

# LABOR-MANAGEMENT COOPERATION: OPERATION MOST

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**ABSTRACT:** Unionized contractors and construction unions are in difficulty today because of their apparent increasing lack of competitiveness with the non-union sector of the industry. Problems contributing to this are examined, as are efforts by labor, management, and others to remedy the problems. In Columbus, Ohio, labor and management established Operation MOST as a co-operative program to regain the share of the construction market lost to non-union firms. This program encompasses a variety of activities and has been very successful. It is now being copied in various locations throughout the country. Several recommendations are made as to activities that should be undertaken by the parties to continue their cooperative spirit and to allow the unionized contractors to improve their cost competitiveness.

## INTRODUCTION

Unionized contractors are alarmed over the share of the total construction market being won by open shop contractors, which has increased from 20–60% during the 1970s and is projected to increase to 80% by the mid 1980s (1). The erosion of the union market share has occurred in all construction markets, including the traditional union stronghold of industrial construction. Many reasons have been advanced for the growth of the open shop market share. The three predominant reasons are: wages and nonproductivity related cost factors, productivity, and strikes.

Wages and earnings of unionized construction workers have, on average, been higher than those of their nonunion counterparts. The U.S. Bureau of Labor Statistics has reported that the earnings of unionized construction workers are approximately 50% greater than those of non-union workers (7). The average hourly wage of unionized workers is also higher. Whereas the open shop contractor may pay the equivalent or even higher than union scale to his best workers, his average wage is lower because of his freedom of job and wage assignment (4). Unlike the unionized contractor who may be required to have tasks requiring very little skill performed by skilled journeymen, the nonunion contractor is free to employ helpers and trainees to perform any work for which they are capable, thus freeing the skilled workers to perform work requiring their skills. The open shop contractor is also able to pay lesser skilled workers smaller wages than skilled workers. Thus, the open shop contractor is free to assign the most cost effective worker to a task. Other cost factors such as reporting pay, travel pay, and overtime premiums increase the cost of union workers.

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The translation of costs into unit costs is directly influenced by productivity. Because of the lack of commonality between projects and contractors and the inability to control a myriad of factors, there is little objective data to support the claim that productivity is higher on non-union projects than on unionized projects. Many claim that the reverse is true but that the difference is not great enough to offset the lower average wage for nonunion firms, thereby leaving the union firms at a cost disadvantage. Regardless of relative productivity, many facets of the unionized work environment appear to reduce or inhibit worker productivity. Numerous studies, of which the Business Roundtable's Construction Industry Cost Effectiveness Project is the most recent, have identified rules, practices, and procedures in unionized construction that have a negative effect on productivity, and thus, unit cost. Examples typically cited are exclusive jurisdiction, allegedly restrictive work rules, union control of the supply of labor by operation of the hiring hall, and the inclusion of foremen and general foremen in the bargaining unit. Many of these practices result from unions pursuing the legitimate objective of protecting the jobs of their members. Despite this worthy objective, the effect, although not the same for all contractors, is to cause productivity to be lower than would otherwise be the case.

Although less frequent during the recent recession, strikes continue to cause problems for unionized contractors. In addition to strikes during negotiations over new labor agreements, jurisdictional disputes leading to reduced productivity or lost time, or both, constitute a major, although decreasing problem, for most contractors. Because of changes in material, technology, and other aspects of construction, the occurrence of jurisdictional disputes is not likely to decrease. Approximately one-fifth of all strikes in construction are jurisdictional in nature, even though jurisdictional strikes are prohibited by both federal law and collective bargaining agreements. The impact of strikes is exacerbated by the lack of common expiration dates for the contracts of the different crafts in an area. Strikes impose costs on contractors, thereby reducing profits and the ability to compete. Owners have begun to utilize open shop contractors because of the impact of potential strikes on project completion dates.

The three aforementioned issues are symptomatic of the bargaining power imbalance in construction. It is generally believed that the unions, as a result of better staffing and organization, bargaining structure of the industry, and labor's transferable skills and mobility, have greater bargaining power than the contractors. Local contractor groups often find it difficult to reach a consensus on bargaining objectives. Employers have charged that within the present bargaining structure they are often unable to resist excessive union demands, even by taking a long strike because the costs to the striking union members may be minimized. Cullen and Feinberg addressed the problem of unequal bargaining power and have advanced proposals for restoring a balance (2).

## **RESPONSE OF UNIONIZED CONSTRUCTION**

To reestablish their competitive position, unionized contractors have begun to act both unilaterally and in conjunction with construction unions.

The focus of this paper is on joint labor-management approaches. Two major approaches have been undertaken: changing the bargaining structure and productivity bargaining.

