)		
<i>Coke Size</i>			
Before restructuring	67.04 (0.51)	N=21	t-test for equality = 0.005
After restructuring	68.84 (0.28)	N=19	
<i>Coke Stability</i>			
Before restructuring	74.17 (0.51)	N=21	t-test for equality = 0.000
After restructuring	76.77 (0.39)	N=19	
Linear Regression	Coefficient		Significance
<i>Coke Size</i>			
Restructuring	1.34		0.005
constant	50.03		0.000
Adjusted R <sup>2</sup>	0.17		
F-statistic			0.005
<i>Coke Stability</i>			
Restructuring	1.93		0.003
constant	55.35		0.000
Adjusted R <sup>2</sup>	0.28		
F-statistic			0.003

### 3. Outcomes for Local 8782

As a result of its high level of involvement in the reorganization of work, Local 8782 has taken on a greater role in the governance of the workplace. The local union is intimately involved in the planning and design of all work reorganization that takes place at Stelco's Lake Erie Works. Further, work redesign cannot proceed without the local union's approval of the proposed changes. Although this provision ties management's hands in many respects, it provides the changes eventually proposed with a high degree of legitimacy that increases their likelihood of successful implementation.

The 1993 collective agreement negotiated between Lake Erie Works management and Local 8782 solidified the increasing role played by the local union in the day to day affairs of the plant. Item 4 gave the local union input to decisions regarding restructuring, training, contracting out, and the selection and implementation of new technology. With this contractual provision, Local 8782 gained consultation rights, if not de facto codetermination rights, with respect to all matters of workplace practice. Further, the ongoing nature of the restructuring process at Lake Erie Works ensures the union's (and its members') voice is continually heard in matters regarding workplace change.

## ***B. Hilton Works***

### **1. Outcomes for workers**

Many workers affected by the changes in work design in the coke ovens department of Hilton Works were dissatisfied with those changes. Two problems in particular arose. First, management initially staffed the restructured coke ovens with 215 maintenance-operators, tradespeople who were assigned to operator jobs both to operate the equipment as well as to maintain and repair it as needed. This meant displacing the previous regular operators, many of whom had more seniority than the tradesmen sent in to replace them. Second, the tradesmen sent in to work as maintenance-operators soon found the work unpleasant. Not only did many perceive the operating tasks to be below their abilities and the craft skills that had taken them many years of training to acquire, but they also found the operating tasks boring and the requirement of station jobs<sup>34</sup> too constraining (Jones interview May 1996). Thus, whenever they could, these trades people sought out pure craft openings in other areas of Hilton Works and bumped into these

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<sup>34</sup>Station jobs require the operator to remain at a given work station, monitoring a console of instrument read outs. In contrast, skilled trades jobs are mobile -- the incumbents may be called to virtually any area of the plant to work. The new maintenance-operators missed the mobility and autonomy associated with their former trades jobs.

positions elsewhere in the plant. Thus, the coke ovens department was faced with the loss of knowledgeable trades people from the area (Hatch interview May 1994).

Soon Local 1005 was hearing the backlash from its members regarding the implementation of the maintenance-operator concept. In the words of the CWS<sup>35</sup> committee chair:

People in the coke ovens are livid -- still. There are four or five hundred people out there who are really pissed. (Weaymouth interview May 1994).

As a result of this anger, the local union leadership began to question the logic of assigning the highly skilled (and highly paid) tradespeople to these operating jobs. Instead, the local union president began to push the concept of operator-maintenance in which operators would be given additional training to enable them to do minor maintenance and assist the tradesmen in repairing the equipment. In the words of the local union president:

Why would you pay a brain surgeon to change bedpans? We wanted to train a lot more nurses instead. (Martin interview May 1994).

Moreover, supervisors did not take full advantage of the new system of work organization. In part this was due to the workers' own dissatisfaction with the system (Martin interview May 1994). It was also due to supervisors just preferring to have the best person on the job at all times (Hatch interview May 1994). As a result, supervisors tended to schedule people to do the work they preferred and were best at rather than encourage them to cross train to learn the new skills required for a system of job rotation (Moline interview May 1996).

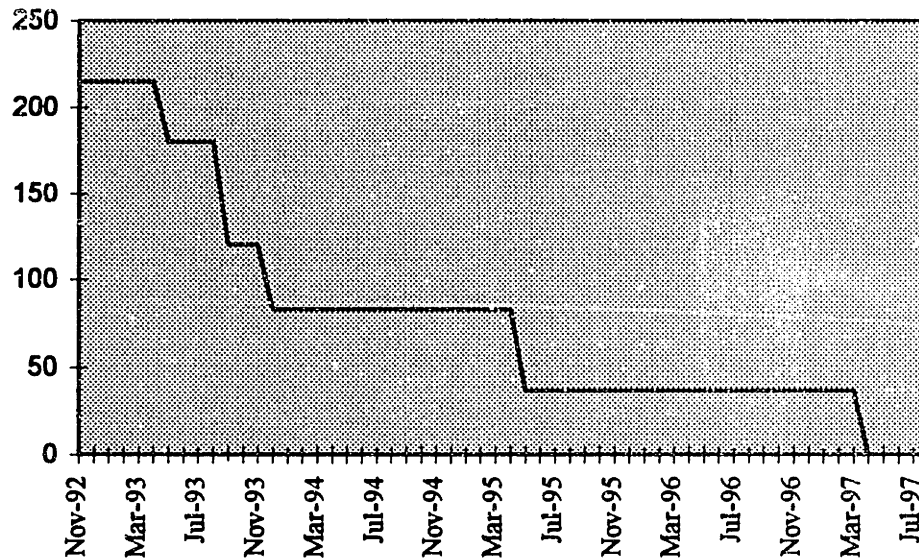
As a result of this pressure on plant level management, both from their supervisory staff as well as from the union leadership, the number of maintenance-operator positions was reduced over time. By mid 1997 all skilled tradespeople working as maintenance-

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<sup>35</sup>The Cooperative Wage Study is a system of job evaluation in which various dimensions of jobs are evaluated and points assigned. The points associated with each job are translated into monetary values and used as the wage rates paid various jobs.

operators were scheduled to be returned to pure craft positions (Jones interview May 1996). Figure 5.3 below shows the reduction in maintenance-operator jobs in the coke ovens department over time.

Figure 5.3  
Number of Maintenance-Operator Jobs Over Time



Although workers were unhappy with the redesigned jobs, they received often significant increases in pay. The skilled trades workers recruited to staff the coke ovens as maintenance-operators received an additional two job classes over their trades rates, or about \$1 per hour more. Once the operator-maintenance concept was put in place, operators, on average, received nearly 6.5 additional job classes, or about a \$3.25/hour increase in wages (see Table 5.7). These wage increases made the Hilton Works coke ovens workers very highly remunerated in comparison with those at Stelco's Lake Erie Works (and with those at other North American coke making operations as well).

The new operator-maintenance workers increased their skill levels after receiving two weeks of training in minor maintenance skills. However, the full potential increase in

skill levels was not realized because workers did not receive the initially planned cross training to enable them to learn all the operating jobs now clustered into the single Operator-Maintenance job description. Further, workers gained no added autonomy or decision making skills. In fact, the coke ovens department remained one of the most highly supervised areas in the plant (Hatch interview May 1994).

Table 5.7  
Job Titles and Job Classes: Coke Ovens at Hilton Works

<b>Before</b>		<b>After</b>	
<i>Job title</i>	<i>Job class</i>	<i>Job title</i>	<i>Job class</i>
WharfmanCokeHandling	3		
Labourer Coke Handling	3		
Utilityman - Battery	3		
Operator Tractor Loader	4		
Truck Driver	8		
Operator Coal Handling	10	Operator-Maintenance	13
Utilityman Coal Handling	3		
Operator Tractor Loader	4		
Patcherman	10	Maintenance-Operator	22 or 24
Helper, Patcherman	7		
Serviceman, Doors	10		
Operator Tractor Loader	4		
Operator Pusher Car	12		
Operator Larry Car	10		
Operator Door Machine	10		
Operator Quencher Car	7		

Source: Presentation made to AISI - Maintenance Subcommittee January 18, 1994; Superintendent of Personnel and Industrial Relations.

Despite the dissatisfaction of most workers and supervisors with the new form of work organization, health and safety was not compromised in this department. Over the last decade, Hilton Works has experienced an ongoing decline in its accident frequency and severity rates (company supplied data). This overall trend continued for the plant despite the disruption caused by the implementation and subsequent withdrawal of the maintenance-operator concept in the coke ovens. Table 5.8 contains these data. T-tests

for the equality of means before and after restructuring show no differences in accident frequency or severity (top half of Table 5.8). Further, a regression model fit with a dummy variable equal to 1 in the post-restructuring period, also shows a statistically insignificant effect of restructuring on accident frequency and severity (bottom half of Table 5.8).

Table 5.8  
Hilton Works Coke Ovens Health and Safety Performance Before and After  
Restructuring: Frequency and Severity Rates

Comparison of Means	Means (standard errors)		
<i>Accident Frequency</i>			
Before restructuring	40.50 (8.26)	N=34	
After restructuring	27.19 (4.17)	N=26	t-test for equality = 0.16
<i>Accident Severity</i>			
Before restructuring	245.18 (49.89)	N=34	
After restructuring	205.65 (52.81)	N=26	t-test for equality = 0.54
Linear Regression	Coefficient	Significance	
<i>Accident Frequency</i>			
Restructuring	-13.31	0.19	
constant	40.5	0.00	
Adjusted R <sup>2</sup>	0.01		
F-statistic		0.19	
<i>Accident Severity</i>			
Restructuring	-39.52	0.59	
constant	245.18	0.00	
Adjusted R <sup>2</sup>	-0.01		
F-statistic		0.59	

## 2. Outcomes for management

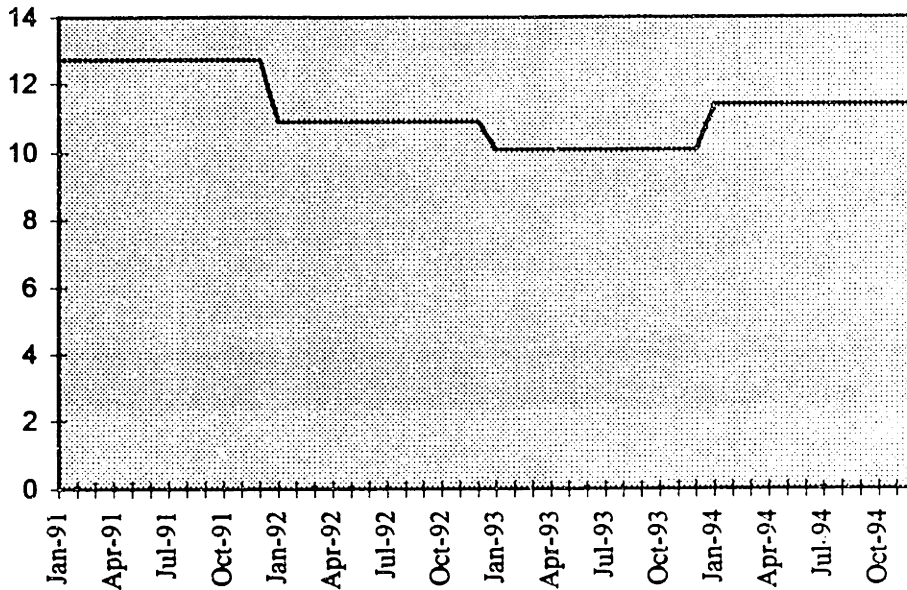
From management's perspective, the reorganization of work in the coke ovens and by-products department of Hilton Works was successful in the short term (Moline

interview May 1996). During late 1992, Stelco found itself in a financial crisis. Its stock had plunged from its historical levels of \$C20-\$C25 to less than \$C1 (*Stelco Annual Report*, various years). The financial community was less than optimistic about the future of the company. Company management targeted Hilton Works as a major source of the company's cost difficulties and identified the primary end in particular as a source of the problem (Moline interview May 1996). The implementation of the maintenance-operator concept provided an immediate reduction in the manhours per ton needed to produce steel slabs (Moline interview May 1996). Prior to the implementation of the maintenance-operator concept in late 1992, the coke ovens had been staffed with 308 operating employees, 70 assigned maintenance employees, and 63 trades people from central maintenance (for a total of 441 people) (company supplied data). After restructuring, this number was reduced to 215 maintenance-operators. This reduction in staffing allowed the company to make it through the dark days of late 1992 and early 1993.

However, once the crisis had passed with the rebound of steel prices, the number of maintenance-operator positions was reduced over time under pressure from the union and due to the growing dissatisfaction of both the maintenance-operators and their supervisors (Moline interview May 1996). As a result, manhours per ton began to rise again as did total costs. Two years after the initial reorganization of work, more than half the original cost savings had dissipated. Figure 5.4 shows the reduction and the later increase in manhours per ton associated with the implementation and subsequent rollback of the maintenance-operator concept.



Figure 5.4  
Coke Making Productivity in Manhours Per Tonne (disguised)



Unfortunately, because of the nature of the crisis that precipitated the need for the sudden reduction in costs of semi-finished steel, the implementation of the maintenance-operator concept was not done as well as it might have been if more time had been available (Moline interview May 1996). Management did not spend a lot of time trying to get buy-in to the change. Rather, management thought it could implement quickly and then develop the buy-in of those affected over time (Jones interview May 1996). Having learned from this first implementation of the concept, and seen the benefits that the maintenance-operator concept brought, management believes that the concept could be tried again, albeit with a longer lead time and more attention paid to its implementation (Jones interview May 1996).

No change occurred in the quality of coke being produced as a result of the implementation and subsequent rollback of the maintenance-operator concept (Moline interview May 1996). Ideally the new form of work organization would have led to increased levels of quality through workers gaining a more thorough understanding of the coke making process and of the impacts of their activities on outcomes. However, given

the dissatisfaction and turmoil experienced by this department as people bumped in and out and the maintenance-operator positions were phased out, management was relieved that quality did not decline.

### 3. Outcomes for Local 1005

The leadership of Local 1005, as represented by the local union president, was consulted regarding the need for restructuring on the primary end of Hilton Works. Since 1990 plant level management and the local union have shared information on a regular basis (Jones interview May 1994). Informing the local union president of the financial crisis in which Hilton Works found itself and what would be needed to weather that crisis was a continuation of this relationship developed earlier. As a result of the crisis and the subsequent restructuring agreed to by Local 1005 and Hilton Works management, a closer working relationship developed between the local union president and plant level management (Martin interview May 1994). The local union president continues to play an important role in accepting or rejecting management's proposals for change on behalf of the local's membership.

Below the level of the local union president, however, the role of the union remains virtually unchanged (Hatch interview May 1994; Hodder interview May 1994). Stewards and other representatives have gained no added role in workplace decision making. No moves have been made to grant Local 1005 any Partnership relationship (as in the U.S.) or co-determination rights (as at Algoma Steel<sup>36</sup>) (Jones interview May 1996). The local union continues to represent the best interests of its members for the most part in a traditional manner -- by negotiating tightly worded contract language and by policing that language through the grievance and arbitration process (Martin interview May 1994).

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<sup>36</sup> Algoma Steel was bought by its employees in a union negotiated buyout. The collective agreement in place grants the union unprecedented levels of involvement in the operation of the business.

### ***C. Implications for future performance***

As can be seen from the above, the benefits accruing to the parties at each site differed considerably. At Hilton Works management was able to achieve its short term cost objectives (with no adverse effect on quality), but that cost advantage was whittled away over time as operator-maintenance workers and additional skilled trades personnel took over the tasks and responsibilities initially assigned to the maintenance-operators. Workers gained monetarily from the reorganization, but the skilled trades workers and the operators they replaced were both angered by the initial move to the maintenance-operator concept. Finally, the president of Local 1005 gained consultation rights with management over impending workplace changes, but a broader cross section of union representatives and members continues to be shut out of the process of workplace reorganization.

At Lake Erie Works, outcomes for labour and management were both positive and sustained. Management was able to meet environmental standards without sacrificing productivity or costs and while improving quality. At the same time, workers gained added wages, levels of autonomy and decision making authority, and added skills without sacrificing health and safety outcomes. Moreover, Local 8782 has gained considerable influence over the governance of the workplace as a result of its ongoing involvement in the negotiation of workplace restructuring.

These differences are clearly important. Yet, perhaps the critical difference between the outcomes experienced by actors at these two Stelco facilities is the potential for creating and sustaining on-going improvements in performance. Employee involvement is most often cited as the key to producing such improvements over time. Many companies, taking the lead from their Japanese competitors, have successfully used such initiatives to generate improved performance on an on-going basis. Although controversial in labour circles, such initiatives have received endorsement in principle from the Canadian national office of the United Steelworkers (USWA 1991). Further, these

initiatives offer potentially far reaching impacts for unions on a wide variety of issues of importance to their members.

At Lake Erie Works, workers and their union are involved in the redesign of work, ensuring workers' concerns and issues are taken into account. Because of a well articulated set of joint structures from the shop floor to the top offices of the plant and local union, management and the local union have used the on-going process of restructuring as a de facto employee involvement program. In addition to the multi-layered system of committees dealing with restructuring issues, a ratification process ensures worker acceptance of proposed changes and also encourages active employee involvement in suggesting ways to improve quality and productivity because workers know no plan can be implemented without their approval and therefore are more open to generating possible ideas.

At Hilton Works there has been little employee involvement in improving productivity or product quality and no formal institutions put in place to promote that process. Hilton Works has a highly centralized structure to deal with workplace change. For effective employee involvement, power and decision making need to be decentralized from the offices of the Operations Manager and the local union president to include a broader cross section of management especially at the level of the shop floor, in addition to a more diverse group of union leaders and members. The local union is a strong one and therefore has the potential to be an effective voice for its members across a whole range of issues with which it has not traditionally dealt.

