A STRATEGIC CHOICE FRAMEWORK FOR UNION DECISION MAKING

David Weil

This essay presents a framework for decision making by labor union leaders facing critical choices regarding the survival of their organizations. I argue that labor union leaders must place decisions regarding all aspects of their union life—from big picture concerns regarding political action, organizing opportunities, and collective bargaining to day-to-day issues regarding hiring of staff, resolution of contract disputes, and the amount of time and money spent on activities—into a framework that asks how those decisions will impact the union's strength on two dimensions: external leverage and internal organizational capacity. After explaining the central features of this "strategic choice" framework, I apply it to a wide variety of cases of union decision making to illustrate its application and importance in setting and evaluating chosen strategies.

The mid-1990s to the present has marked a period of wide-scale experimentation and innovation in the U.S. labor movement as well as in labor movements in many other countries. Several decades of marked decline in membership, intense pressure in collective bargaining forums, and loss of influence in political arenas spurred on experimentation. At the same time, an atmosphere fostering innovation can be associated with the election of John Sweeney at the American Federation of Labor–Congress of Industrial Organizations (AFL–CIO) and a new generation of leadership in many national, regional, and local unions.

There have been some signs of labor movement revitalization in terms of increased expenditures on organizing, involvement of a new generation of leaders at the local, regional, and national level, and the aforementioned experimentation with new forms of representation and organizing. Unions have achieved notable organizing and bargaining victories in several industries where such gains have historically proven difficult (hotel and hospitality, building services, certain metropolitan construction markets). Yet, the overall percentage of workers in organized continues to decline, particularly in the private sector where it is now below 9 percent. The environment for labor unions becomes evermore challenging, subject to increasing pressure from evolving product and labor markets, regulatory changes, shifts in the boundaries of public and private sector, deteriorating legal environment for organizing, and rapid technologic

WorkingUSA: The Journal of Labor and Society · 1089-7011 · Volume 8 · March 2005 · pp. 327–347

350 Main Street, Malden, MA 02148, USA, and 9600 Garsington Road, Oxford, OX4 2DQ.

change. Union leverage at the bargaining table has waned, reflecting both the decline of density and the robust growth of major nonunion companies like Wal-Mart that set market standards for prices and wages in important sectors of the economy.

Efforts to rejuvenate labor in the U.S. and elsewhere, therefore, remain a work in progress. The verdict on many recent innovations is out, in part because of the limited experience with these efforts, and in part because of the relative absence of formal evaluations of them (Booth, 2003). More importantly, the failure of labor to achieve a major turnaround in success can be connected to the spotty adoption of organizational innovations in many unions and the inability of even those unions that have experimented to integrate these efforts into the mainstream of union institutional structure—that is, to bring local pilots to national scale (Bronfenbrenner, 2001; Lerner, 2003). This has elicited a wider debate on the responsibility of the AFL–CIO to act as an agent of change among recalcitrant affiliates and for itself, a debate that has spilled into the contest for future leadership of the AFL–CIO (Meyerson, 2003).

As part of the larger focus on rejuvenating the labor movement, many have argued that labor unions must adopt systematic methods for evaluating their current and future strategic direction (e.g., Clark, 2000; Hurd, 1998; Weil, 1997). In part, this has meant increasing the use of formal planning techniques, often called strategic planning, as well as adapting managerial practices from the private sector for use in labor unions such as program budgeting, project evaluation, and the use of competitive analysis. Since 1990, a growing percentage of international unions have engaged in strategic planning exercises (Clark & Gray, 2003). Other unions in the U.S., Great Britain, and Australia have relied less on formal planning processes but have adopted a variety of innovative programs, ranging from new approaches to organizing, revitalizing membership involvement, or developing new models of representation (Bronfenbrenner, 2001; Crosby, 2004; Jarley, Harley & Hall, 2002; Pocock & Wishart, 1999). Still, other unions have introduced more modest changes to their methods of organizing or representation, but only reluctantly and in reaction to drastically changing circumstances.

The increased use of explicit planning for setting policy certainly represents an important step forward in that it has forced union leadership to take hard, inward looks at the effectiveness of their organizations and their need to adapt to new conditions. Yet planning initiatives can also be taken to task for not providing the performance breakthroughs that those efforts set out to achieve. One limitation of strategic planning is that it often entails a one-shot approach to evaluating a union's current position. Although there may be several rounds of a planning process, the typical approach to strategic planning places it outside of the ongoing decision-making framework for union leaders. This substantially reduces its effectiveness at altering fundamental attributes of the organization and explains why many strategic plans are relegated to bookshelves.

