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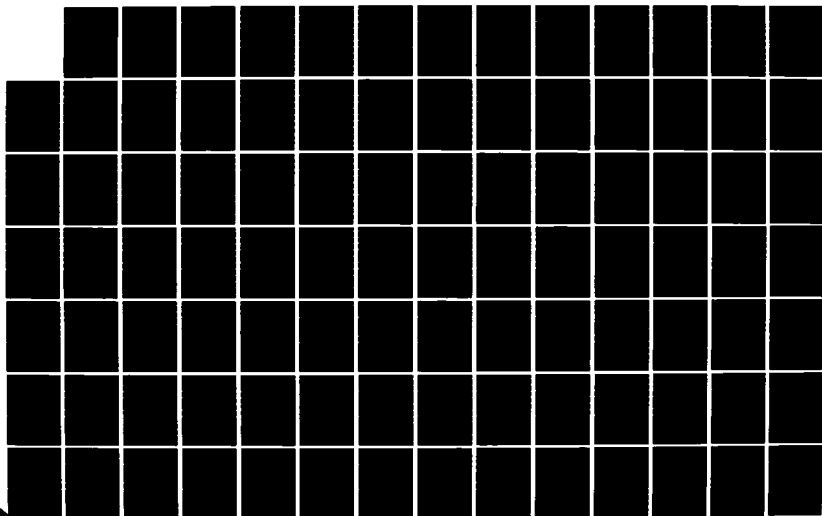
THE IMPACT OF LABOR UNIONS ON CONSTRUCTION PRODUCTIVITY
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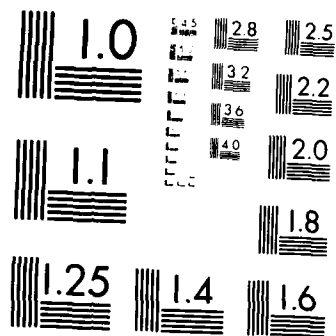
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THE IMPACT OF LABOR UNIONS ON
CONSTRUCTION PRODUCTIVITY

BY

RALPH T. GARVER III

A REPORT PRESENTED TO THE GRADUATE COMMITTEE OF
THE DEPARTMENT OF CIVIL ENGINEERING IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF ENGINEERING

UNIVERSITY OF FLORIDA

Summer 1984

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TABLE OF CONTENTS

ACKNOWLEDGEMENTS		i
CHAPTER 1	INTRODUCTION	1
1.1	Purpose	1
1.2	Scope	1
1.3	Construction Industry Overview	2
1.4	United States Productivity Statistics and Trends	4
1.5	Construction Productivity Trends	6
CHAPTER 2	THE HISTORY OF LABOR UNIONS	11
2.1	Why Workers Join Unions	11
2.2	Early History of Unions	11
2.3	Anti-Trust Legislation and the Unions	12
2.4	Pro-union Legislation	13
2.5	Pro-management Legislation	14
2.6	Results of the Union Formation Process	15
CHAPTER 3	ANALYSIS OF DR. ALLEN'S PRODUCTIVITY STUDY	17
3.1	Background	17
3.2	Commissioning of the Study	17
3.3	Measuring Productivity	18
3.4	Open Shop Growth	19
3.5	Wage Comparison	20
3.6	Conclusion	20
CHAPTER 4	NEGATIVE UNION INFLUENCES ON PRODUCTIVITY	22
4.1	Political Distractions	22
4.2	Patronage	23
4.3	Dual Allegiance	24
4.4	Reluctance Toward Change	24
4.5	Union Leaders' Passivity Toward Improvement	25
4.6	Restricted Use of Subjourneymen	26
4.7	Local Labor Practices	27
4.8	Collective Bargaining Constraints	28
4.9	Lack of Motivation of Workers	29
4.10	Contract Negotiating	30
4.11	Strikes	31
4.12	Exclusive Jurisdiction	32

CHAPTER 5	POSITIVE UNION INFLUENCES ON PRODUCTIVITY	34
5.1	Apprentice Programs	34
5.2	Available Labor Pool	34
5.3	Safer Working Conditions	35
5.4	Negotiated Benefits	35
5.5	Self-determination's Effect on Morale	36
5.6	New Union Productivity Improvement Programs	36
CHAPTER 6	ANALYSIS OF THE CARPENTERS' CONSTRUCTION LABOR-MANAGEMENT COOPERATION PRODUCTIVITY IMPROVEMENT PROGRAM	38
6.1	New Union Awareness	38
6.2	Analysis of Program	39
6.2.1	Cooperation of Other Unions	39
6.2.2	Scope of the Program	40
6.2.3	Outside Input	42
6.2.4	Focus of the Program	42
6.2.5	Political Activity of the Committee	43
6.3	Overall Impression of the Program	44
CHAPTER 7	THE BUSINESS ROUNDTABLE	45
7.1	Background	45
7.2	The Roundtable's Productivity Report	45
7.3	Applicability of the Report	47
7.4	How to Obtain the Report	47
CHAPTER 8	CONCLUSIONS AND RECOMMENDATIONS	48
APPENDIX A	THE CARPENTERS' CONSTRUCTION LABOR-MANAGEMENT COOPERATION PRODUCTIVITY PROGRAM	52
APPENDIX B	SUMMARY OF INTERVIEWS	82
B.1	David Allen of the United Brotherhood of Carpenters and Joiners	82
B.2	Dr. Luh-Maan Chang, professor in the College of Building Construction, University of Florida	83
B.3	John Crawford of the Sun Coast Chapter of the Associated Builders and Contractors	84
B.4	Fred Derr of Kent & Derr Companies	85
B.5	Richard Hartline of J. A. Jones Contractors	86
B.6	Gordon Mitchell of J. A. Jones Contractors	87
B.7	Bruce Simpson of the Crom Corporation	88
REFERENCES		89

CHAPTER 1

INTRODUCTION

1.1 Purpose

✓ The purpose of this paper is to investigate the impacts, both positive and negative, that labor unions have on the productivity of construction. After the positive and negative aspects have been considered, overall conclusions will be drawn and recommendations will be put forth in order to try to improve the present state of the industry. *Notably, it should be noted that the author is not a union member, and is not a construction worker, and is not a union member.*

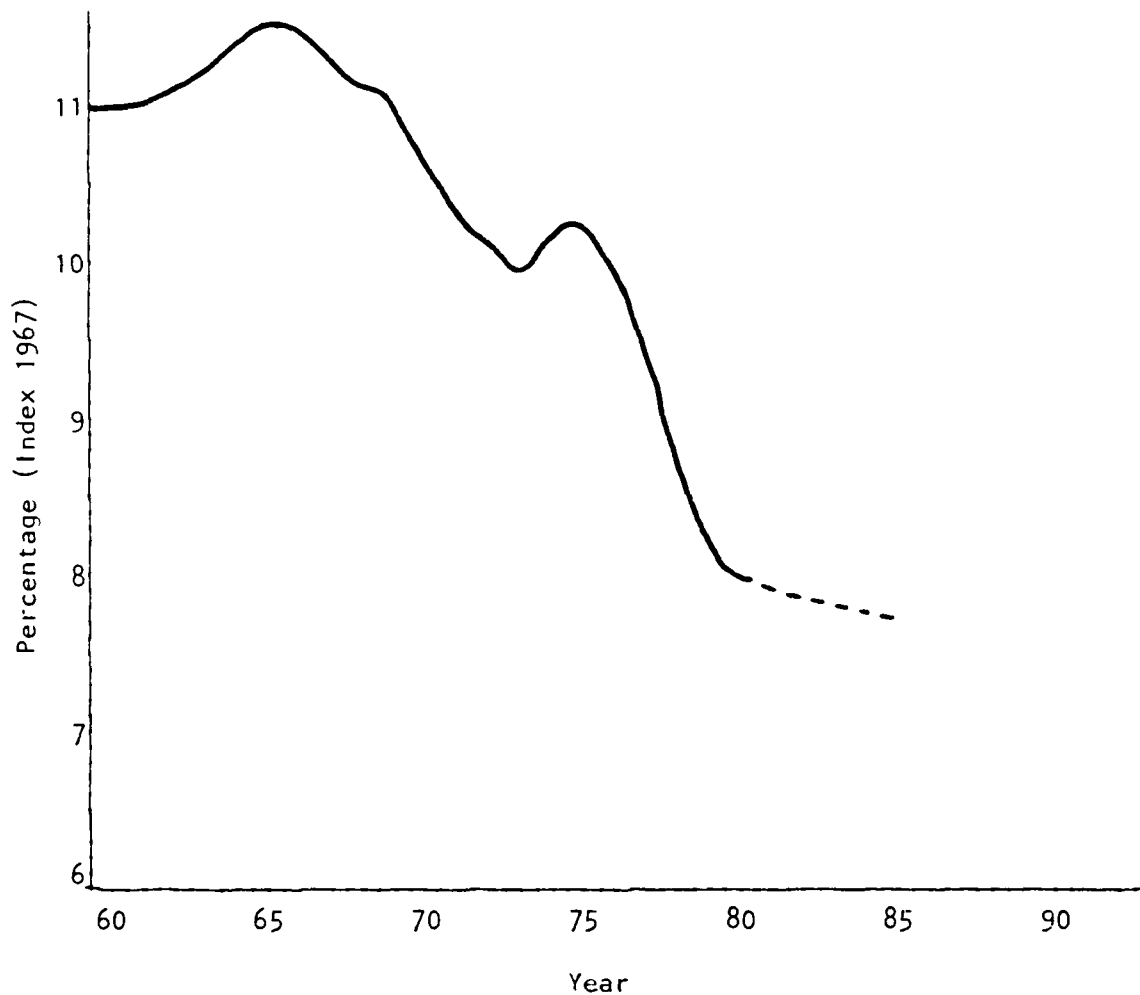
1.2 Scope

The subject of unions' productivity in the construction industry is current and controversial. There are researchers trying to obtain hard statistical data that shows either union or nonunion workers to be more productive. This is extremely difficult to do and any conclusions drawn are often the result of the biases inherent in the study. This paper will examine one such study, that tries to compare the productivity of union versus nonunion workers, and try to determine its objectivity and validity. Then this paper will address the subject of productivity from a subjective viewpoint and give the positive and negative influences of unions without trying to quantify the findings. Conclusions and recommendations will represent the author's opinions based on his research and will be presented as food for thought in trying to improve the present productivity status of the construction industry.

1.3 Construction Industry Overview

The construction industry is a very important segment of the United States' economy. It is the nation's largest industry with annual sales of over \$300 billion dollars.⁽⁴¹⁾ Its annual volume of business, and related costs, represents between 10%-15% of the gross national product.^(23 p.35) The number of workers employed, either directly or indirectly, in the construction industry comprises over 10% of the total civilian work force. These large shares of the total work force and the gross national product clearly show the economic significance of this vital industry. An additional significance, though, is not as easily seen, but is just as important. The construction industry provides this nation with new factories, office buildings and many other types of structures. These structures are capital improvements for industry. These capital improvements comprise a large part of American business investments, which are essential for providing long-term benefits.^(47p.138) Therefore, the health of the construction industry is often looked at as a precursor to the long-term health of the entire United States' economy (the construction industry is also known as a bell-weather industry because when times are good more money is funneled into construction. Thus when the construction industry is booming it usually means prosperous times for the entire country). As foreign competition is increasing, American businesses are spending more money on operating expenses and they have less money to spend on long-term investments. These investments are needed to replace antiquated facilities, which is vital to companies' long-term health. This decreasing share of construction investment is clearly shown in

Figure 1, below. Since the money spent on capital improvements is decreasing, it is vital that the money purchase as much construction as possible. Whether or not this is happening is hard to accurately determine, but productivity figures can give a good indication.



Annual Volume of Construction as % of GNP

FIGURE 1 (9 p.4)

1.4 United States Productivity Statistics and Trends

The United States has, in recent times, been regarded as the most productive nation in the world. It is because of this that the United States has grown, prospered and the workers have built such a high standard of living. However, lately there has been a great deal of competition from foreign countries, for the world's product market. American companies are fighting to remain competitive and to keep their share of the product market. In order to do this they must produce solid, sustained productivity gains. At the present time the American worker still holds a productivity advantage, but as seen in Figure 2, that advantage is rapidly becoming a thing of the past.

