

UNION INVOLVEMENT IN
ENTREPRENEURIAL DECISIONS OF BUSINESS

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Introduction

There appears to be a shift taking place in the traditional union reluctance to get involved in entrepreneurial type business decisions. Until recently most unions have resisted the idea of co-decisionmaking or, even on a more minor scale, being brought abreast of key decisions on an information basis. Except in wartime when the principle of 'equality of sacrifice' moved unions into a much more central role (participation in the War Labor Board at the national level and in production committees at plant, company and industry levels), the guiding principle of collective bargaining and union-management relations has been 'management manages and the union grieves.'

It is the premise of this paper that we are on the threshold of an era of considerable experimentation with different forms of union involvement in entrepreneurial decisions. In many ways the current period (the early 1980s) is for union involvement in strategic decision making what the early 1970s was for the quality of work life. As we have developed elsewhere, we see this past decade and the upcoming decade as a score of years that are stimulated developments in the industrial relations system at levels above and below the traditional middle level of collective bargaining.

The possible involvement in entrepreneurial decisions presents for union leaders a whole host of issues and dilemmas; some of these are similar to the dilemmas posed by quality of work life but others are unique to the structure of decisionmaking found in corporate board rooms.

The Nature of Entrepreneurial Activity

Since the focus of this paper is on the involvement of unions in entrepreneurial decisions, we need to define this term. Basically, the concept relates to the range of operational decisions that are needed to run the business — and affect employment over the long run. In other words, the focus is on the strategy decisions that affect the shape of the business, e.g., such events as purchasing, expanding or selling a plant, embarking upon a new generation of technology, starting a new product line, or divesting from an old product line or business.

Given this definition, then, a series of subjects (all interesting in their own right) fall outside of the purview of this paper. For example, union influence over pension funds can have wide repercussions for the union movement (such as investing in union firms thereby enhancing employment opportunities), but this is not an operating matter for a given business (Sheinkman, et.al., 1980). By the same token, the definition excludes the role of the union in joining together with management counterparts to approach government for the establishment of some type of industrial policy or, to cite another example, becoming a party to a proceeding before a regulatory body considering a new rate structure (as is often the case in the telephone and power industries). These roles do not involve the union in either approaching or confronting the company directly over investment type decisions.

However, we should not draw the line too tightly since a union that finds itself in partnership with management before some type of government tribunal, may in the process find itself playing a more influential role with respect to the main areas of corporate

strategy. Rather, for the moment we will hold these activities aside and concentrate on the key areas of entrepreneurial activity and examine the extent to which unions are or should be involved. A related category of joint activities (one that is becoming increasingly important) involves the 'industry booster' type role. For example, the bricklayers and sheet metal workers unions are banding together with their respective industry trade associations to promote new projects and to pursue a program of 'let's get more business for the benefit of both sides' (see the piece in this volume by _____). Assuming management finds such programs congenial, there does not seem to be any reason for unions not to be involved in programs of this sort except for the opportunity costs of the time spent in such joint activities.

It is clear that these "big picture" roles for unions should not be excluded from any consideration of what the labor movement can or should be doing to foster member interests. Indeed, playing a more decisive role in pension funds and helping corporations vis-a-vis government agencies and competitors (anti-trust issues aside) represent very important opportunities for unions. These roles, however, do not impinge upon management discretion in operating a particular business and do not involve the union leadership in reconciling its traditional adversarial role with a new role of involvement and collaboration. Thus, in this paper we will be examining involvement in the matters of a particular firm that raise serious dilemmas and contradictions for unions, given their historical mission to serve as an independent representative of worker interests.

Reasons Why Unions Are Cautious About Involvement

A few factors can be noted that give unions pause with respect to their involvement in entrepreneurial decisions. Some union leaders believe that 'management should manage' because that is the best way for operations to run more smoothly and efficiently. If another institution is involved, then there is bound to be time consuming deliberations and efficiency may be impaired. Evidence for this point comes from research on German co-determination (Furlong, 1977).