Cullen and Feinberg have examined the bargaining structure in construction, the problems that it fosters, potential changes in it, and attempts to change it. Productivity bargaining, a bargaining process in which management identifies constraints on the efficient use of labor and negotiates with the unions for their cooperation in the removal of the constraints, was examined by Maloney (3). He found that true productivity bargaining—negotiation in which changes in wages are tied to changes in work with the objective of reducing or stabilizing unit costs (6)—has not taken place in construction in the United States. Two reasons advanced for the absence of true productivity bargaining are the lack of sophistication in the contractors' negotiation abilities, including failure to adequately cost out labor contract provisions, and a lack of cooperation from unions and their members.

Labor-management cooperation has been difficult to achieve. A study by the Contractors Mutual Association (CMA) concludes that "Despite . . . penetration of the construction market by non-union contractors, it does not appear that union construction workers have been sufficiently aroused to take significant steps to meet the nonunion competition and protect their jobs" (5), e.g., by way of smaller wage increases or participation in productivity improvement efforts. The CMA lists several reasons for the lack of definite action, particularly at the local level. These are cited not to justify, but rather to explain the lack of local action:

1. Inertia or unwillingness on the part of some local unions or their members to face the facts.

2. Workers are not likely to view open shop work as a threat to their jobs as long as they are employed. In some cases, where the volume of union shop work cannot provide employment to local union members, the potentially unemployed members are working on open shop projects.

3. It is possible that, in some localities at least, the unemployment of union construction workers is regarded as resulting from a low volume of work (rather than from open shop competition) and it is expected that economic recovery will eventually restore the balance.

4. Some local contractors or their representatives have not engaged in sufficiently hard bargaining or have not brought sufficient evidence to the bargaining table.

5. In some local areas, the union shop is still firmly entrenched and the need for local action is not yet apparent.

6. Some owners, accustomed to union contractor work, have been reluctant to shift to open shop although their attitudes are changing and they are issuing warnings that spiraling cost may lead them to use either open shop contractors or their own work force (5).

These factors have contributed to the lack of action on the part of both the unions and unionized contractors. However, they are not to be viewed as characteristic of the entire industry because, in many areas, labor and management are taking steps to meet the open shop challenge. In numerous areas of the country, wages have been frozen or even reduced

and work rules have been modified or eliminated to reduce their cost impact.

Although true productivity bargaining has not occurred in construction in the United States, labor and management in several areas have negotiated agreements that may represent attempts at initiating the productivity bargaining process. These agreements are multicraft memoranda of agreement or understanding. They neither modify nor eliminate any practice in existing collective bargaining agreements. The negotiation of specific contractual changes is appropriately left to the individual unions and contractor associations who, for the most part, have failed to follow through.

In some instances, the multicraft memoranda has formed the basis for rudimentary productivity bargaining. But many have been public relations tools negotiated by the parties as generalized statements to the effect that there are practices that hinder productivity and increase costs. The memoranda represent an admission by both labor and management that problems exist and that solutions to these problems can be found through cooperation. The identification of problems is one outcome of this cooperative effort by the parties.

True productivity bargaining has the potential for significantly improving the competitive position of unionized contractors independently of efforts to reform the industry's bargaining structure. There are two prerequisites for productivity bargaining. The first is that union members and officials must understand that the continued exercise and abuse of their bargaining power is to the detriment of union contractors and, consequently, to themselves. Secondly, the parties must substitute a problem solving approach for the traditional adversarial approach to bargaining. Within a problem solving mode, productivity bargaining can be viewed as an evolutionary process with the negotiation of a memorandum of understanding or agreement as the first step.

## RESEARCH OBJECTIVES

The major objectives of this study were to: (1) Examine the issues addressed in the memoranda and how they are addressed; (2) compare and contrast the rights and obligations of the parties established by the memoranda and those established by federal labor laws and collective bargaining agreements; and (3) analyze the memoranda within the context of the evolution of productivity bargaining.

## METHODOLOGY

Copies of publicized agreements were obtained from several areas: Cincinnati, Columbus, and Dayton, Ohio; Indianapolis; Louisville; Atlanta; Dallas-Ft. Worth; St. Louis; Berks County, Pennsylvania; Colorado; Massachusetts; Beaumont, Texas; and the mid-Ohio Valley. The agreements were found to be very similar and it was, therefore, decided to select one agreement as representative and subject it to a detailed analysis.

The agreement selected was from Columbus, Ohio, and is known as the Operation MOST agreement where MOST is an acronym for Man-

agement and Organized Labor Striving Together. This agreement, negotiated in 1976, was patterned after a similar agreement termed Operation TOP NOTCH that had been negotiated in Indianapolis in 1975. The MOST agreement has received a considerable amount of publicity and was the pattern for agreements negotiated in Cincinnati, Dayton, and Louisville. It has been acclaimed and endorsed as worthy of adoption on a national basis by the National Construction Employers Council. The agreement was also selected because of the actions taken by the parties in addition to the memorandum.

