

By Eilene Zimmerman

## HR Lessons from a Strike

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Unions are back. Work-life issues matter at the bargaining table. It's not just the money, it's the respect. In short, workers know they're not as replaceable as they once were, and they want to be treated that way. Welcome to New Economy HR.

August 6, 2000 marked the beginning of a tough two-and-a-half weeks for Verizon, the company formed after the merging of Bell Atlantic and GTE telephone companies. More than 80,000 unionized technicians and customer-service representatives on the East Coast participated in an 18-day strike, and although it didn't shut down Verizon, it gave management something to think about.

Nearly 30,000 managers left their comfortable offices to work as operators and technicians, some hastily cross-trained. In the end, workers walked away with an agreement that upped salaries and gave them stock options, increased benefits, lowered caps on forced overtime and made it easier for the unions to attempt to organize Verizon's wireless division.

But the deal is deceiving. Although money was an issue, it wasn't the issue. Margaretta Cullen, senior vice president of global human resources for TMP Worldwide, the parent company of Monster.com, says the pay increases weren't a big score. "Yes, they got a 12.5 percent pay raise over three years, but that's just slightly more than 4 percent a year, what a merit-based increase is anyway," says Cullen.

What the settlement does show is a move away from collective bargaining largely for pay hikes, and toward bargaining for quality-of-work/life issues. Unlike the physical working conditions that unions fought to change in the last century, current workplace problems have more to do with stress. In the Verizon case, that stress was caused by too much forced overtime and too little freedom in handling customer calls.

The agreement that ended the strike reduced weekly required overtime for customer service reps from 12 to 15 hours to about 8; technicians will have an 8-hour-per-week cap on mandatory overtime starting next year. So what does all this mean?

"I think we are starting to see all employees, not just management, being able to write their own check. The workforce is getting smaller, and the need for technical skills, including call-center skills, is getting bigger. You see things happening in this New Economy--things like telecommuting, bringing a pet to work, sabbaticals--and everyone wants some of that" says Cullen.

Given a labor market that's essentially at full employment, call-center staffers, customer-service reps, and all those back-end workers know they aren't as replaceable as they once were, and they want to be treated that way. Give them the ability to balance work-and-life issues, pay them competitively, give them a pleasant work environment, and they'll stay, says Kate Bronfenbrenner, director of labor education research at Cornell University.

"The most important thing for human resource managers to learn from this strike is that average American workers feel they aren't getting their share of the economic boom, which has been created at their expense," she says. At Verizon, call-center operators and technicians put in 12-hour days and watched as the company's stock went up, but stock options weren't a part of their benefit package.

"They are frustrated because they sense they are working longer, harder, and faster at jobs they once considered good, with benefits and security. Then they see Verizon making millions of dollars and being successful, while they are worn to the bone," says Bronfenbrenner. And that's where union resurgence comes in.

Recent surveys of workers in this country indicate a feeling that unions are needed, says Bronfenbrenner, and her own research shows union support cutting across all sectors of the economy. "We see doctors and high-tech workers turning to unions, as well as those in service and maintenance industries."

Tom Casey, a partner at Unifi Network, a division of Pricewaterhouse Coopers, says the Verizon strike and settlement--viewed as win for the unions--changed the New Economy view that unions were dead.

"In a good economy like ours, the media pretty much suggests that unions have lost their influence but obviously, they are very much alive," says Casey.

In fact, unions are angling to be important players in high-tech sectors. In the Verizon settlement, the International Brotherhood of Electrical Workers and the Communications Workers of America won the chance to try to unionize the Internet economy, through Verizon's wireless division, where job growth will be fastest. And as employees in high-tech industries take note of the success at Verizon, there's bound to be a ripple effect.

"Management needs to be concerned that this type of win will embolden their unorganized employees to reach out to union representatives for advice," says Kirby Wilcox, a partner specializing in employment and labor law at Paul, Hastings, Janofsky & Walker in San Francisco. "It makes the unions look effective in an industry where they have not traditionally been welcomed."

Yet welcome, experts believe, they will be. That's not necessarily bad news, either; in many cases, unions actually help companies retain a stable, long-term work force. Jeff Keefe, a professor of labor studies and employment relations at Rutgers University, conducted a survey in 1998 of telecommunications companies throughout the country, looking primarily at managers, service reps, and technicians.

He found that large firms like Verizon, AT&T, and Bell South are characterized by stability among employees. "There are several advantages to that unionized workforce" says Keefe. "Because technicians are more unionized than other groups in the industry, they receive higher than comparable wages, by about 13 to 14 percent. Technicians are mainly high school graduates with some college, trained on the job, who feel a long-term commitment to the company."

Wireless companies and Internet service providers tend to rely more on college graduates who are not unionized, but they pay 30 to 35 percent more in salaries.

"The survey showed wireless firms and ISPs especially had higher turnover. I think a lot of the things done to take advantage of slack labor markets years ago, like variable compensation, performance-based pay systems, and downsizing, are coming back to haunt these companies. To their employees, it says it's a quid pro quo out there," says Keefe.

