

Having had the privilege of teaching MBAs over a 42 year period, and also of sharing ideas often as a speaker (professional forecaster) at SHRM events, I have often wondered what I might advise a CEO had I chosen to become an HR professional rather than an academic. Invited by this journal to update ideas about labor unions I offered here in 2005, I thought I would take a fresh tact. Having served 25 years (1975-2000) as an adjunct sociologist at the AFL-CIO George Meany Center, written or edited eleven relevant books, and consulted for unions here and abroad, I chose to imagine myself an HR VP in a large non-union global firm based in America. I found this exercise in empathy a valuable learning experience, and I hope it stirs your thinking as it has mine. Feedback is VERY welcomed (shostaka@drexel.edu)

Memo:

To: Forward-looking CEO/ From: Progressive HR Department/ Re: American Trade Unionism

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You may recall asking me recently to update you in preparation for pending public appearances that could have audience members ask you – among 101 other things - about American trade unionism.

Some of our colleagues believe unionism is flatlining, and no longer warrants your attention. After all, in 2006 union ranks fell off again as they have nearly every year for the last 50 or more. Organized Labor reported only 12 percent in membership from among 120-million workers (down from 35 percent in 1955), and barely seven percent of the mammoth private sector workforce paid union dues (the lowest such figure since the early 1900rds). As well, for the first time in modern history the percent of union members employed in manufacturing fell below the percent of all workers in union ranks (12 percent). Likewise, where growth by job type (professional work, service, sales, etc.) is greatest, unions are weakest.

However, you would be mistaken to make too much of this long-term decline. The American union movement, with over 15 million members, remains the largest social movement in the country, one with a cadre of “true believers” at the helm intent on soon achieving its substantial renewal (even if in form and content barely envisioned today). Worldwide, by the way, union membership is growing in more countries than it is shrinking.

Labor continues to make a significant difference here; e.g., it played a major part in electing a 2006 Democratic Congress. It earned House approval of a Federal Minimum Wage boost. It presses hard for Congress to pass its Employee Free Choice Act (more on this latter). And we witness the seemingly obligatory courting of Labor’s political clout by many of the 2008 presidential candidates (including GOP hopefuls). Not surprisingly, then, you can expect the topic to be of keen interest to at least some vocal, and especially up-to-date members of your audience.

Accordingly, I offer material below to help you prepare for five of the most interesting questions you may encounter. Given how dynamic and consequential is the entire matter, I propose to send you a monthly commentary, unless, of course, you signal otherwise.

1) What new book about unionism says more of value than any other, is most likely to be known to the sharpest members of your audiences, and warrants incorporation in your remarks? That book comes from the president of the largest (1.8 million), fastest growing, and most dynamic union of all, the Service Employees International Union, better known as the SEIU. Over the past 25 years, while overall U.S. union density plummeted, SEIU membership nearly tripled. Its president Andy Stern is arguably the best-known union leader here and abroad (Britain, China, etc.).

Stern's cogent 2006 semi-autobiographic volume, A Country that Works: Getting America Back on Track, tells more about contemporary Labor realities, warts and all, than we have any right to expect. Union leaders are a very guarded type, and their books are generally PR fluff of interest only to academics and devotees from the same organization. Stern, 56, and endlessly enthusiastic, breaks the mold: Mixing rare candor, warranted pride, moving personal intimacy, and intriguing visionary politics, his book stands out as "must" reading for any CEO seeking incisive leads to Labor gains, losses, and prospects.

Given our firm's highly regarded commitment to employee wellbeing, I would like you to know that Stern, who not incidentally was raised in a non-union middle-class household, and is a graduate of an Ivy League college, opts whenever possible for labor-management cooperation rather than conflict. Careful to keep SEIU's powder dry, and well-known for employing dramatic militant stunts when left with no alternative, he prefers to employ the power of persuasion, but does not hesitate to turn to the persuasion of power.

Stern offers to dampen shop floor militancy, substantially aid productivity, add significant value to work processes, and help meet the best of share-holder expectations. Naturally, in turn the SEIU expects far better contracts, a much fairer share for workers of company profits, and a custom-tailored sort of union-employer partnership. (For example, Stern earned headlines in February 2007, when he joined with an arch enemy, Wal-Mart, and several other major firms, including AT&T, Intel, Kelly Services, and General Motors, in calling for national health insurance reforms that would relieve business of onerous related expenses). Above all, Stern wants to add value in the marketplace by leveling the playing field so that competition between companies is not about wages.

