

BEST PRACTICE NUMBER 1

SUPPORT FOR LMG COOPERATION MUST COME FROM THE TOP⁷

A LMG initiative⁸ will not succeed if it does not have the support of top-level management and labor representatives. Given their position of authority, discretion and leadership, top-level management and labor representatives often must play the role of catalyst in a LMG cooperative initiative, even though the initiative must ultimately have the support and involvement of the whole organization in order for it to be successful. As with most leadership challenges, it is paramount that management and labor leaders *truly believe* in the value of LMG cooperation and that they lead by example.

With respect to the management side of the equation, on a practical level this means that upper level management must not only support the

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Most importantly, upper management must “practice what it preaches,”

⁷ By David Thaler, with the assistance of Jennifer Oritz and Rebecca Walton.

⁸ By “LMG Initiative,” we are generally referring to any organized, concerted effort to unite representatives of labor and management in a cooperative endeavor to improve their relationship and also work toward the benefit of the organization. In the sense in which we are using it here, it usually refers to activity at the plant level, but if its focus is clear enough, such as in the Canadian Case Study on the *Steel Industry Worker Adjustment Program*, it can refer to activity that is sectoral or even national in scope.

frequently consulting with and even yielding decision-making authority to workers in appropriate cases. (For a more detailed discussion of devolution of decision-making, please see [Chapter 4](#) of this Tool Kit.)

This initial component of success – i.e., management’s sincere belief in the value of LMG cooperation – is more challenging than it may seem, requiring a “leap of faith”⁹ on the part of managers who may be long accustomed to the idea that management has all the solutions and all the authority to implement them. The idea that workers may have more knowledge about certain aspects of operations or, at a minimum, better access to certain types of information and experience, is simply counter-intuitive to many managers who have thought and acted under the other assumption for so long. On some level, managers may view devolution of decision-making as a threat to their prestige and to their very status as managers. Others genuinely do not trust the capacity of subordinates, or may simply be afraid of the unknown consequences of doing so. In each of the above situations, changing the paradigm to accommodate LMG cooperation requires a fundamental “leap of faith.”

A leap of faith is required not just on the part of management: labor

Human resource and labor relations matters must be represented and given recognition by the top management as a key business and organizational concern.

representatives must similarly such a leap. It takes two to tango. If the top-level labor officials do not truly believe in the value of LMG cooperation and do not model cooperative behavior, it is unlikely

that the requisite leadership will emerge among the rank and file workers.

⁹ The drafters of the *Philadelphia Zoo* case study used the term “leap of faith” to emphasize that the managers and workers had to make the effort to improve relations despite the fact that both present circumstances and history conspired against them, and that they had no assurances of success.

In the Symposium case studies, we see that top managers and labor officials at several best practice cases demonstrated their joint-commitment to workplace collaboration. For example, at Thailand's [Thai Honda Manufacturing](#), top-level management and labor officials sat on four standing joint labor-management committees (LMCs) and instituted numerous workplace policies designed to reduce barriers between managers and workers – i.e., a uniform company-wide dress code that applies to both workers and managers, and a reconfiguration of the layout of the factory so that workers work right alongside managers.¹⁰ At Mexico's [Grupo Resistol](#), management and labor leaders at the highest levels of the organization were involved from the outset in jointly developing mutual goals for the labor-management program along with objective criteria against which to measure those goals.¹¹ At Singapore's [Matsushita Refrigeration Industries](#), top management consulted with the top labor representatives every step of the way in the development of their joint LM cooperative initiative, and further demonstrated its commitment by spending money to build physical facilities for joint and union activities and participating on a number of joint labor-management bodies.¹²

In the United States, at the [Atlantic Baking Group](#) top-managers have sat on a joint labor-management committee since the factory's inception,¹³ and at [Miller Dwan Medical Center](#) top management has supported four

¹⁰ *Labor Management Cooperation In the Face of Rapid Change in the Workplace: The Ultimate Roadway for Thailand Thai Honda Motors* (hereinafter referred to as "[Thai Honda](#)"), at p. 3.

¹¹ *Grupo Girsal: Cooperation Enterprise-Union: A Competitive Advantage* (hereinafter referred to as "[Grupo Resistol](#)"), at pp. 1-2; [PowerPoint Slides](#) 7-9, 12, 14-16, 24, 27-28, and 31 from the Project Symposium.

¹² *Matsushita Refrigeration Industries* (hereinafter referred to as "[Matsushita](#)") case study, at pp. 4-5.