### **CENTRAL OHIO COUNCIL OF ORGANIZED CONSTRUCTION**

In the mid 1970s, the construction labor relations environment in central Ohio was typical of that in most areas. Pickets, jurisdictional disputes, and work slowdowns were common on construction jobsites. Labor negotiations were often chaotic and accompanied by violence. As a consequence, businesses were reluctant to build in the area because of the uncertainty associated with project completion dates and final costs. At the same time, nonunion contractors were increasing their share of the available work. During this time, a major business firm was considering the construction of a second facility in the Columbus area, but was undecided about going ahead with the project because of a bad experience on a previous construction project in the area. The company believed that the construction of its first facility had been characterized by low productivity on the part of the unionized craftsmen. To aid in his decision, the owner sought a meeting with the Columbus Building and Construction Trades Council to discuss his concerns. At that meeting, the owner was given assurances by the unions that performance on any future projects would be much more satisfactory. The company went ahead with the project and the workers' performance was far superior to that on the first project. Upon completion of the project, the owner wrote to the Council stating that because of improvement in productivity, costs, and attitudes by labor and contractors, the project had been completed under budget.

This favorable response from the owner inspired labor leaders and contractors to consider a broader program, one that would include all of unionized construction in central Ohio. Because of the fragmented nature of the industry, there is a multitude of contractors, contractor associations, and labor organizations. As a result, there had never been a vehicle through which all the unions and unionized contractors in an area could get together to talk about their problems and find ways to collectively solve them. Acting upon the belief that the entire unionized construction community should be working together, the unions and contractor associations formed the Central Ohio Council of Organized Construction (COCOC) in 1976. It is comprised of 20 labor unions and 10 contractor associations, and covers the six county Columbus metropolitan area. Unlike some similar programs, owners and suppliers are excluded from membership in order to allow the members to focus on the problems between labor and management. However, input is sought from owners when it is believed they can help address specific problems. The council was created to serve as a means of increasing the com-

munication and cooperation between labor and management, to end jurisdictional disputes, and to present a unified voice for organized construction. In addition, a major function of the council was to create and implement a public relations program to deal with the negative perceptions of unionized construction held by many people.

The council is led by a chairman and vice-chairman who are elected by the members. The two positions alternate between labor and management representatives. The business of the council is accomplished through various committees of members that meet on a monthly basis. The committees are made up of contractors, not contractor association representatives, and union officials, and deal with matters such as productivity, public relations, business development, etc. To promote a dialogue between labor and management, neither the committees nor the council are to play a role in contract negotiations. The primary concern of the council is selling unionized construction to potential purchasers of construction services. Funding for the activities of the council is provided by the members with the contractors responsible for two-thirds of the required funds. Operating budgets have been approximately \$30,000.

### **OPERATION MOST**

One of the first activities of the COCOC was to address the negative perception that many people had of unionized construction. In December 1976 the COCOC initiated a public relations program titled Operation MOST that was designed to improve the public's perception of unionized construction. The parties adapted a program, titled Operation TOP NOTCH, that had been established to their needs the previous year in Indianapolis. The program is governed by an advisory council of five labor representatives and five management representatives. One of the members is the vice-chairman of the COCOC.

As part of the program, the members of the COCOC negotiated and signed a memorandum of understanding (Appendix I). The basic goal of Operation MOST was to promote a healthier building climate for central Ohio by: (1) Convincing owners of construction projects that they will get the best value for their construction dollar by hiring firms who employ AFL-CIO Building and Construction Trades craftsmen; and (2) promoting a renewed sense of mutual respect and cooperation between management and labor.

For the program to succeed, it had to be sold to the union members and the public, especially the potential buyers of construction services. The selling of the program to the union members was initially done through an extensive communication effort. In a letter sent to union tradesmen, union leaders stated that they were "... asking workers to increase productivity and asking them to re-evaluate their work so we can restore the old pride of workmanship. Simply because a job is up and hanging and you can walk away from it without it falling down is not good enough today." The letter went on to say that what the industry wants to see is new levels of productivity and cost savings from the workers while, at the same time, maintaining the highest standards of quality. If this is done, the letter stated, it will result in an increase in construction projects that employ union craftsmen, thus bringing the

workers more jobs and steadier employment. The letter further stated that, as a result, the union contractors in central Ohio would be kept competitive with the nonunion contractors who bid on the same jobs. To assuage any fears to the contrary, the union leaders concluded their letter by saying that the workers need only to work smarter and keep waste to a minimum in order to deliver the best value for the construction dollar. If the workers did this, they were told, the central Ohio area would be more attractive to would-be buyers of new construction.