Your audiences will appreciate knowing you are fully aware of this unusual SEIU offer, and have an open, if also skeptical mind in the matter. After noting with pride our long-standing non-union situation across our far-flung American worksites (only a few of our overseas operations deal with unions, and then cooperatively – more on this latter), you could emphasize your intention to suspend judgment until you see clear-cut evidence of its ability to deliver the goods. That is, you believe good intentions are necessary, but insufficient: The test is that of the bottom-line. You can soundly take a show-me-the-money stance. If and when Stern can prove long-term and major rewards derive from his value-added approach you might pay the matter serious attention, though, of course, as required by the Law, our employees will have the final say in whether or not they care to unionize. (As we disown utopianism at our peril, my HR department will track this matter closely).

One more thing: You should know Stern, an empiricist skeptic, is very disappointed with the failure to date of many companies to extend the trust and mutual respect required to take up his offer. To think differently about what the world of work might resemble. He rues their shortsighted preference to only see unions as a problem rather than as a potential partner in boosting a firm's competitive distinction. He asks if these businesses are going to remain anachronistic class struggle organizations, or find instead the courage to help create something far better?

An amateur futurist (Stern boasts of reading Alvin Toffler and sharing ideas with Toffler admirer, Newt Gingrich), he insists having a union designation after your name "doesn't mean you wear a pinky ring and are looking back toward the last century." (Citation on request) The SEIU president warns continued resistance by backward-looking, fear-driven firms to his mode of labor-management cooperation, to his offer to help companies solve problems, only hastens an international race to the bottom in cutting labor costs. Over and over again he urges fresh consideration of a sort of collaboration that offers "win-win" rewards.

2) What else does Stern advocate, and what can you safely say about it? Thanks to his non-stop public speaking (often to business audiences) and his popularity with the media, Stern's unconventional ideas (for a labor leader, that is) gain ever-wider circulation in and outside of Labor. As he is not a naïf, and is certainly not a fool, he knows there is no panacea. To keep up enthusiasm, the KEY to campaign success, he generates many novel ideas that help clarify what might be if and when unionists choose to pursue them, ideas of the outermost possibilities. It is advisable for you to have passing familiarity with at least four that go beyond the flashy, but stymied partnership offer discussed above.

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First, Stern does not hesitate to support Republicans his union finds worthwhile, and he has sharp disagreements with lofty and often aristocratic Democrats (like Sen. John Kerry) who mistakenly take Labor for granted. Among other screens that seekers of his political support (money, manpower, PR, etc.) have to get through is what the SEIU calls the "hang test," or the ability to "hang out comfortably with a social service worker, school aide, or janitor, or have lunch at a diner or a beer in a neighborhood bar." (Stern, 122) I would note in passing we might make good use of some counterpart practice in phases of our top level hiring processes (prowess at golf is increasingly passé). (You will not be surprised to learn Kerry flunked, while Howard Dean passed with flying colors).

This idea of political independence, of Labor backing worthy Republicans, etc., is gaining fresh strength throughout the Labor Movement, and it promises to add new volatility to election and lobbying matters. If you are asked about it by someone worried that it can weaken position-taking by needy candidates, especially any weak enough to pander to Labor, you might want to surprise listeners by boldly welcoming the Stern-led move. In your follow-up you could then note it compliments our own behavior as a company: We donate to

candidates of varied political persuasion, provided, of course, that we first see eye to eye on a very few key matters.

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A second idea has Stern boldly call on unions to act as a service provider, an outsourcer that takes a whole series of services away from grateful employers. Unions could handle the administration of benefits. Assure compliance. Be labor contractors and supply skilled workers. Offer training, and help set industry standards. Astonishing! He also imagines unions as a new permanent partner of millions of employees whose work is transitory, a type he expects – as a futurist – to greatly expand in number. Stern wants unions to advise, invest, and oversee their retirement funds, as well as offer lifetime health care benefits at low cost.

If asked about these far-out notions of a 21st century union as a broad, less work site-based organization, one possibly not even called a “union” anymore, you can calmly point out how much expertise each of standard HR functions requires, and gently share your doubts about Labor’s capacity to soon measure up. You should know, however, that evermore-talented college-educated types are rapidly moving up the leadership ladder in Organized Labor (three of the seven leaders of the labor federation to which Stern belongs – more on this later – have Ivy league degrees).

I mention this to remind us both that unions can be expected to substantially improve their HR-related services in the near future, something Stern undoubtedly counts on and zealously promotes. Down the road we may want to consider the merits of sloughing off to Labor some of the more expensive and bothersome of our HR functions, provided, that is, that any union soon begins to represent any of our varied employees. (I can think of some functions we might want to outsource one way or another: Perhaps we can lunch on this soon).