More fundamental to the rationale for the union as an institution is the point that involvement may weaken the union's main function, namely, protecting worker interests. As representatives learn about business decisions, they may lose sight of the impact and consequences of these decisions for the rank and file.

A worker or union director may also get overwhelmed by the detail and by the technical information that comes to board members. Based on conversations with one observer of the German scene it is clear that some worker directors are ineffective because they do not have the background or the style for dealing with volumes of financial material.

Moreover, it is possible for a labor leader to get caught up in the glamorous process of the boardroom, to be thinking more about the ideology of participation rather than about the bread and butter issues, such as job security, that are of direct interest to the rank and file. It can be very seductive to meet with top management in very elegant surroundings.

The modus operandi of corporate boards presents most workers and union leaders with a foreign situation. The culture of decision making by assent or consensus based on formal presentations, often by staff and functional specialists is quite different from the town meeting style of most unions where actions are taken after open debate and often accompanied with considerable emotional energy. Robert Stern (1983), who has studied the behavior of worker directors in employee owned firms, has reported that the biggest surprise to new comers is that boards do not take votes -- often the meeting has moved on to the next agenda item before the union representative realizes that silence means support for the management position on the pending item. Batstone (1983) found that only 10% of the items presented to the British P.O. Board (composed of an equal number of management and union directors) contained any information about options or alternatives.

Another danger is that the participating labor leader may get coopted or silenced into assent and become totally discredited because of board decisions that appear to be unfair to the rank and file. Again it is possible to cite an example from abroad. In the instance of British Steel, where labor directors have been involved for many years, the labor director from Corby could not say anything to the rank and file about the impending shutdown of the steel mill in that community. Management directors expected him not to reveal the essence of top corporate deliberations. When it was announced that the plant was going down, he found himself in a very difficult position. The book by Brannen (1976) elaborates this theme by presenting other examples of how worker-directors who knew about impending closures were completely ineffective in advocating the

interests of the rank and file. Unfortunately, their role was one way: to report back to management the feelings of rank and file (in effect giving management information so that management could push forward) but not giving the local unions information so that they could oppose the cuts. In one situation the worker-director's role was even more embarrassing because the worker-director had implied to local people that if they became more efficient, they would survive -- which given the general market developments was not possible.

This last point relates to the reality that when a business does not fare very well the union will share the blame for the bad consequences: "The news may be bad and the messenger may be killed." Moreover, one has to ask the question as to why some corporations are now willing to allow labor leaders to come into the boardroom when they resisted this step vehemently just a few years ago. One explanation is that when things are going well business wants to keep a free hand for fear that it would give unions a bargaining advantage. When things are going bad, business likes to have the company of union leadership as a way of educating the union membership about the difficulties. One official in the UAW remarked that as a result of briefing sessions with management he had come to learn, "More than I want to know." In some field research that the author did in Britain, it turned out that the labor leaders in the shipyard industry who had the best picture about the future of that industry (by being taken on some tours and being given some information on a confidential basis) were the same leaders who did not want to have anything to do with participation.

Another variant of the same message comes out of the experience of Studebaker — a company that was willing to share considerable information and to involve UAW officials in some of the intricacies of the business. When the company went down, there occurred a good deal of hard feelings on all sides. These points are no different than those made by Thomas Donahue (1976), who has said that the union movement has to be careful when management comes bearing information and invitations to participate in decisionmaking — "Usually management wants to share trouble but not success."

Even where the business is successful and decisions, union leaders have some role in shaping or at least monitoring decisions that worked out well, it may not be clear to the rank and file that their representatives should be credited with the good results. It is difficult for workers in assessing something as complicated as investment strategies, for example, to know what the "shadow" performance would have been. In other words, just how much worse would the overall situation have been if the union had not been involved in the entrepreneurial decisions? Basically the assumption of U.S. collective bargaining has been that a labor leader survives by delivering concrete gains and opposing management decisions that would have adverse consequences for the rank and file.

