

BOOK REVIEW

A Fighting Chance: New Strategies to Save Jobs and Reduce Costs. Edited by Sally Klingel and Ann Martin. ILR Press, Cornell University, Ithaca, New York, 1988, 132 pp.

Instances of union-management cooperation intended to improve business efficiency have become increasingly common in the past ten years. Among forms of cooperation described in the literature, union members' participation in problem-solving groups at the plant, department, and worksite levels has received much attention. Union participation in the development of strategies for specific large-scale cost reductions designed to save failing plant operations has been mentioned less prominently. The Klingel and Martin book provides information about such cost-cutting efforts in three New York State firms.

The research upon which the book is based was carried out by associates of Cornell University's Program for Employment and Workplace Systems (PEWS), and funded in part by New York State's Commission on Trade and Competitiveness. The three manufacturing plants and unions targeted by the research were Xerox and the Amalgamated Clothing and Textile Workers Union in Webster, New York; Harrison Radiator and the United Auto Workers in Lockport, New York; and Trico Products and the United Auto Workers in Buffalo, New York. All three plants could be categorized as being among those which, in the authors' phrasing, are being forced by foreign competition to either "fight or flee." Faced with the difficulty of competing against foreign firms that produce quality products at lower cost, such plants have suffered serious losses of market share. The choices for these firms have been to (1) close down uncompetitive operations and have needed work done by the lowest outside domestic or foreign bidder; (2) build new plants in countries where wages are lower; (3) use a variation of these flight strategies; or (4) fight to survive by seeking ways of cutting costs. In all three of the cases featured in this book the decision was that the union and management would cooperate in establishing cost study teams (CSTs). The purpose of the teams was to develop strategies to achieve the cost savings necessary to restore needed competitiveness. As described by the authors, CSTs

...examine shop-floor problems in the broad context of the economics, technology, and organizational structure of the firm. Teams are encouraged to make recommendations on any aspect of the manufacturing process, with the exception of wages and benefits, giving the union and management the opportunity to plan together for the long-term future of the company.

The outcomes of the CST efforts were generally positive, even though team structure, operating procedures, and support varied among the three cases. At Xerox, an

eight-member CST created in 1981 was credited with identifying more than \$3 million in cost reductions and saving 180 jobs. This team, consisting of six union and two management members, was assigned full-time to the cost study work for six months. A joint union-management steering committee and a higher-level joint planning committee were also created and involved. A cost-saving target, training for team members, needed information, and access to resource people were provided. As a result of the success of the effort, a CST clause was included in the 1983 union contract, and additional teams were established. The experience of the new teams has been mixed but still generally positive.

At Harrison Radiator, a CST effort begun in 1984 led to saving a warehousing operation slated to be outsourced. In this case, an eighteen member all-union team worked on the development of cost-cutting measures for a period of about one month. Creation of the team was initially suggested by management. The union agreed to the suggestion but, as a result of distrust of management intent, insisted that no supervisors be included on the team. Despite subsequent lack of supervisory support for its work, the team's recommendations were accepted by top management. More than \$1 million of cost reductions were achieved in nine months and close to 200 jobs were saved. Despite these achievements, there is no assurance that the warehouse operation can be maintained in the long run.

At Trico Products, two CSTs were established early in 1986 in an attempt to forestall the transfer of the firm's Buffalo operations to two new plants planned for construction in Texas and Mexico. Formation of the teams was suggested by staff members of PEWS and strongly supported by the union. The company reluctantly agreed to these team studies in the face of strong community and political pressures, but refused to support a proposed third team intended to study costs of constructing a new plant in the Buffalo area. (The union subsequently established such a team on its own.) The two joint teams were each composed of two shop floor representatives chosen by the union and two managers. A joint steering committee was also established. The CST's received four days of orientation and training in problem solving and cost accounting. Reports of the teams' efforts, filed after seventeen weeks of study, failed to forestall the planned transfer of the Buffalo operations. However, the company agreed to retain 300 more jobs in the Buffalo area than it had planned and an arrangement for increased labor-management cooperation in the future was adopted.

The results generated by the CST process in these three cases included obvious gains for workers in the form of jobs saved. The results also included establishment of the principle of increased employee participation in a broad range of decision making. Although successful for workers in this sense, the process involved considerable risks for the unions. As the authors observe, unions are put in a weak, reactive position in such cases. In effect, they are forced to compete against low-wage nonunion workers; cost-cutting measures often involve substantial revisions of current contract provisions; and divisions within the union membership are commonly created. Management, on the other hand, has less risk in that costs will be reduced no matter whether CSTs succeed in reaching cost-reduction targets, or they fail and operations are moved.

On the basis of these cases alone, it is difficult to judge the potential of the CST process. In all three cases, a labor-management participation process had ex-

isted prior to the establishment of the CSTs. Whether similar results could be obtained in the absence of a previous cooperative experience is questionable. The results of these cases demonstrate, however, that given the right circumstances union and management can work together to increase competitiveness in the face of serious economic pressures. One would hope that additional studies of this and similar cost-cutting efforts will be forthcoming. Assessments of whether such efforts can have more than stop-gap benefits would be especially welcome.

This book is valuable reading for anyone interested in the development of union-management cooperation and employee involvement within the context of today's increasingly competitive economy. In addition to the case descriptions, the book contains a chapter that compares the dynamics, procedures, and results of the three cases, another chapter that analyzes the risks and benefits of the CST process, and a useful concluding chapter that outlines steps that may be followed in starting a cost study team. The cases and the analysis both contribute to enhanced understanding of the range of circumstances and influences that can impact the success of employee involvement efforts. The book also provides important insights into the dynamics and outcomes of a type of involvement that has received only limited previous attention.

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