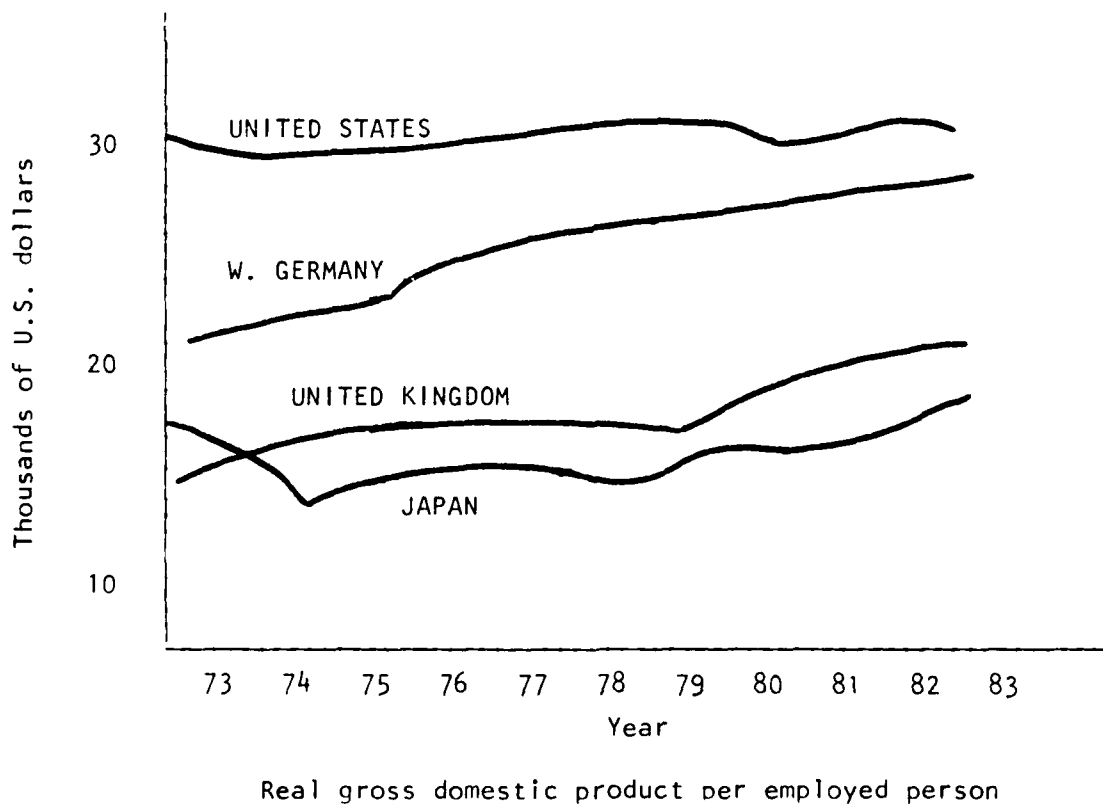
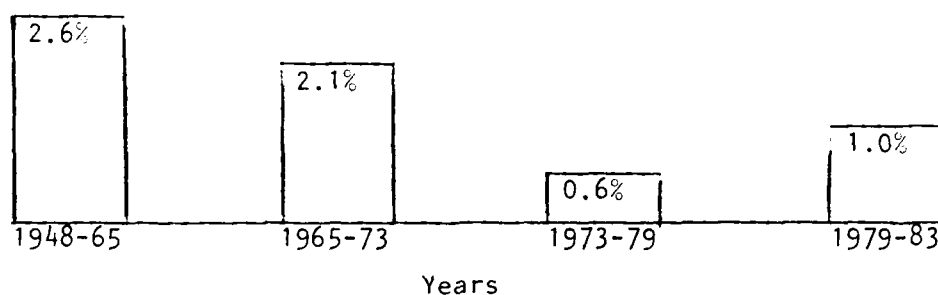


FIGURE 2 (59)

Over the last four decades productivity gains have dropped drastically (Figure 3). The last four years have shown a slight increase but it is too early to celebrate. This decline, over the last forty years, can be attributed to many things, and has been by a variety of economists, but one thing they all agree on is that for American industry to hold its own against overseas competitors, productivity must increase.⁽⁵⁹⁾ This becomes even more evident when comparing the growth rate of American Industry to that of its major foreign competitors (Figure 4).



Trend growth rate in labor productivity per hour in the nonfarm United States business sector

FIGURE 3 (59)

1973-1979

Japan	=====	2.9%
W. Germany	=====	2.9%
U.K.	=====	1.2%
U.S.	=====	0.3%

1979-1983

Japan	=====	2.9%
W. Germany	=====	1.6%
U.K.	=====	1.6%
U.S.	=====	-0.9%

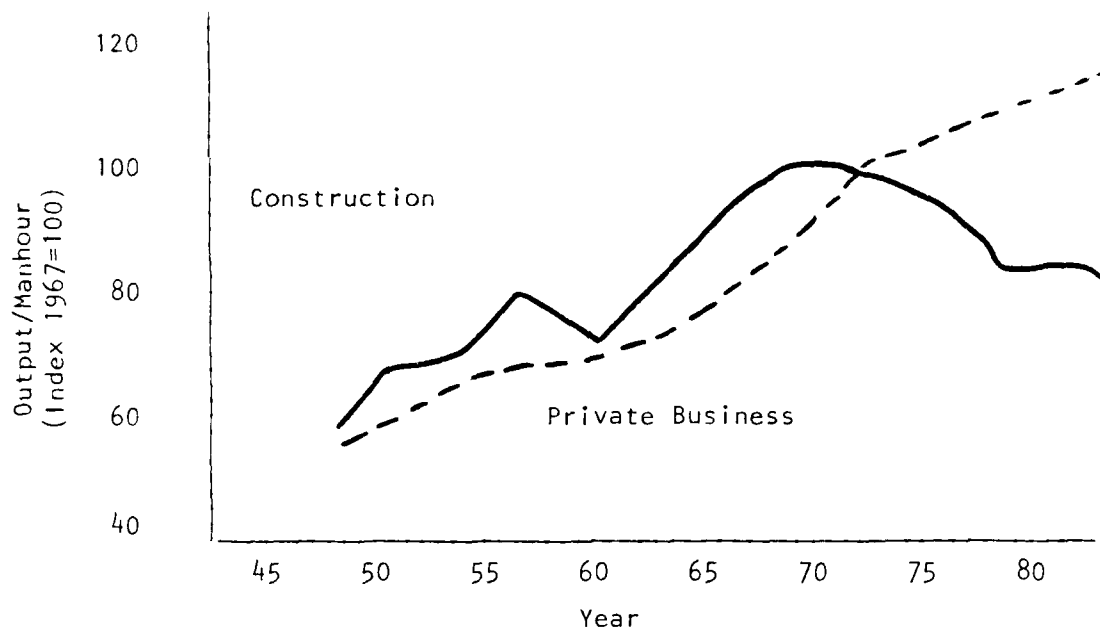
Average annual growth rate of real gross domestic product per employed person

FIGURE 4 (59)

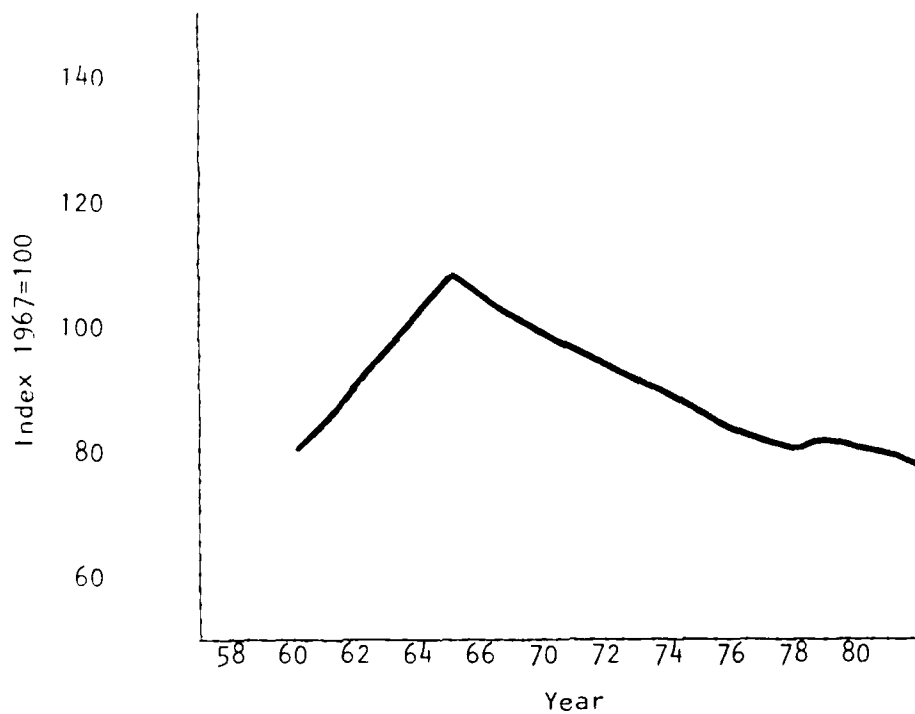
These statistics give a feel for how American industry stands as a whole with regard to productivity, but it does not single out any individual sector. Is construction an average industry following the trend of the previous charts? Is it better? Worse? These are extremely difficult questions to answer. The Bureau of Labor Statistics (BLS) is responsible for maintaining productivity statistics on all American industries. The Bureau, though, does not trust the data they collect with regard to construction productivity and consequently they refuse to publish those statistics. They are available, though, upon special request and since they are one of the few sources of tabulated construction data they can be useful to show general trends in the industry.

1.5 Construction Productivity Trends

The previously discussed trends of productivity were not very encouraging for American industry. The available construction data reveals an even more alarming trend; that since 1967 the construction industry has not even kept up with the dismal productivity record of the rest of the private business community (Figure 5). This is a very damning indictment of the American construction industry, if it is accurate. However, it has already been acknowledged that these statistics are not very reliable so more than one set of data should be examined before the entire industry is condemned. The BLS has also compiled data concerning the amount of new construction, of all types, put in place annually per manhour. This data should be very helpful in further establishing productivity trends and for that reason is shown as Figure 6.



Productivity Index-Construction vs Private Business
FIGURE 5 (9 p.5)



National New Construction Put in Place/Manhour
FIGURE 6 (9 p.5)

casts great doubt upon their validity. Therefore, because this study is cast in doubt the objective of this paper has not been accomplished and there must be further investigation into labor unions' impact on construction productivity.

open shop contractors to grow faster than union shops because open shop contractors used unskilled labor which was widely available and union contractors only used workers who had been trained through the apprenticeship programs. He goes on to say that he feels that since the construction market has since tightened, the trend toward open shop construction has stabilized or reversed. Neither of these statements has much validity and in fact since he made the statements in 1979 the open shop sector has continued to grow. (32)

3.5 Wage Comparison

Dr. Allen found in his study that the wages of male union construction workers are 43% higher than comparable nonunion workers. This is interesting, because based on Dr. Allen's findings that workers are 29% more productive, a case can be made that they are being paid 14% too much (the incongruity between the figures Dr. Allen cites is interesting and never addressed by him). This causes a rise in labor costs and would result in a lower productivity figure for unions if the total dollar input was used for productivity measurement as opposed to workerhours expended.

3.6 Conclusion

Dr. Allen uses empirical mathematical formulas to arrive at his conclusions, formulas too complicated for anyone but a mathematician to understand. Regardless of this these formulas rely on his assumptions to produce valid conclusions. The assumptions Dr. Allen has used are significantly biased in favor of the union worker and therefore it is not surprising that he reached a pro-union conclusion. His results may be valid but the widespread bias inherent in his study

This value added method of measuring construction output is the basis for Dr. Allen's entire study. The reliance on this measure causes major reservations on the validity of his conclusions. There are too many factors influencing the value of a finished construction project that have nothing to do with productivity. Consider building two homes identical in every respect, except one is located in an exclusive Beverly Hills neighborhood and one is located in a ghetto neighborhood in Watts. The finished house in Beverly Hills will undoubtedly have a higher market value, even after subtracting land costs, than the house in Watts. Therefore, by Dr. Allen's reasoning the workers that built the house in Beverly Hills were more productive than the ones working in Watts. This is a totally fallacious conclusion to draw from the stated facts. Such an example is extreme but it does serve to question the logic of Dr. Allen's assumptions and therefore the validity of his conclusions.

There is another problem with the value added measurement of construction output that is used. Union wages are higher than nonunion wages which increase the labor costs of a project. All other costs being equal the final project cost will be higher thus making the value greater. This is a case where the method of measurement predetermines the results. Again, there are reasons to doubt Dr. Allen's assumptions and therefore his conclusions as well.

3.4 Open Shop Growth

In the presentation of his study Dr. Allen was asked several questions one of which was, if union labor is so much more productive, why is the open shop sector growing so rapidly? He replied that the growth was due to the spurt in construction demand in the mid 60's which allowed the

commission an individual with pro-union feelings, to undertake the study and therefore a pro-union conclusion to this study is not surprising. Statistics are often open to interpretation and it is common for two people to draw different conclusions from the same data, especially in an industry as diverse as construction. This is not to say that Dr. Allen's findings are not valid but with the wide interpretation possibilities of statistics and the fact the study was commissioned by a pro-union organization the objectivity of the pro-union conclusion is somewhat suspect.

3.3 Measuring Productivity

Productivity equals output per unit of input. However, this simple ratio is a very difficult one to determine due to the diverse nature of the construction industry. Input can be measured by dollars spent or workerhours expended, with the latter method being the norm. This can be determined relatively easily but the output is much harder to determine. How can a house be compared to a different type house or to an industrial plant? This is an extremely difficult question that has yet to be adequately answered. Dr. Allen chooses to measure output as value added which equals the total value of the finished product minus the cost of materials and land. He gives an illustrative example of this concept by saying that if there were two houses exactly the same except that one had a fireplace and if the two houses were built in the same time, then the workers on the house with the fireplace were more productive. This is because the fireplace has added additional value to the house.

CHAPTER 3

ANALYSIS OF DR. ALLEN'S PRODUCTIVITY STUDY

3.1 Background

As previously stated, the purpose for this paper is to determine the impact of labor unions on construction productivity, or more simply, to determine, if possible, whether union or nonunion workers are more productive. This is obviously a very difficult task with a need for a great deal of data in order to draw a valid conclusion. The resources to gather that data are not available for this paper, so research was done to see if such a study had been done by someone else. Such a study had been done by Dr. Steven G. Allen, an assistant professor of economics at North Carolina State University.⁽³⁾ His conclusion is that union workers are 29% more productive than nonunion workers. If this is the case the purpose of this paper has been satisfied and can be ended here. However, before that is done, Dr. Allen's study must be analyzed to determine its validity and the presence of any possible biases.