Thus, given their two quite different institutional structures to deal with workplace change, it appears Lake Erie Works is better positioned for creating and sustaining on-going improvements in quality and productivity. For example, on-going improvements in the coke ovens department are currently planned. Through investment in new technology identified and researched by Local 8782, coal handling is to be completely automated,

freeing up eight more positions and improving productivity (and costs) by approximately ten percent (Leibovitch interview Nov. 1994, McClure interview Nov. 1994).

## **V. Explaining These Differences: The Strategy Pursued by the Local Union**

As can be seen from Tables 5.1 and 5.2 above, despite controlling for institutional context, managerial strategy, and technology -- even the initial form of work organization -- the post-restructuring organization of work at Hilton Works and Lake Erie Works looked remarkably different. I attribute these differences to the strategies pursued by the two local unions regarding workplace restructuring at these two Stelco facilities. In what follows I highlight the divergent strategies each local chose and the impact those choices had on work organization.

### ***A. Hilton Works***

Local 1005 chose to follow a Pragmatic strategy. In this case, Local 1005 left the responsibility for work redesign solely in the hands of management. The union had input only in approving or rejecting (perhaps with modifications) management's plan. This was done solely by the local union president. Neither rank and file members, nor union activists had any input on workplace changes -- either their design or their approval. The local union president's approach was to deal with the restructuring of work through setting out and enforcing highly restrictive parameters to govern work reorganization. As a result of this highly centralized and contractually specified approach to restructuring, work at Hilton Works was reorganized in ways that differed little from conventional forms.

Local 1005 and Hilton Works management used a highly centralized process to reorganize work. That process was specified by Item 8, a clause negotiated by the parties as part of the 1990 collective agreement (Jones interview May 1994). Item 8 established the Joint Hilton Works Senior Restructuring Committee (JHWSRC) made up of not more than two representatives of Hilton Works management and two representatives of the

local union executive. In practice, the JHWSRC was made up of the president of Local 1005 and the Operations Manager of Hilton Works (Moline interview May 1994). Item 8 also established the operator-maintenance concept and specified that any jobs to which minor maintenance tasks (for example, visual inspection and greasing and oiling) were added would be paid the CWS-calculated wage rate plus two additional job classes (about 50 cents per hour).

Restructuring at Hilton Works proceeded in the following way. Plant management identified an area needing restructuring and informed the local union president of its plans to do so (Jones interview March 1994). Departmental management then designed the changes in work that it wanted (Moline interview March 1994). If the changes involved adding maintenance tasks to operators' jobs then the language of Item 8 was applied and the proposed change was presented to the local union president before being implemented. Once his approval was given, the changes would be implemented. If, however, the changes were of a different nature (e.g., job combination or adding skills to formerly unskilled labour pool jobs), Item 8 did not apply and management could make the changes it wanted, subject of course to the grievance procedure and review by the CWS committee<sup>37</sup>.

The degree of centralization observed at Hilton Works came from two sources. First, the historical evolution of the office of Local 1005's president caused power to become concentrated here. Fears of political challenges -- even from members of the incumbent's own political slate -- created a general unwillingness among generations of Local 1005 presidents to delegate authority to others (see Freeman 1982 for accounts of Local 1005 presidents of the 1960s and 1970s). Second, management encouraged the local union president to act alone. It intentionally fostered a new more cooperative

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<sup>37</sup>Changes in jobs that contravened some provision of the collective agreement were not to be allowed under the grievance procedure. Changes to jobs that increased their value under the CWS system would result in higher pay to those workers affected. The union however, had no direct input into the changes -- only into how much management would have to pay workers to do them.

relationship with the president of Local 1005 by consulting him prior to important workplace changes and by sharing confidential financial information with him on a regular basis. Below this level, however, the union-management relationship remained traditionally adversarial and arms' length. Management was convinced, however, that the local union president was powerful enough to implement any changes to which he agreed (Jones interview May 1994). Rather than have to deal with a whole host of stewards and other union activists (whom it perceived as often unreasonable and overly concerned with their own political future), management preferred to simply sell its plan to the president, get his approval, and enlist his help in implementation (Hatch interview May 1994).

Local 1005's contractual approach to workplace restructuring can be seen to stem from historically developed capacities and embedded routines within Local 1005. As the lead local in bargaining for the entire chain of Stelco locals (there were 17 in 1984), Local 1005 cultivated, and was rewarded for, highly developed contract writing skills. The tighter the language and the more specific the provisions, the less likely that workers' interests would be harmed by management's actions. As a result, when confronted by the need to restructure, Local 1005 approached the problem like it did almost every other one: it set out to craft tightly worded contract language that would protect workers and enhance their financial well-being. The result was Item 8.

The fact that the president of Local 1005 left work redesign in the hands of management can also be attributed to the nature of the local union. First, in what has historically been a politically volatile union local, leaders have been reluctant to make suggestions that may possibly hurt certain constituencies. Better to leave all change in the hands of management so that if it doesn't work out, management can be blamed. Second, Local 1005's reliance on contract language to deal with restructuring encouraged this reactive position. If management wanted to make changes, it could simply follow the parameters agreed to in Item 8.

As a result of this highly centralized and contractually specific approach to restructuring taken by Local 1005 work was reorganized the way management wanted, subject only to relatively minimal interference from the union.

For example, jobs were broadened in ways that met management's short term agenda for cost savings: minor maintenance functions were added to operators' jobs and all operating positions were encompassed by a single description. The former change allowed management to reduce the number of highly paid maintenance personnel it required. The latter point enabled management to get around the need for costly bumping and to deploy workers where it wished without having to ensure the most senior person was on the highest paying job.

Moreover, no job rotation was implemented, again because management, who controlled the redesign of work and its implementation, was focused on short term results. Cross training, necessary for job rotation, was not only costly, but it would mean that those most proficient at a particular job would be displaced by others not as proficient in order that they learn the jobs. By forgoing the cross training however, management gave up developing workers who understand the entire coke making process, who have greater familiarity with the equipment, and therefore, are in a better position to suggest improvements in operating procedures to increase yield or reduce costs.

Because departmental management redesigned work at Hilton Works, no attention was paid to increasing workers' autonomy. Rank and file members, or union activists who might have valued such autonomy had no input into the redesign -- either to suggest changes, or to approve any proposals. The local union president who did have an opportunity to negotiate with management over the changes, saw no value in increasing workers' autonomy or decision making authority (Martin interview May 1994; Weaymouth interview May 1994). This can be attributed to the ideology espoused by the local union president, who values traditional bread and butter issues such as increased wages and job security, not more esoteric things like increased autonomy and decision



making authority. He also realized that reducing managerial control on the shop floor would be a hard battle to win and one he chose not to fight at this time. Instead, the president of Local 1005 has fought from the beginning to reduce the number of maintenance-operators and replace them with operator-maintenance personnel and pure trades people (Martin interview May 1994).

No employee involvement has been implemented at Hilton Works. All suggestions for workplace change come from departmental management or from the local union president in response to management's suggestions. There is no proactive union initiative to change workplace processes or procedures.

### ***B. Lake Erie Works***

The Interventionist strategy pursued by Local 8782 led to a markedly different effect on work organization at Lake Erie Works. Local 8782 got access to the process of restructuring at an early stage, enabling it to participate in the generation of proposals regarding work redesign, negotiate with management over the selection of the new form of work organization, and ensured those affected by the change agreed to it before its implementation. Using a multi-leveled process that included rank and file input, the involvement of a broad cross section of union representatives, and required the approval of affected workers before implementation, the local union approached the task proactively and without *a priori* specifications of what outcomes should be. As a result, jobs in the restructured coke ovens department at Lake Erie Works possessed many of the features scholars associate with "high performance" forms of work organization.

Local 8782 approached workplace restructuring with a multi-leveled, shop floor oriented process. Like Local 1005, Local 8782 also negotiated language into the collective agreement giving the local union the right to participate in workplace restructuring. Local 8782's Item 4, however, merely established the institution for doing so, it did not specify the form work reorganization ought to take (i.e., operator-

maintenance as Item 8 at Hilton Works did). Item 4 created the Senior Level Committee (SLC) made up of three members of senior plant management and three members of the local union executive. The SLC had the power to appoint working committees co-chaired by a labour and a management representative (usually the departmental superintendent and the union steward from the area) to formulate plans for workplace change. After consulting with workers and supervisors in the area, the working committee prepared a report outlining its proposals for change (Wiebe interview May 1994). The plan's ultimate fate would be determined by the six member SLC which had to come to a consensus decision regarding its merits and feasibility (McClure interview March 1994). In addition, prior to implementation, a majority of the hourly workers to be affected had to ratify the plan (Leibovitch interview May 1994).

In addition to members of the union executive participating on the SLC and union stewards co-chairing working committees, broader union participation was facilitated by regular meetings of the union steering committee (USC) (Leibovitch interview May 1994; Preston interview May 1994). Meeting weekly at the union hall, the USC formulated union strategy regarding changes it wished to see made at the workplace. Long term strategic issues that the USC has attempted to deal with in the process of restructuring include reducing the number of contractors in the plant, bringing former supervisory tasks into the bargaining unit (through the creation of process coordinator and shift coordinator roles), and improving work scheduling (Preston interview May 1994).

The multi-leveled, proactive, and open-ended approach to restructuring taken by Local 8782 can be seen to flow from the characteristics of this local. First, as a relatively new local, representing workers with little (and most often, no) union background, the leaders of Local 8782 see the need to restructure the workplace as a way to make the union salient to its members (Leibovitch interview May 1994). Prior to working committees being established in an area, the union holds meetings for the affected department at the union hall outlining what restructuring means, what the union's agenda

is (a safer, fairer, less authoritarian workplace, with greater worker input), and how the process will work (Preston interview March 1994). Using union stewards and union facilitators to interview rank and file members to gather input for the working committee's report further reinforces the union's involvement in the process to members (Wiebe interview May 1994).

Second, the ideology of Local 8782's leadership values rank and file participation and broad based union involvement. Called "the Marxist/Leninist" by members of Local 1005's executive, the president of Local 8782 espouses a progressive social-democratic political and social agenda. This ideological direction is supported by other members of the union's executive as well.

Finally, as a small local with a politically inexperienced membership, the leadership of Local 8782 is relatively safe in its position of leadership and therefore feels comfortable delegating and sharing authority. The leadership does not maintain a stranglehold on its offices however. Elections for stewards are always hotly contested as well as committee chair positions. Even the president's office is challenged -- in the last election by a member who felt the union was undertaking too many joint activities with management (Leibovitch interview May 1994).

Using the method it did and having the strategic vision it did, Local 8782 negotiated jobs that were broadened in a different way than those at Hilton Works. Two critical differences in how jobs were broadened at Lake Erie Works emerged as a result of consultation with a broad cross-section of union activists as well as with the rank and file. First, union and management did not try to create maintenance-operators. Representatives of the skilled trades reported that their constituents would not tolerate the operating jobs and whenever an opportunity opened up elsewhere in the plant, they would transfer, taking their knowledge and experience in dealing with the coke ovens equipment with them (Preston interview March 1994; Wiebe interview May 1994). Much to management's chagrin, this is precisely what happened at Hilton Works.

Second, union and management were able to broaden jobs in a way that facilitated cross training and job rotation. Unlike at Hilton Works where all operating jobs were combined into a single job description, groups of the former operating jobs at Lake Erie Works were clustered together, despite management's desire to follow the Hilton Works example. This clustering overcame workers' objections to cross training and performing jobs other than their own former job (Leibovitch interview May 1994). In contrast, at Hilton Works where all jobs were put into one job description, senior workers who felt they had "paid their dues" on the more physically demanding and less pleasant jobs at the bottom of the sequence, balked at having to perform them again (Hatch interview May 1994). At the same time, many workers who occupied positions at the bottom of the sequence lacked the basic skills necessary to adequately perform jobs at the top of the sequence (Hatch interview May 1994).

Job rotation was further supported and encouraged by Local 8782 pushing an agenda that included pay-for-knowledge (Wiebe interview May 1994). Negotiating tiered wages for the acquisition and maintenance of skill levels encouraged workers to cross train and to maintain those new skills through job rotation (McClure interview March 1994). Pay-for-knowledge was a principle the USC believed in and sought to promote, believing it would promote more broadly skilled, less narrowly constrained jobs, in which workers would gain an understanding of the production process and thereby in the long run be able to contribute cost and quality enhancing suggestions (Preston interview March 1994; Wiebe interview May 1994). In the meantime they would have less boring, constrained work to do.

Workers' autonomy and decision making authority were increased at Lake Erie Works as a result of the union's strategic agenda and as a result of workers' involvement in the redesign of work. Having operating crews responsible for their own job rotation schedules was a recommendation contained in the working committee's report on job redesign. The union members of this committee reiterated and emphasized what shop

floor workers had told them: that to be effective each crew had to decide on its own what kind of schedule made sense given the individuals involved and the nature of the work they were doing (Preston interview May 1994). Establishing a joint process of assessment for worker's skills came about as a result of similar kinds of feedback: workers believed only those closest to the jobs, who understood how they needed to be done, were in a position to evaluate others' performance in a way that would be perceived as fair and equitable (Wiebe interview May 1994).

The eventual creation of semi-autonomous crews occurred as a result of attrition. As supervisors retired, they were not replaced in this department (McClure interview March 1994). Instead, as a result of the union's strategic agenda focused on a less authoritarian, more democratic workplace, some crews now operate with only remote supervision. The union also saw the creation of these semi-autonomous work groups as a way to increase workers' responsibilities and therefore their pay as their jobs were re-evaluated to reflect their increased duties (Preston interview May 1994).

Although no formal employee involvement program has been implemented at Lake Erie Works, the workplace restructuring process has institutionalized the regular meeting of members of the SLC and of the USC. Through these regular meetings problems are identified and ways to solve them are sought, often by the establishment of multi-partied task forces or working committees. This has come about both because Item 4 established the SLC and because Local 8782 has taken a proactive and problem solving stance towards workplace issues, a position that encourages rank and file involvement and feedback on workplace issues. This stands in stark contrast to operations at Hilton Works, where the shop floor and the problems encountered by people there are perceived to be miles away from, and of questionable relevance to, the central, highly placed actors in the process of workplace restructuring.

## **VI. Characteristics Of The Two Local Unions**

### ***A. Local 1005***

Local 1005 represents the 5400 production and maintenance workers at Stelco's Hilton Works. Local 1005 is Canada's largest basic steel local with a long history of militancy (Heron and Storey 1986; Freeman 1982). At its height in the late 1970s, Local 1005 represented more than 13,000 members (Adams and Zeytinoglu 1987). Despite its reduced size today, the president of Local 1005 still presides over a large and turbulent empire. Many Local 1005 members are second, and some even third, generation steel workers. Steeped in the working class environment of Hamilton, workers at Hilton Works know their rights under the contract and stewards and superintendents wage on-going battle over its interpretation (Adams and Zeytinoglu 1987).

Local 1005 wields a great deal of power within the Canadian region of the USWA. Not only is it large, thus wielding considerable political power, but it also controls enormous financial resources. These resources come from two sources: from members' dues and from the local's ownership of its union hall, located on a large piece of property in a popular shopping district of Hamilton. In each of the two industry wide strikes occurring over the past decade and a half the local has re-mortgaged the union hall, adding more than one million dollars to its strike fund each time. Having access to resources of this magnitude makes credible the local's recurring threat to secede from the United Steelworkers union if it is not granted the degree of autonomy it demands<sup>38</sup>.

Local 1005's power and profile have been further enhanced by the central role it has played in Canadian steel industry contract negotiations. Up until 1993 it negotiated the agreement that covered all other Stelco locals, as well as the rest of the Canadian steel industry. In addition, the Local 1005-negotiated agreement influenced settlements

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<sup>38</sup>These demands were particularly loud and frequent during the tenure of Cec Taylor, the flamboyant president of 1005 during the late 1970s and early 1980s. Taylor, a committed socialist and Canadian nationalist, advocated an autonomous Canadian labour movement and as such wanted no interference from Pittsburgh in his local union's affairs.

throughout heavy industry in Canada (Adams and Zeytinoglu 1987). Even Canada's one non-union steel maker, Dofasco, paid its workers the wages negotiated by Local 1005<sup>39</sup> (Verma and Warriar 1992). In its role as pattern setter, Local 1005 also decided whether or not to call strikes in the industry<sup>40</sup>. In 1981 Local 1005 took the industry out for 125 days. Again in 1990, Local 1005 led the industry in a 106 day strike.

Because of the central role it played in collective bargaining, Local 1005 developed considerable bargaining expertise. Its leaders are tough negotiators and have won excellent wages, benefits, and pensions for USWA members throughout the industry. It has also relied heavily on this expertise to organize the local's dealings with Hilton Works management. Local 1005 has a well developed and articulated grievance handling and arbitration process (Adams and Zeytinoglu 1987). It also has scores of local agreements and memoranda of understanding detailing myriad dimensions of the labour-management relationship. In part this reliance on written documents and contractually specified provisions has arisen because of Local 1005's expertise in this area (the "when you have a hammer, every problem looks like a nail" syndrome). In part it is a rational response to the challenge of administering such a large local union in a fair and equitable manner.

To administer its affairs Local 1005 has four people on full time union business. In addition to the local union president, the chairs of the CWS, grievance, and health and safety committees work full time at the union hall. Local 1005 also maintains a strong shop floor presence through its network of stewards. Chief stewards and stewards

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<sup>39</sup>Located across the street from Hilton Works in Hamilton, Dofasco's workers traditionally pass the hat to support their striking brothers at Stelco. Of course this irks Local 1005 no end, since they are on strike, while their Dofasco counterparts stay at work, but who will be rewarded based on what Local 1005 negotiates.

<sup>40</sup>"The industry" includes Canada's unionized integrated producers, Stelco and Algoma, and in the past Sidbec-Dosco of Quebec, and Sysco of Nova Scotia (the latter two companies are now mini-mill producers with contract expiration dates that no longer coincide with the expiration date in the integrated sector of the industry). It also includes all other Stelco locals which represent workers at Stelco's two mini-mills (one in Edmonton, Alberta; the other in Contrecoeur, Quebec) as well as its many finishing facilities in Ontario and Quebec.

represent workers in every department of the plant. In addition to their numbers, stewards in Local 1005 are also well trained in the monitoring and enforcement of the collective agreement. Local 1005 has a long running tradition of maintaining a well-trained and aggressive steward network (Adams and Zeytinoglu 1987).