A public relations firm was retained to help sell the program to the public to change the image of the industry. It was believed that labor and management could make major changes in their way of doing business but, without a public relations campaign, the public would know nothing about it. The campaign was also directed toward the workers with the objective of developing enthusiasm and support for the program on the part of the workers. The public relations campaign consisted of press conferences; advertising in construction and business periodicals; billboards and posters displayed in the central Ohio area; bumper stickers and hard hat stickers; audio-video presentations to interested parties by two person teams, one from labor and one from management; and periodic mailings to workers' homes.

One part of the program was the establishment of Operation MOST projects. Even though the COCOC included all unionized construction in the area, all construction projects being worked by unionized craftsmen were not considered as Operation MOST projects. To receive the designation as an Operation MOST project, the general contractor or owner/developer had to apply to the COCOC and commit to working the project on a totally union basis. In return, the unions and the contractors pledged to abide by the Operation MOST agreement and, further, that there would be no work stoppages. However, not all such applications were to be approved. Labor and management representatives did not want to get involved in projects that might be run unprofessionally or involve shoddy work. Therefore, the application for projects where there was a high likelihood of this occurring were to be denied. Projects receiving the MOST designation were entitled to fly a MOST banner to indicate the commitment of labor and management on the project to cost-effective and quality work. The concept of MOST projects and their guarantee of no work stoppages was to be used as a major selling point to potential buyers of construction services.

In 1978, the idea of a well-publicized awards banquet was developed at which an award for "jobsite-of-the-year" and "journeyman-of-the-year" would be presented. The jobsite-of-the-year was to be an outstanding example of union skill at work, including neatness, accuracy, commendable performance of difficult work and overall performance. Swift-ness of completion and cooperation between crafts on the jobsite were also to be considered. The journeyman-of-the-year was to be selected from craftsmen on the jobsite-of-the-year. He or she was to be a person respected by fellow workers for the high standards promoted in the performance of their trade and as an active union member and good citizen of the community. Major governmental and business leaders were to be invited to the banquet along with contractors, union officials, and construction craftsmen.

## OPERATION MOST AGREEMENT

Much of the publicity about Operation MOST focused on the memorandum of understanding negotiated and signed by 30 construction labor unions and contractor associations. This agreement (Appendix I) served to focus attention on the actions of the parties. Because the agreement is a major element of the program, it was analyzed to examine the issues and how they are addressed. In addition, the rights and obligations of the parties established by the memorandum and those established by federal law and collective bargaining agreements were compared and contrasted.

The first section of the agreement, the preamble, is simply a general statement by the parties that they will support the provisions of the memorandum and the policies and programs that will eliminate problems and promote a healthy construction environment in the area. This is a fairly innocuous statement that commits the parties to do nothing specific. It would probably be very difficult to find anyone in the construction industry who would disagree with it. It is a "motherhood, apple pie, and flag" clause.

Contractors and their activities are the subject of the second section. The first clause of the section appears to have very little to do with labor-management issues. Rather, it appears to be directed toward the construction purchaser. Only contractors who enjoy litigation would operate in a manner contrary to that prescribed in the clause. Management rights is the subject of the second clause, which is a fairly standard management rights clause found in the great majority of labor agreements. Its inclusion in the memorandum gives the contractors nothing more than they already have in the specific labor agreements. The clause is general and it does not override any specific restrictions placed on management's rights in specified areas in the individual labor agreements. The next three clauses in this section are nothing more than truisms about the way a construction business should be operated. It is difficult to imagine contractors operating in a manner contrary to these clauses and remaining in business very long.

The last clause addresses a major problem in unionized construction, jurisdictional disputes. In a very straightforward way, it says that contractors will make every effort to assign work to the proper craft. The question that arises in analyzing the clause, though, is that of the proper craft. The clause refers to Section IV-4, which says that the parties will hold a preassignment conference to determine the proper craft. Thus, the contractor still appears to be restricted in making assignments because the crafts people have established claims to particular work in their labor agreements as well as through past practice. The gain from this clause is that potential disputes are dealt with before the assignment is made, thus reducing the possibility of lost time once the work has begun. However, clauses of this nature are contained in many construction-labor agreements.

The third section of the memorandum addresses union activities. In the first clause of the section, the unions pledge that they will not picket or strike to settle jurisdictional disputes. This clause does not give contractors anything they do not already have. Jurisdictional strikes are pro-



hibited by collective bargaining agreements as well as the Taft-Hartley Act. By agreeing to the clause, the unions are simply agreeing to abide by the law of the land.