Labor union leaders require decision-making tools appropriate for advancing their central objectives in complex environments. Ideally, a planning process provides decision makers an opportunity to systematically reflect on the major directions they have chosen, the appropriateness of those choices in light of future conditions, and the ability of the organization to implement those strategies once chosen. But if the planning process only provides such insights in forums that are outside the ongoing governance and decision-making processes for unions and separates strategic insights from the daily choices leaders make, the results of strategic planning are bound to be limited. What one truly needs to institute in unions seeking fundamental change is a decision framework that considers day-to-day challenges facing a union in light of central objectives and long-term efforts to improve representation of workers.

This essay attempts to present such a framework for decision making. It begins by contrasting the notion of strategic planning from the central concern of this essay, strategic choice. It then develops the idea of strategic choice as a tool for assessing decisions at a point in time and dynamically. The decision framework is then employed as a way to think about resource allocation and the task of leadership. A wide variety of cases of union decision making are cited to illustrate the application of the strategic choice framework.

Strategic Planning versus Strategic Choice

To begin, one must distinguish between "strategic planning" and "strategic choice." *Strategic planning* usually implies a formal process of evaluating key components of a union's external environment (product and labor markets; regulatory environment; technology and workplace organization); current and prospective member interests; and the union leaderships' institutional and political priorities in order to craft a central strategy. These different sources of external and internal union priorities are brought together to create a core strategy (see Figure 1).[1]

Strategic choice, on the other hand, presumes that union leaders have a reasonably articulated core strategy reflecting the major factors portrayed in Figure 1. Chosen strategies may have resulted from formal strategic planning, or from less formal leadership deliberation. Union leaders face ongoing decisions in all realms of their responsibilities that have positive and negative implications to achieving these central union objectives and strategies. Strategic choices occur when leadership evaluate and make decisions in light of (rather than separate from) their long-term and strategic objectives. Strategic choice, therefore, does not only occur in those rare forums where fundamental change in union strategy and structure can be adopted (e.g., at a union constitutional convention). Instead, it is an intrinsic part of ongoing decisions on internal matters (hiring, promotion, resource allocation) and day-to-day operations (collective bargaining, contract administration, organizing campaigns) that cumulatively affect the direction in which a union is moving. Strategic planning presents the infrequent opportunities for a union to alter fundamentally its direction in a very public, formalized way. Strategic choice occurs in the less dramatic—sometimes mundane—ongoing decision-making processes of union leadership. It is more hidden, but its cumulative effects are more consequential in that these choices

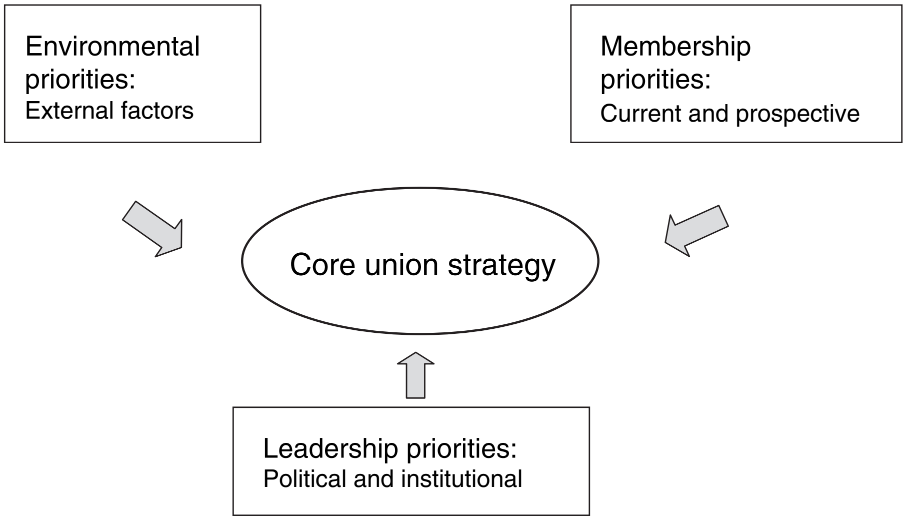


Figure 1. Components of Union Strategy Formulation.

affect the way a union commits its people, resources, and political capital toward its objectives.

A First Illustration

Imagine a union that has committed itself in its strategic plan to increase union density (the percentage of workers in a sector organized) in its primary area of jurisdiction. The plan adopted by the union might specify a number of major organizing initiatives to be carried out in various areas. The strategic planning process would focus on monitoring the progress of those initiatives and evaluate changes in density over time.

At the same time, a host of day-to-day problems face the union, seemingly unconnected to the larger density initiative. Contracts expire. Costly and time-consuming arbitration cases arise. Local unions unexpectedly shrink in size because employers go out of business or move operations off-shore. A staff union contract expires. A congressional election provides a potential new ally to the union in a key district. All of these events require leadership attention, use of staff time, and expenditures of political capital and financial resources. Each of these occurrences represent strategic choices for the union—that is, they each raise, in their own way, options for the union to advance or move away from core objectives, including the ones enunciated in the strategic plan.

