

# **Unions and High Performance Work Systems in the Southern Ontario Automotive Assembly Sector**

**By**

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- ▶ Point of Departure:
  - ▶ (i) Commoditization of final assembly operations in the automobile industry (Mordue and Sweeney, 2017).
  - ▶ (ii) Unions, labour standards and High Performance Work Systems (HPWS) (Kristensen and Rocha, 2012; Antonioli et al 2013).
  - ▶ (iii) Importance of unions as a significant ‘hybridization’ in HPWS (Wenten, 2017).

## Unions and Labour Standard Impacts on Innovation and Firm Performance

- ▶ Long term debates over union impact on innovation and firm performance (Freeman and Medoff, 1984; Addison, 2014; Doucouligos et al 2018).
- ▶ Also over ‘indirect effect’ of unions i.e. jurisdictional labour standards (Betcherman, 2013).
- ▶ But most research “rests heavily on evidence that is dated and (arguably) unable to identify truly causal effects” (Hirsch, 2010). -- is heavily scale dependent (Betcherman, 2013).
- ▶ Thus, impacts of unions and labour standards are often contingent on institutions and even enterprise specific factors.

# Research on Unions and HPWS

- ▶ Role of 'strong' trade unions: positive influence on HPWS adoption (Mackenzie et al, 2015; Pohler and Luchak, 2015) and fostering 'employee driven' innovation (Rocha, 2010).
- ▶ Scandinavia/Italian research 'indirect' trade union voice and 'direct' HPWS voice have positive synergies (Nielson and Lundvall, 2003; Antonioli et al, 2013)
- ▶ Kristensen and Rocha, (2012) Nordic unions "jointly striving for the co-construction of high performance work organizations". By: (i) assisting firm level representatives develop new ways of organizing and benchmarking their activities, (ii) further developing the formal institutions of collaboration and finally, (iii) acting as bodies that monitor and benchmark firm work re-organization experiments.
- ▶ Possibilities of union influence in hybridizing HPWS even in nations with weak labour standards (Wenten, 2017)
- ▶ But HPWS has higher work intensities (Brännmark and Holden, 2013; Neirotti, 2018).
- ▶ Risks for unions of 'partnerships' (Danford et, al, 2009) –no guarantee of 'win-win' outcomes (Osterman, 2018)

# North America: United States and Canada

- ▶ Overall context of adversarialism, ‘influence gap’ (Livingston and Rykov, 2008), employers reluctant to grant employees formal voice in the firm (Helper, et al 2012)
- ▶ BUT: Some attempts to give unions and employees greater voice in so-called D-3 (Ford, GM, Fiat-Chrysler) automotive OEMs post 2008-09 crisis (Lippert et 2014)
- ▶ UAW has important roles in Ford process innovation (Cutcher-Gershenfield et al, 2015)
- ▶ But these are fragile – voice not legally mandated, depend on 3-4 year contracts –can employees trust managers?

- ▶ In Canada, UNIFOR (especially as CAW), long opposed to 'co-management' and lean variants of HPWS (Rinehart et al, 1997).
- ▶ But also at plant level co-operation to increase workplace flexibility and productiveness (Holmes and Kumar, 1998).
- ▶ But since 2000 overall less focus on HPWS– need to attract /retain investment and push back against two tier labour markets –but what is happening at the plant scale?

Study thus far:

Have surveyed 7 out of 9 assembly plants in Southern Ontario

2 non-union 5 unionized

Semi-structured interviews with 20 union and managerial respondents

Plant	Year Opened	Employment	Unionized Y/N
A	1988	3000	N
B	1986	3800	Y
C	1953	4500	Y
D	1986	4300	N
E	1928	6100	Y
F	1918	2400	Y
G	1986	2800	Y

# Survey results thus far:

- ▶ Some trends towards commoditization.
- ▶ HPWS associated with limited formal skill enlargement and increased work intensity.
- ▶ BUT, often significant variation due to model changes, company/plant specific factors .....
- ▶ Also continued important role of employees in incremental process innovation.

- ▶ “The environment is very, very structured....and it is a basic expectation that everybody follows standardized work when they’re in that process... [BUT] In terms of directing what problems we’re going to choose or how we’re going to solve problems it’s very much self-directed [BECAUSE]...incremental improvements have significant value over the long term. (PLANT B, Manager, 07/14/2017)
- ▶ “The team leaders or team members can actually write kaizens for improvement and implement it. If they show benefit-cost for something it’s definitely going to plus the benefit-cost ratio. It’s going to enable them to get something done easier. There’s some autonomy within it that they can make some changes. Obviously [with] some things, you always have to feedback with the engineers--some checks and balances there”. (Plant C, Manager 07/27/ 2017)

- ▶ Assembly remains highly labour intensive
- ▶ Some automation of repetitive operations, but with real limits.
- ▶ A source of variation *between* and *within* firms

▶ “we have certain tolerances on our parts. ....Those tolerances are very tough to automate when you put them all together. If you want to maintain good parts cost, you add a tolerance to those parts. On our line we’ll automate certain things and those things all have high tolerances on them that we can repeat with a robot. We can’t automate putting a seat into a car and bolting that seat into place. There’s no way. The tolerance on that floor plan, seat and bolt alignments, and seat bracket? There’s no way. You need man apply a little bit of their muscle to allow that to take place.” (Plant H 06/07/18).