One problem with the increased participation that often accompanies concession bargaining is that the employment gains that are involved may only be evident over the long run; and consequently it is difficult for the union to show concrete short run gains compared to what would have happened, if the union had maintained its adversary posture. For example, a labor leader does not get much credit for protecting jobs when the rank and file do not know

their jobs were in jeopardy or do not know the extent to which their jobs are going to be cut back. This potential bind that develops from involvement at the top is the core dilemma for union leaders in all aspects of collective bargaining; specifically, collaboration with management can create severe internal political problems for union leaders.

Moreover, the evidence from industrial relations systems that have had the most experience with participation (especially Scandinavia and Germany) is that workers do not place a high priority on having their representatives involved in the global decisions of the business. This conclusion is borne out in a comprehensive study by the International Research Group (1981) and by Chamberlain (1981, 100) who makes the point as follows:

"Experience from Denmark indicates that democracy at the shop floor level is a sort of system which is considered more meaningful from the workers' point of view than the representative democracy. At the same time, the interest of trade union officials runs in reverse direction: greater attention to more formal systems of joint decisionmaking in the upper reaches of the enterprise.

"This same reversal of interests is illustrated in Germany. Workers are more concerned with co-determination in the workplace, union officials with co-determination on the supervisory board."

This view is supported by surveys of worker interests in participation in the U.S. (Witte, 1980; and the Kochan, Katz and Mower paper presented in this volume). These surveys consistently show that workers assign considerably higher priorities to gaining a direct say on issues affecting their specific jobs at the level of the workplace than over broad corporate policies and how the business is run.

Reasons Favoring More Involvement

We can divide the reasons favoring greater involvement into three broad categories: philosophical, increasing the size of the pie (sometimes referred to as integrative bargaining), and neutralizing the power strategies of management.

Philosophical Rationale. For some labor leaders having a role in entrepreneurial decisions is seen as a means for achieving certain broad social objectives. Walter Reuther, concerned about pricing and profits of the automobile companies, often asked for a "look at the books." Significantly, during the 1958 negotiations he went beyond his usual request to see the books and proposed that the companies reduce selling prices by \$100 — and if subsequently the companies had to restore prices to make a normal rate of return (after meeting the union demands), then the parties would submit all these matters to arbitration.

Close to this purpose is the "destatusizing" that comes when workers get involved at close range with the executives of the corporation. Herb Rebham, Vice Chairman of the Volkswagen Board and the top union leader for the International Metal Workers Confederation, makes the point as follows: "The fact that a guy who used to work on the assembly line sits on the compensation committee is interesting. We know all the perks." (Wall Street Journal, July 1, 1980)

A larger purpose [and one supported by the work of Bluestone and Harrison (1982)] is the use of involvement to prevent inappropriate disinvestment and the loss of economic vitality for a community. Rank and file workers, especially if they are senior, may not have the same stake in preserving the viability of the enterprise as the national union leaders who are committed to a healthy union —

the latter may have the same interests as the community in keeping a business functioning and fostering employment, union membership strength, and economic activity for future generations.

The philosophical rationale has been well summarized by Brody (1980,) who argues that the purpose of participation is to "democratize the whole process of decisionmaking at the corporate level so that the voice of workers will be heard in corporate counsels."

Integrative solutions. Another stream of thinking about the rationale for union involvement views the typical labor-management relations as being stuck in a low trust syndrome. As a result, there are many "missed opportunities." Due to low trust, management does not share information about its intentions and may slowly walk away from a facility — a type of gradual disinvestment process. On the other side, the workers and the union, seeing the slow march to extinction, act in a very defensive and adversarial manner. As a result, both sides find themselves in a very unsatisfactory state of affairs, unable to break out of the "prisoner's dilemma." Many examples of these mutually destructive cycles have come to light as part of the recent rush of plant shutdowns and the resulting recriminations: Union: "Why didn't you tell us you were at the brink?" — Management: "We didn't think you would listen."

Countering Management Power. By far the most important reasons for union leaders getting involved at the strategic level is to blunt adverse power strategies that are being followed by some corporations. One of these might be called 'creeping decertification,' wherein a company seeks to keep all of its new plants unorganized and gradually shifts production out of its

unionized plants into its newer plants. The purpose then of a union getting involvement at the strategic level is to deal with such a policy at its origin.