Union leaders may make reasonable choices in each of the above decisions. But the snowballing impact of those choices may be to steer the union further and further away from its central objectives enunciated in its strategic plan. Absent considerations of how the individual strategic choices affect the union in its ability to move toward its larger objectives, the union may be devoting more of its staff resources and talent toward its strategic planning objectives.

Yet in the much larger set of decisions it makes, it might be drifting away from those very same objectives.

Returning to the example, assume that the union decides to pursue each of the major arbitration cases, provide financial cross-subsidies to support the declining local unions, and devote a large amount of its resources toward the congressional campaign. Even if the union is "successful" in each of these ventures (e.g., the arbitrator ultimately holds for the union; the congressional candidate wins), it might find itself in a weakened position in terms of its overall strategic position. Obviously, if these activities required leaders and staff to spend a significant percentage of their time on them, the strategic planning initiative (increase union density) might have suffered. More subtly, although the congressional candidate might have won the election, the additional political leverage gained by the union through this victory might be significantly less than the leverage gained had the union applied the same resources toward a key organizing campaign.

What is more, the union's capacity as an organization to take on major priorities might be diminished because of its decision to provide financial support to small local unions rather than consolidate them. The collective bargaining agreement it reached "successfully" with the new staff union might entrench practices (and incentives and disincentives) of union representatives that make it difficult to pursue new initiatives. Or, the union might have built its longer-run strength by applying the resources devoted to the congressional campaign toward building the capacity of small local unions to provide common representation services.

A Strategic Choice Framework

A strategic choice framework provides a means for union decision makers to evaluate ongoing choices in the context of core objectives and strategies. It provides a lens in which to evaluate those choices as they affect the position of the union on its "strategic game board" at that point in time. As such, the strategic choice framework will help separate out the decisions at hand that potentially provide an opportunity for the union to advance larger objectives versus respond to cases where the union must move away from those objectives to satisfy shorter-term realities.

The strategic situation facing a union can be described along two key dimensions: strategic leverage and organizational capacity. These two dimensions together have a major impact in determining the ability of the union to achieve its long-term objectives given where it sits on the game board at present. The strategic choice game board is depicted in Figure 2.

Strategic Leverage

The first dimension depicted on the vertical axis is a union's *strategic leverage* that it exercises at a specific point in time. Strategic leverage arises from the

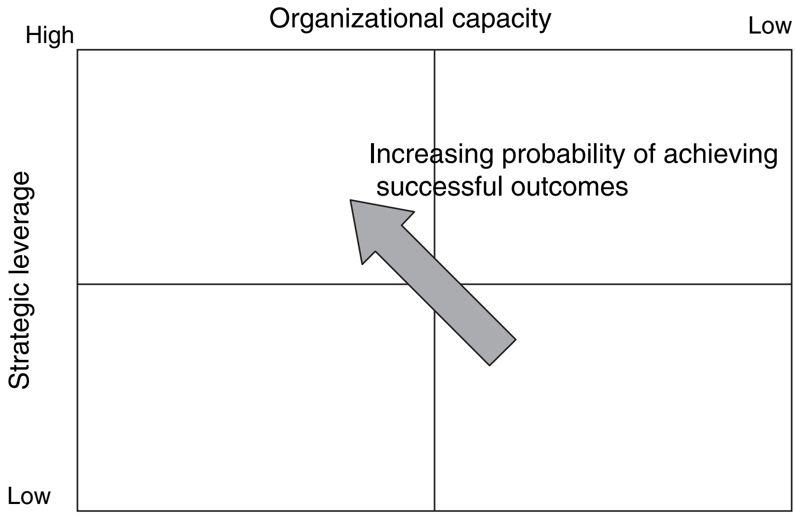


Figure 2. A Strategic Choice Framework.

external environment in which the union operates, such as the structure of the industries where it represents workers, the labor markets for those workers, the nature of technology and work organization, and the state of regulation affecting labor policy. A union with low strategic leverage is one, given its current level of representation in the relevant market, that has little ability to affect outcomes relating to the workforce it represents. Examples would include:

- A private sector union with low union density, and representing workers in an industry with declining profitability;
- A public sector union in a right-to-work state where a small percentage of the workers it represents are union members, with a small jurisdiction and limited ties to political players.