But old-line companies loyal to their often-unionized workforces are seeing considerable savings because highly trained workers are staying put. This, of course, is at the heart of all the issues associated with the Verizon strike. The problem for human resource managers isn't necessarily the threat of union organizing but the fear of losing employees who are frustrated and unhappy. Just the suggestion of a walkout by workers now is far more effective than it's been in the past--where will companies find replacements?

Casey says that rather than wait for the unrest, human resource managers should be proactive: recognize how important it is to treat all employees well and assess whether certain employee groups are being taken for granted.

"Our research shows to keep people content at their jobs they need, among other things, learning opportunities, competitive compensation, an understanding of advancement potential, and a mix of employee benefits," says Casey.

Those benefits aren't just medical and disability. Even hourly workers want the non-traditional perks of salaried employees.

What workers at Verizon wanted, says Wilcox, was to be appreciated. "It's important that employees feel their employer cares about them. One of the hallmarks in collective bargaining is that despite hard fighting, there is a good-faith belief that one side isn't trying to take unfair advantage of the other."

During the Verizon strike, forced overtime that affected not only workers' stress on the job but also stress at home was portrayed as representative of the employer's treatment of all employees. Wilcox says this bargaining tactic will probably become more common in the future.

"The unions focus on the pressure of one job--call-center work in this case--and argue it is symptomatic of the pressures inherent in all jobs, which isn't true. That's why companies should look at jobs where there is underlying stress, such as forced overtime, anything that could be a potential blistering point," he says.

In many cases, it's not the job itself that is stressful, but rather the way that the job is structured. Because of the tight labor market, employers are often trying to squeeze a job meant for one and a half people out of one person. Chere Estrin, head of The Estrin Organization in Los Angeles, an international staffing company, says it makes more sense to create a shared job.

"Instead of paying overtime, which is a tremendous cost to the company, you hire someone to come in 20 hours a week and teach them how to seamlessly job-share with the full-timer. Then you avoid the stress of forced overtime and also save money," says Estrin.

Another lesson from Verizon, she says, is to avoid operating with a crisis mentality. Whether it's a technician, service rep, or a programmer, having to frequently use last-minute, forced overtime means something is wrong with the way the work flow is managed.

"Most people need to be able to work with a schedule that they can count on," says Estrin. "Employees usually don't have access to the master calendar of a company, so they don't know when projects are due, or even when part of a project is due. Without the whole picture, they can't plan, and the person who winds up with the work can't see it coming down the pike."

Ultimately, what we take from Verizon's ordeal is the notion of a breaking point; Job-related pressure and stress are more than a work problem; they affect all aspects of an employee's life.

"Employers need to make the decision that instead of pushing their existing people to work harder, they will structure jobs more humanely, hire more people, and offer better benefits," says Cornell's Bronfenbrenner. "You can only push people so far. It's an issue that resonates not just for the workers but for the whole community."

## **Be Proactive, Not Reactive**

Management and HR usually view unions as the adversary, but that only winds up making management look like the enemy. Companies are much better off working with the unions rather than against them. To head off any serious problems before they surface:

- Start negotiations early, as much as a year in advance. Devote a considerable amount of strategic energy to negotiations throughout the year, not just as contract deadlines near.
- Place a premium on communication with employees throughout the negotiation process. Employers aren't well served by having the only communication regarding its bargaining position come from the union. It's important to explain to employees why employer proposals are fair.
- Determine if any of the jobs included in the collective bargaining unit are overly stressful or might foster employee resentment or unhappiness. Then make structural or other types of changes to eliminate this potential pressure point before negotiations even start.

## **Keep 'Em Happy**

TMP Worldwide, parent company of Monster.com, works to retain employees and avoid unrest by keeping benefits very forward-thinking, says Margaretta Cullen, senior vice president of global human resources. The company is beginning domestic partner benefits this year and has a broad-based stock option plan for everyone, from upper management to the telemarketing staff.

"Our culture is definitely one of empowerment and risk-taking. We've grown a lot by acquisition, and we tell those running the local offices that they are responsible for employee happiness and maintaining budgets. It's like running their own businesses without the corporate worries," says Cullen.

The 500 telemarketers and technical people at Monster.com in Massachusetts work in a building that has won design awards and has an on-site gym, concierge dry-cleaning service, free breakfast, snacks, and a recreation area.

This is just some of what it takes to keep discontent at bay. Research by Unifi Network, a division of Pricewaterhouse Coopers, identifies six things employees consider necessary for them to be content at work:

1. Learning opportunities: Companies should explain how they are going to help their employees develop-- and then follow through. Training should never be offered as an afterthought.
2. Compensation: It has to be competitive, but employees also want to understand how it works. For instance, if a sales program has certain incentives, they want to be able to understand the formulas inherent in the awards. If it's a promotion they're after, what do they have to do to get it?
3. Understanding career potential: Be straight with employees from the get-go. Not everyone can be the CEO, so tell employees, "We're going to do our best to create leadership and supervisory positions, but while we're establishing these, we're going to invest in you and pay you competitively."
4. Mentors: The management model is changing in the 21st century. Nearly 60 percent of those surveyed by Unifi say they would be willing to leave their jobs to follow their mentors.
5. Reputation: It's important to your employees that the company have a strong brand or solid reputation.
6. Benefit mix: A company should offer more than just traditional health and welfare benefits. Nap rooms and upscale cafeterias are not just for the dot-coms.

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