3.2 Commissioning of the Study

Dr. Allen's study was commissioned by the Center to Protect Workers' Rights. This does not immediately suggest any biases but hints that it might possibly be pro-union. This is confirmed upon investigation of the Center. The Center's president is Robert A. Georgine, who is also the President of the Building and Construction Trades Department of the AFL/CIO. It is expected that such a pro-union organization would

as the present productivity problem. Even when they face up to the problem the unions are very reluctant to surrender any of the concessions that it took so long for them to wrest away from management.

The examination of how unions were formed clearly shows why and how there has developed such an adversarial relationship between management and labor unions. This also helps explain why the two sides are reluctant to join forces to fight the productivity problem. What it does not show is whether the unions, and its practices, contribute to or detract from productivity. To try to answer this, the relative productivity of the union sector and nonunion sector, in construction, must be examined.

time period that the American Federation of Labor (a group of trade unions) and the Congress of Industrial Organizations (built along industry lines) merged to present a united front and became a very influential political body. (64 p.283) Unions had become big business and with this emergence came an increase in shady dealings. Some union officers were found to be funneling union money into unauthorized areas and some unions were found to be run by officers with long criminal records. (64 p.283) It was actions such as these that led to the passage of the Labor-Management Reporting and Disclosure Act. This act was also known as the Landrum-Griffin Act of 1959. This act principally required that all parties in the labor area adhere to high standards of fiduciary responsibility and ethical conduct. (6 p.234) It also amended the Taft-Hartley Act and provided for a \$10,000 fine or imprisonment of up to one year, or both for failure to comply with the act. (64 p.283) This was a major departure from Taft-Hartley whose police power rested in cease and desist orders issued by the courts.

2.6 Results of the Union Formation Process

The evolution of labor unions has taken place over the last two hundred years. That evolution has been characterized by much violence and many disagreements between labor and management as the legal power balance between them has swung like a pendulum. This continual fighting between the two factions has firmly entrenched the adversarial relationship of the two sides. As a result it is extremely difficult for the two sides to face any problem together, even one as serious

anti-trust laws. This was so, if the resulting restraint of trade was incidental to the unions' primary goal of winning a labor dispute with management. (6 p.234) World War II also helped increase the power of the unions. Management often gave up, to the labor unions, many things that had historically been management's prerogatives. This was done to keep peace with the unions so the factories could remain in operation to support the war effort. Once given up, management had a hard, and often impossible, time reacquiring these prerogatives after the war ended. (64 p.283)

2.5 Pro-management Legislation

To help establish balance at the bargaining table, the Taft-Hartley Act was passed, in 1947. This act helped equalize the power of management and labor. It prescribed certain labor practices as unfair (up to this point there were no unfair union practices), such as secondary boycotts, featherbedding, refusing to bargain with an employer, restraining or coercing employees, causing discrimination for union activities, and charging excessive or discriminatory initiation fees. (6 p.234) The act made the creation of new closed shops, whereby employees are required to be union members before they can be hired, illegal, as well as creating the Federal Mediation and Conciliation Service and adding decertification and deauthorization elections to the representative elections created by the Wagner Act. (6 p.234)

The Taft-Hartley Act was naturally disliked by the unions but its passage did not stop or appreciably slow down the growth of unions. Unions continued to prosper and gain influence. It was during this

2.4 Pro-Union Legislation

The 1920's were marked by "union-busting" efforts in many cities. Employers used many methods to help break up unions including blacklisting union members, making employees sign anti-union statements as a condition for continued employment (yellow-dog contracts), and by getting court injunctions against union activities. (60 p.287) These times were marked by much violence on the part of both unions and management, but most of the legal power belonged to the employers. However, this started to change with the passing of the Norris-LaGuardia Act in 1932. This act is often referred to as the "anti-injunction" act because it made nearly all labor injunctions unlawful as well as outlawing yellow-dog contracts and making parts of the anti-trust laws inoperative with respect to unions. (64 p.282)

In 1935 the passage of the National Labor Relations Act (the Wagner Act) gave even more power to the unions. This act pledged government support to the unions and encouraged union activities and collective bargaining. The act created the National Labor Relations Board to oversee certification elections and handle labor relations conflicts. The act also defined unfair labor practices by management. (6 p.233)

With the Norris-LaGuardia Act and the Wagner Act the balance of power shifted dramatically to the unions. Union membership grew significantly as did union action to force management into line. Three cases in 1940 and 1941 (Apex Case, Milk-Wagon Drivers Case and the Hutheson Case) (6 p.234) also helped labor's cause as the decisions stated that strikes, boycotts and picketing no longer violated

The first legal decision challenging the rights of unions to form, occurred in 1806. A court case was brought against the Philadelphia Cordwainers (shoemakers) charging them with using "concerted" actions to attempt to raise their wages. This was illegal, a carryover from English common law, and the workers were found guilty of conspiracy.^(6 p.232) This doctrine prevailed until 1842 when a Massachusetts judge stated that workers were entitled to join unions as long as the objectives or means of the union were not characterized by unlawful acts.^(6 p.233)

2.3 Anti-Trust Legislation and the Unions

Active union organization in the building trades began to proliferate around 1880. Closed shops began to appear and because the employers were not suitably organized, opposition was weak. As technology increased and new products emerged, new unions were formed. At one time in New York City there were 50 different craft unions as compared to 15 today.^(60 p.287) Gradually employers became more organized and began to successfully fight the unions. In 1890, the Sherman Anti-trust Act was passed, which helped in the fight against the unions. In the years following the Sherman Act several decisions were handed down stating that union activities violated the act because they constituted a restraint of trade. In 1914 the Clayton Act was passed which appeared to remove labor unions from the restrictions of the Sherman Act. However, in the Duplex Printing Case of 1921 the Supreme Court ruled that union activities could still be found to be in violation of anti-trust laws.^(6 p.233)

CHAPTER 2

THE HISTORY OF LABOR UNIONS

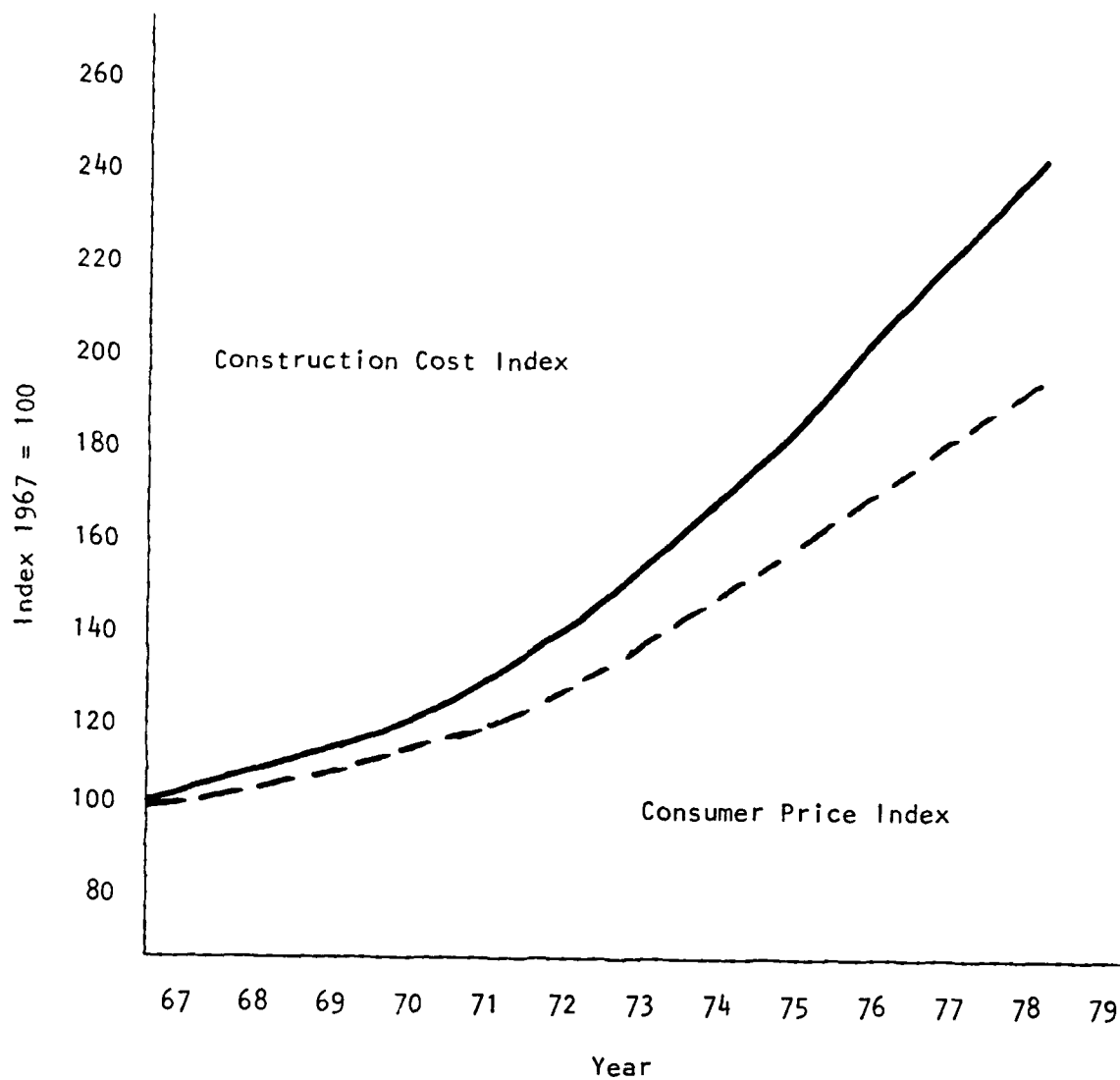
2.1 Why Workers Join Unions

In order to fully understand the impact labor unions have on construction, one must first understand unions and why they were formed. Labor organizations were first started during the Industrial Revolution by workers who were unhappy with the conditions of their employment. Through the years the reasons workers have joined unions have remained fairly constant. These reasons have included desires to increase workers' pay and to achieve benefits such as pensions, insurance, vacations and rest periods. Workers have often felt that they were being mistreated by management so unions were formed to establish formal rules and procedures for discipline, promotion and other job related factors which led to less arbitrary treatment of employees. Other key union issues have been establishing safer working conditions and providing a lobby for workers in federal, state and local governments. (43 p.569)

2.2 Early History of Unions

One of the first unions to be formed in the United States was the carpenters union in Boston in 1793. (43 p.569) Other unions also emerged in various cities during the same time period. The organization of unions, though, was not accomplished easily or quietly. From the start unions were fought by the employers who did not wish to give up any of the autonomy they held over the work place.

appears at the top of owners' and contractors' lists as the reason for productivity problems is labor unions.



Construction Cost Index/Consumer Price Index

FIGURE 10 (9 p.6)



Piping Productivity Index

FIGURE 9 (9 p.7)

These charts are not exact nor are they conclusive evidence of widespread deterioration of productivity within the construction industry. However, considering the different sources of the data and the consistent results irrespective of the productivity measure used, the results are hard to ignore. Such a decline in productivity would be expected to create a corresponding rise in construction costs, and such a rise is exhibited in Figure 10, a comparison of the construction cost index with the consumer price index.

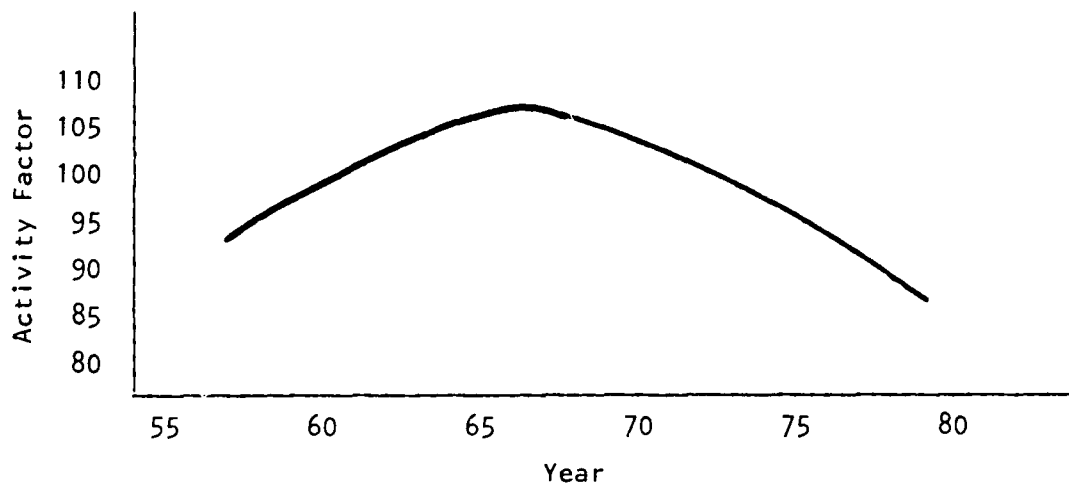
The decline in construction productivity and the corresponding rapid rise in construction costs answers the question of whether American industry is obtaining maximum value for its construction dollar. It is not. This is a serious problem that can have disastrous long-term consequences for the entire American economy. Therefore, it becomes obvious that an attempt must be made to try to reverse these trends as quickly as possible. Before this can be done, though, the root causes of the problem must be identified and understood. One cause that very often

Once again a decline is observable starting during the mid 1960's. A trend is definitely developing, but data from private companies would be helpful in contrast to the government data to see if a firm trend can be seen. Such private company data is not widely available but some can be obtained. The private industry data that was obtained seems to support the BLS' data, a definite productivity decrease is shown in recent years. Figures 7, 8, and 9 show the decline in productivity, in the construction industry, in an alarming fashion.