However, despite a full time staff, strong steward network, and a wealth of written procedures, the local union president is still very much involved in every aspect of the local's business. He signs every agreement and is present for, and usually leads, every meeting of substance. There appears to be a large disconnect between the local union president and the steward network. Stewards are not well integrated into the overall union power structure. The local union president delegates little or no actual responsibility to his full time union staff or to his stewards. As a result, the stewards run their own departments almost in isolation. There is little integration between stewards or between stewards and the union executive. This centralization of power in the hands of the local union president is a long running tradition within Local 1005. Freeman (1982) argues that it reflects the desire of the president to have control over all aspects of his empire and to keep that control out of the hands of his political challengers.

Throughout the local's history, 1005 has been internally riven by factional politics (see Freeman 1982 for a detailed history of Local 1005 politics). Covering the political spectrum from Communists on the far left, through social democrats, to pure and simple business unionists on the right, these organized factions (running under different names over the years) have fielded full slates of candidates at election time<sup>41</sup>. The current president and local union executive are members of the Labour Unity caucus, a splinter

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<sup>41</sup>This high level of political activity, however, is restricted to a minority of the workforce. The most hotly contested election with the highest level of voter turnout in the local's history occurred in 1979 when 6849 votes were cast. At that time about 13,000 workers were employed at Hilton Works (Freeman 1982). This division between active union members and their more apathetic counterparts has a long history at Hilton Works. During the 1946 strike while 2,000 workers manned the pickets outside, more than 2,000 steel workers stayed inside the plant, eventually organizing themselves into the "Loyal Order of Scabs" (Roberts 1981; Heron and Storey 1986).



group from the long standing Yellow caucus<sup>42</sup>. Ideologically, this group can be characterized as bread and butter unionists, focusing on fairly traditional collective bargaining issues such as wages and protecting the seniority rights of older workers, with a more recent interest in training as a way to protect the jobs of those older workers.

As a result of these active caucuses and the political and financial incentives to gain control of the local, until recently no president of Local 1005 has served two full consecutive terms in office. The current president is the sole exception to this rule<sup>43</sup>. In part, this slow down in political opposition can be attributed to the fact that Stelco has not hired for many years and consequently those with political ambitions, having already exercised them and been beaten by the current administration, have drifted out of local politics. No new blood has come into the local, promoting a different vision that could promote an active following.

As can be seen from the description above, the president of Local 1005 is a very powerful individual. The current president's office reflects this degree of power. The plushly carpeted office is furnished with a large dark wood desk, a high backed leather swivel chair, and pair of leather couches. The office walls are lined with documents attesting to the president's attendance at various high powered meetings and conventions (meetings of international labour leaders at the ILO in Geneva, participation in the premier's council on labour law reform, a plaque in recognition of service from the Workers' Compensation Board of Ontario, etc.) and with photos showing the president with various famous individuals (Bob Rae, the NDP premier of Ontario and Leo Gerard, the former president of the Canadian National office of the USWA, among others). My

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<sup>42</sup>Yellow, Green, and White were the names of the three caucuses active within Local 1005 during the 1960s and 1970s. The names come from the colour of the paper on which each faction printed its campaign literature.

<sup>43</sup>Although he was elected to his third consecutive term in April 1994, in April 1995 he was appointed Vice President of the Ontario Workers' Compensation Board. He has since taken a leave of absence from Local 1005, but consistent with the high need to control found in most presidents of Local 1005, he intends to return in time for the 1996 round of contract negotiations.

interviews with the president were conducted in this office with him behind his desk, and with two of his lieutenants sitting silently (unless first spoken to) on one side. Any materials I wanted to take with me were photocopied for me by his personal secretary.

### ***B. Local 8782***

Local 8782 represents the 978 production and maintenance workers at Stelco's Lake Erie Works. Local 8782 contrasts with Local 1005 on almost every dimension. Not only is it new, it is also relatively small. Further, it was voluntarily recognized by the company before Lake Erie Works was even completed or workers hired. Consequently, it does not have a history marked by struggle against, or victory over, the company. And, unlike Hilton Works' thoroughly industrialized workforce, 90% of Lake Erie Works' workers are drawn from the surrounding farming community. Most came to Stelco without any industrial experience or union exposure. The remaining 10% of Local 8782's members were low seniority workers who chose to transfer to the Lake rather than face almost certain layoff from Hilton Works in the early 1980s.

Because of its size Local 8782 does not possess the same financial resources as Local 1005. Nor does it wield the same degree of power within the Steelworkers union or within the Canadian labour movement. Up until the early 1990s it was simply one more local in the Stelco chain, a local who signed a "me too" agreement after Local 1005 successfully concluded the Stelco agreement with Hilton Works management. It was only in 1993, in the wake of the break up of chain bargaining at Stelco<sup>44</sup>, that Local 8782 negotiated its first collective agreement with Lake Erie Works management. However, since its founding, Local 8782 has negotiated at the local level with Lake Erie Works management over workplace restructuring -- first, the multi-crafting of the trades, then

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<sup>44</sup>Stelco, Inc. has pursued the decentralization of its varied businesses since the late 1980s. As part of its strategy it sought to negotiate separate collective agreements with each local that reflected the competitive environments each business faced. The desire for enterprise based bargaining in part precipitated the 1990 strike. Although the Steelworkers union managed to sign virtually identical agreements in 1990, in 1993 each local bargained separately for the first time.

trade wage rates, and now more recently over wholesale work reorganization (Stables 1993).

Local 8782, partly due to its size, but also because of its leadership's ideological beliefs, is much less bureaucratic than Local 1005. Because Local 8782 was recognized automatically by the company in 1980 and because few of its members had union experience, Local 8782 has put considerable emphasis on "organizing" its members. As a result the local union's leadership constantly seeks ways to reach out to and involve the membership in the union's affairs. One way the local encourages member participation is by relying heavily on people to volunteer their time to run the union (*Forum* April 1994). Unlike Local 1005 with four people on the union's payroll full time, Local 8782 has only two -- the president and the chair of the grievance committee. The rest are volunteers.

Local 8782 has also developed a dense network of stewards and assistant stewards to watch out for members' best interests on the shop floor (Preston interview April 1995). This network is also coordinated as well as linked closely with the local union executive. Stewards and assistant stewards are kept in touch with one another across departments and shifts through a formalized system of meetings and reports designed to pass information -- problems that have arisen, their solution, or other precedents that have been set in other areas of the plant. In contrast, stewards at Local 1005 run jealously guarded fiefdoms with little information sharing or cooperation across departments.

Finally, an important part of Local 8782's governance is the Union Steering Committee (USC) (Preston interview May 1994). Comprised of the local union executive, the chief stewards for both trades and production, and the heads of the grievance, health & safety, and CWS committees, the USC meets weekly to discuss the concerns of various constituencies and to formulate a union strategy to guide workplace changes (Stables 1993). The USC also acts as an intermediary in the two-way flow of information between the rank and file and the union executive.

Ideologically, the leadership of Local 8782 sits to the left of that of Local 1005. Local union newsletters<sup>45</sup> and contract clauses provide evidence of an ideology which values union activism, worker autonomy, increased workplace democracy, and safer more fulfilling work (*Forum*, various issues). Reflecting this more democratic ideology, Local 8782's president does not control everything, like his counterpart at Local 1005 does, but rather delegates authority to various individuals and committees. Local 8782 also continues its formal support of the New Democratic Party (the NDP), Canada's social democratic party. Local 1005, in contrast, decided in 1994 to end its decade and half long connection with the party. In part this is attributable to the personal politics of Local 8782's current president. He is among the 10% of Lake Erie Works employees who transferred over from Hilton Works when Lake Erie Works opened. During his time there he was an activist in Local 1005's left leaning White caucus. However, the personal politics of this individual should not be enough to sway Local 8782 in a direction with which its members do not agree. In fact, in the last two elections the president has been challenged by an individual running against him on the basis of his political ties to the NDP. In both instances, the president has won re-election despite the very politically conservative background of Local 8782's membership. Such discussion of differences is routinely encouraged in Local 8782 and challengers are encouraged to run for election. In the 1994 elections several members of the Local Executive were voted out and replaced by challengers (*Forum* April 1994).

Local 8782's union hall and its president's office sit in sharp contrast to those at Local 1005. So too, does the role played by Local 8782's president. These differences are attributable not only to the different levels of financial resources on which the two locals

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<sup>45</sup>Local 8782 produces *FORUM Steelworkers* six times a year. Initially printed in three colours and mailed to members homes, costs have risen making that too expensive. Instead, *FORUM* is now printed in black and white and distributed by volunteers at the plant gates. In contrast, Local 1005's glossy, full-colour *Steel Shots*, was simply discontinued in the late 1980s when it grew too expensive to print and mail to members' homes. The choices the two locals made about the importance of a union voice to the membership I believe is significant.

draw, but also to the values the two presidents hold. Local 8782's union hall is located in the back of a rest home. There are no secretaries. The one-time bedrooms that are now the union offices still have their 1970s yellow and orange flowered wallpaper, green shag carpet, and brown swag lamps. The main meeting room (one end of the president's office) contains several folding tables placed end to end, surrounded by plastic stacking chairs. Empty extra large 7-11 coffee cups and overflowing ash trays litter the table. A large white board covered with flow charts, lists of jobs, or grievances in process hangs prominently on one wall.

This is where the bulk of my interviews with Local 8782 members took place. Although I met most often with the president, the chair of the grievance committee, or the chair of the CWS committee, inevitably three or four individuals would pass through who would be invited by my informant to stop and share their insights with me. This evidenced to me not only my informants' willingness to have others share their views, but also provided evidence that people other than the highest elected officials were active in the union's affairs at a more grass roots level.

### *C. The two locals compared*

As can be seen from the above descriptions, Locals 1005 and 8782 differed along a number of dimensions that have influenced the two locals' choices of strategy. Local 1005 is a large local with considerable political and financial resources. The president of this local is accordingly a powerful individual. However, he holds that office only by being a politically astute player in the factional politics that have dominated Local 1005 for many decades. For these reasons, power in Local 1005 is highly centralized, residing in the office of the president. The president also does not consult with others -- not the rank and file from whom he is somewhat removed, nor other union activists whom he prefers not to trust. The president is the sole individual who negotiates with management over restructuring. Finally, in its role as the lead bargaining local for so many years, Local

1005 has developed expertise in writing contract language. It views this as a central capability and one it uses to address a whole range of problems, including workplace restructuring. These characteristics have all combined to make Local 1005 a rather conservative local union and the local's conservatism is reflected in its Pragmatic strategy regarding workplace restructuring.

In contrast, power is not as highly centralized in Local 8782. Rather than resting solely in the office of the president, it is shared among several key individuals who consult regularly with other union representatives (through the USC) and who maintain frequent contact with the rank and file through meetings and educational programs. Through the creation of a dense network of stewards and through the USC, Local 8782 has sought to develop a multi-leveled mechanism through which it can negotiate with management. Local 8782 does not have the formal contract language writing skills that Local 1005 has developed over the years. Thus, it has not felt constrained to deal with workplace restructuring with only this particular tool. Thus, the local union's openness and activism have allowed it to pursue an Interventionist strategy regarding workplace restructuring.

## **VII. Conclusion**

This chapter has documented how two local unions pursued two very different strategies regarding workplace restructuring, with correspondingly different forms of work organization resulting. Local 1005 at Hilton Works pursued a Pragmatic strategy, approaching the need to restructure in a highly centralized manner, relying on tightly worded contract language to guide the process of change, and as a result, work organization in the coke ovens area differed little from conventional forms. In contrast, Local 8782 at Lake Erie Works pursued an Interventionist strategy, proactively intervening in the process of restructuring in order that workers and the local union would have input to the redesign of work. Further, the local union took a blank slate approach, working with no pre-set conceptions of what form the new system of work organization

should take. As a result, work organization there possessed many high-performance features.

In addition, this chapter evidenced the outcomes that occurred as a result of the reorganization of work in the coke ovens and by-products departments of these two Stelco plants. For workers, managers, and the local union at Lake Erie Works, the restructuring delivered several benefits. Workers received higher wages, increased their skills and level of autonomy on the job, and gained significant input to workplace level decision making. At the same time, health and safety indicators continued to improve. Management, in turn, was able to meet new, more stringent environmental standards without reducing productivity. Further, the quality of coke as measured by coke size and stability increased significantly after the restructuring at Lake Erie Works. Local 8782 played a vital role in the restructuring of the coke ovens department. The success of that restructuring has led to subsequent involvement by the local union in other reorganizations, some of which have entailed significant scope and depth of change. The role of the local union on the shopfloor and in plant level governance has been enhanced as a result of its involvement in workplace restructuring.

The restructuring of the coke ovens and by-products department of Hilton Works also delivered benefits to the parties, although these benefits were more mixed. Financially, workers gained enormously as a result of the restructuring. On average, the former operators gained wage increases of over \$3 per hour. However, the maintenance employees brought in initially to staff the coke ovens as maintenance-operators were unhappy with their new assignments, finding the work boring and beneath their skills. Similarly, the operators they replaced were angered by the change in work organization. Many senior operators were being displaced (sometimes even laid off) while more junior tradesmen took their jobs. As a result, the local union bargained to reduce and eventually eliminate the maintenance-operator jobs.

However, the maintenance-operator concept did give management the necessary reduction in manhours per ton (and cost) that it required to weather the financial crisis it faced in late 1992. In this sense, the reorganization was a success, despite its rather short half life. With the combination of all operating jobs into one job description (and being paid the same job class) management also gained staffing flexibility and the ability to assign the most proficient employees to each job.

Finally, Local 1005 did negotiate with plant level management the restructuring of the coke oven department and subsequent changes to work organization there. The local union's role however, remained as it has traditionally been: it negotiated over the effects of a proposal designed by management. The local union has taken little initiative in designing new forms of work organization (the change from maintenance-operators towards operator-maintenance workers being a notable exception) or in becoming more involved in plant level governance. As a result, Local 1005 continues to play a role very little changed from its traditional one.

In the next chapter I turn to trying to understand how the forms of work organization and final outcomes for workers, management, and the local unions can have differed as dramatically as they did across the four sites analyzed in this chapter and the previous one. I argue there that the strategy pursued by the local union is a critical variable in explaining these differences.



## **CHAPTER 6: Explaining Variation in Workplace Restructuring -- A Return to the Cases**

### **I. Introduction**

The central hypothesis of this dissertation is that the strategies of labour have an important effect upon the process and outcomes of workplace restructuring. In other words, differences in the strategies pursued by labour can explain the variation frequently observed in the process and outcomes of workplace restructuring across otherwise similar settings. The evidence to substantiate this argument comes from the experiences of two matched pairs of steel making sites presented in Chapters Four and Five. Contrary to the arguments of neo-classical economists (Williamson 1980; Friedman 1953), Marxist scholars (Braverman 1974; Hirschhorn 1976), and pluralist industrial relations scholars (Dunlop 1958; Kerr, Dunlop, Harbison, and Myers 1960) the case study evidence suggests that the virtually identical technology in use at each pair of facilities failed to produce either identical forms of work organization or final outcomes for the parties. Similarly, counter to the arguments advanced by those advocating the power of national institutions to shape workplace outcomes (Thelen 1991; Turner 1991; Dore 1986), evidence from the four cases indicates not only diversity within national (and regional) contexts, but also similarity across different contexts. Finally, the evidence from these two pairs of steel making sites suggests that outcomes varied despite the pursuit of identical business and industrial relations strategies at the firm level, which the strategic choice literature predicts would lead to similar outcomes (Kochan, Katz, and McKersie 1986; Kochan, McKersie, and Cappelli 1984).

Instead of the similarity the three traditional explanations would have predicted within each pair of cases, we observe considerable variation. Local 1010 at Inland Steel's Indiana Harbor Works pursued an Interventionist strategy, approaching restructuring in a proactive, decentralized fashion, drawing upon the insights not only of the local's

leadership, but also of the rank and file and union activists to redesign work in ways that protected workers' interests while at the same time meeting management's needs for higher productivity, lower cost, and better quality. In contrast, Local 1066 at U.S. Steel-Gary Works, a plant with similar technology, embedded in the same institutional context, and operated by management following identical business and industrial relations strategies as management at Inland Steel, pursued an Obstructionist strategy, refusing to negotiate with management over the need to restructure the single-sided electrogalvanizing line. Rather, the District Director was forced to appoint a staff representative to negotiate with management on Local 1066's behalf. As a result, the negotiations took place without local union input (of either leaders or members) and simply codified, with very little change, management's plans for restructuring work in that area. The plan, once implemented, alienated many of the former line operators and failed to deliver many of its hoped for benefits due to a lack of worker training.

At Stelco's Lake Erie Works, Local 8782 followed a process very similar to that undertaken by Local 1010 in dealing with management over the need to restructure. In pursuing an Interventionist strategy, Local 8782 drew upon the knowledge and experience of its members in proposing alternative forms of work organization in the coke ovens area. This proactive, decentralized process using several layers of joint union-management committees led to positive outcomes for the affected workers (higher wages, less supervision, safer working conditions) while at the same time achieving management's objectives of lower cost and higher productivity. In contrast, Local 1005, following a Pragmatic strategy, approached the process of restructuring work in Hilton Works' coke ovens area in a highly centralized manner, with full responsibility for negotiating resting with the local union president. The lack of worker input and ratification led to the eventual roll back of the changes implemented. Thus, management was not able to realize the full benefits from the changes it was seeking.

The purpose of this chapter is to flesh out the argument that labour strategy is a critical factor in explaining the variation in the process and outcomes of workplace restructuring. I substantiate this argument by drawing upon the evidence contained in the four case studies presented earlier in this thesis. But before turning to that task, I first evaluate and reject a number of alternative explanations for the diversity observed in the four case studies outlined above by comparing outcomes *across*, rather than just within, the two pairs of cases.