In the second clause, the unions essentially state that they will attempt to make their members understand that they must provide the contractor with a level of output that will justify their wages. The great majority of labor agreements provide that there will be no nonworking stewards, thus the inclusion of the third clause of this section changes nothing. The subject matter of the fourth clause is also found in most labor agreements. In those where it is not, management rights clauses give contractors the right to establish work rules that relate to early starts, late quits, and production restrictions. Where these problems do occur, it is typically found that contractors have failed to enforce the work rules established for the job.

The unions, in the fifth clause, agree to furnish qualified craftsmen. They also agree to this in most labor agreements. It is a fine concept in the abstract, but one that becomes very difficult to adhere to in the concrete. This is true for several reasons. First, what are the criteria used to establish whether or not a worker is qualified? The contractor, or his representative, must make the determination of a worker's qualifications because the contractor is paying for the worker's efforts. Secondly, operation of the hiring hall on the basis of workers' qualifications opens the union to numerous charges of breach of the duty of fair representation. It may be possible to develop the means to operate the hiring objectively, but this has not been done anywhere in the country. The typical hall operates in a first in, first out manner. Thirdly, what happens when the hall is unable to provide workers who would be deemed qualified by the contractors? Does the union admit that it cannot refer qualified workers or does it refer unqualified people? The clause will present no problem to the unions or contractors during a recession. The problems will arise when the demand for labor outstrips the supply of "qualified" workers.

In the last clause of this section, the unions pledge that they will not engage in illegal work stoppages or strikes. If, by definition, the strikes or work stoppages are illegal, the unions are agreeing to live up to the law. If the unions do this, it would be of positive benefit to the industry because stoppages and strikes that are illegal do occur with the unions and their members going unpunished because the contractors are more concerned about getting the job going again than they are in punishing the unions.

The last section of the memorandum deals with matters that are of a joint labor-management nature. In the first clause, the parties agree to cooperate in marketing union construction by selling the idea that unionized contractors and their workers will produce the best quality construction product for the money. This is not a labor relations issue but one of business development. It indicates that the parties believe that unionized construction has a bad public image and that they will cooperate to change that image.

In the second clause, the parties agree that, except in unusual circumstances, overtime will not be worked. Thus, contractors will not offer overtime as a means of recruiting workers and the unions will not press

for the use of overtime as a means of increasing worker income. The third clause says that cost increasing practices that are not necessary will be eliminated. As contained in the memorandum, this clause does not mean very much because the practices to which it refers are contained in the individual labor agreements that are negotiated between the unions and the contractor associations. It is during the negotiations over these agreements that any such practices could be removed from the agreements. The clause in the memorandum cannot do this. The fourth clause was examined previously in the discussion of jurisdictional disputes.

As with several of the other clauses already examined, the fifth clause in this section, in which the parties agree to abide by all safety laws and regulations, is an agreement to follow the law of the land and, as such, means very little. The last clause of the section states the parties' support for joint apprenticeship and journeyman upgrading programs to ensure an adequate supply of qualified workers. This clause is fine in the abstract, but becomes a problem when examined in a specific context. What is meant by the term adequate? Should apprentices be admitted to the union, even when there is severe unemployment among the present members, in order to provide sufficient numbers of qualified personnel in the future when demand is expected to be high? As stated in the abstract, the clause simply indicates that the parties are aware of the need to provide an adequate supply of qualified labor.

#### **EVALUATION OF COCOC AND OPERATION MOST**

The program was an immediate success. It received extensive press coverage. Local radio, television, and newspapers reported on the creation of Operation MOST and the COCOC program and editorialized on their value. National publications as disparate as *Engineering News Record* and the *National Observer* reported on the program. The National Construction Employers Council examined the program and recommended it be adopted nationwide. It allowed unionized contractors to make significant inroads into the nonunion market share. According to the COCOC, approximately 80% of the work on a dollar volume basis is now being performed by unionized contractors. This, however, represents only 20% of the total number of projects. By the middle of 1983, approximately \$1 billion worth of construction had been successfully completed as MOST projects. There was one instance where an owner had accepted a unionized contractor's bid, which had been third lowest. He did this in lieu of the lower nonunion firms' bids in order to receive the designation as a MOST project.

It has proven to be a sounding board for problems; it has not stopped problems from arising, but it has allowed them to be settled at a meeting away from the job without a work stoppage. The number of jurisdictional problems has declined significantly.

