

Bargaining Technology: Union Engineers Address Transformation

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Abstract

This paper explores the relationship between engineers and unionism. Based on intensive interviews and archival analysis, I present a case study examining the efforts of unionized engineers at a large utility company in the western U.S. to impact an employer-initiated business transformation process through collective bargaining. While union representation addressed the engineers' economic concerns and provided job security, enabling them to provide honest input regarding their company's transformation process, the engineers were not able to influence the implementation of the process. This case highlights a limitation of U.S. industrial relations, the lack of influence unions have in impacting business strategy.

Introduction

In analyzing the relationship between engineers and unionism, the appropriateness of union representation for engineers must be addressed. Are engineers too management-oriented or too firmly rooted in the middle class to be drawn to unionization? Would professional associations serve their interests more effectively? Does collective bargaining provide a means for engineers to address their employment concerns? The low rate of unionization among engineers in the U.S. points to a possible mismatch between the engineering profession and labor unions, but in Europe engineers are heavily unionized.

I became interested in the role of unions in engineering while conducting research at a large American utility company on the west coast, where engineers were actively organizing using both a neutrality agreement procedure and the traditional National Labor Relations Board (NLRB) process. These newly organized engineers and their union were also actively engaged in collective bargaining with their employer. In this paper, I present an overview of some of my initial findings regarding the engineers' use of collective bargaining to address their concerns around an extensive business transformation process initiated by their employer.

Literature Review

Industrial relations literature provides a historical overview of unionization among engineers. Between 1943 and 1947 a considerable number of engineers organized unions, in part to stave off being subsumed by the industrial unions of the Congress of Industrial Organizations (CIO). Engineers who worked for companies where the frontline and nonprofessional employees were heavily unionized feared this the most. When the Taft-Hartley Act became law in 1947, it protected professional employees from being forced into the same bargaining unit as nonprofessional employees, thus halting the momentum behind union organizing among engineers. Some of the engineering unions also dissolved, and only a small number remained and actually grew, including the Seattle Professional Engineers Association (SPEA), representing engineers at Boeing (Strauss 1964).

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Engineering unions struggled with whether they should include nonprofessional technical employees, and many engineers expressed strongly a desire to maintain some distinction as professionals separate from other employees. Engineers also debated whether they should be represented by labor unions or professional associations. This debate revealed the tensions for engineers between their employee and professional orientations. Strauss found that engineers in the 1960s often faced factory-like working conditions involving oversupervision and limited autonomy and had serious economic interests related to wage compression; that these factors caused engineers to unionize (Strauss 1964). Strauss also found that engineers identified with others in their profession (as opposed to identifying with their employer as management employees do) and that engineers wanted to advance in their careers with merit pay increases and higher positions, possibly into management, a much more likely career route in the mid-20th century. In a study examining the levels of managerial aspirations and union loyalty among engineers, unionized engineers expressed greater loyalty to the union than anticipated. They also participated more in their unions when dissatisfied with some aspect of their work (Gordon, Beauvais, and Ladd 1984).

The tension between professionalism and unionism for engineers was posited to be the driving force behind low unionization rates in engineering. Engineers were found to want an organization to produce the same economic outcomes as a union but did not want the organization to be structured like a union (Kleingartner 1969). Among union engineers, collective bargaining at times proved challenging because of the engineers' tendency toward reliance on logic and reasoning and their discomfort with applying economic pressure on employers to have their demands met (Kleingartner 1967). A later study also found that low rates of unionization among engineers were related to their professional status and a lack of bargaining power due to their unwillingness to strike (Latta 1981).

Research Methods

In this study, I begin to explore the current status of unionized engineers' relationship to their unions and collective bargaining. While engaging in this research, I remained mindful of the changes in the engineering field involving globalization, outsourcing, technological advances, and increasing demands for more education. I interviewed engineers at a large utility company in the western United States. In addition, I interviewed technical employees working alongside the engineers, representatives from the union representing the engineers, and labor relations managers who worked directly with the engineers and their union. I also had access to archival data and analyzed company and union documents made available to me.

Initial Findings

The company and the two major unions representing the workers had negotiated in 2005 a neutrality agreement that let the unions organize eligible workers using a majority signup process (also referred to as card check) without company interference. (The neutrality agreement was allowed to expire in December 2008.) Most of the company's employees (approximately 70 percent), including a number of the engineers, were already represented by unions, but in the span of approximately three years the International Federation of Professional and Technical Employee (IFPTE) organized 1,000 new members, the majority of whom were engineers. The successful organizing among the engineers was not anticipated.

The engineers reported that they sought union representation because of concerns over economic issues and working conditions. Workers with more seniority had experienced a leveling of pay and wanted to see an increase in their incomes. A portion of their salary was also derived from incentive pay, and the engineers disliked this because they argued that performance level was not fully in the worker's control. They reported that they were generally pleased with their benefits, especially retirement benefits, so were not willing to leave the company even though they were unhappy with their pay. In addition to dissatisfaction over pay, the engineers expressed frustration over the hours and conditions of their work. As management salaried employees, they worked long hours, on average 220 hours per month. The engineers also felt oversupervised and wrongly disciplined for even minor mistakes. Some engineers reported that managers used favoritism and a "buddy system" to assign work. The relationship with their supervisors was strained in part because of an influx of new managers who had not "come up from the ranks." They were also concerned about job security

and saw the drafters and planners who were represented by the union and worked beside them as getting a better deal. The union employees assisted in organizing the engineers and in collecting signed cards, and the organizing process progressed smoothly.