Construction Material Dollars/Manhour

FIGURE 7 (9. p.7)



Construction Field Work Sampling

FIGURE 8 (9 p.7)

CHAPTER 4

NEGATIVE UNION INFLUENCES ON PRODUCTIVITY

4.1 Political Distractions

Local labor unions are democratic organizations whose leaders require the support and votes of the members to remain in power. This fact results in certain union actions common to all political entities and races, but are nonetheless disruptive and productivity detractors. The Landrum-Griffin Act of 1959 requires that local elections take place at least every three years.^(17 p.5) Therefore as elections near, candidates campaign for votes. The best place to reach a large percentage of voting members is on a jobsite so active campaigning often takes place there. A loss in productivity results from the time spent listening to actual campaign pitches as well as the time afterward when individuals discuss issues with their co-workers.^(17 p.5)

As in any political race a candidate will likely use every method at his disposal to win the election. For incumbents in union elections this can take the form of using their influence to get their supporters switched to more influential positions. This switching of workers in the middle of a job disrupts the job, increases hiring costs, reduces productivity while the new replacement is oriented to the job, and can further decrease the productivity on that job if the new worker is not as capable as the one he is replacing.^(17 p.6) Influence is also used to replace workers on a particular job who are ineligible to vote in the election with ones who are eligible to vote. This procedure

results in the same turnover costs as stated before. Incumbents also want to be viewed as being responsive to their constituents so when election time nears they are apt to take more personal interest in the grievance process, even to the extent of pursuing minor or unjustified claims merely to satisfy the workers and win votes. (17 p.6) This causes more time, by all parties, to be spent in handling grievances with the net result being a loss in productive work time.

4.2 Patronage

Once an election is over post-election maneuverings still have the potential for decreasing productivity. These effects are greatest when an incumbent is defeated. When this happens the new union leader often tries to consolidate his newly won position by placing his supporters in influential posts. (17 p.7) This can throw the union's job referral system into disarray. Such a system of rewarding supporters of a successful political candidate is known as patronage. Patronage, imprudently used, as it often is, has additional negative implications for construction productivity.

These additional implications stem from a peculiarity of the construction industry. In most industries, first line supervisors, or foremen, are management representatives having few, if any ties with the union, other than the fact that they were likely a union member at one time. In construction there are many traveling contractors who go from place to place to build their projects with only a handful of permanent personnel. These contractors then rely on the unions to supply them with foremen as well as workers. When

foremen are supplied this way the jobs of foremen are often political plums distributed via the patronage system. Patronage has no ties to capability, so supervisors picked this way can have extreme detrimental productivity implications.

4.3 Dual Allegiance

The foreman is the contractor's agent for insuring that quality, productive work is accomplished. He therefore should have allegiance only to the contractor. However, when the foreman must rely on the business manager for work he has a financial loyalty to the unions and is likely to be reluctant to side with the contractor over union workers. This conflict of interest has negative implications for productivity. A solution to this is not easy because many union contractors need to be able to hire foremen through the union hall. If contractors, though, are aware of the dual loyalty problem, they can have higher level supervisors explain the expected responsibilities to the foremen when hired, and the higher level supervisors can pay more attention to this problem when counseling the foremen.

4.4 Reluctance Toward Change

The ability and willingness to make long-term decisions is a problem for unions as well as other organizations. The corporate officer is judged by the annual profit, so is unlikely to sacrifice short-term profits for long-term gains. Likewise the United States Congress is, in theory, in favor of balancing the budget, but the individual members are not willing to risk reelection, by agreeing to cuts in their district,

to make it happen. Unions face the same problem when trying to tackle the productivity problem. The business manager is not willing to agree to drastic changes during labor negotiations even when he/she realizes that such changes are necessary for the long-term health of his/her union. This is because as one executive put it, "any business manager who agrees to drastic change won't be business manager for long."^(31 p.37) Such an attitude, while understandable, is a great hindrance to productivity improvement in the union sector.

4.5 Union Leaders' Passivity Toward Improvement

It is understandable why unions are not willing to make drastic changes to improve productivity. What is not understandable is their seeming callous disregard for the problem. It is a fact that nonunion contractors are getting more work than ever before. It is also a fact that the switch to nonunion contractors is often because union work is felt to have low productivity. Regardless of whether this is true, union leaders should be alarmed by the trend. In some cases that is happening, and these cases will be discussed later, but too often this is not the case. Quality circles have been established in some areas, but only under the insistence and direction of the contractors.⁽⁵⁷⁾ No less a person than the President of the Building and Construction Trades Department of the AFL/CIO seems oblivious to the productivity crisis. When questioned about union practices detrimental to productivity he responded that unions negotiate for workers and that productivity was a management problem.^(42 p.154) He also stated that if contractors had only asked the unions how to be more productive, instead of switching to open shop operations, they would gladly have

told them.^(42 p.155) This displays a callous disregard for the unions' responsibility toward productivity and appears that Mr. Georgine is trying to perpetuate the extreme adversarial lines between management and the unions. This makes the problem even harder to solve because as has been said many times, if you are not part of the solution, then you are part of the problem.

4.6 Restricted Use of Subjourneymen

In construction there are many jobs that can be done by largely unskilled labor. This is reflected in that with open shop contractors, typically 40% or more of the labor force is made up of unskilled helpers.^(18 p.3) In union construction historically most work has been done by journeymen and their corresponding higher pay rates. A contractor in Houston has compiled figures which show that open shop contractors can save up to 40% of their labor costs on a typical project by the increased use of subjourneymen and their lower pay scales.^(40 p.36) Even when apprentices are used on union jobs there is often no savings in labor costs. This is because apprentices that are referred to jobs identify themselves as journeymen and they are then paid the higher rate.⁽²⁾ There is not an adequate system for identifying these apprentices when referred to a job.

The unions view the increased use of subjourneymen as a threat to them and to the income of their members. Therefore, the unions are reluctant to change the present rules in this area. Where unions have agreed to the hiring of subjourneymen it is usually allowed only after all available journeymen have been hired.^(18 p.4) Even those agreements

that allow more permissive hiring of sub journeymen are not followed significantly as jobsite surveys show few, if any, sub journeymen actually working. (18 p.8)

4.7 Local Labor Practices

Local labor practices of unions are also a factor in raising costs on union jobs. A study by experienced owners and contractors estimated that such practices raise costs on the average of 15%. (16 p.1) These practices include late starts, early quits, excessive time for wash-up and putting away tools and unauthorized breaks. (16 p.5) The individual usually responsible for preventing such wasted time is the foreman but as was discussed earlier he/she is often tied financially to the unions and not likely to take corrective action for minor rule infractions. Another of these practices commonly cited as greatly hurting productivity is work restrictions or production limits. This takes the form of only allowing a bricklayer to lay 400 bricks a day or restricting the size of a painter's burch to 3 inches in width. Such limits are viewed as wasteful by many workers as well as contractors, but still are permitted, and often enforced, by the unions. Restrictive work practices are adopted by unions to ensure job security and personal benefits for their members but such practices can drive the more ambitious workers to open shop contractors. (54 p.75) One Florida electrician stated that he felt more at ease working open shop because he would not be criticized for working too fast. (31 p.29)

Work slowdown were also observed as being extremely common, and were usually staged in an attempt to prolong a job or force a resolution

of a jurisdictional dispute^(16 p.8) The use of stewards for each craft results in paying them for time spent doing things other than actual work. This time can amount to as much as 25% of the steward's on-the-job time.^(40 p.38) Another practice disliked by contractors is the unions deciding on crew sizes for jobs and when standby labor is required. This removes from the contractor the option of how to best accomplish his job and results in inefficient practices.⁽⁶¹⁾

4.8 Collective Bargaining Constraints

While unwritten local labor practices tend to introduce inefficiencies into a project the negotiated practices cause as many or more inefficiencies. On union projects any work done in excess of eight hours per day is paid on an overtime basis. On open shop jobs overtime is calculated on the basis of 40 hours per week.^(40 p.36) This allows the open shop contractor to make up for weather and other delays without having to pay overtime. Also, overtime for the unions is typically double time as opposed to time and a half for open shop.⁽¹⁵⁾

Union agreements often call for paying workers even if no work is accomplished. This takes the form of a guaranteed work day⁽⁶¹⁾ or guaranteed work week.^(5 p.392) Also, most union crafts receive vacation and holiday payments while the open shop worker only gets paid for the hours he actually works.^(40 p.38)

Subsistence and travel pay are also called for in some labor agreements. Specifically, in Houston the insulators, boilermakers, and pipefitters receive a travel allowance from the jobsite to their home.^(40 p.38) Some of these payments are totally ludicrous in that

they call for paying travel pay to workers figured from the hiring hall to the jobsite, even if the worker lives right next door to the jobsite. (15 p.7)

The hiring hall is one of the major pluses of the unions but using the job referral system to exert union influence again causes inefficiency. That such methods are in fact used by the unions was pointed out in a recent case against a boilermakers' local in Pittsburgh. In that case workers claimed that union officials used subjective, self-serving methods of referring workers to jobs. The case was decided against the union and the union was ordered to pay selected workers a total of \$5 million in back pay. (34) A sad fact of this case is that that settlement will probably be made up by extracting more money from owners in future contract negotiations.

4.0 Lack of Motivation of Workers

The union policy of everyone receiving the same pay does nothing to encourage an increase in productivity. In fact, behavioral scientists have done numerous studies on worker motivation and have found that for workers to improve their productivity over a period of time they have to feel that they will be rewarded for any increase. In unions every worker knows that this will not be the case and in fact that they might be disciplined for exceeding a certain production rate. Therefore, since there is no reward there is no incentive and productivity remains at the rate necessary to just get by. (5 p.392)

Motivation of the worker is significant in other ways, too. In open shop construction, workers are more permanently tied to one company

and they therefore possess allegiance to that company.⁽²⁹⁾ This loyalty is good because anything perceived, by the worker, as being beneficial to the company will also be perceived to be in the best interests of the individual workers. In union construction, though, a worker is only on a given job for a relatively short period of time and feels more loyalty to the union.

The short time period workers work together on one job in union construction also detracts from the chance of the workers meshing and developing a team spirit (this obviously depends on the size of the labor pool in a given area and the resulting number of jobs the same union workers work together). It has been found in many studies, often conducted in a military environment, that mediocre workers that are used to working together are more productive than a group of superior workers thrown together for one job.

4.10 Contract Negotiating

The very necessity of having to negotiate a contract with each one of the applicable building trades tends to slow down a project and therefore causes a rise in costs. This is especially true for turnkey type construction where only sketchy or preliminary plans are available before construction starts. As the scope of a project becomes better known and the different crafts that will be necessary on the job are identified, time must be taken to negotiate with the unions. This can have the effect of totally defeating the advantages of the fast track method of construction. If contract negotiations are handled with prehire agreements and the jurisdictional issues are not resolved

the possibility of work stoppages or slowdowns over jurisdictional disputes increases greatly.

4.11 Strikes

Probably the first picture that comes to a person's mind when labor unions are mentioned are work disruptions due to strikes and picketing. The public considers the normal time for strikes to be after a contract has expired and the parties reach an impasse in trying to reach a new agreement. (42 p.141) This perception along with the incorrect assumption that, in the construction industry, contracts have a short life span and are renegotiated for each project, leads to the public feeling that strikes rarely interrupt construction projects. This is not the case. Between 1962 and 1973 57 percent of all construction strikes occurred during the life of an existing contract. (42 p.141) (These contracts are usually prehire agreements negotiated for a given area for a length of time similar to other industries' labor agreements. Individual project agreements are negotiated only for the larger projects). The construction industry is a very strike-prone industry. In 1972, construction strikes accounted for 28% of all unionized worker days lost. (40 p.38) The reason cited most often for these work stoppages is jurisdictional disputes. (40 p.42) Due to the widely diverse nature of the construction industry there are a great number of different crafts, 15 to be exact, that actively work together on the same project. Each of these has what it considers its exclusive jurisdiction. These jurisdictions can sometimes cross and when that happens on a job a jurisdictional dispute can occur. Considering this large number of different crafts it is not surprising the number of work stoppages that result.