The monthly operational meetings of the various committees have served to foster the development of a problem solving approach by the parties. Before the creation of the council, union and management officials normally only met during contract negotiation sessions or when problems arose on a job site. The monthly meetings have allowed the parties to find areas of agreement and to identify and solve problems in

areas other than jurisdiction and picketing before they reach the confrontation stage. Although no changes in labor agreements can be directly attributed to the program, the parties believe that the spirit of the program has resulted in some agreement changes. Concessions have been made by the unions. However, it is impossible to ascertain whether they are the result of the program, or the downturn in the economy which drastically reduced the volume of construction work. Union leaders, though, insist that the unions and their members are willing to engage in productivity bargaining.

The recent economic recession and resultant increase in competition for work from both union and nonunion contractors have led a large union contractor, who has been in business a long time, to establish a double-breasted operation in Columbus. This was done in a very open manner. The Columbus Building and Construction Trades Council filed suit against the contractor for monetary damages. Despite its apparently strong case against the contractor, which may have resulted in a large monetary settlement and generated a lot of press coverage, the council agreed to a settlement in which the contractor agreed to make a payment to a general union fund and not go double-breasted in the future. This was done to maintain the contractor-union relationships that were brought about by Operation MOST. However, the force of competition may drive other union contractors to go double-breasted.

By most criteria, the operation of the COCOC and Operation MOST must be considered a success. Communication and cooperation between labor and management have improved, the problem of jurisdictional problems and strikes has been greatly reduced, and the unionized contractors have been able to capture a larger share of the construction market. The greatest success, excluding the impact of the double-breasted move cited earlier, has been in the change in attitudes. The relationship between the contractors and union officials has shifted from being adversarial in nature to accommodating and, finally, to being cooperative. They have focused more on problem solving and less on the division of earnings and the restriction of management rights. This has not been translated into productivity bargaining, which is necessary to restore the unionized contractors' ability to compete. In order to do this, it is necessary to educate the work force, union officials, and the contractors.

## THE NEXT STEP

Union objectives in collective bargaining, whether in the negotiation of a formal collective bargaining agreement, informal job site agreement, or area practice, are to protect the worker from arbitrary action on the part of the employer. In addition, they establish and protect working conditions, and advance and protect the economic well-being of the worker. Because of the nature of employment in the construction industry, labor has not felt the need to protect workers via the detailed and complex seniority systems and promotion, layoff, and discharge procedures found in the manufacturing sector. The basic orientation of unions in the construction industry has been on the negotiation of economic benefits and on working conditions that protect employment opportunities. This is not to say that the construction unions have not been

concerned with the negotiation of work rules that make construction work less onerous, such as coffee breaks and wash-up time. However, this has been a secondary objective to that of job protection and improved economic benefits.

The competitive environment in the construction industry has significantly changed. Twenty years ago, nonunion contractors held a small share of the construction market. Union contractors agreed to union demands and simply passed the cost of the demands on to the purchaser of construction services. They did this with the knowledge that the great majority of contractors operated with the same labor rates and that the cost pass through would not reduce their ability to compete for work. Today, with the exception of some specialized markets, nonunion contractors perform the majority of construction work. There is great competition for work between union and nonunion contractors. A case can easily be made that union contractors are no longer competitive on a cost basis. As a result, they can no longer pass through increased costs resulting from the negotiation of wages, hours, and other terms and conditions of employment in collective bargaining agreements.

Even though the contractors' competitive environment has changed, the aspirations of their workers have not. Consequently, there is a lack of congruence between the workers' expectations of job security and economic betterment and what is possible within the contractors' competitive environment. It is obvious that the workers' perceptions of the various construction markets, and thus their expectations as to what is attainable, are significantly different from their own union officials'. The difference in perceptions within a union may be attributable to a variety of factors including individual differences. Probably the most significant is that different groups of members within the union receive different information. The greater the compartmentalization of information, the greater the diversity of expectations.

Several characteristics of construction employment and unions contribute to compartmentalization. First, workers work for different employers within the bargaining unit. Economic conditions will have a differential impact upon contractors because of differences in managerial capabilities, markets in which firms operate, a firm's capitalization, etc. The greater the difference in impact, the greater the diversity in perceptions of the economic environment and, thus, expectations as to what is attainable. Secondly, members are geographically separated because of the multiple employer, and jobsite nature of employment in the industry. This inhibits communication between members that could serve to reduce disparate perceptions. Thirdly, because of the breadth of the geographic jurisdiction of some locals, as well as other factors, construction union meetings are not characterized by great attendance. Typically, about 5% of the membership attends, which inhibits the flow of communication within the union. Because of the first two factors considered here, meeting attendance is much more crucial to the reduction of the disparity in workers' perceptions of attainable bargaining objectives in construction than other industries. Even those meetings prior to the start of negotiations for a new agreement, to ratify or reject a tentative agreement, or for a strike vote, offer little opportunity for meaningful communication. This is because of the complexity of many bar-

gaining issues and the potential problem of group psychology whereby a vocal minority may possess a disproportionate influence over the actions of the membership. Lastly, even when members receive information, there is a considerable disparity in the amount of information that members take into account. Rank and file members receive much less information than the union's bargaining team and, typically, ingest only a small portion of what they do receive. These four factors, acting in concert, serve to prevent the expectations of a construction union's membership from coalescing about a set of reasonable bargaining expectations.