## **II. Alternative Explanations Considered**

Despite controlling very carefully for the three traditional explanations in my selection of cases, a number of other explanations remain plausible given the four cases studied. It was simply impossible to match each pair along more than these three central dimensions. As a result, a number of factors still vary within each pair: plant size, workforce characteristics, whether or not a plant belongs to a multi-plant enterprise, and firm effects<sup>46</sup> (other than managerial strategic choice). Although I am unable to control for these four additional factors within each pair of cases, by comparing across the pairs, I am able to cast considerable doubt on their efficacy as explanations for the variation observed. Each is dealt with in turn below.

### ***A. Plant size***

One possible explanation of the differences observed in workplace outcomes is not the strategy of the local union, but rather differences in the size of the plants in which they operate. The matched pair of Stelco facilities raises such a possibility. Lake Erie Works is a considerably smaller facility than is Hilton Works, employing about 1000 people compared to Hilton Works' nearly 4000. Further, Lake Erie Works is characterized by the simplicity of its operations (it makes but a single end product). In contrast, Hilton Works encompasses numerous operations and as a result, Local 1005 represents members

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<sup>46</sup>I refer to these effects in the rest of this chapter as "other firm effects".

with diverse and often competing interests. It may be that restructuring is much easier to accomplish in a setting where individuals share common interests and objectives. Given the two very different sizes of these plants, and the diversity of interests in one compared to the relative homogeneity of interests in the other, the alternative argument laid out above seems plausible.

The second pair of matched cases, Inland Steel's bar making facility and U.S. Steel-Gary Works' electrogalvanizing line, provides a means of casting doubt upon this argument. In Chapter Four I documented the experiences of Locals 1010 and 1066, the locals representing workers at Indiana Harbor Works and Gary Works respectively - both of which are enormous, sprawling steel making sites even larger than Stelco's Hilton Works. Yet, despite the sprawling size and complex product offering of Inland Steel's Indiana Harbor Works, Local 1010 was able to proactively engage with management over the need to restructure with the result that work was reorganized in ways that protected workers' interests while at the same time meeting management's cost and quality objectives. This approach to restructuring and subsequent outcomes shared many similarities with the strategy pursued and the outcomes attained by Local 8782 at Stelco's Lake Erie Works.

### ***B. Workforce characteristics***

Differences in the characteristics of the workforces employed at each site provides a second alternative explanation for the diversity observed in the process and outcomes of workplace restructuring between Stelco's two integrated mills. About 90% of Lake Erie Works' workforce is drawn from the surrounding rural community and had little or no industrial or union experience at the time of hiring. In contrast, Hilton Works employs a workforce recruited from the industrial area of Hamilton and includes many second and even third generation steel workers. In addition, the average age of Local 8782's members is more than 10 years younger than that of Local 1005's: an average of 37 years

compared to 48 years in 1995 (company documents). Many have argued that younger, rural workforces are more compliant and easier to change. Thus, restructuring at a plant with a younger, rural workforce would proceed more easily, work organization could depart further from conventional forms, and be more easily accepted.

It appears however, that we can discount the characteristics of the workforce as a plausible rival explanation by looking at the cases of Local 1010 at Inland Steel and Local 1066 at U.S. Steel-Gary Works. Both these locals represent workers drawn from a highly industrialized region, many of whom are second and third generation steel workers, and who are, on average, about 48 years of age. Yet despite these characteristics, one local union, Local 1010 has engaged management proactively in the process of restructuring with the result that work organization possesses many characteristics of so-called transformed systems and final outcomes at Inland Steel have benefited workers, management, and the union. In contrast, Local 1066, with the same type of membership, has failed to effectively engage management over the course of restructuring, instead leaving the process to District level staff to manage. Consequently, the post-restructuring form of work organization differs little from conventional forms with corresponding poor outcomes for workers and their union, and less than ideal outcomes even for management.

### *C. Single- vs. multi-plant company*

A possible explanation of the variation observed in the process and outcomes of workplace restructuring between Inland Steel's bar making facility and U.S. Steel-Gary Works' electrogalvanizing line is that Local 1010 represents workers at Inland Steel's only steel making site while Gary Works is but one of several U.S. Steel plants. Work disruptions at a company's only steel making site clearly are costly to a company with no alternate means of supplying customer demands. One could argue, therefore, that the company is much more acquiescent to a local union's demands when the local union possesses this degree of leverage.

However, despite operating a multi-plant network, work disruption at Gary Works is virtually as costly for U.S. Steel because Gary Works is by far the company's largest steel making site -- with more than two thirds of the company's capacity (*U.S. Steel Group Annual Report*, 1993) -- and because the product offerings of the other two sites are more limited (Fairfield, AL is primarily a tube works, and Mon Valley, PA concentrates on the production of flat rolled product for the appliance market). Yet, despite this similarity in the amount of leverage each local union wields given the importance of their facilities to each corporation's bottom line, the process and outcomes at these two sites differed quite dramatically.

Stelco's Lake Erie Works, where Local 8782 represents production and maintenance workers, is, like Gary Works, part of a multi-plant company. Yet, Local 8782 approached the need to restructure much the same way that Local 1010 did. Thus, the number of other plants belonging to a company does not provide a very compelling explanation of outcomes.

#### ***D. Other firm effects***

The presence of some unspecified firm effects provides a final plausible alternative explanation of the diverse outcomes of workplace restructuring documented between Inland's bar making facility and U.S. Steel-Gary Works' electrogalvanizing line. In the economics literature "firm effects" refers to unspecified, random differences that persist between firms. Such possibilities might include organizational routines, budgetary constraints, or a top management effect.

My second pair of cases, looking at the restructuring of the coke ovens department at two plants of the same company, Stelco's Hilton Works and Lake Erie Works, helps me discount the importance of firm effects as an explanation. Despite controlling for the three major explanations, technology, institutional context, and managerial strategy, Hilton Works and Lake Erie Works are also matched on the basis of corporate ownership. Thus,

although these two steel making facilities are subject to the identical unspecified, random, fixed firm effects, outcomes at these two sites still differed dramatically.

Table 6.1 below summarizes how each of the four cases contributes to weakening the plausibility of alternative explanations. Table 6.1 includes the explanations ruled out by looking both within, as well as across, the two pairs of cases.

Table 6.1  
Controlling For Alternative Explanations

Explanation	Finding	Cases
<i>Technology</i>	. Diversity despite similar technology	Inland/1010--Gary/1066 HW/1005--LEW/8782
<i>Institutional context</i>	. Similarity despite different institutional context	Inland/1010--LEW/8782
	. Diversity despite similar institutional context	Inland/1010--Gary/1066 HW/1005--LEW/8782
<i>Managerial strategy</i>	. Diversity despite similar business and industrial relations strategies	Inland/1010--Gary/1066 HW/1005--LEW/8782
<i>Plant size</i>	. Diversity despite similar size	Inland/1010--Gary/1066
	. Similarity despite different size	Inland/1010--LEW/8782
<i>Workforce characteristics</i>	. Similarity despite different characteristics	Inland/1010--LEW/8782
<i>Single vs. multi-plant operation</i>	. Similarity despite different corporate situation	Inland/1010--LEW/8782
<i>Other firm effects</i>	. Diversity despite identical corporate ownership	HW/1005--LEW/8782
	. Similarity despite different corporate ownership	Inland/1010--LEW/8782
HW: Stelco Hilton Works		LEW: Stelco Lake Erie Works

### III. The Importance of Labour Strategy in Affecting the Process and Outcomes of Workplace Restructuring

Rather than any of the arguments outlined above, the alternative put forward here is that the strategies pursued by labour can help explain the variation in the process and outcomes of workplace restructuring. Based on the case study evidence contained in Chapters Four and Five I argue that the strategy pursued by the local union has profound

effects upon the process of restructuring at a particular worksite -- that the local union's strategy influences all three stages of the process of workplace restructuring: proposal generation, selection, and implementation.

Recall from Chapters Four and Five that the local unions studied pursued a variety of strategies regarding workplace reform. Local 8782 and Local 1010 were seen to be pursuing an Interventionist strategy. These two locals were proactively involved in negotiating with management over the course of restructuring. Local 1005 followed a Pragmatic strategy in which it negotiated with management over the impacts of restructuring in a reactive fashion. Finally, Local 1066 pursued an Obstructionist strategy in which it initially refused to negotiate with management over the remaining of the single sided electrogalvanizing line at Gary Works.

As earlier chapters have evidenced the connection between the process of workplace restructuring and the form of work organization put in place, and the form of work organization and eventual outcomes for the parties, what remains to be done is to account for the differences in the process of restructuring in which the four local unions engaged. Thus, the purpose of this next section is to establish the link between local union strategy and the process of restructuring.

#### *A. Proposal generation*

Both Local 1010 at Inland Steel and Local 8782 at Stelco's Lake Erie Works pursued an Interventionist strategy, thereby pre-empting a unilaterally designed and implemented management solution. In pursuing an Interventionist strategy, these local unions wanted access to the process of restructuring at an early stage, when alternatives were still being generated so that the local union could have input to those alternatives. Without that input, the local union would be relegated, at best, to simply approving or rejecting management's designs, and then negotiating over their impacts. As a result of



this strategy, these two locals were able to participate in the generation of possible alternative forms of work organization.

Although at Inland Steel management initially proposed a solution to the need to restructure (wage cuts and head count reductions), Local 1010 was able to back up and get management instead to specify the objectives it needed to meet -- a specified dollar amount reduction in cost per ton. Thus, in generating possible solutions, the local union focused on meeting the company's needs as well as those of its members.

Members of Local 1010 were intimately involved in the redesign of work during the restructuring process. This was a direct result of the local union pursuing an Interventionist strategy. A central reason Local 1010 chose this particular strategy was to ensure that union members would have some say in how work was redesigned so that their interests would be protected despite any changes. Worker input would ensure safety was not compromised, that skill levels would be enhanced, that pay levels would be protected, and that the level of worker autonomy and decision making on the job would be increased.

The local union president's beliefs regarding the value of worker input to the development of proposals for workplace change are indicated by the following quotation:

Unfortunately, IMPACT (a preventative maintenance program) and its implementation has created problems for our members. Most of those problems, I believe, were the result of not having any union input when the strategy was first developed. There is no doubt that the people most capable of improving mill maintenance are the people who maintain the mill! In any case, once the maintenance strategy was developed, our Local was left with two choices: ignore it and let Inland run it the way they wanted, or get involved and try to exert some influence. We chose the latter. (Mezo in "President's Report", *Local 1010 Steelworker*, April 1995.)

Local 8782 at Lake Erie Works also worked to develop new forms of work organization starting from a blank slate. The company needed to free up additional personnel to do the luting required to meet new emission standards. Like Local 1010, Local 8782 was involved in the negotiations with management around the need to

reorganize work at an early stage to ensure it could participate in the generation of alternative solutions. The pursuit of the Interventionist strategy followed from the local union leadership's desire not to have to simply file grievances in the aftermath of changes members did not like, but rather to involve members in the process of change before it happened (Preston interview May 1994). As well, the local union had a clear agenda as to how it wished to see work reorganized. In the words of Local 8782's president:

The national union has a definition of what a "good" job is and it has two parts. First, get rid of unnecessary supervision and increase the say workers have. That makes the workplace less authoritarian and less hierarchical. Second, develop workers' skills and redesign their jobs to put those skills to work. That's what we're trying to do here. But, hey, let's face it, working in a steel mill is never going to be a "good" job. It's dirty, dangerous, and the hours are bad. If nothing else, restructure so you can rotate the bad jobs and replace the really bad jobs with technology. (Leibovitch interview May 1994)

In contrast, in the cases of both Local 1066 at U.S. Steel-Gary Works and Local 1005 at Hilton Works, management sought no worker input to the redesign of work and had particular solutions it wanted implemented when it approached the union (or in the case of Local 1066, the District representative) about the need to reorganize work.

In the case of Local 1005, this outcome came as a result of the local's pursuit of a Pragmatic strategy. Waiting for management to make its proposal which the union would then agree to or not, allowed management to redesign work on its own and led to the inevitable result that labour had no input to the design of the new form of work organization. The president of Local 1005 could only negotiate over rates for new jobs, the training workers would receive, and the bumping rights to be afforded various employee groups. Leaving the redesign of work to management however, was what the local union president wanted. Historically, the reorganization of work has been tremendously unpopular with workers at Hilton Works. Therefore, the local union president wanted nothing to do with it (Weymouth interview May 1994), preferring

instead that management propose the changes it wanted so that if the changes proved unpopular management could be blamed for the outcome. Instead, by pursuing this Pragmatic strategy and negotiating only over the ramifications of changes, the local union president could claim the credit for increasing wages, gaining beneficial seniority provisions, and negotiating generous training benefits (Martin interview May 1994).

Similarly, Local 1066 had no input during the proposal generation stage of the restructuring process. By pursuing an Obstructionist strategy, and refusing to negotiate with management over the need to restructure the electrogalvanizing line, Local 1066 forced the International union to intercede after management threatened to close down the line if changes in work organization were not forthcoming. Thus, the local union passed up the opportunity to have member input to the redesign process as the District Director appointed the Sub-District Director to negotiate with management on Local 1066's behalf. Without deep familiarity with the line and with previous working conditions, the Sub-District Director was forced into a position of having to agree to management's unilaterally designed proposal for work reorganization and then to negotiate only over the ramifications of those changes.

### ***B. Proposal selection***

Both Local 1010 and Local 8782 negotiated the reorganization of work with management using a multi-tiered committee system, extending from the shop floor to the level of the overall plant (or facility in the Inland Steel case). This multi-leveled institutional structure provided both local unions with considerable leverage to ensure they had a voice in the selection of the new form of work organization. This approach is again consistent with an Interventionist strategy that seeks to advance labour's agenda in the process of restructuring through influencing the final selection of new forms of work organization.

Local 1010 codified the committee structure that would deal with the need to restructure the bar making facility in the Mutual Agreement. By instituting joint labour-management committees on the shopfloor to provide the blueprints for work reorganization, at the department level to approve those blueprints, and at the top to give final approval and to ensure equity across areas in the plant, the local union gained considerable control over the process of restructuring. Not only did multiple people within the local union have to agree to the overall redesign of work (ensuring that no group's interests were being met at the expense of others and thus, that the union could remain united in support of the changes eventually agreed to), but the union leadership could oversee the process to ensure that no provisions of the collective agreement or past practices were being weakened or contravened by changes in work organization.

Local 8782 also worked with an institutionalized multi-tiered committee structure in reorganizing work that meant that the local union had, in effect, joint decision making power with respect to work reorganization in the plant. In addition, it entered into negotiations with management over work reorganization with two additional provisos: in exchange for its and its members' continued participation in restructuring there could be no layoffs (management could downsize only through attrition); and initiatives must be negotiated rather than imposed by management (Item 4 of the collective agreement). On occasion Local 8782 has withdrawn from discussions when management was not prepared to respect the union's conditions (Stables 1993). The local union has also maintained communication with its members to inform them of problem situations, encourage them to voice their own concerns, and thereby to put additional pressure on management and supervisory staff (Stables 1993).

In contrast, Local 1005 at Hilton Works approached restructuring in a highly centralized fashion, with the local union president acting alone on behalf of the union's members in negotiations with plant management. This single point of contact between labour and management left management with considerable leverage to do what it wanted

-- it only needed to convince the local union president of the benefits of its plan. Yet, this approach was consistent with the local union's pursuit of a Pragmatic strategy, in which it put the ball in management's court to redesign work, leaving the local union to negotiate the ramifications of those changes or to simply complain loudly if changes made by management were not to its liking.

The process used to reorganize work at U.S. Steel-Gary Works was similarly concentrated on one level. However, the negotiation was not carried out by the local union president, but instead by the Sub-District Director appointed to negotiate on behalf of Local 1066 by the District Director. This concentration of negotiating power in the Sub-District Director was a direct result of the local union's pursuit of an Obstructionist strategy in which it refused to negotiate over the remanning of the electrogalvanizing line. Having the decision making power residing outside the local union gave the local union virtually no leverage in choosing the form of work organization to be implemented.

### *C. Implementation*

Local 1010 and Local 8782 both used direct forms of ratification to increase the perceived the legitimacy of the changes made in work organization. As a result of the increased legitimacy of changes at these two sites, the new forms of work organization were largely accepted by workers and led to their expected benefits.

At both Inland Steel's bar making facility and at Stelco's Lake Erie Works, workers affected by any proposed changes in work organization had to vote on whether or not to accept those changes. If the changes did not receive the approval of a majority of workers, they would have been scrapped. Further protections were granted to workers by provisions for "red circling". Even if a majority of workers voted to accept the changes, individuals could opt out by red circling themselves and continuing to work their old jobs. Once again, the direct ratification and option of red circling were a direct outcome of Local 1010 and Local 8782 pursuing an Interventionist strategy. To reiterate, the

Interventionist strategy sought to gain access to the decision making process regarding workplace change at the earliest possible stage so that the best interests of the workers and the union could be protected. Ensuring workers had final say as to whether they would accept the proposed changes in work organization was simply another way the local union sought to ensure workers' best interests were met. It also encouraged workers to freely contribute ideas for the redesign of work without fear that they would inadvertently come up with something that they would later regret.

The ratification of the proposed changes came indirectly in the cases of Local 1005 and Local 1066. In the case of Local 1005, the local union president provided an indirect form of ratification of the changes designed by management. By agreeing to their implementation (subject of course to the wages, seniority rights, and training provisions he negotiated on members' behalf), the local union president was acting on behalf of the members and, he believed, in their best interest. However, his indirect ratification of the changes management made to work organization was not sufficient to guarantee worker acceptance of the changes. Rather, implementation of the new system of work organization created great tension between the former operators and the trades people sent in to replace them. As a result of this conflict, much of the new work system had to be undone and renegotiated (Hatch interview May 1994; Moline interview May 1996).