¹³ *The Atlantic Baking Group Labor-Management Committee* (hereinafter referred to as "[Atlantic Baking](#)"), at *passim*.

different LMCs that were established following *Interest Based Negotiations* (IBN) with all four of unions that are represented at the hospital.¹⁴ (For a discussion of LMCs, please see [Chapter 2](#). For a discussion of IBN, please see [Chapter 6](#).) In Canada, with the crucial support of its labor counterparts, top management at Canada's [Ottawa Transpo](#) provided resources for a retreat and numerous site visits to build both sides' capacity for future cooperative relations.¹⁵ Management and labor leaders also created numerous joint *Labor Management Committees* to resolve issues on an ongoing basis.¹⁶

At Korea's [Hankuk Electric Glass Company](#), the highly personalized involvement of company President Sue Doochil was essential to the LMG cooperative program that ultimately turned the fortunes of the company around. President Sue met with workers on almost a daily basis, and "provided information to [the] employees as if they were the chief director so they would start to think and act as if they were the chief director." At one point he met with workers three times a day, after each shift, at 3:00 am, 9:00 am and 6:00 pm. President Sue also engaged in numerous joint problem-solving meetings with the workers that were designed to forge a common vision for the future of the company. The President even went as far as directly briefing workers' family members on the events of the company.¹⁷

Clearly, by showing such a personalized commitment to LMG cooperation, top-leadership at Hankuk Electric Glass provided the motivation and

¹⁴ *Labor-Management Cooperation at Miller Dwan Medical Center* (hereinafter referred to as "[Miller Dwan](#)"), at pp. 9-11.

¹⁵ *The Amalgamated Transit Union, OC Transpo and The Federal Mediation and Conciliation Service of Canada* (hereinafter referred to as "[Ottawa Transpo](#)"), at pp. 6-9.

¹⁶ *Id.*, at p. 8.

¹⁷ *Survival in the Face of Crisis: Hankuk Electric Glass Co., Ltd.* (hereinafter referred to as "[Hankuk Electric Glass](#)"), at p. 3

security that the company needed in order to move forward and overcome its challenges.

A final example of the value of the support of top labor and management officials occurred at **The Philadelphia Zoo**. In 1998, labor and management representatives of the Zoo went away on a retreat¹⁸ with the objective of jump-starting a program to improve labor-management relations. At the retreat both sides had to maintain an open mind in order to brainstorm ideas for how both they and the other side could improve labor relations at the Zoo. They also had to dedicate themselves to LMCs that they had formed in order to follow up on the joint objectives that they had agreed to.¹⁹

The retreat was successful beyond the parties' expectations, resulting in improved relations, successful contract negotiations, and the foundation for future relations. Concretely, the retreat resulted in a new protocol for the use of mediation to resolve workplace disputes. Following the retreat, the parties publicly demonstrated their enthusiasm for collaboration through a series of public presentations on it.²⁰

Had top-level labor and management leaders not been involved from the outset, parties at lower levels could have expended great efforts to no avail. Since management controls the resources, its early and visible involvement is especially critical. It is often hard even to recruit people for

¹⁸ A "retreat" refers to an organization's taking both labor and management representatives off site, to a facility far removed from the worksite and its usual distractions, in order to focus their creative energies on the critical business of looking forward to improve labor-management relations. The retreat "Tool" is discussed more fully in [Chapter 8](#) of this Tool Kit.

¹⁹ *A Leap of Faith: Labor-Management Cooperation at the Philadelphia Zoo: 1992-2000* (hereinafter referred to as "Philadelphia Zoo"), at pp. 4-7.

²⁰ *Id.*, at p. 7.

a LMG effort if management does not demonstrate its support from the very early stages. Workers and middle managers may feel that it would be a waste of time to engage in cooperative efforts if upper management may not even entertain their recommendations. Sometimes they are not sure if they have permission from their superiors to devote time to it. Workers may even fear retaliation for their involvement. It is also important that upper management is present to contribute its own unique perspectives, not to mention that it often controls the bulk of the available resources and ultimately wields decision-making authority with respect to when and how the initiative will move forward.

For the above organizations, support by high-level officials was the first step for the implementation of change. In some cases, this was the result of a purposeful initiative by management officials. In other cases, high-level support was attained afterwards, a result of the inevitable trappings of change, requiring leaders to adjust in order to survive in an ever more competitive environment. In both situations, top-management had to provide financial support and other resources in order to make cooperation work, but ultimately the success of the initiative depended on the complementary support and efforts of the workers. Indeed, it does take two to tango.