The union negotiator is in more direct and frequent contact with the contractor representatives. As a result, he is exposed to more information about the economic environment within which the unionized contractor must function. He is also exposed to the nature of the contractors' desires and their willingness and ability to use economic power to reach desired ends. The negotiator is also more experienced and skillful than his constituents in appraising the eventual settlement. As a result, the problem of the negotiator is not one of rallying the membership and convincing them of the righteousness of the demands, but one of restraining the rank and file "from pressing for terms which the leader's wider experience and greater knowledge tells him is either unwise or indefensible. . . ." The position of the negotiator, on the boundary between labor and management, involves making some assessment of the legitimacy of the demands of both his union and the contractors'. Most likely, he moderates the demands from the union, or convinces the membership of the need for contractual modifications.

The union negotiator is, therefore, placed in a most difficult position. He must be responsive to his constituents' demands for better economic benefits and improved job protection. He must also be responsive to the contractors' needs to remain competitive with nonunion contractors. Thus, the negotiator must walk the tight rope between the interests of the rank and file and of the contractors. His task is made more perilous because the position of business manager or agent is an elective one; he must periodically stand for election. If he is perceived by the rank and file as neglecting their desires as he attempts to respond to the contractors' concerns, he will likely be voted out of office at the next election. The business manager's response to political pressures depends upon his influence within the union. If he is in a strong influence position, he may be relatively immune to political pressures. If he is in a weak position, he will have to be responsive to the members' desires in order to reduce the political pressures on himself.

The union negotiator, therefore, has three often conflicting objectives. These are, not necessarily in any order: (1) Secure improvements in economic benefits and job protection for the membership; (2) protect or improve the contractors' ability to compete for work, or do both; and (3) retain his office within the union. To do this, the negotiator must find a means of reducing the expectations of the rank and file, or of reducing the dissatisfaction experienced by the rank and file when the settlement does not meet their expectations.

This can be done through cooperation between labor and management. The COCOC and Operation MOST have set the stage for this in

central Ohio. The primary need is to communicate with the union's membership in order to educate the members on the economics of the construction process, and the relationship between the costs of union contractors and those of nonunion contractors. This communication effort must stress the influence of labor costs on the unionized contractors' ability to obtain work and, consequently, to provide employment opportunities for union members.

Several activities could and should be undertaken to do this. These activities should, in the long run, develop an understanding on the part of the union members of the competitive position of unionized contractors vis-a-vis nonunion contractors and the impact of labor costs on that position. It would be expected that this understanding would reduce the level of expectation with regard to bargaining objectives and, thereby, reduce the political pressures on the union's business manager and negotiating team.

These activities are:

1. Develop an accurate picture of labor costs and competitive position relative to the nonunion competition. The cost impact of each clause in the labor agreement must be determined. The level of competition in each specific construction market must be determined by developing precise figures on the relative amounts of work being done by unionized and nonunion contractors, and the cost differences between them. This must include an analysis of historical data to assess trends and to project activity based upon various bargaining scenarios. The development of this data is a necessity because much of the discussion between labor and management to date has dealt with opinions that have not been substantiated with data. The data would be a major input into the collective bargaining process.

2. Develop a course in construction economics to be included in apprenticeship programs. The course should have an emphasis on labor costs and productivity and should incorporate the data considered here. It should be developed and included in all apprenticeship programs for which the contractors are participants. The course should be taught by a contractor and should be made available to any journeyman who would like to take it in addition to the apprentices.

3. Develop an educational program for the rank and file. The program must stress the common objectives of the contractors and the union members and present a set of actions that must be taken by both labor and management to improve the competitive position of the unionized contractor. It must fully integrate the data developed in activity 1.