Another managerial power strategy is the whipsawing of plants on the basis of the principle: "The low cost operation gets the business (Buss, 1983). Unions have lived through an earlier era of workers being pitted against one another within the plant and as a result developed safeguards: the seniority system and a contract to prevent management from playing workers off one another. Unions currently find themselves forced to develop similar kinds of safeguards to deal with competitive threats coming from a higher level, namely, cross-plant comparisons. Historically, the union response to management's strategy of divide and conquer has been to take wage costs out of competition via the standard rate, the master contract, or pattern bargaining. The ability to sustain these policies has broken down in a number of industries and an alternative route to the same end is through involvement at the highest levels of the corporations.

Involvement in Entrepreneurial Matters at Different Levels

Following one of the main organizing themes of the Sloan Project, we will consider involvement in entrepreneurial matters at three levels. Let us first consider the lowest level, that of the work group or the department. For the U.S. system of collective bargaining, additional involvement in entrepreneurial decisions at this level may not seem as critical as would be the case in other systems since as a result of the detailed labor contract and the way in which plant-labor relations are conducted, unions already have

considerable influence, what some analysts have referred to as job power or job-control unionism as described in this volume in the paper by Michael Piore. Notwithstanding this already high degree of involvement at the bottom tier of the system -- as the quality-of-work-life movement develops, some workers are assuming increasingly managerial type of functions at the workplace; e.g., specifying how new technology should be introduced. In some advanced forms of participation, workers are also involved in planning the layout of new departments and in shaping the organization of work.

There are several implications for unions of the rapid growth of quality of work life and other forms of plant level participation. One of these is the need for unions to place any effort to improve productivity at the plant level within the context of corporate-wide employment prospects. It is important for a union to ascertain whether the net effect of a program of involvement at the work group level will be negative because the prospect is one of static or shrinking employment or whether it will be possible for more work and employment to be made available to the work group and department involved.

Similarly, a union that actively participates in a cooperative quality of work program at the workplace may find it necessary to ensure that it will not be weakened on a corporate-wide basis because of a "union free" policy. In other words, from the viewpoint of the union the tradeoff must be, "We'll run the risk of modifying our traditional stance at the local level if we receive some assurances about our role on a corporate-wide basis." This is, in essence, the linkage that Irving Bluestone and other officials of the UAW

presented to General Motors in a showdown over the "southern strategy" and the requirement that the concept of quality of work life had to be coupled with GM's acceptance of the union at its new plants.

At the middle level, greater involvement in entrepreneurial type activities is currently arising out of the need to ensure that the terms of concession agreements are being honored and implemented. Examples of safeguards that have emerged out of concession bargaining are discussed in the Cappelli and McKersie paper and therefore only two examples are cited here. In some agreements there is a commitment that the funds saved will be reinvested in the plants involved. In order to ensure that this is happening, a union needs to receive detailed information about investments or to have a "look at the books." Enforcing the principle of equality of sacrifice also requires the availability of considerable information on white collar and managerial compensation and employment policies.

Thus, again, there is a direct linkage of developments at the level of collective bargaining for involvement at the highest level. Specifically, workers will not be motivated to engage in concession bargaining to save their jobs unless they can be assured that the competitive gap has a reasonable chance of being closed as a result of the new arrangements. This means the release of detailed information about the position of the plant vis-a-vis competition and suggests continuing involvement by the union in some type of process suitable for monitoring the economic performance and future prospects of the enterprise.

Finally, we come to the highest level, the strategic level of the firm, where union involvement in entrepreneurial issues takes on its most controversial form. At this level we need to distinguish the channels from the substance of the involvement. With respect to the latter, there are two general subjects of interest to the union: (1) union organizational security, that is, its representational rights at existing and prospective plants, and; (2) the employment prospects for its members. The driving rationale for involvement on the part of a union at the strategic level relates to its need to improve or protect its organizational status and/or the employability of its members.