Picketing is another traditional union activity that results in work slow downs and stoppages just as strikes do. Many workers refuse to cross a picket line so a strike by one craft can easily turn into a total strike of a given job. (60 p.276)

4.12 Exclusive Jurisdiction

As was briefly discussed earlier, each of the building trades has what they consider their craft jurisdiction. Exclusive craft jurisdiction is exercised when one trade union claims the sole right to a type of work that they define as being within their craft boundaries. (39 p.369) These jurisdictions are jealously guarded because they determine a union's power. The more different pieces of work that can be claimed by a particular union, the more work that union is likely to obtain. (2)

Before a project is started the contractor and union representatives sit down and attempt to negotiate who will do what on that project. To illustrate just how picky this can get, an insulator states "if I'm running insulation on a pipe (on a union job), when I come to a hanger, I can't take a wrench and lower it. I have to call a pipefitter." (31 p.29)

As can be easily seen the negotiations have to go down to the minutest detail or some general guidelines must be drawn up. When the general guideline route is used, or even when every detail is attempted to be negotiated, the actual performing of the job leads to jurisdictional disputes. The number of these disputes on a job varies widely. In a survey of owners and contractors the number of jurisdictional disputes on an individual job ranged from zero to more than 200. (39 p.376)

Jurisdictional disputes can be settled at different levels, depending on the type and severity of the dispute. The majority of these disputes are handled at the union representative level. However, some are required to go to more formal procedures starting with local disputes boards and in some cases advancing all the way to the National Labor Relations Board. The amount of time lost waiting for these decisions is substantial, as can be imagined. On one project in an owner survey, 18 disputes had to be referred to formal procedures. (39 p.376)

The number of worker hours lost to these disputes in the survey ranged from less than 50 to 1,500,000. (39 p.376) The loss of productivity is clear to even the most casual observer.

The exclusive jurisdiction issue, with all its implications, is probably the largest factor that makes union contractors uncompetitive with the open shop. This statement was made by an official of a union contracting firm, indicating the widespread knowledge of this productivity problem. (44)

CHAPTER 5

POSITIVE UNION INFLUENCES ON PRODUCTIVITY

5.1 Apprentice Programs

While there are many negative union influences on productivity, there are some very strong positive influences as well. One of the biggest advantages of unions is their outstanding apprentice programs. These programs have been developed over a number of years and are better than similar programs in the open shop sector. The Associated Builders and Contractors (an open shop organization) has recently developed a "Wheels of Learning" program, but it will take time to develop into what the unions already have.⁽⁵⁶⁾ The majority of skilled workers that have received formal training in construction crafts have gotten that training through the unions. This applies to the workers currently employed in open shop as well as union shop companies.⁽³¹⁾

5.2 Available Labor Pool

Another major advantage of unions is a pool of skilled laborers to be used only when needed.⁽²⁾ This is extremely important for traveling contractors who have only a handful of permanent employees and rely on local labor pools to fill their jobs when they win a job. It is also good for the contractor whose work load frequently changes. This is the case for many contractors because construction is such a cyclical business. Business is good in prosperous times, bad in recessions, good during the summer, and bad during the winter (except for those areas where the weather is mild year round). Because of the apprenticeship programs and the union hiring halls the union

contractor is much better able to adjust to changing manpower needs.⁽⁴⁰⁾
p.42) The result for the open shop contractor is often the necessity to maintain its skilled workers on the payroll even when there is no work for them. This is not necessary for the union contractor.

5.3 Safer Working Conditions

When unions were first formed, the establishment of safer working conditions was often of prime importance. The sweat shops of yesteryear no longer exist, but there are still some industries that are more hazardous than others. The construction industry is one of these. The passing of the Occupational Safety and Health Act (OSHA) has gone a long way toward making all industries safer. This legislation was largely drafted and pushed through by union lobbyists.⁽⁴³⁾

Safer working conditions that have come about since the introduction of OSHA have resulted in fewer accidents and consequently allowed for more on-the-job productive work time by all employees. It is debatable whether or not such legislation or the improvements in working conditions would have taken place without the efforts of the unions. However, even if they had, it is highly unlikely that they would have happened as quickly.

The nature of unions results in the continual protectiveness of workers and the resulting gains are enjoyed by union and nonunion members alike, via a spillover effect.^(43 p.569)

5.4 Negotiated Benefits

There are many benefits that are provided to union members through the contracts that are negotiated. Many of these would have to be

CHAPTER 8

CONCLUSIONS AND RECOMMENDATIONS

It is difficult to accurately determine whether union workers or nonunion workers are more productive. Furthermore, a statement that states one sector is more productive should not be espoused with the objective of trying to limit all future construction to that sector of the market. Both have their place in the market and can coexist. Competition is the basis upon which the entire American economy is founded. To have a healthy construction industry, both the union and nonunion sectors need to have equal power so that they can assert checks and balances upon each other and promote fair competition.

Power in the construction industry comes from two sources: legal power and competitiveness in the marketplace. Throughout history the pendulum of legal power has swung back and forth between labor and management. That pendulum is now generally regarded as being in the middle with equal power to both sides. Therefore the strength of open shops and union shops is based on their competitiveness and relative attractiveness, to the construction user, in the marketplace. It is this area in which the union sector of the construction is losing. Open shops are receiving a larger share of construction than ever before and the trend does not appear to be slowing appreciably.

The main reason for the loss of attractiveness, and the resultant shrinking share of the construction market, is labor unions'

productivity in the construction industry. They are a good basis from which all members in the industry can move to increase their productivity. In fact many people in the industry are embracing the reports as the definitive guide for construction productivity improvement and are advocating widespread implementation of their findings.

7.4 How to Obtain the Reports

Any person or group concerned with productivity in the construction industry should read and become thoroughly familiar with the CICE reports. Even if all the suggestions do not find widespread acceptance the problems are extensively discussed, and this discussion may spark in the readers ideas for more effective solutions. The reports are widely distributed in the construction industry and can probably be found in local libraries or the libraries of labor unions and major contractors. If they can not be found at the local level or if someone wants a personal copy, they can be obtained free of charge by writing The Business Roundtable; 200 Park Avenue, New York; 10166. Additional information concerning these reports or other Roundtable business can also be obtained by calling the Roundtable at (202) 682-6370.

The reports published by the Roundtable are as follows:

Study Area A- PROJECT MANAGEMENT

- A-1 Measuring Productivity in Construction
- A-2 Construction Labor Motivation
- A-3 Improving Construction Safety Performance
- A-4 First and Second Level Supervisory Training
- A-5 Management Education and Academic Relations
- A-6 Modern Management Systems
- A-7 Contractual Arrangements

Study Area B- CONSTRUCTION TECHNOLOGY

- B-1 Integrating Construction Resources and Technology
Into Engineering
- B-2 Technological Progress in the Construction Industry
- B-3 Construction Technology Needs and Priorities

Study Area C- LABOR EFFECTIVENESS

- C-1 Exclusive Jurisdiction in Construction
- C-2 Scheduled Overtime Effect on Construction Projects
- C-3 Contractor Supervision in Unionized Construction
- C-4 Constraints Imposed by Collective Bargaining Agreements
- C-5 Local Labor Practices
- C-6 Absenteeism and Turnover
- C-7 The Impact of Local Union Politics

Study Area D- LABOR SUPPLY AND TRAINING

- D-1 Subjourneymen in Union Construction
- D-2 Government Limitations on Training Innovations
- D-3 Construction Training Through Vocational Education
- D-4 Training Problems in Open Shop Construction
- D-5 Labor Supply Information

Study Area E- REGULATIONS AND CODES

- E-1 Administration and Enforcement of Building Codes and
Regulations

2.3 Applicability of the Report

The findings of the 23 reports are far too lengthy and involved to list individually here. However, they are very detailed and extensive and considering they were commissioned by an organization of owners they are relatively objective in their treatment of the productivity problem. These Construction Industry Cost Effectiveness Project (CICE) reports are a major force in the drive for improved

and after a year of "think tank" debates, they decided if real improvement was to occur they needed to tackle the entire construction process.^(9 p.2) The Roundtable formed The Construction Industry Cost Effectiveness Task Force to carry on this project. The Task Force broke the construction process down and decided to focus on five major areas: project management, construction technology, labor effectiveness, labor supply and training, and regulations and codes.^(9 p.8) The study was to be accomplished in four phases: Development, Research, Operational, and Implementation. The first phase was completed in November 1979 and a report was made to the Roundtable. This report received such enthusiastic support by the Chief Executive Officers on the Roundtable that funds were allocated to complete the project.^(9 p.9)

The Task Force was then broken down into study teams in each area. A full-time director was needed to direct the project, and Lt. Gen. Carroll H. Dunn, a retired Army Corps of Engineers General, was selected. In order to take on this job he was given a leave of absence as Senior Vice President for Consolidated Edison.^(9 p.18) The individual teams were composed of 115 individuals, representing 66 companies and organizations.^(9 p.11)

As each team finished its research they wrote a report and presented it to the Roundtable for approval. After approval the report was published. The first report was published in November 1980 with the remainder published from January 1982 to November 1982. A summary report was published by the Roundtable in January 1983. Reports were published in each of the five subject areas and there were twenty-four total reports, including the summary report.

CHAPTER 7

THE BUSINESS ROUNDTABLE

7.1 Background

In the last chapter an attempt at productivity improvement by a labor union was discussed. This, however, is not the only group in the construction industry which has addressed the problem and attempted to propose solutions to it. One other such group is known as The Business Roundtable.

In 1969 several leaders of the construction industry felt that wages and overtime were getting out of hand in their field. They were eager to help stabilize the situation. Therefore, under the leadership of Roger Blough, who had recently retired from the chairmanship of U.S. Steel, these leaders formed the Construction Users Anti-Inflation Roundtable.^(9 p.1) Some of the major accomplishments of this group included the stopping of the overtime war and getting wage increases under control.^(9 p.1) In 1972 this organization, along with others, merged to form The Business Roundtable. This association now is made up of the chief executives of about 200 major U.S. corporations.^(11 p.1)

7.2 The Roundtable's Productivity Report

In 1977 the Roundtable decided that they should attempt to address the productivity problem in the construction industry, in order to propose long-term solutions to the problems that they found to exist.^(9 p.1) Initially, six members agreed to look at the problem,

6.3 Overall Impression of the Program

The Construction Labor-Management Cooperation Productivity Program proposed by the United Brotherhood of Carpenters and Joiners (attached as Appendix A) upon review is found to be lacking in several important areas. The program has little depth with only superficial administrative issues discussed in it. The program seems to stress other issues, like active promotion of union markets, to the detriment of productivity improvement. The scope is also too large for a program starting from scratch. The funding for the program will surely be opposed by contractors, who are being asked to entirely fund it. Other unions are also likely to oppose the program because it is not sponsored by a joint committee but by a single union, which is likely to incur their jealousy and resultant lack of support.

With all the problems with the program it might be viewed as a total waste, but that is not the case. The most important aspect of the program is that it signals a new thinking on the part of labor unions to start trying to improve their productivity. In the program the carpenters acknowledge that they are losing business to open shop contractors and that their practices are causing productivity problems. This is the first step to solve the productivity problem. If other unions follow the carpenters' lead, better productivity improvement programs will be developed and the productivity issue can be moved toward a solution.

issue. This program does not fulfill this aim. As much attention is focused on the desire to promote union construction through publicity as there is on the improvement of productivity. This might be a necessary and admirable goal for unions but it has no place in a productivity improvement program. Also, the authors of the program seem confused on what they want to say in the program's bylaws. The bylaws are lengthy and wordy but they state the same things three or four times and there is very little meat to them.

6.2.5 Political Activity of the Committee

As stated before attention should be focused on the productivity issue and stay away from other issues. One distraction for many union committees is political action, and the lobbying for favorable union legislation. This program should stay away from political action, even though there are some possible areas for productivity improvement via political action, mostly with respect to building codes and other government regulatory practices. Actions in these areas, though, should be left to the present lobbyists. The authors of this program obviously had some ideas in this direction, because they included in the bylaws the following statement: "No substantial part of its (the committee's) activities shall be carrying on of political propaganda or otherwise attempting to influence legislation." This statement does not go far enough because it leaves open the possibility of some political action. Such action should be totally excluded in the bylaws in order to keep the committee's attention focused on the problems they are best equipped to solve.

contractors and will help encourage their participation. Admittedly, union funding in some way comes from the contractors, but the indirect financing of such a program is apt to be much more palatable than overt funding by increasing labor costs.

6.2.3 Outside Input

For any productivity improvement program to be most successful, there needs to be a wide range of views included. In this program proposed by the carpenters, however, membership is restricted to union members and union contractors. Open shop contractors could supply some very important views on how the unions could increase their productivity, especially those contractors that were once union before changing to open shop. It is not unrealistic to expect that some open shop contractors would be willing to participate in such a program. Open shop, or merit shop, contractors are pledged to provide the best service at the lowest price. If they feel that the unions can become more productive, they might switch to union workers. The inclusion of open shop contractors on the committee will only be successful, though, if there is no pressure put on these contractors to go union. However, if no pressure is put on them and the program does increase union productivity, this inclusion might become a powerful union recruiting tool.

6.2.4 Focus of the Program

A productivity improvement program, like this is supposed to be, should focus most or all of its attention on the productivity

This scope has many problems. The carpenters are starting out with too big an initial organization. As mentioned before, the program must be supported by the other trade unions. Any such organization with such diverse membership, and with an eleven-member executive committee will have a hard time agreeing on specific procedures and policies to take. Meeting once a year is not enough. This policy will not allow the organization to be responsive to the many problems existing in the productivity arena. The nationwide aspect of the program is also a bit ambitious for an organization's beginning. The funding proposed will draw objection from the contractors and could in fact kill the desired participation by the contractors. A rise in labor costs, for any reason, will increase the overhead costs of contractors and thereby make them even less competitive than they already are.