Once these three activities have been completed, the parties can begin the productivity bargaining process by initiating problem solving sessions involving labor and management. These sessions should be undertaken at several levels. The COCOC can serve as the vehicle for initiating the sessions at the industry level. It is currently doing this. However, joint labor-management efforts at this level have proven somewhat limited in their ability to reduce the political pressures on union negotiators to pursue relatively costly demands, or to accept concessions because of the participants in the efforts. The efforts involve contractor

representatives and union business managers—individuals who, for the most part, already understand the competitive problems of the contractors. An objective of these efforts is to change the attitudes of the participants to facilitate a more cooperative relationship between labor and management. They have a limited ability to reach the unions' rank and file. It is the attitudes of the rank and file that are determinative of the pressures on the business manager. Only by changing the rank and file's attitudes can there be a reduction in the unrealistic expectations of many union members in terms of economic improvement and job protection. Therefore, consideration should be given to including a greater number of the rank and file in the problem solving sessions. In addition, joint labor-management efforts should be undertaken at the local union level between representatives of the union and the contractors with whom the union bargains, at the employer level, and at the jobsite level. The objective is to increase the number of workers aware of the economic problems of the unionized contractor. The efforts at each of the levels would be directed toward studying areas that impact the contractors' ability to compete. It must be emphasized that these efforts are not intended to replace collective bargaining but to address issues outside of the bargaining process by developing an accurate picture of the problem, its potential causes, and potential solutions.

The problems addressed and the activities undertaken will be different at each of these levels, but there is one overriding objective: increasing the understanding of the unionized contractors' problems. Only by educating the rank and file can the expectations of economic improvement and job protection be brought into line with what is attainable or maintainable within the economic environment of the unionized contractors.

## **CONCLUSION**

The contractors and construction unions in the Columbus area have made excellent strides in establishing the basis for the initiation of productivity bargaining. Communication has been established and attitudes have changed. This must be continued and extended throughout the contractor and labor organizations. Research into costs and competitive position, the development and implementation of educational programs, and contractors getting their houses in order will complete the prerequisites for productivity bargaining. The conduct of the research and the development of the educational programs will require time. Contractors may be unable or unwilling to wait before going double breasted or totally nonunion. If these efforts are to have any hope of success, they must begin immediately or else it may be too late for unionized construction.

## **APPENDIX I.—OPERATION MOST AGREEMENT**

### **I. PREAMBLE**

The parties signatory to this Understanding pledge their cooperation and support to the provisions of the Understanding and other mutually agreed upon policies and programs which will tend to eliminate prob-

lems and promote a healthy growth of the construction industry in Central Ohio.

## **II. CONTRACTORS**

1. Contractors shall make installations in accordance with plans and specifications and recognized contract procedures.
2. Contractors shall exercise management rights. These rights shall include planning, directing, hiring, laying off, and transferring members of the work force.
3. Contractors shall provide craftsmen with necessary plans, employer-furnished tools, equipment and materials in a timely manner as required by the craftsman to perform his duties in the most efficient and expeditious manner.
4. Prime contractors shall be responsible for the project performance of their subcontractors.
5. Contractors shall follow all recognized ethical standards and procedures in soliciting bids and performing all work.
6. Contractors shall exert every effort to make work assignments to the proper craft to eliminate jurisdictional disputes (see IV-4).

## **III. UNIONS**

1. Unions pledge that no picketing or strikes will be used to settle jurisdictional disputes. After obtaining all necessary facts, the parties involved will resolve the dispute as expeditiously as possible.
2. To increase productivity, the individual workman shall be made to realize his responsibility in achieving that objective. The necessity of performing a day's work for a day's pay will be emphasized.
3. Where stewards are appointed by respective unions, the steward shall be a qualified workman. There shall be no nonworking stewards.
4. Craftsmen shall be at their regular place of work at the regular starting time and shall continue working until quitting time. There shall be no limit on production by craftsmen nor restrictions on the use of tools or equipment other than that which may be required by safety regulations.
5. The unions agree to furnish qualified craftsmen for the specific job as required by the contractor.
6. The unions pledge that illegal work stoppages and illegal strikes will not occur.

## **IV. CONTRACTOR-UNION**

1. Unions and contractors will cooperate to demonstrate to contract-letting agencies, owners, financial institutions, architects and engineers that organized labor and their employers will produce the best quality installation for the money.
2. It is recognized that prolonged periods of overtime tend to reduce productivity and, therefore, are not in the best interests of the con-



sumer, the industry and the craftsmen. Therefore, except in unusual circumstances, overtime will not be worked.

3. Any unnecessary or inefficient work practices such as slow-downs and work rules which increase costs will be eliminated.
4. Employer and/or its subcontractors, will engage in preassignment conferences with the business representatives of the various local unions to try to clear up or reach agreement on all anticipated work assignments upon which the employer has reason to believe there are differences of opinion between two or more unions. The parties will resolve all differences by negotiations and discussion.
5. The unions and contractors agree to abide by all Federal, State, and local safety regulations as they apply to the construction process.
6. The unions and contractors agree to support joint apprenticeship and journeyman upgrading programs to assure an adequate supply of trained craftsmen to meet manpower requirements.

## APPENDIX II.—REFERENCES

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