The channels for involvement fall into two categories: (1) having a vote or directly influencing the decision (such as representation on some type of board), and (2) receiving information or being consulted about impending developments. The latter approach includes a range of styles and techniques by which union leaders and union members learn about relevant economic information.

Different Forms of Involvement

Before examining in detail one of the most talked-about ways for unions to get involved, namely, membership on the board of directors, we should make several distinctions. First, there is an important difference between formal and informal procedures for involvement. For example, some unions are given information on a regular basis via briefing sessions, while others only learn about developments in informal off the record discussions. Some union leaders prefer the latter method, since it provides them with more

political maneuvering room and if they so choose, to remain aloof, and thereby avoid certain disadvantages that might come from having been put on formal notice about unpopular developments.

The second distinction is whether involvement takes place on a case by case basis or whether it occurs as a result of a more regular procedure. The arrangements that have emerged from concession bargaining to ensure that the terms of the contract are honored fall into the first category of specific involvement to achieve the essence of the agreement.

A trend appears to be emerging with the establishment of top level communication sessions. These mechanisms are agreed to in the collective bargaining contract but the sessions themselves are extra contractual. In the case of Ford and the UAW, this is called the Mutual Growth Forum, for Boeing and the IAM the concept is an annual technology briefing and for ATT and the CWA the communication vehicle is called the Common Interest Forum. This latter example has three stated purposes:

1. Providing a framework for early communication and discussion between the parties on business developments of mutual interest and concern to the parties and their constituencies;
2. Discussing and reviewing innovative approaches to enhance the competitiveness of the Company and improve employment security;
3. Improving understanding and relationships between the parties and avoiding unnecessary disputes by cooperatively addressing significant changes and developments in the Union or Company environment.

Presence at the Board Level

Thus far, Chrysler, and Pan American serve as the two prominent companies where union presence on the board has been agreed to as a quid pro quo for concessions. Significantly, the number of companies with union and or worker designated directors is increasing steadily in connection with employee stock ownership plans. Eastern Airlines, Western Airlines and a number of trucking companies are going this route. In order to talk about the subject with a larger base of experience, however, we need to turn to European examples.

The presence of a union representative on a board seems to work better when the approach is not overly adversarial. Thus, in Germany where relations between management and the union are arms-length but not antagonistic, the co-determination model has seemed to work reasonably well. By contrast in the United Kingdom, especially in the Post Office where an experiment was tried with worker representatives both at the regional and national levels, the experiment was judged a failure and discontinued after two years. In fact, very few of the important decisions were made at the board level and management proceeded to subvert the whole intent of the experiment because they viewed the worker/union members as only representing one interest group. Since union representatives had been thrust into their midst, management never brought issues before the board and decided most matters in management committees. In turn, the unions took a very strong bargaining orientation which further intensified the tension in the board room (Batstone, 1983).

This case illustrates the point that it is not desirable to force participation at the highest level. As illustrated by the example from the Post Office, participation in a board room only works when the union leader is respected and the other board members see some advantage in having this person in the body and where the board has accepted the fact that representation is a permanent rather than temporary phenomena. For example, it is reported that Chrysler Chairman Iacocca and UAW President Fraser have high respect for each other and that Fraser's participation in the deliberation of the Chrysler Corporation has worked because of their personal rapport and respect.

A second important point is that it appears preferable for the union to have a presence rather than parity. The rationale for only the minimal participation of one or two worker/union members is that the trade union point of view can be presented and then the board alled to reconcile it with the other perspectives that are relevant. The problem with parity, as in the case of the British Post Office experiment is that it presumes that only two interest groups are involved. In such a situation, management maintains that it is acting in behalf of all constituencies — with presumably the other half of the board representing only the employees. This leads to a very difficult and asymmetric process. One purpose in having a union representative participate in board deliberations is to improve the quality of the decisions. It does not take more than one or two union representatives on a board to achieve this result. Another way to view the presence of the union is as a mechanism for referral of a pending proposal back to the staff of the corporation for more work. Under such a concept if the worker representatives

are not ready to proceed, they do not have the opportunity to veto but do have the opportunity to send it back for further consideration,

Finally, there is the opportunity for innovative proposals to surface and be considered because of the new perspectives involved. It has been reported that Fraser was able to keep some plants of Chrysler open because he saw an opportunity for some changes to be made rather than having those plants be shut down. Similarly, worker representatives in British Steel were able to help with the transition arrangements and made valuable suggestions about how a plant should be shut down and worker interests considered in an integrative manner. A recent report on employee representation on company boards in Sweden noted: "Employers appreciate the contribution made by employee representatives. One such survey by the SAF of their affiliates indicates that 20% said the work of the board improved as a result of employee participation. Few had negative comments." (Eiger, 1983).