The problems with the large scope of the proposed program can be overcome by starting with a less ambitious plan and expanding later. Initially, the committees should be formed on a local basis with the participation of as many trade unions as possible. Sponsorship by the local Building Trades Council would be advisable. The board of directors should have fewer members and they should focus initially on local problems. The desire for extensive research should, for the time being, be shelved, and any research needed should be obtained from existing sources, for example, the National Productivity Center or AFL/CIO sponsored studies. This will cut down the necessary funding a great deal. The money that is needed should be provided in some way by the unions. This will be more acceptable to the

as well as themselves. With all the jurisdictional disputes and trade jealousy between the various construction trades, it will be hard to get cooperation from all unions on a program developed by any one of them. Even if authored by the carpenters, there would be a better chance of success if the program had been sponsored by the Building Trades Council or by some other branch of the parent AFL/CIO organization.

6.2.2 Scope of the Program

Any program that is new has a better chance of success if it starts out small, builds a base of support and then grows. This is the approach that the carpenters' program should take, but does not. The program seems to advocate one large council that will discuss and solve all the problems of the construction productivity issue nationwide. Toward this end they propose a Board of Directors of eleven members drawn from the construction trades and union contractors. They also propose developing a large research capability that can develop performance comparisons between union and nonunion construction, make comprehensive market analyses, develop the relative socioeconomic impacts between nonunion and union construction and conduct research on other appropriate topics. To handle such complicated functions, it is realized, will require money; so the program proposes increasing labor wages by a few cents an hour, with the additional money being given to the productivity committee to carry out its functions. With such a large diverse group the program proposes meetings on the order of once per year.

during collective bargaining. (31 p.38) More evidence pointing to the increased awareness by unions of the productivity problem, is the publishing by the carpenters' union of the Construction Labor-Management Cooperation Productivity Program (Appendix A). The introduction to this program identifies the trend toward open shop work and the potential dire consequences for the unions if this trend is not halted or reversed. This is in itself a major concession for the unions, but the introduction goes even farther. In it there is the statement that escalating costs due to low productivity and work stoppages have made union contractors uncompetitive." This is a major step, for a building trades union to admit that their rules and procedures have caused productivity problems. This is the first step toward solving the productivity problem, a step that previously the unions were largely unwilling to take.

6.2 Analysis of Program

The admission of the existence of a problem, with productivity, is an important step for a union. The next step is to develop programs to combat the problem. The carpenters' union has attempted to do this by publishing the productivity program. Again, this is a step in the right direction; however, there are many problems with their program.

6.2.1 Cooperation of Other Unions

One big problem with the carpenters' union's program is that its success hinges on the cooperation of the other trade unions

CHAPTER 6

ANALYSIS OF THE CARPENTERS' CONSTRUCTION LABOR-MANAGEMENT COOPERATION PRODUCTIVITY IMPROVEMENT PROGRAM

6.1 New Union Awareness

As stated in previous chapters, nonunion contractors are obtaining a larger share of the construction market than ever before, and the unions' low productivity is often cited as the reason. The first step in dealing with any problem is to recognize it and acknowledge that it exists. In the past the unions in the construction industry have generally refused to admit that they have a productivity problem. An example of this type of thinking is reflected in comments by Robert A. Georgine, the president of the Building and Construction Trades Department of the AFL/CIO. He states that the top priority of the unions now is not to increase productivity, but instead to expose to the construction public the myth that union construction is more expensive. (32 p.38) He then goes on to say that reports of nonunion gains are largely exaggerated and the union sector still retains well over 50% of the construction market. (31 p.38) It is very hard to make any progress toward productivity improvement when labor union leaders refuse to admit there is a problem.

It is encouraging to note, however, that not all union leaders prescribe to Mr. Georgine's line of thinking. Harold J. Buoy, president of the boilermakers' union, acknowledges the productivity problem and is striving to educate his union members in an effort to cut down the number of productivity-hindering demands negotiated

program has attempted to get the cooperation of all parties in the construction arena to help boost productivity. The negotiated agreements under this program have eliminated several negative productivity influences previously identified. These include: reducing overtime payments to time and a half, allowing round-the clock shift work with no increase in pay for odd shifts, and eliminating some of the restrictions against using prefabricated materials. (58 p.71)

Similar programs are emerging in other areas of the country including Indianapolis; Cincinnati; Des Moines; Columbus, Ohio; and Los Angeles. (58 p.72; 31 p.36; 37) In trying to fight the open shops' gains, building trades unions in the northwest have banded together and offered a 20% reduction in union wages for any project built entirely with union labor. (33) All these efforts show that the unions in some places are beginning to realize that if they are to survive they must solve the productivity problem. These programs, though, have not progressed beyond the local level. There is very little evidence that any union or group of unions is trying to expand local success nationally to incorporate all its locals. One union that is making such an attempt is the United Brotherhood of Carpenters and Joiners. This union has written a productivity improvement program that incorporates both labor's and management's participation. They are sponsoring this program for use industrywide, nationwide. A copy of their program is included as Appendix A of this paper and is evaluated in Chapter 6 of this paper.

provided by the contractor if they were not provided by the union. Therefore, because the union takes care of them, the contractor can spend his time worrying about getting his project done on time rather than about buying health insurance or providing pension benefits for his workers.⁽²⁾ The unions can also save the contractor money in these areas by obtaining the benefits in bulk for all union members at one time, rather than each contractor trying to provide for a smaller number at several times.

5.5 Self-determination's Effect on Morale

One of the reasons workers give for joining unions is that they want some say in the way they are treated on the job. A worker who feels that he/she has a say in determining what happens to him/her is likely to have a more positive outlook on his/her work. Such a positive outlook can have only a positive impact on productivity of that worker.

5.6 New Union Productivity Improvement Programs

It was noted earlier that unions are not taking a very active role in attempting to improve their productivity and thus try to save their portion of the construction market. This is not completely true. In some parts of the country labor unions do recognize the serious productivity problem and the unions' responsibility to try to help solve the problem. The pioneering effort in this area was accomplished in St. Louis in 1972. This program was called PRIDE for "Productivity and Responsibility Increase Development and Employment."⁽⁵⁸⁾ The

negative impacts on productivity. When the unions were strong they negotiated work rules and provisions that have caused low productivity and higher costs for the union contractor, which is making him/her uncompetitive in an industry where the person who can do a job with the lowest costs gets the work. Some of the inefficient practices of the unions are production limits, featherbedding, jurisdictional disputes and frequent work stoppages. These negative influences now tend to overshadow the positive influences of excellent apprentice programs and a ready supply of trained labor.

The unions must stop the trend of work switching to the open shop sector or they will eventually cease to exist. To do this they must increase their productivity. For this to happen the unions must have the support of everyone. Union leaders need to realize that the unions have a productivity problem and acknowledge that fact. They then need to convey the information to the individual union worker and educate him/her as to the implications for the union and future job prospects if the productivity problem is not solved. If the leaders can convince the workers that there is a problem, the workers are likely to contribute to finding and implementing solutions.

After the productivity problem is acknowledged and all parties become resolved to try to improve the situation, the root causes of the problem must be identified so they can be targeted for elimination. The Business Roundtable has already done this from the owner's point of view. There are also various other studies from which the unions can draw, in trying to further identify the

root causes. Programs must be developed, then, to combat the causes and those programs must be implemented. The problem with this approach is that it takes a long period of time if the unions start from scratch. They should use those studies that already exist, to start.

The Business Roundtable study utilized some of the most intelligent executives in the country. The unions should realize this and not dismiss their findings just because the study was from the owners point of view. The findings from the CICE Project should be implemented into future contract negotiations and into the unions' productivity programs that they have initiated. The labor-management cooperation idea proposed by the carpenters is a good idea, but it needs to be done on a smaller scale than that proposed by the carpenters.

The biggest hindrance to productivity is the jurisdictional issue. One way to reduce this problem is to reduce the number of different crafts in the construction industry. There will always be jurisdictional problems if 15 different unions are trying to carve out their niche in each construction project. Union leaders might say that such reduction is not possible, but it must be remembered that at one time there were over 50 different crafts and those have now been pared down to 15. Further merging is possible and necessary. The leaders of the AFL/CIO will have to use their leadership to negotiate these mergers, because it is unlikely that individual unions will be willing to give up their autonomy.

These recommendations are just several of the numerous ways to increase productivity. They are presented to stimulate thought and

hopefully produce even more ideas on how to improve productivity.

The productivity issue is a severe problem in the construction industry, and one that can have drastic consequences for the entire United States economy. At this point it is unimportant how productivity is increased; it is only important that it is increased and soon.

APPENDIX A

SAMPLE OF UNION INITIATED PRODUCTIVITY
IMPROVEMENT PROGRAM

U B C
Proposed Guidelines
for the

CONSTRUCTION LABOR-
MANAGEMENT COOPERATION
PRODUCTIVITY PROGRAM

A Segment of
"OPERATION TURNAROUND"

Developed by
The United Brotherhood of Carpenters
and Joiners of America, AFL-CIO

A Working Paper

PREFACE

The Construction Industry Joint Labor-Management Cooperation Committee is an effort to support efficiency and promote a harmonious relationship between management and organized labor. It encourages unions and management to band together and work towards the common goal of creating a healthy construction climate that enhances economic growth and development. This relationship along with the re-dedication to quality performance and to standards of excellence are vital in a competitive market.

As the construction industry becomes more selective and competitive it is essential that both labor and management work together towards new levels of productivity and efficiency. The program is designed to make union construction more competitive by improving job performance and eliminating nonproductive practices. Through this program labor and management can demonstrate their commitment to provide the very best they have to offer.

INTRODUCTION

The construction industry in the United States has undergone a radical transformation in the past decade. The once dominant union sector of the industry has experienced a rapid and steady decline in its share of the construction market. The union contractor has been virtually eliminated in many areas of the country, and has withdrawn or been restricted from competing in major segments of the market in other areas. If the trend is allowed to continue unchallenged the union sector could for most purposes simply cease to exist in the near future.

The demise of the union sector, however, is not inevitable.

The conditions that led to the growth of nonunion construction are not irreversible. The major barriers to the recovery of union construction fall into three general categories. First, escalating costs due to low productivity and work stoppages have made union contractors noncompetitive. Second, the nonunion sector aggressively and systematically promotes and markets its product. Third, there is increasing user resistance to union contractors based on a combination of the first two factors. The union sector can develop a comprehensive program to remedy these problems and restore its position as a productive and competitive force in the construction market. There is a clear opportunity and a definite need for the restoration of the union sector.

The transformation of the construction industry from predominantly union to nonunion is not without its negative consequences for the

industry and the construction user. The performance of the nonunion sector has not met its promise of low cost, high quality construction. The nonunion sector has been plagued with poor quality performance, cost overruns, and an inadequately trained and unstable workforce. In areas critical to the future of the construction industry--long term investment in apprenticeship and training programs, the development of a stable local labor supply through the use of local hiring halls, and the retention of experienced workers through the provision of medical, pension, and other benefits--the union sector retains superiority.

The revitalization of the union sector requires the commitment of both labor and management to cost reduction, quality workmanship, and positive relations with construction users. The continuation of adversarial labor-management relationships will only ensure fewer and fewer work opportunities for both the union contractor and the union craftsmen. Recent changes in the law allow the formation of jointly funded and administered labor-management cooperation committees. These committees can serve as the vehicle for the amicable resolution of the problems besetting the union sector and for renewing the confidence of the construction user and the public in the union sector.

Principles

The labor and management members of the committee are pledged to:

1. The preservation and revitalization of the union sector of the construction industry in recognition of the value of the union sector to the industry, the construction user, and the community.
2. The establishment of cooperative and harmonious labor-management relations in the construction industry.
3. The elimination of impediments to increased productivity and reduced costs.
4. The avoidance of labor-management disputes, and the elimination of work stoppages.
5. Provide the highest quality, lowest cost construction services possible to the construction user.
6. Maintain the highest standards of craftsmanship in the industry.
7. The establishment of a program to actively seek and maintain positive relations with construction users, and to inform them of the value of union construction.
8. Provide for secure and adequate funding for the committee and its programs.

Committee Structure and Funding

1. The committee will operate as a nonprofit corporation pursuant to the appropriate state laws and regulations.
2. Funding for the committee will be provided through a cents per hour worked contribution contained in the appropriate collective bargaining or other agreements.
3. Membership in the committee will be open to all construction employers and bona fide building and construction trade labor organizations signatory to or who agree to execute a labor management cooperation committee participation clause or an agreement containing such a clause.
4. The committee and all of its activities shall be governed by the Board of Directors.
5. The Board of Directors shall consist of 11 members. There shall be five directors selected by and representing labor and five directors selected by and representing management. One public director shall be selected by mutual agreement of the labor and management directors (See Article IV, Section 2 of the Bylaws).

Committee Administration and Staff

The Committee shall retain a full time administrator. The duties of the administrator shall be to:

1. Direct the daily activities, operation, staff, and outside consultants of the committee.

2. Develop programs consistent with the principles of the committee under the supervision of the Board of Directors.
3. Provide research and other background information necessary for the committee and its program.
4. Establish and maintain contact with construction users.

Committee Programs and Functions

Increased Productivity

1. The committee shall establish a program to review all current rules, restrictions, procedures, and practices common to the area of its jurisdiction. A determination shall be made of the increased costs resulting from each rule, restriction procedure, or practice. Recommendations will be made to the members on changes in or elimination of specific rules, restrictions, procedures, or practices.
2. The Committee shall establish a program to encourage improved employee work habits and to instill a sense of pride and worth in individual craftsmanship.