Similarly, the Sub-District Director and District Director of District 31 who signed the Mutual Agreement laying out the terms of restructuring on U.S. Steel-Gary Works' electrogalvanizing line on behalf of Local 1066, acted in what they perceived to be the best interests of that local union's members. Without such an agreement, management had threatened to close the line and eliminate those jobs. Again, the District Director and Sub-District Director were thrust into this position of indirectly ratifying the changes on workers' behalf because the local union, Local 1066 had abrogated its right to do so, or to have workers do so directly, by pursuing an Interventionist strategy. Once again, indirect ratification did not give the new form of work organization the degree of legitimacy

necessary for it to be wholeheartedly accepted by those affected by it. Instead, workers have adopted only those changes absolutely necessary to operate the equipment. They have not engaged in the training and cross-training that would have created the multi-skilled teams management originally envisioned (Smith interview Dec. 1991).

The above has linked the strategies pursued by each of these four local unions to the process of workplace restructuring in which they engaged. Where the process was characterized by worker involvement in the generation of alternative new forms of work organization, by local union say in the final selection of alternatives, and by direct ratification of the proposed change by the workers affected, new forms of work organization contained many high performance features and delivered their hoped-for benefits (see Chapters Four and Five for these details). In contrast, where the process was characterized by a managerially designed new form of work organization, subject only to negotiation with the union on its impacts, and no direct ratification of the proposed changes by those workers affected by them, the new forms of work organization either deviated little from traditional forms and/or failed to deliver their hoped-for benefits (again, refer to Chapters Four and Five for the details).

Table 6.2 summarizes these differences in the process of workplace restructuring across the four case sites.

Table 6.2  
Differences in the Process of Restructuring Across the Four Cases

Dimension	Local 1010	Local 1066	Local 8782	Local 1005
<b><i>Proposal Generation</i></b>				
<i>Starting point</i>	• Needs	• Solution	• Needs	• Solution
<i>Source of input</i>	• Workers	• Management	• Workers	• Management
<b><i>Proposal Selection</i></b>				
<i>Levels involved</i>	• Multiple	• One (District)	• Multiple	• One (president)
<b><i>Implementation</i></b>				
<i>Ratification</i>	• Direct	• Indirect (District)	• Direct	• Indirect (president)

Source: Chapters Four and Five

#### IV. Conclusion

Drawing upon the case study evidence presented in Chapters Four and Five, this chapter made the argument that labour strategy is an important determinant of the variation observed in the process and outcomes of workplace restructuring. In addition, by comparing and contrasting the findings from all four cases, both within and across the two matched pairs, I sought to rule out a number of alternate explanations of the variation observed.



## **CHAPTER 7: Explaining Local Union Strategies -- The Role of Local Union Capabilities**

### **I. Introduction**

The four cases profiled in Chapters Four and Five illustrate the considerable diversity that can occur in the process and outcomes of workplace restructuring. To explain this diversity, I hypothesized in the last chapter that the strategies pursued by each local union importantly shaped the process and subsequent outcomes of workplace restructuring at each site. In that chapter I highlighted differences in local union strategies and linked those differences to variation in processes and outcomes. From the evidence presented in earlier chapters, it appears that the Interventionist strategy produces superior outcomes for all parties. The question that naturally follows then is: what enables certain local unions, but not others, to pursue an Interventionist strategy? I argue in this chapter that the capabilities possessed by local unions are critical in shaping the strategies they pursue. The purpose of this chapter is to describe the four key capabilities necessary for pursuing an Interventionist strategy and to show how two of the local unions studied here -- Local 1010 and Local 8782 -- possessed these capabilities, while Local 1005 and Local 1066 who pursued a Pragmatic and an Obstructionist strategy respectively, did not.

### **II. Local Union Capabilities**

#### ***A. Ability to access information***

To successfully pursue an Interventionist strategy, a local union needs to be able to locate and process information found both within the local as well as resident externally. Much of the necessary information for formulating proposals regarding new forms of work organization is found within the local since local union members possess considerable information about the equipment they use and the work process itself. The practical benefit to tapping this internal source of information through worker involvement in the redesign of work comes from the fact that the people who do the work are those

best equipped to suggest ways in which the work might be done more efficiently, more cost effectively, and with higher quality. As well, people are more likely to accept change that they themselves have designed. Without true commitment to changes in work organization, the new forms are unlikely to produce the hoped for benefits as people make only cosmetic changes in how they work. As one union representative from Local 1010 at Inland Steel put it:

Not only is the outcome better technically (when workers have input) but you get people to buy in. They get sold on it. It sure beats unilateral implementation (by management). (Kerry interview March 1994)

Other sources of potentially important information are located outside the local -- for example in the national union, other locals, other parts of the labor movement, government bodies, and industry associations. These sources provide information regarding what others have tried, what succeeded, and what failed. To successfully pursue an Interventionist strategy by being able to propose feasible plans for work reorganization and to be able to support and argue for them, a local union must have access to rich sources of information both within and external to itself.

Local 8782 and Local 1010 both have this ability to locate and process information. Both these local unions encouraged the active involvement and input of their members in the process of restructuring. As well, both locals were well connected to other sources of information regarding restructuring resident outside the local.

Local 8782 has instituted a number of practices to encourage worker input to the process of restructuring. In the union-sponsored worker training about workplace restructuring, Local 8782 members are told their input to the process is of paramount importance (Leibovitch interview May 1994). Further, editions of the local union newsletter, *Forum*, repeatedly stress the need for union member input. For example:

In the last round of bargaining we negotiated rights that allow us an unprecedented voice in the areas of health and safety, contracting out, scheduling, trade descriptions, and restructuring. . . But with all rights so

too come new responsibilities, and in this case the new price tag to be paid is one of active involvement. . . . But now we have to be willing to interact with our Committees and to take time to communicate our ideas and thoughts to those people who represent the membership at the meetings. (Preston in Pro-Active vs. Re-Active, *Forum*, Aug./Sept. 1991)

As well, before beginning restructuring in an area, a jointly constituted working committee gathers data from workers on what might be done to improve operations. The two union representatives from the working committee do the bulk of the interviewing. Both management and the local union have found that this approach works best because the union representatives are not seen as threatening and as a result, they encourage an open discussion of what might be done (Wiebe interview May 1994; McClure interview May 1994).

Local 1010 maintains similarly close contact with its rank and file to encourage worker participation in work redesign. Grievors meet regularly with members in their areas to discuss problems and to impart information coming from the union leadership (Shattuck interview May 1994). Similarly, bargaining unit members are key participants in the redesign process. Together with salaried employees, bargaining unit members go into the area to be restructured to study how work was done and on that basis make a proposal for the combination of jobs, the structuring of job sequences, and the development of a pay for knowledge system (White-Pettarutti interview March 1994).

Local 1010 and Local 8782 are also well connected to external sources of information that they draw upon during the course of generating proposals for new forms of work organization. For example, before agreeing to negotiate with management over restructuring of the bar making facility, Local 1010, on the recommendation of the International union, hired the consulting firm of Lazard Freres to do an independent economic and competitive analysis of the facility (Shattuck interview May 1994). The local union wanted to know whether renegotiating work design in this area could improve its competitiveness or whether it would simply be a waste of time -- that no amount of restructuring could save the fundamentally uncompetitive facility. Local 1010 is also in

touch with other Steelworker locals representing workers at other steel making facilities along the shores of Lake Michigan, to learn from them what their experiences with various forms of work organization have been (Mezo interview Nov. 1994; Smith interview Nov. 1994).

Local 8782 is similarly externally linked. Local 8782 has drawn heavily from the thinking of the staff of the USWA's Canadian National office on principles of work redesign (Preston interview May 1994). These principles were discussed and debated at a 1991 conference entitled "Empowering Workers in a Global Economy" (USWA 1991). Local 8782 is also tapped into changes taking place at other Canadian steel plants. The local is watching with great interest the Algoma experiment where the local union gained co-determination rights through a worker buy-out of the troubled steel maker in 1992. Members of Local 8782's executive were involved in writing some of the contract language for the Algoma agreement and Local 8782 has sought to incorporate a number of Algoma-like clauses into their own agreement (Preston interview March 1995). As well, Local 8782 is well aware of changes taking place at Stelco's Hilton Works and the role Local 1005 has played in those changes.

In contrast to Local 1010 and Local 8782, neither Local 1005 nor Local 1066 sought to tap internal nor external sources of information regarding workplace restructuring. In pursuing its Pragmatic strategy, Local 1005 did not want to be involved in the redesign of work. Rather, it left the redesign to management, allowing the company to change jobs the way it wanted, while the local union president bargained over new wage rates and seniority provisions. In the local union president's own words:

The union leadership took a philosophical approach and negotiated the restructuring agreement (Item 8). We were totally opposed to crafts and operator combos, but we made them pay two job classes to do it and we got language to go to flat seniority for layoffs (rather than skill and seniority). (Martin interview May 1994).

Thus, Local 1005 had no need to consult with internal or external sources of information.

At U.S. Steel's Gary Works, Local 1066 pursued an Obstructionist strategy and refused to negotiate with management over the restructuring of the electrogalvanizing line. The local union could not access the knowledge resident in its own members to do this redesign because no mechanisms to facilitate this process existed such as the design teams at Local 1010 or the working committees at Local 8782. As well, Local 1066 appeared to be cut off from external sources of information. The Sub-District Director, responsible for negotiating the electrogalvanizing line agreement, appeared to be the only external contact the local had and he did virtually everything for this local union. Thus, any external contacts the local union drew upon were ones the Sub-District Director had. As a result of this lack of access to information useful in proposing alternative forms of work organization, Local 1066 pursued an Obstructionist strategy and refused to negotiate with management over restructuring. Thus, management was forced to go over the local union's head to the International union, demanding the implementation of work design changes it had made and threatening the closure of the line if such changes were not forthcoming.

***B. Ability to educate and mobilize the membership<sup>18</sup>***

The second critical capability possessed by local unions able to pursue an Interventionist strategy is the ability to educate and mobilize the membership. This capability is essential for implementing the union's chosen vision of workplace reform. Members of the local must be informed as to what the union's vision is regarding workplace reform, why that particular vision was chosen, and what benefits such a vision provides the local's members. In this way the leadership can build member support for the union's vision thus increasing the leverage of the local union in its negotiations with management over the selection of new forms of work organization. In addition, when

local union members are involved in the work redesign process, knowing the union's vision for the restructured workplace allows them to bring forward suggestions for work redesign that are consistent with that vision.

Both Local 1010 and Local 8782 place a considerable emphasis on worker training and education in general: about the role of the union; health and safety; grievance handling and arbitration; and more recently, on workplace change, new technology, and new forms of work organization.

Local 1010 has traditionally provided its grievors with considerable amounts of union-sponsored training including details of the contract, how to handle grievances, and how to proceed through arbitration. Once workplace restructuring became an increasingly common phenomenon, the local union also set about to develop training and education on this subject for grievors as well as for members (Mezo interview March 1994). Table 4.6 in Chapter Four lists the types of training that Local 1010 has provided its leaders and members regarding the new competitive environment, the union's approach to workplace change, and desirable new forms of work organization. Having had this training, Local 1010 members are well equipped to participate in workplace restructuring.

Local 1010 furthers the education of its membership through the publication and distribution of a monthly union newspaper, the Local 1010 *Steelworker* in which readers are kept up to date on the latest changes, the union's position regarding different proposals, and the outcomes that have occurred in various departments.

Local 8782, too, puts a great deal of emphasis on worker training and education. In contrast to many Steelworker locals, Local 8782 trains its own shop floor representatives. The first part of stewards' training is largely generic -- how to file and handle grievances, the basics of the collective agreement -- but the second portion of the course focuses specifically on restructuring and the union's position on workplace redesign. In addition, Local 8782 runs a three day school on contracting out and a course on Health and Safety (Preston interview May 1994). The common theme in both these

courses is that the union must determine its agenda and union members have to be proactive in their dealings with both contracting out and health and safety issues (Leibovitch interview May 1994). Outcomes of both processes may lead to restructuring or, conversely, the need to restructure may impact contracting out practices or health and safety issues. As well, before restructuring begins, all potentially affected workers and supervisors are given an eight hour course that discusses the process of change and focuses on the issue of empowerment -- meaning a shift towards more autonomous work groups. The parties find this kind of training very helpful in that all those to be involved in the restructuring come into the process with similar background knowledge and a common awareness of potential problems and solutions (McClure interview May 1994; Wiebe interview May 1994).

Local 8782, like Local 1010 at Inland Steel, also maintains contact with its members through its local union newspaper *Forum*. Although increasingly costly, Local 8782 continues to produce the paper and, to save money, distributes it by hand at the plant gates rather mailing it to members' homes. This method of distribution also keeps union leaders in contact with the members. *Forum* serves as an important medium for sharing information and educating members as to the local union's role at the workplace and workers' responsibilities as union members. Like the Local 1010 *Steelworker*, *Forum* keeps readers abreast of changes in the plant, the union's position regarding proposed and on-going changes, and provides coverage of subsequent outcomes.

Unlike Locals 1010 and 8782, Local 1005 has not provided its members with the same degree of education regarding the need for, and how to engage in, workplace restructuring. Given that Local 1005 follows a Pragmatic strategy and approaches workplace restructuring as a contractual matter, with the local union president as the individual within the local responsible for negotiating with management, the education of workers regarding workplace change mimics that of information sharing prior to the ratification of a collective agreement. After the company has determined the new form of

work organization, members of the local union executive and the stewards from the relevant area meet with affected crews off line to describe the upcoming changes (Weaymouth interview May 1994). These meetings are not about how work should be changed, but rather are about how work has been changed by management<sup>47</sup>.

Although it once published and mailed to members an award winning, glossy union paper titled *Steel Shots*, the paper grew too expensive to maintain during the 1980s and was discontinued. With its demise Local 1005 lost a powerful tool of communication with its members.

Local 1066 provides very little training or education to its members. Whereas Local 1010 and Local 8782 provide their members with education regarding the need for restructuring, the union's approach to it, and what the union hopes to accomplish with new forms of work organization; as well as the skill related training necessary for the implementation of new forms of work organization; and Local 1005 provides training relevant to the new jobs people are expected to perform; Local 1066 does neither. It sends its elected shop floor representatives to District-sponsored training programs on grievance handling and arbitration. But it runs no training or education programs related to workplace restructuring -- either what it is or what role the local union and its members have to play in the process. Further, Local 1066's president, by his own admission, doesn't believe in newspapers (Kranz interview March 1994). He keeps in touch with people by walking around the plant. The local once had a newspaper, the Local 1066 *Banner* but it ceased publication in 1988. The last issue contained eight pages of reports from various union representatives. The focus in all cases was on the resolution of grievances, the negotiation of new incentive rates, and issues of seniority and bumping rights. The big

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<sup>47</sup>The company has specifically asked union representatives to go in and break the news to those affected rather than have the area superintendent do so. By doing so, the company is hoping the changes will be afforded a greater degree of legitimacy than otherwise. The union representatives doing these informational meetings with shop floor workers are not willing however, to "flower it up" but in the words of one representative who has done many of these meetings, "I'm only here to tell you what you now have to do." (Weaymouth interview May 1994).



picture was missing<sup>48</sup>. Thus, this lack of an educated and informed membership has forced Local 1066 to withdraw from the process of restructuring -- seeking to avoid it when possible and passing on the responsibility to the Sub-District Director when it is not.

### *C. Ability to exert leverage*

The ability of the local union to exert leverage during the process of workplace restructuring is a third critical capability. The ability to exert leverage emanates from two sources: having access to management at multiple points from the shop floor to the plant manager's office, and by being able to withdraw union leaders' and members' support from the initiatives when management fails to maintain its end of the bargain. By having multiple points of access, the union can be sure its proposals are heard and taken seriously. If, in contrast, the union has only limited access (one or no points of access to decision making), then management has much greater leeway to design and implement changes it wants unilaterally -- it makes it much easier for management simply to ignore or overlook union input. By having members respond to its calls for withdrawal from joint programs, a local union wields considerable power.

Local 1010 and Inland Steel management developed a multi-leveled structure of joint union-management committees to deal with restructuring in the company's bar making facility. Design Teams comprised of shop floor level bargaining unit members and supervisors jointly go out to study how work has been done and make proposals for how it might be redesigned to achieve the cost targets set. The Department Level committee, made up of the area's grievor and area superintendent are required to approve the Design Teams' proposals before they can be forwarded to the top level Joint Committee made up of top level union and management representatives for final consensus approval.

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<sup>48</sup> In contrast to Local 1066, Local 1010 is very much focused on educating its members as to the "big picture" and urging them to take appropriate action based on that picture. During the same period, the Local 1010 Steelworker talked at great length about government policy regarding steel and steel dumping by foreign competitors. It urged members to take political action by voting for particular union endorsed candidates or by engaging in letter writing campaigns.

Local 1010 also has the ability to engage management successfully because it exerts considerable leverage through the close ties it maintains with its members. On numerous occasions Local 1010 has used members to pressure management into changing its actions and/or agenda. Two examples are the local union insisting on having access to the design of the new preventative maintenance program known as IMPACT and the local union withdrawing from a unilaterally designed and implemented total quality management program. Both withdrawals of union member support for these programs led to management backing down and redesigning each initiative with union input.

Similarly, Local 8782 has adopted a multi-layered structure for engaging with management over the process of workplace restructuring. A Working Committee made up of the superintendent or general foreman and chief steward from an area as well as a union and a management facilitator jointly develop a plan to restructure an area based on the input of supervisors and shopfloor workers there. This working committee then submits its report to the joint Senior Level Committee for approval. The union has insisted on two additional provisos. First, that overall approval must be forthcoming on a consensus basis. Further, the union committee members will agree to no plan that results in bargaining unit layoffs. Head count reductions may come only through attrition.

Local 8782's leverage also comes from its ability to withdraw the support of leaders and members from specific programs and to engage in work-to-rule campaigns. In a conflict surrounding the use of contract maintenance workers, Local 8782 tradesmen staged a work-to-rule campaign before plant management agreed to negotiate the restructuring of the entire maintenance function on a joint basis with the local union (Leibovitch and Preston interview May 1994).