Differing Views of Two Unions

Not all union leaders desire involvement at the strategic level. A good illustration of how two unions, both in the key manufacturing sector can differ with respect to the desirability of involvement at the strategic level can be seen in the approaches taken by the Steelworkers and the Autoworkers.

In the case of the Autoworkers there have been a number of important developments illustrating substantially greater involvement over the past several years. First, there is a member of the UAW on the board of Chrysler. For the other companies, there are regular

forums in which key UAW leaders are briefed about world-wide employment developments. In the 1982 negotiations, the union developed the important principle with General Motors of the "pass through," namely, the linkage between a wage reduction and a price reduction. While this concept did not end up in the final agreement, it did illustrate the willingness of the union to become intimately involved in the business matters of the corporation.

By contrast, the Steelworkers have not been involved on any kind of comparable basis. Indeed, they passed by the opportunity to receive detailed profit information because they felt the whole business was "too complicated." When officials of the union are asked about whether they might have played a role in reinvestment decisions in some of the mills that have been slowly depreciated, they answer as follows: "We knew what was going on but we saw no need to get involved or to challenge the investment decisions made by management." For a while after the 1979 contract was signed, the union did ask for a report on maintenance expenses and major investment decisions from each of its locals. However, from what can be judged, little has come of this program. Rather, the emphasis of the Steelworkers Union has been on the industry level and achieving assistance from the government in the form of import protection and relaxation of regulations. For example, as a result of the tripartite committee that functioned during the Carter years, a major change was made in the implementation date of the pollution control program.

Feasibility Considerations

If a union leader desires to have more involvement, it is much more appropriate for this to take place at the level where key entrepreneurial activities take place, namely, at the corporate level.¹ Thus, where collective bargaining takes place at either the industry level (as in basic steel) or on a plant-by-plant basis (as in the case of the majority of bargaining units in manufacturing and services) supplemental channels of involvement will be needed to achieve a strong union presence at the corporate level. This is illustrated by our findings on quid pro quos in concession bargaining. Only those unions that bargained on a company-wide basis were able to get a quid pro quo from management, because they could deal with the firm at the level at which strategic decisions are made (Cappelli, 1982).

The second factor favoring involvement is the presence of a small number of dominant employers in an industry. Typically in oligopolistic industries investment decisions are large and discreet and the stakes are high for the unions involved. By comparison, in industries comprising many small employers, such as garments or retail food, the union needs to play a role at the industry level in

¹/Coping with multi-national corporations capable of allocating investment resources and shifting production across national boundaries presents special challenges to a union as illustrated in the following quote: "The investment decisions for Spain and Austria aren't made by Opel, they're made in Detroit. And since co-determination ends at the border, we can't co-determine." (Wall Street Journal, July 1, 1980). A more complete discussion of this and other challenges to the labor movement caused by the internationalization of the world economy is contained in the paper in this volume by Lee Price.

order to help stabilize the industry generally rather than worrying about the fortunes of a particular enterprise or scrutinizing investment decisions on a company-by-company basis.

The third point is that the union must have the company and/or the industry reasonably well organized for there to be any prospect of involvement in entrepreneurial matters. Few, if any, employers will voluntarily open up their councils to union influence. Consequently, the involvement only happens where the union has the presence and the bargaining power to command attention.