Dispute Avoidance

The committee shall regularly conduct meetings on current construction and maintenance projects being performed by members of the committee. The purpose of the meetings will be to review the

progress of each project, and to identify and resolve any potential labor-management disputes.

Dispute Resolution

Members of the committee may bring any dispute before the Board of Directors for informal mediation. The members and the Board of Directors shall endeavor to resolve all disputes in a framework of cooperation and consistent with the principles of the committee.

Research and Analysis

The committee shall develop a research capability to provide information for committee decisions, recommendations, and programs. Specific areas for research include:

1. A survey of construction users to ascertain their attitudes, concerns, and methods of selecting construction contractors.
2. Performance comparisons between union and nonunion construction.
3. The size and composition of the local construction market (comprehensive market analysis).
4. The impact of union sector practices on cost effectiveness and productivity.
5. The relative socioeconomic impacts of nonunion and union construction (importation of nonresident workers, training opportunities, increased crime, etc.).

Construction User Information Program

The committee in order to establish and maintain a productive dialogue with construction users shall:

1. Develop materials to inform users of the benefits of union construction, and the activities of the committee. The materials shall be based on the results of the committee's research efforts and other sources of positive information union construction. The materials will include brochures, studies, reports, and audiovisual presentations.
2. Identify and systematically contact construction users in the local construction market. The outreach effort would include:
 - a. meetings with individual users,
 - b. seminars for user or industry associations,
 - c. ads in selected industry publications,
 - d. direct mail.

Construction User Services

The committee shall compile and make available to construction users a listing of:

1. Contractor and subcontractor members including information on their capabilities, specialties, bonding, etc.
2. All relevant collective bargaining agreements.

ARTICLES OF INCORPORATION
of the
CONSTRUCTION INDUSTRY LABOR-MANAGEMENT
COOPERATION COMMITTEE, INC.

We the undersigned natural persons of the age of twenty-one years or more, acting as incorporators, adopt the following Articles of Incorporation pursuant to the (insert name of state law governing nonprofit corporations):

I. NAME

The name of the corporation is the Construction Industry Labor-Management Cooperative Committee, Inc.

II. DURATION

The period of duration is perpetual.

III. PURPOSES

This corporation is organized as an area and industrywide labor-management cooperation committee as provided for by Section 302(c)(9) of the Taft-Hartley Act, 29 U.S.C. 186(c)(9), for any and all of the purposes set forth in Section 6(b) of the Labor-Management Cooperation Act of 1978, including the encouragement and support of establishment and operation of joint labor-management activities conducted by an area and industrywide committee designed to improve labor-management relationships, job security, competitiveness, productivity, organizational effectiveness, and economic development.

Section 2

All officers of the LMCC shall be selected from among the directors and shall be appointed by the Board for terms not to exceed one (1) year. No two offices may be held by the same individual. There shall at all times be one Co-Chairman who is a labor director and one Co-Chairman who is a management director. The Secretary-Treasurer shall act in such capacity as an impartial officer and may be from either category of member-directors, PROVIDED, however, that successive terms as Secretary-Treasurer will alternate between the two categories of member-directors.

Section 3

The duties and powers of the Executive Officers shall be as follows:

- a. The Co-Chairmen shall preside at each meeting of the Board of Directors and report on the activities and condition of the LMCC upon request of the Board. In the absence of one Co-Chairman, the other shall be authorized to preside. The Co-Chairmen shall be responsible for carrying out the day-to-day administration of the LMCC under the Board's authority and approval. With the prior approval of the Board of Directors, they may sign contracts and other documents in the name of the LMCC, and any such documents shall require the signature of both Co-Chairmen unless the Board shall direct otherwise. Jointly with the Secretary-Treasurer, one or both

by action of the Board, or upon the written request of three (3) directors. In all cases the directors shall act as a Board, regularly convened, by a quorum, and they may adopt such procedures for the calling and conducting of their meetings as they deem appropriate and not inconsistent with the governing documents of the LMCC and the laws of the State of (insert).

Section 5

A quorum for transaction of business by the Board shall exist when at least (3 out of the 5) labor directors and (3 out of the 5) management directors are physically present.

Section 6

At all meetings of the Board of Directors, each labor director and each management director shall have one (1) vote. The public member shall vote only in the event of a tie vote between the member-directors and, in such event, shall have one (1) vote. Whenever a quorum is present as described in Section 5 above, a director may vote in person or by duly authorized proxy.

ARTICLE V. EXECUTIVE OFFICERS

Section 1

The Executive Officers of the LMCC shall consist of:

- a. Labor Co-Chairman
- b. Management Co-Chairman
- c. Secretary-Treasurer

with or without cause, only by an affirmative majority vote of each category of member-directors. Any director may resign by delivering or mailing his or her written resignation to the principal office of the LMCC.

d. In the event of death, resignation, removal, or inability to serve of any director, the vacancy shall be filled as follows:

- (1) In the case of a labor director, the replacement shall be chosen by the procedure provided in Section 2(b)(1) above;
- (2) In the case of a management director, the replacement shall be chosen by the procedure provided in Section 2(b)(2) above;
- (3) In the case of a public director, the replacement shall be chosen by the procedure provided in Section 2(a) above.

Section 3

Committees may be appointed by the Board of Directors from among the membership of the LMCC and shall serve at the pleasure of the Board.

Section 4

The Board of Directors shall meet at least once annually at a date, time, and location to be selected by the Board. Other meetings may be called at any time by oral or written notice from the Co-Chairman,

eleventh director shall be designated a public director, who shall not be a member of the LMCC and who shall be selected by agreement among the member-directors (affirmative majority vote of each category of member-directors).

- b. The initial directors may serve a term of up to one (1) year from the incorporation of the LMCC. Each successor director shall be chosen to serve a term of one (1) year (or until earlier death, resignation, removal, or inability to act, or until his or her successor has been duly appointed), and shall be chosen in the following manner;

- (1) Labor directors: At a regularly called membership meeting the labor members shall caucus and elect five (5) members to the Board of Directors. Each labor organization shall have one (1) vote. Election to the Board requires a majority vote of those members present and voting.

- (2) Management directors: At a regularly called membership meeting, the management representatives shall caucus and elect five (5) members to the Board of Directors. Each management member shall have one (1) vote. Election to the Board requires a majority vote of those members present and voting.

- c. Each member-director on the Board may be removed, with or without cause, by majority vote of the category of members of the LMCC to which he or she belongs. The public director may be removed

of membership shall not entitle a member to a refund of any contributions or assessments.

Section 2

All assets of the LMCC shall be administered by the Board of Directors, and such agents as may be designated by the Board, in accordance with the Articles of Incorporation and the Bylaws for the lawful purposes of the LMCC.

ARTICLE IV. DIRECTOR

Section 1

The governing body of the LMCC shall be the Board of Directors, which shall have supervision, control, and direction of all assets, affairs, committees, publications, officials, and policies of the LMCC. The Board shall have all such powers as are necessary for the accomplishment of its functions and the purposes of the LMCC, including but not limited to the power to appoint and compensate agents of the LMCC, to appoint committees and executive officials, and to enter into contracts for services.

Section 2

- a. The Board of Directors shall consist of eleven (11) individual directors, five (5) of whom shall be selected by and from the labor members of the LMCC and five (5) of whom shall be selected by and from the management members of the LMCC. The

total number of members of each category of membership in order for action to be approved.

Section 7

Membership meetings and proceedings shall be conducted insofar as possible according to ROBERT'S RULES OF ORDER (Revised) for parliamentary procedure, except as otherwise provided in these Bylaws. The Board of Directors shall designate one director to serve as Parliamentarian at meetings.

ARTICLE II. OFFICES

The LMCC shall maintain a principal office address in the (describe geographical area), and from time to time the Board of Directors may establish such other offices as may be necessary and appropriate to carry out the objectives of the LMCC.

ARTICLE III. ASSETS

Section 1

The LMCC shall be funded by contributions provided for in participation agreements approved by the Board of Directors, and from such other sources as may be approved by the Board of Directors, PROVIDED, however, that any mandatory assessments upon members in addition to the contributions provided for under existing or future participation agreements shall be imposed only after receiving approval of the membership under Article I of these Bylaws. Withdrawal or termination

attendance of any member at any meeting without protesting the lack of notice prior to or at the commencement of the meeting shall be deemed a waiver of notice of such meeting.

Section 4

At all meetings of the LMCC, each member in attendance shall have one vote on every matter brought to a vote, PROVIDED, however, that if a dispute involving any member(s) is brought to a membership vote, the member(s) involved shall not vote on that matter. On all matters presented for action by the membership, the proposal must receive an affirmative majority vote among the members voting in each category of membership for action to be approved, PROVIDED that there is a quorum of each category of membership present at the meeting. Voting by proxy is not permitted.

Section 5

For purposes of membership meetings, a quorum shall exist when a majority of the total number of members in each category of membership are present.

Section 6

The Board of Directors may authorize submission of proposals to the membership for voting by mail. On any proposal voted on by mail, there must be an affirmative response by a majority of the

BYLAWS OF THE CONSTRUCTION INDUSTRY
LABOR-MANAGEMENT COOPERATION COMMITTEE, INC.

ARTICLE I. MEMBERSHIP

Section 1

The corporation (hereafter "LMCC") shall have two categories of members: labor members and management members. Labor membership shall be available to unions determined by the labor directors to be bona fide building and construction trades labor organizations. Management membership shall be available to construction industry employers who are signatory to an approved participation clause or to an agreement containing such a clause. Each member shall act through a person of its own choosing who is authorized to represent the member labor organization or member employer.

Section 2

Meetings of the membership may be held at such times and places as shall be authorized by the Board of Directors, but there shall be at least one meeting annually.

Section 3

Written notice of every meeting of the membership, stating time and place, shall be given to each member by mailing or telegraphing the same to each member's last known address not less than seven (7) days before such meeting, PROVIDED, however, that such notice may be waived in writing by any member before or after the meeting. The

Name

Address

XII. INCORPORATORS

The name and address, including street and number, of each
incorporator is:

Name

Address

of law, after payment of or making provision for all the corporation's debts and liabilities of every nature and description, the Board of Directors shall dispose of all remaining assets of the corporation exclusively for the lawful purposes of the corporation in such manner, or to such other organizations, as shall at the relevant time be permitted for organizations under Section 501(c)(6) of the Internal Revenue Code of 1954 (or corresponding provision of any future United States Internal Revenue Law).

IX. DISSOLUTION

The address, including street and number, of the initial registered office of the corporation is as follows:

(insert)

and the name of its initial registered agent at such address is:

(insert)

XI. INITIAL DIRECTORS

The number of initial directors constituting the Board of Directors is eleven (11), and the names and addresses, including street and number, of the persons who are to serve as the initial Directors until the first annual meeting or until their successors are selected and qualified are:

2. the corporation shall not intervene in or participate in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office, and no substantial part of its activities shall be carrying on of political propaganda or otherwise attempting to influence legislation;
3. the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from income tax under Section 501(c)(6) of the Internal Revenue Code of 1956 (or the corresponding provision of any future United States Internal Revenue Law).

VIII. OPERATION

The affairs of the corporation shall be managed and conducted by the Board of Directors. The Board of Directors shall consist of eleven individual directors, five of whom shall be selected by and from the labor members, and five of whom shall be selected by and from the management members. The eleventh director need not be a member of the corporation and shall be selected by the Board of Directors as provided for in the Bylaws. The initial directors are as set forth in Article XI herein.

IX. DISSOLUTION

In the event of dissolution, termination, or final liquidation of this corporation, whether voluntary or involuntary or by operation

been such director or officer, except in relation to matters as to which he/she should be adjudged in such suit, action, or proceeding to be liable for negligence or misconduct in the performance of a duty; and to make payments and distributions in furtherance of the lawful purposes of the corporation.

V. MEMBERSHIP

The corporation shall have labor members and management members, whose qualifications and rights shall be as provided in the Bylaws of the corporation.

VI. DIRECTORS AND OFFICERS

With the exception of the initial Board of Directors as provided in these Articles, the selection of directors and officers shall be as provided in the Bylaws of the corporation.

VII. ORGANIZATION

The corporation is organized as a nonprofit business league within the meaning of Section 501(c)(6) of the Internal Revenue Code of 1954, and is subject to the following limitations in addition to the prohibition under Article IV:

1. The corporation is not organized for profit, nor shall it have any power to issue certificates of stock or pay dividends;

services in development, maintenance, and rehabilitation of industrial and commercial facilities;

9. to seek to maintain a productive dialogue with users of construction services;
10. to foster the development of craft skills and high quality training in the construction industry;
11. to foster improvements in occupational safety and health and other working conditions in the construction industry;
12. to engage in any other lawful activities incidental or related to the accomplishment of these purposes.

The foregoing enumeration of specific purposes and powers shall, except as specifically restricted herein, be in no way limited or restricted by reference to or inference from the terms of any provision of this or any other Article of these Articles of Incorporation.