▶ “The other important factor is that the line’s got to run. One of our sister plants in [the United States] has too much automation. They have automated door removal which causes them about half-an-hour a day of downtime. We can’t afford that! I don’t know how they afford it...” (Plant H 06/07/18)

# The Union Role

- ▶ Stance over HPWS has changed significantly:
- ▶ “With the CAW the union resisted lean in the 1990s, but not HPWS. The problem was in the 1990s, lean was not clearly defined. As Dave Robertson said –‘how lean are you going to be?’ Now we have gotten smarter and forced the firm to define HPWS” (PLANT C, Union 07/21/2017).
- ▶ “They’re [UNIFOR] a lot more open minded. Lean manufacturing is the way auto manufacturing has gone. They’ve accepted it. The role of the union now, especially in the auto industry is more trying to keep our work and get more work and looking at the changes to NAFTA and how it all impacts us” (PLANT E, Manager, 08/21/2017).

UNIFOR plays a significant role in incremental process innovation via:

- (i) formal contract negotiations (every three years)
- (ii) daily via ergonomics and production standards representatives.

“I think a big part of that is that we’ve negotiated and we have more involvement and more say on behalf of the workers. Whereas, back in the 1990s we did not have ergonomic reps, we had people (going) ... to arbitrations. And today, with our involvement, it helps with the set-up of jobs. Yes, we are trying to keep work and keep jobs here, of course. So we try to be realistic.” (PLANT E, union, 08/21/2017).

“We definitely play a role. The company would say the same thing. If you look at [the firm’s two plants] there are distinct differences. We run the same program -- -- but there are distinct differences in how we implement them. They run more straight to the book...[Our manager] knows that to move ahead we’ve got to part of it. He respects us and if we say “No” and we’re strong at “No”, then he knows he’s got to find another avenue” (PLANT F, union, 06/22/2018).

- ▶ Plant managers note union role:
- ▶ “I think that dialogue occurs in the plant.... you know there’s a vision of HPWS, a vision in terms of rules and responsibilities of work-group leaders for example. And I think there’s a to-and-fro on those things and they have suggestions about ... maybe we could do it this way, right.(PLANT D, manager 08/21/17).
- ▶ “If you left it up to management only we will find shortcuts and lie, cheat, whatever, to show we’re doing it....(PLANT C, manager, 07/28/17).
- ▶ One union local had an informal partnership with management, including benchmarking other plants, and some locals have also taken on some supervisory and human resource functions
- ▶ BUT, in both union and non-union facilities, employees had little formal representation (e.g. via committees) in plant wide innovation

- ▶ Also union adversarial role still perceived as needed vs. work intensification and “to hold [the firm] accountable to their own process, because they [the firm] just cherry pick” (PLANT C, union, 07/21/17).
- ▶ “if something goes wrong, management just keeps saying keep things moving, the priority is really just maximizing production. One problem is that while the employee is supposed to be at the top of the work system and we are encouraged to submit suggestions to improve work, things are not being done (PLANT C, union, 07/21/2017).
- ▶ “...now the ergonomist and safety time standard have to sign off. It does delay it by a couple days which gives us time for input. One bit thing we did, we used to catch them all the time, speeding the line speed up. If you speed it up two seconds in a minute you can't really tell because you're working that hard. The speed is now locked. They can't change the line speed *ever*. That's in our contract” (PLANT H, union 06/06/18).
- ▶ “The challenge for workforce and union is that the [new HPWS] has no allowance for buffer, ---only union negotiated breaks –nothing else is allowed. While rotation encouraged within the team –some people have restrictions because of injuries [such as RSIs] and they can only do certain tasks. The firm is getting away from their own principles” (PLANT C, union, 07/21/17).

- ▶ The question of union influence also extends via provincial labour standards which are higher than US jurisdictions to non-union operations.
- ▶ Viewed as imposing higher costs and restrictions on Canadian operations e.g. Bill 148 (see Tanguay, 2018).
- ▶ BUT, also an acknowledgment by managers that such standards contribute to Southern Ontario operations having higher efficiencies, including via work process innovation.
- ▶ We've found ways to manage effectively. We don't have as much flexibility as they do in the U.S. in changing hours of work. In the U.S. they can flex every day. Or if they break down they can recover right away. Our system's a bit different. If we have a breakdown we may have to wait a week to schedule a Saturday or period of time to adjust our hours of work. So we might not be in a position to respond as quickly as the U.S. counterpart. But at the end of the month or at the end of the year it's on balance (PLANT A, manager, 07/14/17).
- ▶ It's becoming harder for an employer in Southern Ontario at our scale. The emergency lead (EL) days -- none of our peers have that and yet we have to offer that, manage it, and provide the coverage for it. So we are at a financial disadvantage because of that. We also have given our associates the greater benefits already through our policies and practices...[BUT] Our quality here is very strong. Both plants are the best one or two within North America. We have had to do a lot of unique things that our peers haven't had to do. That has been driving a lot of the culture here in terms of constantly looking for new ideas and never getting complacent. What has been a disadvantage nationally has worked out here by making us stronger. (PLANT F, manager, 06/07/18)

# CONCLUSIONS

- ▶ Despite trends towards 'automation' and 'commodification' (i) final assembly remains labour intensive and (ii) there are significant variations in how HPWS is adopted reflecting company and plant factors.
- ▶ Both directly and indirectly labour relations/ unions still important source of variation if not 'hybridization'
- ▶ Relevant to current policy debates over new growth paths for the Southern Ontario auto industry e.g. Tanguay, (2018) on Industry 4.0. BUT union (ie UNIFOR) role viewed as only to hold down labour costs: there is little or no attention to developing employee and unions roles around process innovation.
- ▶ BUT unlike German/Sweden unions and Southern Ontario union/employees have no-codetermination rights to more systematic role in innovation.