Third, SEIU stands out in its use of computer power, and in this way may preview the Union of Tomorrow. Creative use is already boosting efficiency and effectiveness (easier access to leadership, and vice versa; rapid mobilization of the troops; coordination of far-flung campaigns across time/space borders; etc.). Remixes and mash-ups are joined by online volunteering projects (see, for example, SinceSlicedBread.com, which has had thousands send in pet ideas for making rapid, low-cost, and pragmatic improvements in public services). Capable of producing real value, this approach signals a far-reaching improvement in idea generation: The quantity of stuff (some of it quite good) that costs next to nothing to share with n-number of unionists is a Big Deal. Participants thrive from being able to share more of their mental capabilities – a point we in business undervalue at great risk.

Of even greater significance, however, is the good possibility unions will soon learn how to develop “electronic communities” in cyberspace, and thereby ratchet up solidarity as never before (virtual communities can boost “meatspace” counterparts). Participants are likely to

become more critical and engaged unionists, much to the Movement's benefit. Already many Labor "netizens" are using universal pamphleteering to advantage, as in the 2006 election "firing" of president Bush. My HR department will continue to monitor the entire complex matter, and as it still eludes the media and public attention it merits, you are unlikely to be asked about it: It is enough that you recognize it may yet prove the single most significant modern development in unionism. I do not think I exaggerate.

Finally, as we are a global firm, we place a very high value on just-in-time precise coordination and the thoroughgoing planning and execution of complex time and space scenarios. A key to our growing profitability, this tight-as-a-drumhead system is also – quite frankly - a source of considerable vulnerability: I needn't remind you we are still making up for the losses we suffered when Katrina threw many of our sharp-edge schedules way out of whack.

Stern envisions the steady development of massive global unions – knit together by 24/7 use of computer power - capable of supporting coordinated organizing campaigns aimed at the far-flung operations of multinational firms like ours. He speculates about outsourcing a strike to a low-cost area, say, Indonesia, where a branch of the target company has a key plant, and paying the lost wages of those strikers, thereby putting great pressure on a global employer's operations. If ever successful, (and fledging efforts abetted by ever better computer links suggest this is increasingly possible), we would face a potential threat like none we have known before.

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If asked about this age-old hope of union globalists, one that AFL founder Samuel Gompers traveled to Europe to promote in the late 1880s, you could take a stance similar to that recommended earlier in connection with the Olive Leaf approach of the SEIU: You feel no need to take a stand regarding an idea so embryonic in nature. (My department is monitoring an ongoing effort by the SEIU, Americus – the UK's largest private sector union, and German engineering unions, to create an international union of over 6 million members, the first global super-union).

You could next highlight the considerable satisfaction of our Danish company affiliates with that country's "flexisecurity" system. It combines lenient hiring and firing rules with excellent re-training options, generous jobless benefits, strong incentives to get new work fast, and rewards for employers who create new jobs. This could serve as an example of our openness to new arrangements, our willingness to experiment, and, above all, our ability to co-exist with overseas labor unions eager to reduce jobless rolls.

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3) What does the new divide in Labor amount to, and what can you safely say about it? In 2005, after three years of attempts to avoid a breakup, Stern led five unions (now seven, with six million members, or 40 percent of all unionists)) away from the old AFL-CIO (45 unions), and they created the Change to Win Federation (CWF). This is arguably the most important

development in union matters since the 1995-palace coup that had John Sweeney (former head of the SEIU) take power away from the staid and out-of-date Lane Kirkland crowd. About all of this old stuff you need say nothing, as it remains a “family” matter outsiders are thought unqualified to publicly speak about.

What you might be asked about, however, is your estimate of what the CWF means – if anything – for the near-future of our company in particular and the world of business in general. Here is where it gets complicated.

You should understand that the CWF, unlike the AFL-CIO from which it broke away, is earnestly committed to rapidly achieving substantial gains in organizing – and that means far more fuss and bother for non-union firms like ours. Led by the SEIU, the other CWF unions – especially the Teamsters, Unite (garment and hotel workers), the Food and Commercial Workers (UFCW), the Carpenters, and the Laborers – all have added money, trained staff, bright strategists, and considerable resolve to ongoing organizing campaigns. Victories of late, especially by the SEIU, have been large and worthy of media attention, with more in the offing. Non-white organizers, and Spanish-speaking organizers are employed as never before, with demonstrable payoff. The game, in short, is in play, and this time Labor has momentum.

Naturally, all you need say is let the best side win, as your confidence is with an honest expression of the wishes of targeted employees. We learned decades ago management gets the employee relations scene it deserves, and a firm with lousy HR programs and inept plant-level management amounts only to low-branch pickings for a hungry CWF affiliate. So be it!