IV. PROHIBITION

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered; to indemnify, upon resolution of the Board of Directors, any officer, director, or former officer or director of the corporation against expenses actually and necessarily incurred by him or her in connection with the defense of any suit, action, or proceeding in which he/she is made a party by reason of being or having

More specifically, the corporation's purposes include, but are not limited to, the following:

1. to improve communication between representatives of labor and management, and engender cooperative and harmonious relations between labor and management in the construction industry;
2. to provide workers and employers with opportunities to study and explore new and innovative joint approaches to achieving organizational effectiveness;
3. to provide a forum for open and honest discussion of problems confronting employees and employers in the construction industry;
4. to study and explore ways of increasing productivity of both labor and management, and of eliminating potential problems which reduce the competitiveness and inhibit the economic development in the construction industry;
5. to enhance the involvement of workers in making decisions that affect their working lives, and to improve the quality of worklife for employees in the construction industry;
6. to expand and improve working relationships between workers and managers;
7. to avoid disputes between labor and management before they arise, and to assist in promptly and fairly resolving disputes when they do arise;
8. to promote the use of safe, efficient, high quality construction

of the Co-Chairmen shall be authorized to sign checks or drafts up to a sum fixed by the Board of Directors; checks or drafts exceeding such amount may be signed only with prior approval of the Board on a case-by-case basis. The Co-Chairmen shall administer and oversee work performed for the LMCC, subject to the Board of Directors.

- b. The impartial Secretary-Treasurer shall issue notices; keep a record of the minutes of the Board of Directors; be custodian of the records and seal of the LMCC, affixing the latter when required; have care and custody of and responsibility for all assets of the LMCC, depositing all funds in the name of the LMCC in such bank account(s) or other secure locations as the Board may designate. He or she shall sign, make, and enforce in the name of the LMCC, checks, drafts, or other orders for payment of money, disburse and receive funds and receipts therefore, under the direction of the Co-Chairmen and/or Board of Directors. Jointly with one or both of the Co-Chairmen he shall be authorized to sign checks or drafts up to a sum fixed by the Board of Directors, and in other instances upon prior, case-by-case approval by the Board. He or she shall produce for examination at all reasonable times the books, accounts, and records under his care and custody upon request by any director(s) of the LMCC at the office of the LMCC or such other location as the Board may direct. Upon request of the Board, he or she shall assist the Co-Chairmen in rendering a statement of the condition of the finances of the LMCC at a meeting of the Board of Directors or at such other times as may be requested.

Section 4

The Executive Officers shall, if required by the Board of Directors, give to the LMCC such bond or security for the faithful discharge of their duties as the Board may direct.

Section 5

Executive Officers may be removed by action of the Board, with or without cause, at any time. Officers may resign by delivering or mailing their written resignation to the principal office of the LMCC. Upon resignation, removal, death, or inability to serve of an Officer, the vacancy shall be filled without undue delay by the Board at its next regular meeting or at a meeting specially called for that purpose.

ARTICLE VI. COMMITTEES

Section 1

The membership and duties of all committees appointed by the Board shall be determined by the Board, PROVIDED, however, that the numbers on any committee shall be equally divided between labor and management categories of members, and that the total number of members on any committee shall be not more than six (6) nor less than two (2). When so directed by the Board, committees shall operate under supervision of one or more Executive Officers.

ARTICLE VII. AUDIT

True and accurate books, accounts, and records of any and all transactions shall be kept. An audit of the LMCC's accounts and assets shall be made by Certified Public Accountant(s) at least once annually. A copy of such audit shall be provided to each director and shall be made available for inspection at the principal office of the LMCC and at such other location(s) as may be designated by the Board.

ARTICLE VIII. AMENDMENTS

These Bylaws may be amended by an affirmative two-thirds vote of each category of membership at a scheduled membership meeting, or by a majority vote of each category of member-directors at a scheduled Board meeting. Proposed amendments shall be submitted in writing to the members at least thirty (30) days prior to a membership meeting at which a vote to amend is to be taken or submitted in writing to the directors at least fourteen (14) days prior to a Board meeting at which a vote to amend is to be taken.

Acting Secretary-Treasurer

SAMPLE CONTRACT CLAUSE

ARTICLE ____: CONSTRUCTION INDUSTRY LABOR-MANAGEMENT COOPERATION COMMITTEE

Section 1

The parties agree to participate in the Construction Industry Labor-Management Cooperation Committee, under authority of Section 6(b) of the Labor-Management Cooperation Act of 1978, 29 U.S.C. §175(a) and Section 302(c)(9) of the Taft-Hartley Act, 29 U.S.C. §186(c)(9). The permissible purposes of this committee include the following:

- a. To improve communication between representatives of labor and management, and engender cooperative and harmonious relations between labor and management in the construction industry;
- b. to provide workers and employers with opportunities to study and explore new and innovative joint approaches to achieving organizational effectiveness;
- c. to provide a forum for open and honest discussion of problems confronting employees and employers in the construction industry;
- d. to study and explore ways of increasing productivity of both labor and management, and of eliminating potential problems which reduce the competitiveness and inhibit the economic development in the construction industry;
- e. to enhance the involvement of workers in making decisions that affect their working lives, and to improve the quality of worklife for employees in the construction industry;
- f. to expand and improve working relationships between workers and managers;
- g. to avoid disputes between labor and management before they arise, and to assist in promptly and fairly resolving disputes when they do arise;
- h. to promote the use of safe, efficient, high quality construction services in development, maintenance, and rehabilitation of industrial and commercial facilities;
- i. to seek to maintain a productive dialogue with users of construction services;

- j. to foster the development of craft skills and high quality training in the construction industry;
- k. to foster improvements in occupational safety and health and other working conditions in the construction industry;
- l. to engage in any other lawful activities incidental or related to the accomplishment of these purposes.

Section 2

The committee shall function in accordance with, and as provided in, the governing documents of the committee and subsequent amendments thereto.

Section 3

The employers party to this collective bargaining agreement shall contribute the amount of (_____ cents per hour worked under this Agreement) on a (monthly) basis to the Construction Industry Labor-Management Cooperation Committee. In addition an equal amount shall be checked off from hourly wages on a cents per hour basis and remitted to the committee pursuant to lawful check-off authorizations executed in accordance with the Agreement and federal law. The monies of the committee shall be at all times segregated from other union or employer assets, and shall not be used or controlled by the unions or employers party to this Agreement, but shall be administered solely by the committee and its duly authorized representatives for the purposes permitted.

Section 4

- a. The employer shall implement good management practices and cost effective modifications of its operations and the union shall take the steps necessary to foster such changes in accordance with the general goals and concepts developed by the committee to increase competition in the industry.
- b. The committee shall have the authority to consider complaints filed under this section by construction users and/or by signatory unions or employers and make findings on compliance with this Agreement.

APPENDIX B

SUMMARY OF INTERVIEWS

B.1 Interview with David Allen of the United Brotherhood of Carpenters and Joiners, 17 April 1984

The interview with David Allen took place in Weil Hall at the University of Florida on April 17, 1984. It lasted approximately 45 minutes.

Topics covered included the three levels of workers in the union: journeymen, apprentices, and the newly created level of preapprentice. The different methods of gaining a union card were discussed.

The initiation fees of \$50 for apprentices and \$250 for journeyment were for accepting union gains over time.

The study showing union workers to be 29% more productive was discussed. Mr. Allen also stated that the trend in Florida was to reduce union wages to a level approximately 129% of nonunion wages.

Jurisdictional disputes were discussed as well as the use of nonunion subcontractors by union contractors.

Mr. Allen also stated what he felt the advantages and disadvantages of unions are.

He revealed that in this area 10% of the construction work was done by union workers. Approximately 100 contractors have signed union contracts.

B.2 Interview with Dr. Luh-Maan Chang, a professor of Building Construction at the University of Florida, May 29, 1984

The interview with Dr. Chang took place in his office in the Architecture Building at the University of Florida on May 29, 1984. The interview lasted approximately 45 minutes.

Dr. Chang had done work on construction productivity for his doctorate at the University of Texas. The topic was discussed in general terms with Dr. Chang revealing that trying to determine the relative productivity between union and nonunion workers would require 2 or 3 years of research and gathering data from actual jobsites. He also said that the topic should be further narrowed and to try to choose one small part of productivity, such as trying to determine the relative productivity for workers laying brick.

Data gathering methods were then discussed, for example, work sampling methods. Dr. Chang lent me two books that dealt with productivity and directed me to the Architecture and Fine Arts Library for additional literature.

B.3 Interview with Mr. John Crawford of the Sun Coast Chapter of the Associated Builders and Contractors, May 17, 1984

The interview with Mr. Crawford took place over the phone on May 17, 1984. His office is in Tampa, Florida. The interview lasted approximately 15 minutes.

The amount of open shop work, in this area, was discussed. He stated that 97% of all construction work done on the west coast of Florida is done open shop. He also stated that the figures nationwide were 70% open shop. He said that there were no union general contractors in the Tampa area and that the Association of General Contractors, nationwide a pro-union organization, was made up strictly of open shop people in Tampa.

The advantages and disadvantages of unions were discussed with Mr. Crawford agreeing that the unions have a fine apprenticeship program. He then said that the ABC has their own program that they call the "Wheels of Learning" program, that in time will be the equal of the unions' program. He also said that the reason the ABC program has taken so long in developing is that before a program can be instituted it has to be certified by the state Labor Department and that this was not possible until recently because of strong union lobbying against any certification. Mr. Crawford then agreed to send me literature on the ABC in general, and the "Wheels of Learning" program (it arrived a few days later). He gave me the name of Bill Meyers for any further questions on the "Wheels of Learning."

B.4 Interview with Fred Derr of the Kent & Derr Companies, May 24, 1984

The interview with Mr. Derr took place in Weil Hall at the University of Florida on May 24, 1984. The interview lasted approximately 25 minutes.

Discussion took place concerning why Mr. Derr used nonunion labor. He said that his businesses had a fairly steady work load year round so that he could keep a steady labor force on his payroll. By doing this he was able to ensure that his workers had loyalty only to him and his company and not to any union. He also felt that his machines and equipment worked better and lasted longer if he could assign one worker to it and make that worker responsible for the equipment. He would not have been able to do that with a varying stream of workers from a union hiring hall. In his business, highway paving and construction, materials make up the bulk of his costs. He felt that labor costs accounted for approximately 35% of each project's cost.

B.5 Interview with Richard Hartline of J.A. Jones, a contracting organization with headquarters in Charlotte, NC, June 1, 1984

The interview with Mr. Hartline took place at one of the J.A. Jones offices, located in Atlanta, Georgia on June 1, 1984. The interview lasted approximately 30 minutes.

Discussion with Mr. Hartline took place with the interview with Mr. Mitchell (App. B.6) in Mr. Mitchell's Atlanta office. Mr. Hartline stated that he felt that the exclusive jurisdiction issue was the biggest reason that union contractors were often not competitive with nonunion contractors. He felt that the 17 union trades in construction were too many, encouraging disputes and that for the unions to make progress in productivity they needed to reduce the number of building trades.

B.6 Interview with Gordon Mitchell of J.A. Jones, a contracting organization with headquarters in Charlotte, NC, June 1, 1984

The interview with Mr. Mitchell took place at his office in Atlanta, Georgia on June 1, 1984. The interview lasted approximately 100 minutes.

Mr. Mitchell felt that the two biggest advantages of unions were the apprentice programs and the pool of skilled labor. He felt that he would not be able to do business with nonunion people because he would not be able to find enough skilled nonunion workers to support his work load.

Reasons for the growth of the open shops were discussed. Mr. Mitchell felt that some owners hate unions and they therefore will not let unions build things for them. Therefore, the open shops get the work regardless of cost, or quality. He also felt that nonunionized plants would insist on open shop construction because the owners were afraid that if they allowed union construction workers on their premises it would result in the union organization of the plant workers.

Mr. Mitchell did admit that there were some productivity problems with unions resulting from union practices not from the ability of the individual worker. He also felt that if the pendulum swing toward open shop construction did not stop the unions would be dead. To prevent this the unions must start to give concessions.

Mr. Mitchell also agreed that both the open shop and the unions had their place in the construction marketplace and that both were needed to stimulate healthy competition.

B.7 Interview with Bruce Simpson of the Crom Corporation, May 17, 1984

The interview with Mr. Simpson took place in Weil Hall at the University of Florida on May 17, 1984. The interview lasted approximately 10 minutes.

Mr. Simpson discussed the disadvantages of using union workers. His biggest problems with the unions were their pay scales which were not based on merit and the unproductive clauses in union contracts. Such clauses include the determination of crew sizes by the unions and not by the contractor, production limits, and a guaranteed work day.

Some discussion took place regarding the good points of unions such as their influence in passing the OSHA laws, which have tended to increase safety on the jobsite (actually Mr. Simpson did not agree that OSHA had increased safety, and was in some cases a hindrance to contractors in installing a safety program. He did agree that jobsites are safer now than they were before the OSHA law was passed). Mr. Simpson, though, felt that regardless of any good points the unions had, their negative influences more than outweighed them and the net result was that unions were a negative force on productivity in construction.

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AD-A152 319 THE IMPACT OF LABOR UNIONS ON CONSTRUCTION PRODUCTIVITY 2/2
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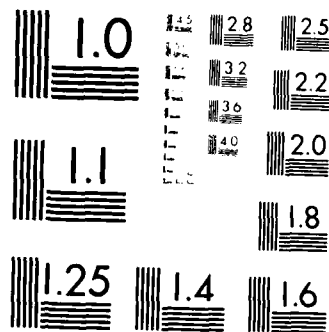
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