In contrast to both Locals 1010 and 8782, Local 1005 does not have a restructuring process with multiple points of contact with management. Instead, Local 1005 interacts with management at only a single point: through the local union president himself. As a result, the union has little leverage over the redesign process. The local

union president may only approve management's proposals or modify them subject to the provisions of the collective agreement. Since management has only to deal with the local union president to have its proposals for workplace change approved, it is free to design changes as it wishes, subject really only to the need to compensate those whose jobs are affected by the changes.

Representing workers at Stelco's largest and most diversified facility, Local 1005 has the potential to be a very powerful local. However, because of its power and ability to inflict damage upon management should it choose to (through wildcats, working to rule, and grievance and arbitration wars) and as it has done in the past (see Freeman 1982), management has carefully developed and nurtured its relationship with the local union president. By isolating him as the key (and sole) union contact, management is able to bypass having to deal with the rank and file and stewards (many of whom management perceives as highly political and concerned about their own political survival in their departments<sup>49</sup>). This makes management's job much easier. The local union president, in turn, is rewarded by now being seen by members as the one responsible for getting additional money for workers out of the company. Thus, by establishing a good working relationship with the local union president and making him responsible for all workplace restructuring decisions, management has effectively neutralized much of the threat Local 1005 poses.

To an even greater degree, Local 1066 has failed to exert much leverage over management at all. Gary Works is U.S. Steel's flagship plant. Not only is it large and responsible for producing a diverse line of products, but it houses some of the company's most efficient and profitable machinery. The plant's hot strip mill is North America's most efficient. Given this, Local 1066 should have a lot of leverage vis a vis the company.

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<sup>49</sup> One departmental superintendent told me that the local union president has great control over his stewards. When things in this particular department were going badly and the stewards were creating havoc for management, according to this manager, after an off-the-record talk with the president of Local 1005, "John told them off. He's the only one who can pull the fangs off some of these guys."

Management, however, probably knowing what kind of damage a powerful local union could inflict, has historically sought to by-pass and otherwise neutralize the power of its local unions (Hunter interview with Lynn Williams August 1988). In this case, management can be seen as having been largely successful.

The district staff has taken over much of the local union's role and responsibilities. Management has effectively by-passed the local union in its drive to reorganize work. By engaging only district staff over the consequences of restructuring, management has gained a virtually unfettered hand.

#### *D. Ability to balance cooperation and conflict*

The final, and perhaps most critical, capability of the local union needed to formulate and implement an effective strategy regarding workplace reform is the ability to balance cooperation and conflict. Despite embarking on a number of new initiatives with management that demand cooperation and a shared vision of how the company (or plant) ought to be managed in the future, the local union needs to retain its role as the protector of members' interests where they run counter to those of management. Without retaining its ability to protect members' best interests, the local union runs the risk of being perceived as coopted by management. If perceived in this way, any changes the local union proposes or agrees to, run the risk of not being perceived as legitimate. That is, workers may see the local union as becoming too close to management (too cooperative) and therefore anything it agrees to is perceived as "selling out" the membership.

This balance appears to be extremely difficult to maintain. In many cases one of these roles dominates at the expense of the other. Very often the union either withdraws from participation, electing instead to merely grieve management's unilateral actions. In other cases the local becomes coopted by management and ceases to become an effective force representing workers' best interests.

Local 1010 and Local 8782 have managed to remain independent of management despite the considerable amount of joint activity in which both locals are engaged with management around the redesign of work. Local 1010 has continued to conflict with management over issues where the interests of its members diverge from those of management at the same time that it has worked jointly to further both parties' interests in the course of workplace restructuring<sup>50</sup>. For example, the company's quality initiative, begun in late 1991, known as "Accelerated Total Quality" (or ATQ), was implemented unilaterally by management in its overzealousness to improve quality and reduce costs. Local 1010's president responded to this initiative with a letter to management stating that quality was a collective bargaining issue and as such should be addressed by the parties on a joint basis (Mezo interview March 1994). As the company proceeded to reduce head count as part of the ATQ process, the union withdrew its support from the committees that had been set up to administer ATQ. As a result, the joint committees were disbanded. Only in late 1994 was a total quality initiative begun again, albeit somewhat slowly given the prior experience with ATQ. The new initiative came as a result of the new Partnership agreement and included the participation of the union. In contrast to ATQ, the new quality program does not focus on reducing head count (since employment levels are guaranteed in the contract), but rather on sources of inefficiency and waste.

Local 1010's independent stance has enabled it to deal effectively with the need to restructure at the workplace. First, it allows the union to proceed from a position of strength with management. Management knows that it can not "put one over on" the local union. It must deal fairly and openly with the local union or the local union will withdraw from the process. Second, it provides the process of change with a high degree of legitimacy. Knowing the local union is ultimately independent of management and is not

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<sup>50</sup>In fact, the union was granted access to the decision making process surrounding workplace restructuring in the bar making facility only after it fought with both management and the International and District levels of the Steelworkers union (Shattuck interview May 1994).

afraid to disagree with management when members' interests run counter to those of management, what the union negotiates on behalf of members is seen to be fair, just, and legitimate. Thus, change is largely acceptable and can be implemented more easily than if it were perceived as being forced on an unwilling, or even a far-too-willing, union.

Local 8782 maintains a similarly independent position with respect to Stelco management. In the words of the chair of the grievance committee:

We still have a traditional relationship (with management) and are proud of it. Cooperation from a position of strength is what we are aiming for. (Preston interview May 1994)

And when asked about the need for trust in managing this new, more cooperative relationship, this same individual replied (with a grin):

Yeah, trust is an integral part of it. They can trust us to be the union and we can trust them to be management. (Preston interview May 1994)

Despite the marked increase in joint activity and the depth of union involvement in many areas that were formerly under the unilateral control of management, Local 8782 has continued to conflict with management where it felt it was necessary to achieve objectives in members' best interests. Perhaps the best example occurred in late 1993 and early 1994 as Local 8782 and Lake Erie Works management clashed over the hiring of temporary contract employees to meet the demands of a considerable backlog of maintenance work. Angered by the company's refusal to hire as permanent members of the workforce the extra craftspeople needed, the union began to grieve the continued use of contractors. In the fall of 1993, Local 8782 went to management with a proposal stating that it wanted the contract employees hired on a permanent basis and that the union wanted a say on how the entire maintenance function should be restructured to eradicate the backlog and ensure it would not get to that situation again (Leibovitch interview May 1994). The company said it would think about the union's proposal.

With no action from management, the union began to grieve every instance of contract employee work. By February 1994 over 600 grievances had been filed, expedited

arbitrations had been scheduled, the local union went to the media charging plant management with union busting, and bargaining unit members engaged in a work to rule campaign making life miserable for foremen (Preston and Leibovitch interview May 1994). In the end, with the help of a mediator, the parties agreed to jointly study and eventually restructure the maintenance function at Lake Erie Works. Begun in late 1994, that project turned into the most significant joint initiative yet undertaken by the parties.

By maintaining this independent position and by continuing to do battle with the company when necessary, Local 8782 carries considerable credibility with its membership.

Local 1005 prides itself on its independence from management (Hodder interview March 1994). In maintaining this stance, however, Local 1005 has not engaged in much significant joint activity, although since 1993 there has been an increase in information sharing between plant management and the local union executive. In part, this position can be understood as the result of long tradition within the local in which being perceived as too close to management was sure political death. However, this carefully maintained arm's length relationship may be too distant to get anything important accomplished. Further, the union-management relationship remains highly conflictual at any level below the local union president and top level plant management. Stewards and departmental superintendents have not developed a closer working relationship (Hatch interview May 1994). This, too, can be attributed to local union politics in which "cooperation" (or anything short of continued conflict) is perceived as leading to certain defeat in the next election. Political rewards in Local 1005 are still perceived as going to the most virulent anti-company types.

Local 1066 has also failed to balance cooperation and conflict. In fact there is relatively little of either phenomenon between Gary Works management and this local. The local has been effectively neutralized with respect to workplace restructuring. Although Local 1066's president reports a much improved relationship between labour and management since the 1986 lockout/strike when a new plant manager was brought in

(Kranz interview March 1994), the increased frequency of communication and the increase in the level of respect paid to the union executive does not seem to have led to any increase in local union access to meaningful decision making. Instead, the local union still fights with management over incentive rates, seniority issues, and grievances -- filling its traditional maintenance role around the plant. It is failing to address key issues of central concern to workers now: training, implementation of new technology, and work redesign.

### **III. The Determinants of Local Union Capabilities**

It appears from the four case studies presented here that local unions possessing the four capabilities described above share two basic characteristics, while in other locals these characteristics are absent. I have termed these two characteristics *political vitality* and *network embeddedness*. By political vitality I mean the degree to which the local union is characterized by the broad based activity of its membership and the responsiveness of its leadership to the interests and concerns of the membership. Network embeddedness refers to the extent and nature of the local's connections to external organizations such as labor centrals, its national union, other local unions, community groups, educational institutions, political parties, and industry groups.

A local union that enjoys broad based membership support and includes a large proportion of its members in its activities is well positioned to tap workers' knowledge and to hear from members about their primary concerns and desires regarding workplace restructuring. Further, a local with a broad membership base and active political life is in a good position to educate its members as to the union's strategy; in many cases the membership has participated in the formulation of that strategy. Consensus about the local union's position regarding workplace restructuring in this case is more readily achieved, which then contributes greatly to the ability of the local to mobilize support for the union's position. In addition, a vigorous local with the full backing of its members is



better able to apply leverage to management to ensure it takes the union's agenda seriously when proposing change. Finally, a politically vibrant local is better equipped to balance the dual roles of cooperation and conflict. In a local in which open debate is encouraged, decisions are reached in a democratic manner, and, once decisions are made, the parties agree to abide by them until the next election, the leadership is more willing to experiment with new union-management relations. At the same time, because it is close to and responsive to the demands of the membership, the local union's leadership continues to play its traditional, adversarial role in standing up for members' contractual rights vis a vis management.

A local union's network embeddedness contributes to its ability to develop two important capabilities: to locate and process the information necessary to help it formulate a strategy; and its ability to apply leverage to management during the restructuring process. Through its connection to a dense network of other organizations, a local union has a rich supply of resources to draw upon to locate and evaluate the information it needs to formulate its strategy. Not only do other organizations provide information, they also (as in the case of labor centrals or other union locals) provide examples of the experiences of others in dealing with similar situations.

The other benefit conferred on a local with a dense network of connections to external organizations is an ability to call upon these other groups to aid it in applying leverage to management, forcing management to engage in negotiations over issues it would prefer to settle unilaterally. Local unions that can draw upon the support of the community, government officials, and others in the labor movement often succeed where other locals, acting in isolation, fail.

How then do local unions acquire the two characteristics, political vitality and network embeddedness, that appear necessary for the development of the four capabilities outlined earlier? The acquisition of these two characteristics is due, I argue, to the internal institutions of the local union and the world views of the local union's leadership.

### ***A. Political vitality***

The political vitality of a local union is due to both its political practices and its shop floor organization. Local unions with a high degree of political vitality encourage their members to participate in the political process by encouraging and facilitating the participation of candidates representing a range of member interests. Having a number of factions or political groups vying for office means that elections are contested and that candidates are forced to actively campaign if they are to ultimately win election. This degree of political activity draws members into local union politics and leads to high voter turnout at election time.

Politically vital locals also have an effective system of shop floor representation. This is evidenced by both the depth of union presence on the shop floor as well as by the union's representatives having and using a means of regular contact with the members they represent. These practices and the internal institutions that encourage them are a product of each local union's unique history.

As recounted in Chapter Four, Local 1010 was originally founded by a bottom-up grass roots driven organizing campaign in which union organizers from within Indiana Harbor Works organized their fellow workers. These ideologically driven union activists were also central in shaping the internal institutions of the local in ways that encouraged rank-and-file involvement in their union. Two critical institutions in ensuring the political vitality of Local 1010 were the filling of most union positions on the basis of election rather than appointment, and the creation of a formal opposition caucus, the Rank and File Caucus.

Despite this auspicious beginning, by the mid 1970s the local had become relatively stagnant (Persons interview Feb. 1994). During the ENA period, contracts were rich, the right to strike had been eliminated, and all good seemed to emanate from the International union in Pittsburgh. Local union members had forgotten what their local union was for (Mezo interview March 1994). In 1976 that changed when a new slate of union leaders

was elected to office (Persons interview Feb. 1994). This new group, coming out of the longstanding Rank and File Caucus, promised to rejuvenate the local union, take back control of the local from the International union, and make the local union relevant again to its members. Since that time, Local 1010, led by those with experience in the Rank and File Caucus, has focused on rebuilding the local union, continuing to make use of its dense network of shop floor representatives (grievers, assistant grievers, and stewards) to monitor management's actions and protect members' interests, while making its members once more aware of the role of the local union in their daily working lives.

Elections characterized by high voter turnout are once again contested between organized slates of candidates. A review of the 1994 local union election results indicates the level of this political activity within Local 1010. All but two of eight positions on the local union executive were contested (the posts of recording secretary and guide being the two exceptions) (*Local 1010 Steelworker* May-June 1994). Further, of the 17 griever positions throughout the plant, all but three were filled through contested elections (*Local 1010 Steelworker* May-June 1994). This trend continued down at the assistant griever level where all but one of 19 assistant grievers were elected to their positions, in many cases as a result of three and four way races for the position (*Local 1010 Steelworker* May-June 1994). Similarly, stewards are also elected and once again, in all but two of the plant's 17 areas, these positions were hotly contested with between five and nine people running for the three steward positions in each department (*Local 1010 Steelworker* May-June 1994).

In contrast to the hard fought union organizing campaign that needed to be waged against Inland Steel in the late 1930s and early 1940s, Local 8782 was voluntarily recognized<sup>51</sup> by Stelco management when Lake Erie Works was opened in 1979. Local

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<sup>51</sup> Two reasons have been given for Stelco's voluntary recognition of the Steelworkers union at Lake Erie Works. First, the United Electrical Workers represents workers at a large petroleum refining complex across the road from the new steel making site. (The UE was perceived by Stelco management as too militant, run as it was by Communist party affiliated members.) Once management decided it would not

8782's members also stand in stark contrast to those of Local 1010's. Most of Local 8782's members are drawn from the surrounding farm communities in which Lake Erie Works is located. For the most part, these workers had no industrial or union exposure either directly or through family members before coming to work at Stelco. Because of the workforce that Local 8782 represents and the way in which the local was certified, Local 8782's leaders worried that although the local union had been recognized by the company and duly certified by the Ontario Labour Relations Board, it could potentially remain a local in name only. The leaders recognized the need to build a union from the bottom up: to educate members as to what a union was, what it could do, and how its members were expected to contribute to its effectiveness and vitality.

Local 8782 has instituted several practices to accomplish this objective. The steward network is an integral part of Local 8782's influence on the shop floor. Stewards meet regularly with members in their areas to collect and disseminate information (Preston interview April 1995). Stewards also meet frequently among themselves and with the local union executive to pass along information (Preston interview April 1995). In addition the union operates a union caucus comprised of representatives from operations and the trades as well as the union executive (Leibovitch interview May 1994). These people meet regularly to identify trouble spots and to formulate a union position on what ought to be done. This solution is then communicated back to the members as well as to management.

Local 8782 also enjoys a high degree of member involvement in local union politics. Organized slates of candidates are run at election time. Positions are filled based on the outcomes of contested elections. And members' interests and needs are solicited

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operate non-union and would have a Steelworker local, it wanted something in return. Therefore, it offered voluntary recognition (no need to go through the election process) if the union would agree to multi-crafted trades -- something Stelco management had failed to negotiate at Hilton Works and hoped that securing it at LEW might allow Hilton Works to eventually be whipsawed into accepting similar changes in work organization (which eventually happened).

by those seeking elected positions. As a result, Local 8782 enjoys a high degree of voter turnout for elections.

Thus, from very different circumstances, both Local 8782 and Local 1010 have developed internal institutions and practices that have encouraged the development of the capabilities needed for pursuing an Interventionist strategy in dealing with workplace restructuring. In contrast, Local 1005 and Local 1066 have not developed the same institutions or practices and thus, they have not developed the same capabilities as Locals 1010 and 8782.

Local 1005's current situation, that of possessing a highly politicized minority of members and a system of steward representation cut off from meaningful impact, can be seen to stem from its historical roots. During the 1946 recognition strike waged by workers at Stelco's Hilton Works, the workforce was severely divided with half the workers remaining in the plants while the other half mounted and sustained a three month strike (Roberts 1981). The union activists were concentrated among the skilled, Canadian born, and immigrants from the British Isles (Freeman 1982). The unskilled, non-English speaking population was largely outside the movement for union representation. This split in terms of who was active in the local continues through to the present and was particularly noticeable (and well documented) during the 1960s and 1970s (c.f. Freeman 1982). Within the half of the workforce that was comprised of committed union members, the level of political activity and member contact was high, with organized caucuses and hotly contested elections (Freeman 1982). However, the activity was restricted to this group. The other half of the workforce (the unskilled, the non-English speaking immigrants) was not involved and the in-fighting and political backstabbing that often accompanied the former's activity was alienating to the latter (Liebovitch interview Nov. 1994).

However, the political activity within the local union has subsided considerably over the past decade and a half. No longer are whole slates of candidates run at election

time (Hodder interview May 1994). After peaking in 1979, at just about half the membership, voter turnout for elections has fallen to traditional levels (Freeman 1982; Hodder interview May 1994). In part this is due to the aging of the local union membership. Those who had political aspirations have either fulfilled them or have given them up. Without infusion of new people to the local (through hiring) the political situation is likely to remain stagnant.

In addition, over time, management has found ways to neutralize the power and influence of Local 1005's stewards. Local 1005 members have consistently elected those stewards who maintained the most aggressive position towards the company and, as a result, stewards have long been a thorn in the side of management. In the current era of workplace restructuring, management has sought to accomplish its objectives without steward involvement, by going directly to the local union president for his approval.

Local 1066 is even more bereft of an active internal political life and a strong network of shop floor representatives. This deficit can also be seen to stem from its historical development. Because it, along with the other locals representing U.S. Steel workers, was voluntarily recognized by the company in 1937, workers represented by Local 1066 were never formally organized on an individual basis -- rather, union membership was simply handed to them.