At the same time, and apart now from helping you prepare for your talks, I would take this opportunity to recommend that at this year’s Annual Retreat for our top people some time be set aside to brainstorm fresh responses to highly likely organizing probes coming our way from this or that energized CWF affiliate. Fired up by Andy Stern, unions (including many in the AFL-CIO) are convinced a pro-labor President and Congress in 2008 will enact long-stalled pro-organizing legislation (the Employee Free Choice Act already in Congressional Committee proposes certification on the basis of signed authorization, aka card count; first contract mediation and arbitration, treble back pay for employer unfair labor practices, etc.). Believing this, unions are coming alive as has not true for many recent decades, and challenges to firms like ours will not soon cease.

4) Of what in particular can you boast where HR is concerned? Should you follow-up on my suggestion that new attention is owed at the top of our company to HR frontiers – a matter you can get mileage from in your speeches – you might want to boast about several features of employment here: First, our average annual compensation level is now well above the \$52,000 in annual income that Americans estimate a family of four needs to “get along in

their local community.” (Gallup, February 9, 2007). While the income of the typical prime-age household is in the \$60,000 range, it has fallen 4.4 percent since 2000 (about \$3,000), while our comparable employees have held their own. While the real earnings of even college graduates are up only marginally since 2000, all such members of our workforce have reason to smile. They know full well they are members of a middle class that since the mid-1970s have earned about 22 percent more – after adjusting for inflation (Should you want the data references, just ask).

Second, you can take pleasure in boosting about our latest HR innovations. For one, we are focused lately on providing new help for our lowest paid employees, a sharp departure from conventional HR attention higher up. We connect workers with Community College courses in budgeting. Help them get checking accounts. Back up their buying of cars. Make small emergency loans. Help arrange day care, and in 101 other ways, reach out to assist “invisible people.” Likewise, on behalf of all employees, regardless of salary level, we are now mandating a “no-meetings week” once a quarter to allow a reduction in travel, promote work without interruption, and create a mental break from the same old, same old. We also urge Friday afternoons be kept free of nonessential meetings and interruptions. Not surprisingly, my list of such HR innovations is a long one, but these should suffice to impress your audiences with range and significance.

5) Finally, why might unions make new gains, and what can you safely say about this? The last matter I would offer you advice about goes to the very heart of the entire matter: You are likely to be asked, in so many words - Why would any employees ever turn to unions, and, so what? The media is generally hostile to Labor. Our national character (a 19th century Yankee-Protestant competitive, individualistic model) opposes collectivist options. The workforce is fragmented by deep-set ethnic, gender, nationality, and race divides. And the public is characterized by atomization and political disengagement. Why worry about unionization – ours, or anyone else’s?

Because far too many of the companies we hobnob with are undermining worker confidence in the future. They are trading historic pledges of job security (with adequate fringes) for increasing reliance on sporadic transitory work contracts (with few, if any fringe benefits). They are tearing up an unwritten psychological contract that had employees long believing dedication and compliance would earn a genuine commitment to their wellbeing from a grateful employer. They are upgrading the level of jobs available for outsourcing overseas, and are threatening thereby to ravage white-collar work. Employees sense the terrain shifting dangerously beneath their feet. They fear the increasing irrelevance of an outdated government. More than ever, they feel a need for strong representation in City Hall. In State Capitals. In the House and in the Senate. They worry we are becoming less of a society than we could be. And many therefore look about for a new protector - perhaps even the “old” Labor Movement – now energetically renewing itself.

I know I am preaching to the choir in sharing these thoughts with you, for in many public talks, and in some recent private exchanges with me you have shared your own dismay with

all of these developments. I go back over them because they threaten the integrity and perseverance of the way we have, and continue to do business, one that keeps faith with all on our payroll who continue to give value.

Accordingly, in addition to reaching the matter in your speeches, I urge you to discretely explore our soon joining one of the emerging major coalitions of far-sighted unions and progressive companies trying to help reinvent America. They insist we need a National Health Insurance Program that can stop legacy and high health care costs from making our companies globally non-competitive. They want to help keep decent-paying jobs here. Boost the effectiveness of OSHA and NIOSH. Raise the national Minimum Wage level. Subsidize attendance at vastly improved vocational educational schools, the better to head off a looming shortage in skilled craftsmen. Subsidize college attendance for many otherwise unable to afford it. Promote a rapid national conversion from fossil to renewable fuels. And so on. You know the agenda – and it is time our company was a leader here – even if it means closer-than-ever cooperation with major unions (like SEIU, perhaps).

As always, feel free to ask me anything about everything above. I fully expect that you will ably field any questions posed about unionism, and give thoughtful answers that will make us all proud.