Given the reluctance on the part of employers to allow unions to play any kind of substantial role, unions face another dilemma over the approach they take to achieving greater involvement. If a union comes at the matter in an adversarial or power fashion, it is unlikely that it will get anywhere. This is the reason that the Lucas, UK shop stewards movement, that offered an elaborate list of capital budgeting ideas and new products for operations slated to be phased out, got nowhere. Probably the same thing will happen in the United States to the ideas being proposed by a union-community coalition at McDonnell-Douglas on the west coast. On the other hand, if a union approaches the task of achieving greater involvement in a cooperative fashion, it may walk away empty handed. This is where "corporate campaigns" or other pressure tactics are likely to have a role. Pressure may be needed to get access to strategic decision-making, but once in place unions may need to be able to demonstrate they can play both a representational and an integrating role.

There are no easy answers to this dilemma. This is why experimentation is so important. It is also the reason why we need to learn more about the role of legislation (such as in Germany and Scandanavia) in fostering this process.

Labor Law Perspectives

Public policy has a strong bearing on the extent to which there will be greater involvement by unions at the top of corporations. There are several dimensions to this part of the discussion.

One issue is whether workers and their union representatives by virtue of assuming managerial functions (whether at the plant level via something like autonomous teams, or whether at the highest level by participating fully in board of director deliberations) become, for purposes in the National Labor Relations Act, a part of management and thereby lose standing as an employee group or representatives of a bonafide bargaining unit. This may be labeled the "Yeshiva trap." At the point workers and their representatives come to play a central role in governing the business, some would argue that they lose the very ground on which the National Labor Relations Act gives them bargaining rights.

Another issue involves the scope and dividing line of mandatory and non-mandatory subjects for collective bargaining. Clearly, entrepreneurial decisions fall within the non-mandatory realm of the National Labor Relations Act. Thus a union cannot require that these subjects be bargained over and cannot bring these matters to an impasse. However, this may not be a major impediment given the point that a bargaining or power approach to these strategic areas is not functional in its own right. An employer that insists on opposing

union participation on legal grounds would likely oppose the union equally hard on other grounds, were this to become a mandatory subject of bargaining.

However, there may be ways for public policy to foster more involvement by unions in strategic matters short of making union participation a mandatory subject of bargaining. Charles Morris (1977) has proposed that the National Labor Relations Act be revised so as to provide for the requirement of consultation on selected strategic and entrepreneurial matters. This would be one step in the direction of a type of legislative framework that exists in several Scandanavian countries as well as on the Continent. Certainly, we are not ready in this country to have legislation that would require the presence of worker/union representatives in various management councils, but we may be at a point where some type of consultation and disclosure and communication of information to workers and union representatives about important strategic matters would be appropriate.

Conclusion

What does this all add up to? First, we appear to be entering a period where there will be considerably more experimentation with various forms of involvement, either the formal, periodic variety or the informal briefings and consultation on a less regular basis.

The focal point for union involvement in strategic issues will vary between the industry level and the corporate level depending on two variables: the structure of the industry and the structure of bargaining. A small number of oligopolistic employers implies the corporate level is probably the key point for engaging strategic

decision-making while in a highly competitive industry the focus for union involvement is at the industry level. In so doing, the union helps stabilize the industry and regulates competition over industrial relations policies and practices across employers (the garment example of avoiding cutthroat competition over wages) and the union avoids the dilemma of promoting the competitive prospects of one firm against another.

Where a union bargains on a single company basis it may already have direct access to corporate strategic decisions via informal contacts. However, where it bargains on a plant by plant basis or on an industry wide or employer association basis, there may be a vacuum created at the corporate level where key decisions are made and the union lacks any presence, communication channels, and influence.

Moving to the other side of the equation, since employers will resist involvement of unions, unions will need to exert bargaining power to achieve recognition and influence over strategic decisions; however, once access is gained unions must be able to demonstrate they can play both a representational and an integrative role. To this end, presence is better than parity on a board of directors.

Finally, American labor law poses a number of specific constraints on the development of more union involvement. While a wholesale change in the law to require union involvement or to make this a mandatory subject of bargaining is probably neither advisable nor feasible, perhaps providing consultation as well as information and disclosure rights would be a step in the right direction.

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