Making internal organizing difficult even at a later date (as occurred at Local 1010 during the late 1970s and at Local 8782 in the 1980s) was the relationship U.S. Steel locals had with the company. U.S. Steel has a long reputation as an anti-union, hard bargaining, adversarial employer. It preferred to deal only with the International union, not with its myriad locals, and it dealt with the union only at arm's length (Hoerr 1988). U.S. Steel's stance meant that Local 1066, and to a greater or lesser extent all U.S. Steel locals, has been unable to engage management in a meaningful way over workplace issues.

As a result of the tendency of management to simply make end runs around the local union either to the International (Hunter interview with Williams 1988) or to

members directly (Fritz interview May 1994), Local 1066's members are largely apathetic towards their union. If the leadership had no ability to change local conditions, why would an individual become involved in the local and its affairs? As a result, many positions are filled by acclamation and voter turnout for union elections is low (Yover interview Dec. 1994; Kranz interview March 1994).

Exacerbating this problem is Local 1066's weak presence on the shop floor. Although grievors in this local union are elected, they appoint their own assistants so that assistant grievors are responsive to the interests and needs of the grievors, not necessarily to those of the union members in the departments they represent (Yover interview Dec. 1994). The shop floor network also stops at this point and does not include a system of stewards (Yover interview Dec. 1994). Further, grievors are often elected by acclamation and once elected sometimes have difficulty convincing someone to serve as their assistant (Yover interview Dec. 1994).

As can be seen from the above, these four local unions vary considerably in the degree of political vitality they possess due to significant differences in their political institutions and practices and the strength of their systems of shop floor representation.

### ***B. Network embeddedness***

The world view or ideology of the local union's leadership is an important determinant of the local union's network embeddedness. Local union leaders ascribing to socialist or social democratic principles are considerably more outwardly focused than are those local union leaders holding more conservative or business union ideals. The leaders of Local 1010 and of Local 8782 fall into the former category, while the leaders of Local 1005 and Local 1066 fall into the latter. Correspondingly, Local 1010 and Local 8782 are connected to many more external organizations and groups than are Local 1005 and Local 1066. In what follows I present evidence first, of the local union leaderships' ideology and second, of each local union's connection to other groups and organizations.

The leadership of Local 1010 espouses liberal Democratic ideals and believes strongly in the power of organized workers to meet their goals through collective bargaining (Mezo interview April 1995). During election years, the Local 1010 *Steelworker* publishes articles pointing out the problems with Republican candidates and their party, describing where various candidates stand on issues of interest to working people (health care reform, replacement worker legislation, NAFTA, etc.), and urging members to vote for labour-friendly Democratic candidates (Local 1010 *Steelworker*, Oct./Nov. 1994).

Not only does Local 1010 use the collective bargaining framework to deal with issues that arise between it and Inland Steel management, but it also seeks to extend or preserve those rights for others. The local union leadership provides considerable moral and financial support to others in the labour movement. Local 1010 members participated in a state level labour rally held in March 1995. Similarly, Local 1010 provided financial support to striking workers and their families at Staley, Caterpillar, and Firestone (*Steelworker* Feb. 1995). Local 1010 is also heavily involved in organizing workers in its local community (Parton interview March 1994).

As a result of this outward orientation, Local 1010 maintains contacts with a number of external groups and organizations. Local 1010 is in close contact with the District Director's office, offering support and know-how to others seeking to deal with restructuring. Similarly, when looking for ideas, Local 1010 approaches other *Steelworker* locals about their experiences, to see what it might learn about work reorganization -- what works well and what does not (Smith interview Nov. 1994). The local union has also participated in a number of conferences for practitioners and academics dealing with the topics of restructuring and the steel industry in particular.

The leadership of Local 8782 is also ideologically committed to social-democratic principles that have influenced the local's connections to other groups and organizations. The president of Local 8782 and other local union leaders are active in the New



Democratic Party. The president is not afraid to articulate the problems local union members face in their dealings with management in terms of class interests.

You have to have a vision, a working class vision. You take that vision to the membership by being proactive, to let them know their union leaders are out there doing things for them. You can't be a coward. You need to have the guts to stand up for workers' rights. If you can do this and articulate class interests to workers they'll come on board. (Leibovitch interview Nov. 1994).

Other local union leaders are similarly located along the political spectrum. Others come to their socialist leanings, not through the NDP, but through their church. Much of the surrounding farm community is populated with Mennonites with a history of community involvement and social activism. The Local 8782 *Forum*<sup>52</sup> illustrates the local union leadership's commitment to social activism and social-democratic principles by publishing articles denouncing Free Trade as bad for Canadian workers, urging members to support the new Canadian constitution, and reporting on the activities of the USWA's Humanity Fund providing aid to developing countries..

Local 8782, despite its size as a relatively small Steelworker local, is well connected. It is active in the labour movement in its community. Local 8782 is a member of the Simcoe and District Labour Council, supporting the strikes of other council member unions. Local 8782 is also an integral part of the USWA network in Ontario. The local's leaders maintain close contacts to the National office, drawing upon that office's staff resources and in turn sharing their experiences with National office staff and providing assistance to other Steelworker locals, especially with advice and practical support in dealing with the need to restructure at the workplace (Stables 1993; Preston interview Nov. 1994). Local 8782 leaders have provided support and practical help to local unionists at Algoma Steel, where the Steelworkers union has negotiated a worker buy-out

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<sup>52</sup> *Forum* is the most leftward leading of the three union newsletters sampled here. A pre-contract issue in April 1990 bore the following footer: "A contract should be negotiated on the basis of need, not profit." Another footer noted, "Diplomacy is the art of saying 'Nice Doggy' until you can find a rock."

of the troubled steel maker in exchange for co-determination rights in operating the business (Preston interview Nov. 1994).

The local has also maintained its formal link with the New Democratic Party, federally and provincially, despite the severing of ties with the party by many unions in the wake of the NDP government's Social Contract agreement with public sector employees in Ontario (Weaymouth interview May 1994; Leibovitch interview Nov. 1994). Local 8782 is also involved in local politics and community activism, especially around affordable housing initiatives (Leibovitch interview Nov. 1994).

In contrast to the leaders of Local 1010 and Local 8782, the leaders of Local 1005 and Local 1066 share a virtually non-ideological outlook. Although at one time political life within Local 1005 was ideologically driven -- in the late 1940s and again in the late 1970s -- since the early 1980s the leadership has perceived the union "as an organization designed to help workers achieve economic goals, rather than being part of a political and social movement for the emancipation of the working class" (Freeman 1982: 233). In the words of a former activist within Local 1005:

For many years the local was a hotbed of political action -- definitely left of center -- which created a lot of tension between the local and the National office. But now the National office leadership is more ideological than Local 1005 is. Now getting involved in the local is a way to get out of the plant -- a comfortable way to spend the last few years on the job (Leibovitch interview Nov. 1994).

Leaders of Local 1005 provide additional evidence of the strictly pragmatic approach to local union affairs. With respect to restructuring:

The leadership of the union took a philosophical approach to negotiate a restructuring agreement. Monetary value is what it all boils down to. Martin has the membership's best interest at heart after all. (Fraser interview May 1994).

Consistent with this pragmatic, business unionist orientation, Local 1005 maintains few connections to others. The local has a long history of fiercely maintaining its independence (Freeman 1982), mostly from the Canadian National office, but also from

other Steelworker locals. In part, the latter can be attributed to Local 1005's size and the role it has traditionally played in bargaining as the pattern setting local. Because it is so large and because it has traditionally been the pattern setter, it sees little to be gained from contact with other smaller locals. Its animosity is especially strong towards Local 8782 who broke ranks with the Stelco chain of locals during the 1981 strike, returning to work after two weeks while Local 1005 held out for a total of three months (Freeman 1982). Similarly, Local 1005 has little regard for the Steelworker local at Algoma Steel as Local 1005 leaders perceive Algoma as receiving undue attention in the aftermath of its worker buyout. The local also severed its longstanding relationship with the NDP in 1994 in protest against the Ontario NDP government's handling of public sector contract negotiations. Local 1005 does maintain ties to the international labour movement, mostly through the presence of the local union president at ILO sponsored conferences (Martin interview May 1994).

Local 1066 is similarly concerned with bread and butter business issues. From my conversations with local union leaders I could perceive no indications of local union awareness of larger issues. The overriding concern of leaders and members alike within this local union are incentive rates. The local union paper's last issue contained five articles concerned with the negotiation of new rates or the settlement of grievances surrounding the payment of improper rates (Local 1066 *Banner*, Spring 1988). Moreover, the bulk of the negotiations surrounding the restructuring of the electrogalvanizing line focused on the setting of new rates and on bumping rights in and out of these new highly paid jobs (Mutual Agreement March 1992). Further, elections are won and lost on the basis of what office incumbents promise to do for incentive rates and then are able to deliver (Yover interview Dec. 1994).

As a result of this internal, plant-based focus, the local union is not active in community politics as its sister local Local 1014 is (Moore interview May 1994; Parton interview March 1994). Nor is it active in state or federal level Democratic politics

(Parton interview March 1994). It does not participate in the organizing campaigns other Steelworker locals are running (Parton interview March 1994). Finally, and perhaps most tellingly, Local 1066 does not even maintain ties to Local 1014, the other Steelworker local representing workers in the other half of Gary Works (Kranz interview March 1994; McCall interview March 1994).

From the above descriptions, these four Steelworker locals vary tremendously in their degree of political vitality and network embeddedness. Table 7.1 below highlights indicators of political vitality and network embeddedness associated with each of the four local unions studied here. These differences have contributed greatly to the differences observed in the locals' capabilities and corresponding approaches to workplace restructuring.

Table 7.1

Indicators of Political Vitality and Network Embeddedness In the Four Local Unions

	Political Vitality	Network Embeddedness
<b>Local 1010</b>	<ul style="list-style-type: none"> <li>• most positions filled by contested election</li> <li>• organized political groups</li> <li>• high voter turnout for union elections</li> <li>• dense shop floor presence: grievors, assistant grievors, and stewards</li> <li>• regular department level union meetings</li> </ul>	<ul style="list-style-type: none"> <li>• use of consultants (Lazard Freres)</li> <li>• in touch with District and International union staff re: what others are doing</li> <li>• contact with other USWA locals re: approaches to work reorganization</li> <li>• provide financial and moral support to others in the labour movement</li> <li>• leaders attend steel-related conferences (Pittsburgh 1994, Toronto 1995)</li> </ul>
<b>Local 8782</b>	<ul style="list-style-type: none"> <li>• most positions filled by contested election</li> <li>• organized political groups</li> <li>• high voter turnout for union elections</li> <li>• dense shop floor presence: organized steward network</li> <li>• regular department level union meetings</li> </ul>	<ul style="list-style-type: none"> <li>• use of consultants</li> <li>• use of mediation services</li> <li>• ties to National union office and staff</li> <li>• ties to local labour council</li> <li>• ties to USWA Local 2251 (Algoma)</li> <li>• ties to NDP</li> <li>• leaders attend restructuring related conferences (Toronto April 1994, June 1995)</li> </ul>
<b>Local 1005</b>	<ul style="list-style-type: none"> <li>• election of local union president and executive not contested</li> <li>• contested steward elections</li> <li>• no longer any organized slates</li> <li>• low voter turnout for union elections</li> <li>• no in-plant union meetings</li> </ul>	<ul style="list-style-type: none"> <li>• resolutely maintains independence from rest of USWA</li> <li>• no links to National union staff</li> <li>• no links to other locals (esp. 8782 and 2251 at Algoma)</li> </ul>
<b>Local 1066</b>	<ul style="list-style-type: none"> <li>• most positions filled by acclamation</li> <li>• low voter turnout for union elections</li> <li>• weak shop floor presence (no stewards and many empty assistant griever positions)</li> <li>• no in-plant union meetings</li> </ul>	<ul style="list-style-type: none"> <li>• work closely with sub-district director</li> <li>• no significant ties with other USWA locals (not even 1014 which represents workers in the rest of Gary Works)</li> <li>• no significant ties with community or labour movement</li> </ul>

Source: material presented in Chapters Four and Five unless otherwise noted.

#### **IV. Conclusion**

The purpose of this chapter has been to identify the local union capabilities that facilitated the pursuit of the Interventionist strategy by Local 1010 and Local 8782 and how the lack of those same capabilities prevented Local 1005 and Local 1066 from acting in a similar manner regarding workplace restructuring. In addition, this chapter sought to explain why Local 1010 and Local 8782 developed these particular capabilities, while Local 1005 and Local 1066 did not.

It appears that the founding and early years of each local union and the ideology of their leadership has had an important effect on the development (or lack of development) of the four capabilities highlighted here: the ability to access information; to educate and mobilize the membership; to exert leverage on management; and to balance conflict and cooperation. However, this is not to imply that without the “right” history and ideology local unions and their members are doomed to failure as management seeks to restructure at the workplace. Some local unions, without histories or leaders that encouraged the autonomous development of the four capabilities highlighted in this chapter, have nonetheless recognized the need to become better prepared to deal with workplace restructuring and are seeking to develop these capabilities themselves.

One good example comes from the group of five United Steelworker locals representing workers at Bethlehem Steel’s Sparrows Point facility. Since the negotiation of the 1993 Partnership Agreement, these five locals<sup>53</sup> have banded together to formulate joint strategy regarding the implementation of the agreement. These locals, however, draw upon a relatively “poor” history.

Sparrows Point, located just outside Baltimore, was once the world’s largest steel making complex. Life within the town that Bethlehem Steel constructed surrounding the steel works to house workers, managers, and their families was completely under the

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<sup>53</sup> In what follows I refer to this amalgamation of five locals as “the local union” for the five now act in concert with one another.

dominion of Bethlehem Steel (Reutter 1988). Further, the social system of Sparrows Point encouraged divisions among the workforce -- by rank, occupation, race, and ethnicity (Reutter 1988). SWOC organizers had a difficult time penetrating the company town to access and organize workers (Sweeney 1956.). As a result, little shop floor organization had occurred before Bethlehem Steel was finally organized in 1942 under pressure from the War Labor Board (Reutter 1988).

Even once Bethlehem's Sparrows Point facility was organized, the divisions among workers remained. Rather than one local to represent production and maintenance workers as Local 1010 did at Inland Steel, two locals were chartered at Sparrows Point: Local 2610 representing workers on the steel making side and Local 2609 representing workers on the finishing end<sup>54</sup>. Competition between the two locals created even larger divisions as each sought to outdo the other in their dealings with management. As a result of these factors, the Steelworker locals had a weak shop floor presence, a relatively apathetic membership, and few notable leaders. In addition, because Bethlehem Steel operated multiple plants in several different USWA districts, Local 2609 and Local 2610 got very little negotiating experience as District staff from the various districts in which Bethlehem Steel's plants were located bargained with management on behalf of all of the company's locals.

Despite this rather poor history (in terms of having opportunities to develop the capabilities mentioned above) local union leaders now have recognized the need to get involved in the implementation of the Partnership Agreement and are actively seeking advice on how to do so. Leaders are putting a great emphasis on training and

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<sup>54</sup> A number of different reasons have been given for this turn of events. One explanation is that one local would have been too large to effectively represent all workers in this enormous plant. Yet, Local 1010 represented all Inland Steel's Indiana Harbor Works employees who numbered 21,000 in the early 1970s. Another explanation cites racial tensions as the reason for two locals. Local 2610 represented black workers employed in the hot, dirty steelmaking jobs around the coke ovens and blast furnaces, while Local 2609 represented white workers on the finishing side of the mill. Sparrows Point's location and the fact that much of its workforce was imported from the U.S. South, gives some credence to this explanation.

development -- both for themselves as well as for the membership (Rosel interview October 1994). Workers have been exposed to many hours of classroom education regarding the current economics of the steel industry, the need for restructuring if the integrated sector is to remain competitive, and the role the union is to play in that restructuring process. The union at Sparrows Point has sought out the help of consultants and International union staff to design this course and has trained bargaining unit people as instructors (Trainum interview October 1994).

In addition, the union Partnership coordinator has attended several steel related conferences, meeting with other Steelworker local leaders, and academics to learn what others are doing and what seems to be successful (Rosel interview October 1994). Representatives of the Sparrows Point local have also been in touch with other Bethlehem Steel locals to find out from them what their experiences have been with both the Partnership's implementation as well as with workplace restructuring (Rosel interview October 1994). Similar contact has been made with the District Director and International Union officers to learn from them what is going on in the rest of the industry.

Internally, the local union is seeking to build the competencies of its members who will act as the union's representatives on the joint governance committees the Partnership Agreement envisions operating from the shopfloor to the board room of Bethlehem Steel. To do this, the local union is focusing on training departmental representatives, plant level representatives, and shop floor employees too, in their roles and responsibilities in the implementation of the agreement (Trainum interview October 1994).

It therefore seems that local unions are indeed able to adjust to the demands of the current environment despite a lack of the "right" history and ideology. This is indeed good news for their members and interestingly, as the outcomes documented in Chapters Four and Five indicate, for management too. Local unions able to proactively participate in the restructuring of the workplace are, it seems, more likely to produce workplace



outcomes that benefit all involved. In the conclusion to the thesis which follows, I discuss the theoretical, managerial, and public policy implications of this finding.

## **CHAPTER 8: Conclusion**

### **I. Introduction**

The current competitive environment is characterized by a considerable degree of turmoil: rapid technological change, the globalization of markets, and increased competition from both foreign and domestic sources. In response, firms in the advanced industrial nations have been faced with the need to fundamentally restructure -- not only to downsize and close no-longer viable capacity, but to invest in new technologies, retrain their workers, and to reorganize work and reallocate responsibility on the shop floor. The latter, which I have termed “workplace restructuring”, is a process fraught with difficulty, yet its success is critical for firms’ survival. Evidence to date suggests considerable variation in how this process plays out and in the outcomes it produces. The overarching purpose of this research has been to try to explain this variation.