Not all engineers were covered under the neutrality agreement, but this did not deter union organizing. A group of over 150 nuclear engineers at the one of the utility's power plants, a group not included on the appropriate-to-organize list generated by the company under the neutrality agreement, organized under an NLRB election in April 2008. This was a real shock to the company because the nuclear engineers are a very elite group of employees, and their organizing was a strong indicator that employees wanted union representation. The working conditions at the power plant were reported to be very strenuous, with an aggressive management team that ruled the plant with a heavy hand. The management style and economic concerns motivated the nuclear engineers' organizing.

The engineers were also concerned about an ongoing business transformation process initiated by the company. A large consulting firm with 300 to 400 consultants was brought in to improve the overall rate of work and level of customer satisfaction. The consulting firm wanted to "centralize, consolidate, and automate" through the standardization and computerization of work processes. They also proposed downsizing and outsourcing, which they predicted would lead to the loss of 2,000 union jobs. (This prompted the neutrality agreement because it would allow for the unions to recoup their lost members.)

The process began without the knowledge or input of employees, but after about six months, employees were invited to attend meetings to provide feedback on the transformation plan. Many of the engineers participating in these meetings pointed out flaws in the technological changes proposed, especially in the computerization plan for establishing and maintaining energy services. They also expressed that the time provided for the implementation of these changes was insufficient. The engineers felt that the company did not heed their concerns or listen to them during the feedback meetings. One engineer who attended the meetings revealed that "employee input was often rejected even though employees were thinking like managers and had the company's best interests in mind." The whole process was not transparent, with union and employee engagement happening only after key decisions had already been made. There were also important decisions and changes where the employees and unions were completely left out of the process.

The business transformation effort ended in failure, costing the company approximately one billion dollars. As predicted by the engineers, the computerization system had serious problems that could not be easily resolved. The closing of customer service centers in an effort to consolidate only resulted in a lowering of customer satisfaction; the centers were eventually reopened, and the employees who were let go rehired. What caused the business transformation to fail? In addition to the lack of genuine employee engagement in the process, the role of top management proved critical. The highest levels of managers in the company had a high turnover rate, and many of the newly hired managers did not possess a utility background or experience working in unionized settings.

Throughout the transformation process, the engineers remained frustrated with not being heard, and they turned to their union in hopes of leveraging some influence. The union was actively participating in bargaining with the employer over the economic issues and working conditions of the newly organized engineers. At the bargaining table, the union achieved some significant gains for the engineers, including pay increases through the introduction of overtime and recognition of seniority in pay determination. In some instances, engineers were also able to maintain their superior retirement plans as salaried employees while also gaining the pay increases that came with joining the bargaining unit. Unionization also provided increased job security, something the engineers were growing more concerned about given the business transformation process's focus on consolidation and changes in the engineering field that made outsourcing much more accessible for employers. The job security provided by union representation contributed to the engineers' ability to fully and honestly participate in the business transformation meetings, without concern of retribution. Unionization, however, did not provide them with the influence over the decisions being made regarding the transformation that they so wholeheartedly desired.

Conclusion

This case study's initial findings illustrate the ongoing tension for unionized engineers between their roles as professional employees and as union members. The engineers in this study did benefit from union representation in terms of their economic concerns and through collective bargaining were able to gain an increase in wages, improvement in benefits, and extension of job security. Union representation also provided an alleviation of the poor working conditions the engineers confronted by curbing the employer's desire to demand extensive hours of work with the introduction of overtime pay and by remedying the supervisors' use of favoritism and oversupervision with the establishment of a formal grievance procedure.

During the time of this study, however, the central issue for the engineers was the employer's introduction of an unpopular business transformation plan. The engineers participated in the feedback sessions on the plan held by the employer, and although their feedback was solicited, it was not incorporated into the higher level decisions. The business transformation went forward, despite the engineers' strong warnings, and failed. During the transformation process, the engineers turned to their union to increase the likelihood that their feedback would be genuinely received by upper management. The union did openly express the engineers' concerns about the transformation process at the bargaining table, but the employer did not wish to bargain over anything relevant to the business transformation plan. There was nothing that legally compelled the employer to do so, as these decisions were deemed the right of management and not a mandatory subject of bargaining. In this instance, union representation could not serve the interests of the engineers.

Would the engineers have been better served in their efforts to have input into the employer's transformation plans if they were not bargaining unit employees but still considered "managerial" employees? This question brings us back to the earlier industrial relations literature on unionism in engineering. As was the case in the mid-20th century, some engineers are still not able to wield managerial power and influence, so they seek unionization as a means to better their positions. There are then limits to what unions can accomplish for engineers because of the restricted role unions are given when dealing with strategic business decisions. This remains a powerful limitation of the U.S. model of industrial relations. Given the turbulent economic climate and the difficult positions confronting employers in the U.S., reconsidering the role of unions in business strategy formation seems only more relevant.

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