In this dissertation I presented evidence from four case studies of workplace restructuring. Despite controlling for the technology in use, the institutional context in which the sites were embedded, and the strategies pursued by both corporate and plant level management, considerable variation existed in the forms of work organization implemented and the impact those changes had on firms, workers, and their unions. In trying to understand and explain this variation, and by doing so to contribute to our knowledge of workplace change, this research focused on how the strategies of labour affected the process of workplace change and its subsequent outcomes.

In what follows, I summarize the major findings of the dissertation and discuss the implications of those findings for theory and practice.

### **II. Summary of Findings**

Several findings of note emerge from this research. All relate to what is perhaps the main finding, that what labour does matters for the process and outcomes of workplace restructuring. First, the four United Steelworker locals studied here pursued

quite different strategies, each of which led to varying degrees of involvement in the process of workplace restructuring. Second, the local union's involvement in the process of restructuring had important effects upon the form of work organization implemented and the eventual outcomes for all parties. Finally, the four local unions' strategies were importantly shaped by each local union's underlying capabilities.

***A. Different strategies result in different levels of involvement in the process of workplace restructuring***

In the empirical chapters of the dissertation I described four cases of workplace restructuring in which labour pursued different strategies. The differences in strategy resulted in varying degrees of involvement by each local union in the negotiation process surrounding the redesign of work. In two cases, that of Local 8782 at Stelco's Lake Erie Works and Local 1010 at Inland Steel's Indiana Harbor Works, the local union pursued an Interventionist strategy, becoming involved in negotiating over changes at the proposal generation stage of the process. Having gained access to the decision making process surrounding the reorganization of work at this early stage, these two local unions were able to participate fully in the redesign process. In both cases the parties worked from a blank slate -- with specific objectives in mind, they sought solutions rather than try to apply a particular pre-defined solution to the problems they faced. Further, workers on the shopfloor participated in the redesign process, contributing their ideas and knowledge to the redesign of work. The local unions in these two cases also had considerable control over the process of workplace restructuring and with this control were able to exert considerable influence over the eventual selection of a new form of work organization. A series of joint decision making committees from the shopfloor to the department to the plant level were responsible for overseeing and approving the changes proposed at both sites. Without joint approval, no change could be implemented. Finally, at both Lake Erie Works and Indiana Harbor Works, Local 8782 and Local 1010 instituted a direct ratification process that ensured work would only be reorganized where a majority of

affected employees accepted the proposed changes to their jobs. This direct ratification provided the implemented changes with a considerable amount of legitimacy.

In contrast, Local 1005, representing workers at Stelco's Hilton Works, followed a Pragmatic strategy. In this case the local union negotiated an item into the collective agreement to cover the need to restructure at the workplace. This contract clause governed not only the form of work organization to be implemented where management needed to restructure (operator-maintenance or maintenance-operator), but it also set out the terms of the new positions in terms of wage rates and training needs. Thus, at Hilton Works, when work needed to be restructured a solution already existed (operator-maintenance, maintenance-operator). Further, workers had no input to the proposal generation stage of the process and with only one level within the union having say -- the local union president who had to give his approval to each instance of the operator-maintenance/maintenance-operator concept being implemented -- the local union had little control over the proposal selection stage. Finally, ratification of the changes in work organization also came from the local union president and, therefore, provided workers with only an indirect form of ratification, which in turn lowered the degree of legitimacy of the implemented changes in the eyes of those affected.

Even more removed from the process of workplace restructuring was Local 1066, representing workers on the finishing end of U.S. Steel's Gary Works. Local 1066 pursued an Obstructionist strategy, refusing to negotiate with management over the restructuring of the threatened electrogalvanizing line. Thus, this local union was not involved in the process of workplace change at all. Instead, the District Director appointed his representative to negotiate with management on Local 1066's behalf. As at Hilton Works, management had a particular solution it wanted to implement (again, the maintenance-operator concept known there as Op-Tech or Senior Op-Tech positions), so that the union or its members did not participate in the generation of alternative forms of work organization. And, again as at Hilton Works, only one level of the union was

involved (but not the local union at all in this case) as the Sub-District Director negotiated with management and the District Director and the Sub-District Director had to give their approval before changes could be implemented. Once again, the workers affected by the changes had no opportunity to ratify the proposal. Ratification was provided in an indirect way through the District level staff's agreement.

***B. Local union involvement affects forms of work organization and final outcomes***

The forms of work organization implemented in the departments studied at Stelco's Lake Erie Works and Inland Steel's Indiana Harbor Works, where Locals 8782 and 1010 represented workers, possessed many high performance features: broadened job descriptions, job rotation, increased worker autonomy and decision making authority, and channels for employee involvement. The role played by the two local unions, Local 8782 and Local 1010, in the process of restructuring at these two sites led to this particular outcome. Both local unions insisted on worker input to the redesign process and gained joint control of the process at several levels. Workers could then suggest changes in work design that, based on their knowledge and experience, would improve performance and be acceptable to those affected. Moreover, acceptance of the changes was virtually guaranteed by having direct ratification of them. Thus, work was redesigned around a number of high performance features and management received the expected benefits as workers accepted and bought into the changed forms of work organization as they had helped design the changes and had had to give them final approval before implementation occurred.

In contrast, at Stelco's Hilton Works and U.S. Steel's Gary Works, where management designed the changes unilaterally, the new form of work organization possessed some high performance features, but the benefits of these features (mainly increased job breadth and job rotation) were not realized because the training investment to develop the necessary depth of skills was not forthcoming, nor were workers motivated

to rotate jobs. Because these local unions had not gained access to the decision making process earlier when input from the shop floor might have informed decision makers of the folly of particular decisions, nor had the local unions pressed management to deliver on the training investment promised, the new forms of work organization at these two sites failed to produce the hoped-for benefits.

Further, at Hilton Works, much of the initial change in work organization had to be undone in the wake of considerable unrest and dissatisfaction on the part of the affected workers. The senior operating personnel laid off while more junior trades people took their jobs caused considerable turmoil within the local union and for management. Similarly, the tradesmen recruited to work as maintenance-operators quickly became disillusioned with their new positions, finding them boring and unworthy of their tradesmen's skills. As a result of this dissatisfaction, resulting in large part from a lack of consultation with workers before designing the changes and from a lack of direct ratification of the changes, management had to replace most maintenance-operators with operator-maintenance personnel.

***C. Local union capabilities are important determinants of local union involvement in workplace restructuring***

The final major finding of this work relates to the determinants of local union strategies. Chapter Seven described the four underlying capabilities possessed by both Local 8782 and Local 1010 and that Local 1005 and Local 1066 lacked. Those capabilities were the ability to locate and process information; to educate and mobilize the membership; to exert leverage over the process of workplace restructuring; and to balance cooperation and conflict. Chapter Seven also discussed the historical and ideological determinants of the four capabilities. In the cases of Local 8782 and Local 1010, the locals had developed internal institutions to keep in close contact with their members, to encourage an active internal political life, and to organize members on an on-going basis. The world views of leaders in these two locals were also distinct from those of Local 1005

and Local 1066. The leadership of Local 1010 and Local 8782 valued workplace democracy, worker autonomy, and held social democratic principles. The leaders of Local 1005 and Local 1066, in contrast, were much more ideologically free -- focused on business union principles mainly.

This dissertation focused on understanding the local union's role in the process of workplace restructuring -- both what determined the form of labour's involvement; as well as what effects on outcomes a particular form of involvement had. The results of this research have several implications for both theory and practice. These implications are discussed in the next two sections.

### **III. Implications of this Work for Theory**

This research contributes to the development of theory in two areas: to the literature on unions and to the strategic choice framework in industrial relations.

The conventional literature dealing with the effects of unions has tended to treat unions monolithically, for the most part grouping all unionized settings together when comparing them their non-union counterparts<sup>55</sup> (Allen 1986; Bemmels 1987; Mefford 1986). In addition to the black-boxing of union behaviour, much research attention has been focused on national unions rather than on local unions (Kassalow 1969; Galenson 1968; Kochan, Katz, and McKersie 1986). However, in the current environment, such a research focus is misplaced. Centralized bargaining structures have come under considerable pressure since the late 1970s as increased levels of international competition and rapid technological innovation have challenged these traditional arrangements. Markets have become both more global and segmented and new technologies have provided firms with opportunities to pursue a variety of alternative business strategies.

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<sup>55</sup> One exception to this rule is the stream of research in the economics literature that has sought to identify the objective functions unions seek to maximize. Some unions are seen to be attempting to maximize members wages, while others are characterized as seeking to maximize the total wage bill (see Gunderson and Riddell 1988 for a review). However, even this literature is somewhat suspect because it is usually couched in terms of whether 'unions' do A or B, leaving out the possibility that some may do A while others do B.

Together these developments have put pressure on centralized industrial relations practices. As a result, more and more items such as work reorganization, joint labour-management participation programs, and issues around new technology have shifted to the local level for negotiation. Thus, the actions of national unions can tell us little about how these workplace-based negotiations proceed. Not only are national unions removed from the daily and often on-going informal negotiations concerning these workplace issues, but their stated views or strategies vis a vis workplace change cannot explain the variation occurring *across* worksites where they represent employees.

The conceptual framework presented here that differentiates among five alternative labour strategies and outlines the underlying capabilities that local unions may or may not possess provides considerable insight into how local unions may differ in their approaches to workplace change. In turn, by understanding the different ways in which labour becomes involved in the negotiations surrounding workplace change, we can then understand and explain with greater accuracy the outcomes that result from labour's involvement (or lack of it).

The deepening of our conceptualization of labour strategy also contributes to the development of the strategic choice framework used in industrial relations. Generally, management is viewed as the dominant actor shaping outcomes, while labour is perceived as either passively accepting management's agenda or militantly resisting the proposed changes (c.f. Walton, Cutcher-Gershenfeld, and McKersie 1994). By understanding the very different ways in which labour can approach the process of workplace restructuring we gain added insight into the variation that we observe. Labour's strategies have both direct and indirect effects on outcomes. The strategy chosen by labour can directly affect outcomes -- for example by pursuing an Obstructionist strategy change at the workplace may be blocked. In addition, the strategy chosen by labour may indirectly affect outcomes by shaping the strategy chosen by management. For example, having a local union pursuing an Interventionist strategy may curb management's plans for change. Rather



than seek to make wholesale changes in work organization, including significant head count reductions, management may be forced instead to seek more minor modifications that the union and its members will accept.

#### **IV. Implications of this Work for Practice**

The findings of this research also have important practical implications for unions, managers, and policy makers. The central finding driving these implications for practice is that the Interventionist strategy produces positive outcomes for all parties. When labour participates in the decisions surrounding workplace restructuring, not only are the decisions reached often technically better, but there is a higher likelihood that the planned changes will be successfully implemented and that those affected will accept them. Unions, managers, and public policy makers alike ought to be concerned with enabling labour, whether organized or not, to participate in such decisions.

##### ***A. For unions***

In the post-war period, most North American unions developed a set of organizational arrangements that led to the concentration of power and resources at the national level of the union (Ulman 1955, Lester 1958, Barbash 1969). This distribution of power and responsibilities appeared to work relatively well (in the sense of providing mutual benefits and stability for both employers and rank-and-file workers) for much of the postwar era (Kochan 1993). However, in the current environment characterized by instability and rapid change, increasing amounts of responsibility have been thrust upon local unions as the national structures have proved too rigid and inflexible to deal with current micro-level challenges. Local union leaders, however, vary greatly in the degree to which they are able to deal with the new role and responsibilities suddenly thrust upon them.

National unions now have a new role, that of providing several necessary resources to local union leaders to enable them to take on their new roles. First, local

union leaders require education concerning the demands of the new competitive environment, the basics of financial analysis, the features of new technology, and the costs and benefits associated with various forms of work organization. By increasing local union leaders' knowledge in these areas, national unions are bringing the knowledge of their local leaders up to the level of the management counterparts with whom they must deal on a regular basis. Further, local union leaders need to impart this new knowledge to their members. For without it, rank and file members will be unable to understand the competitive reality the local union now faces or to support the strategic plans the union formulates to deal with those constraints.

Second, local union leaders need to develop new political skills. These include how to set and communicate strategic objectives towards which the locals' members can be brought. Although this is a timeless problem faced by union leaders (c.f. Offe 1981), it appears especially critical in the current environment. In addition, local union leaders need to learn how to maintain the delicate balance between cooperation with management on the one hand, and continued representation of members' best interests on the other. Local union leaders who are afraid to engage in joint efforts with management for fear of appearing coopted by management will be unable to engage in activities that are often in members' interests. Conversely, leaders who indeed become coopted by management when pursuing joint initiatives will not hold office long enough to see the fruits of their efforts.

Third, to present a credible negotiating front to management, the union must ensure that its members are behind it. Thus, local union leaders need to encourage the active involvement of the rank-and-file in the affairs of the union. Without that, management may feel able to sidestep the union and either ignore or deal directly with employees on an individual basis.

### ***B. For managers***

Although most managers would prefer to make work related decisions unilaterally, the research presented here indicates that worker input to workplace redesign provides two benefits: it makes for solutions that are technically better than management might have designed on its own, and it provides the eventual proposal with a degree of legitimacy that a unilaterally designed and implemented system does not have. For both reasons, when such changes are made without the input or approval of those affected, the hoped-for benefits often fail to materialize.

However, ensuring that workers and their representatives have such input is not a simple proposition. It requires management to relinquish an often considerable degree of power. For example, labour must be assured that it is not making itself vulnerable to head count reductions or more onerous levels of work by making suggestions for the reorganization of work -- in other words that management is not going to take advantage of labour's willingness to share information or make suggestions for workplace improvements. Further, management must be prepared to accept workers' decisions regarding their acceptance or rejection of the proposed plans. A ratification process which accepts only affirmation of the proposed changes is unlikely to provide any form of legitimacy to the changes at all.

### ***C. For policy makers***

The above, however, may not be possible without changes in the North American policy environment. The focus of policy makers on making workplaces more competitive, coupled with the findings of this research, should motivate the policy community to look toward increasing the role played by labour in workplace-based decisions. The great majority of all workers enjoys no form of workplace representation at all, leaving most workers without the necessary leverage to engage their employers around issues of workplace restructuring (some highly skilled groups of non-union workers may be an

exception). These workers must simply acquiesce to the changes unilaterally designed and implemented by management. The best form of resistance open to them instead may be to not engage fully in the behaviours expected of them -- for example, not actively participating in the necessary training, not providing meaningful quality or productivity improvement suggestions, and refusing to learn and rotate through other jobs -- thus leading to less competitive outcomes.

Yet, this research and evidence from other national contexts, such as Germany (Thelen 1991, Turner 1991, Wever 1994) seems to indicate that outcomes for all parties, including management, are better when workers actively engage in the process of work redesign and commit to the new high performance systems put into place. However, workers are less likely to do so where they have no guarantee that their interests will be taken into account in this process or that they have leverage to force management to forego certain things it would otherwise want to do. An institutional innovation guaranteeing workers' right to be heard on matters pertaining to the workplace, could provide North American workplaces with this same advantage. In short, the policy agenda that should emerge on the basis of the findings of this research should be searching for ways of increasing worker input to workplace decision making. By do so, North American competitiveness would increase, worker welfare would improve, and the workplace would become more democratic.

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## Appendix: List of Interviews

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### Inland Steel Indiana Harbor Works

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W.P. Boehler	Director Industrial Relations Inland Steel
W. Carey	Griever Field Forces
R. Chandler	Griever Plate Mill
R. McKersie	USWA designated Board Member Inland Steel Industries
M. Mezo	President USWA Local 1010
C. Oliver	Manager 12" Bar Mill
R. Persons	Former Griever Bar Mill
J. Robinson	Chair of Grievance Committee - USWA Local 1010
D. Shattuck	Griever Plant 4
B. Smith	Arbitration Coordinator Union Relations
J. Spear	Staff Rep Union Relations Inland Steel Flat Products
D. Urban	Manager Electric Furnace
V. White-Pettaruti	Former VP-Admin Bar Mill

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### U.S. Steel Gary Works

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W.E. Boege	Area Manager electrogalvanizing line Sheet Products Division
J. Hopkins	Chair of Grievance Committee - USWA Local 1014
K.A. Kolb	Department Manager Labor Relations
C. Kranz	President - USWA Local 1066
D. Rizer	Manager Employee Relations
R. Smith	Team Leader electrogalvanizing line
R. Yover	Chair of Grievance Committee - USWA Local 1066

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### Stelco Hilton Works

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T. Bonham	Superintendent Basic Oxygen Furnace
D. Boyle	CWS Committee - Hilton Works
W.P. Carroll	Superintendent Continuous Casting
D. Fraser	Chair of Grievance Committee - USWA Local 1005
G. D. Goddard	General Sales Manager Automotive
B. Hatch	Superintendent Coke Ovens and By-Products
A. Hodder	Vice President - USWA Local 1005
B. Hynes	General Foreman Coke Ovens and By-Products
R.O. Jones	Superintendent Personnel and Industrial Relations
E.C. MacKinnon	Superintendent Z-Line
J. Martin	President - USWA Local 1005
D.A. Moline	Hilton Works Operations Manager
T. Weaymouth	CWS Committee - USWA Local 1005

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**Stelco Lake Erie Works**

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R.D. Ellis	Communications Co-ordinator
W. Ferguson	Vice President - USWA Local 8782
P. Leibovitch	President - USWA Local 8782
I.B. Macaulay	Staff Specialist Personnel and Industrial Relations
R. McClure	Superintendent Personnel and Industrial Relations
R. Preston	Chair of Grievance Committee - USWA Local 8782
B. Wiebe	Union Facilitator - USWA Local 8782

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**Bethlehem Steel Sparrows Point**

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R.B. Belbot	Management Partnership Coordinator
C.W. Ishmael	Manager Human Resources
J.J. Rosel	Union Partnership Coordinator
S. Richards	Superintendent Blast Furnace
S. Trainum	Trainer/Facilitator

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**District 31**

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D.R. McCall	Sub-District Director -- Sub-District 1
J. Parton	District Director

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