Conversely, a union may have a high degree of leverage arising from the nature of technology, work organization, and skill shortage. Alfred Marshall, one of the fathers of modern microeconomics, long ago described the conditions in which a union might exert high leverage over wages in explaining the determinants of the demand for labor. For example, if labor represents an input in the production process that is not easily replaced because of the skill of workers, the nature of technology, or the combination of the two, a union can exert considerable influence. Conversely, if labor can be readily substituted with lower-skilled (and less costly) labor or by capital/technology, the leverage exerted by individual workers or their representative is substantially diminished.

The commonly held view that unions in many industries can obtain more at the bargaining table during economic upturns rather than in recessions (given the far higher opportunity costs arising from work disruption) is a statement about changing strategic leverage associated with the business cycle. Similarly, the influence certain unions wield around the holiday season (e.g., transit operators, retail workers, and increasingly distribution and logistic workers) is a measure of inherent strategic leverage of these workers.

A basic attribute of the factors affecting strategic leverage is that they arise primarily from factors *external* to the labor union. Although these factors can be affected by union policy and strategy in the long term, in the short to medium term, they are outside its direct control. This has important implications in shaping the decision maker's expectations about how quickly they can expect to change a union's status on this dimension.

Organizational Capacity

The second dimension of the strategic game board concerns a union's *organizational capacity*. Where strategic leverage relates to the external world, a union's organizational capacity primarily concerns its internal structure in all of its dimensions. This includes the union's organizational structure (i.e., its formal and informal reporting relationships) and the people it has in elected, staff, and volunteer positions in that structure. It also includes the human resource system the union has in place that determines how staff and leaders are recruited, hired or elected, trained, advanced, or are fired or lose elected/volunteer positions. Finally, an organizational structure includes the methods used by the union for authorizing and deploying resources at different levels and across levels of the organization.

An organizational structure in large part determines how an organization commits its resources (people and money in a union) toward its objectives. It does so by defining authority and accountability; by being a conduit for information flow; and by providing incentives and disincentives for taking action. It is the skeleton, muscle, and nerve system that results in union activities on the ground. Organizational capacity also helps determine a union's ability to translate its explicit governance intentions into organizational action.

A high level of organizational capacity, therefore, describes a union (or institution) that is capable of translating its key strategic decisions into activities undertaken by the appropriate people in the desired places. This need not imply a command-and-control, hierarchical model. In fact, this type of union structure has become in many cases antithetical to the organizational capacity required by unions, even though it might have been a desirable method of deploying resources at earlier points in union history.

In contrast to strategic leverage, a union's organizational capacity is more directly subject to volitional choices of leaders. Union decision makers can alter the design of their organizations, move people around, authorize money, and change the composition of those working for the union. To the extent that there are constraints on these choices—and there are considerable ones as we shall discuss below—they are still constraints primarily in the domain of union choice. Accordingly, a union is able to affect its organizational capacity more readily than its strategic leverage.

Strategic Choices and Successful Outcomes

As in many areas of human endeavor, people tend to equate successful outcomes with successful choices and failure to bad ones. Assuming that successful choices always lead to successful outcomes is reasonable if outcomes are contingent solely on the decisions of actors. However, in the far more common case, intervening variables also affect whether a union can successfully achieve intended objectives. As a result, equating outcomes with choices can, on one hand, lead one to mistakenly give credit where it is not due; and on the other, lead one to castigate decision makers where they might be rightfully praised.

For example, a fairly inept union in terms of its organizational capacities may still be able to exert influence because of its strategic leverage in a market. One might therefore be ascribing strategic brilliance to a union that happens to be in an enviable position within a larger production process. The now defunct Professional Air Traffic Control Organization (PATCO) achieved considerable organizational success during its heyday primarily because of its strategic leverage in the air traffic control system of the 1960s and 1970s.

The experience of public sector unions following passage of state collective bargaining laws in the 1960s is an example of strategic leverage leading to positive outcomes, even given limited organizational capacity. Excluded from collective bargaining for a long period of time, public sector unions' entrance into labor relations through legislation created potentially high strategic leverage for certain groups at relatively low investments of organizational capacity (particularly relative to private sector organizing).[2] And certain groups—police and firefighters in particular—exercised significant leverage from the moment they were granted bargaining rights given the critical nature of the services they provide.

Now take the case of a union with an organizational structure that allows it to move its people and financial resources effectively toward its major objectives. Imagine that the union finds itself in a position of low strategic leverage. This might, for example, be because the union chooses to represent a new set of workers who are in an extremely vulnerable position, or because the union itself is attempting to rebuild after a prolonged period of membership decline. It is possible that union leaders will fail to attain their short-term goals (e.g., they might lose an important organizing drive or back down in a critical collective bargaining situation). This failure might arise because of the difficult position the union finds itself in—that is, its low strategic leverage at that point in time—despite a strong state of organizational capacity. In this case, we might be overly harsh on union leaders because of the outcomes we observe. Even more difficult, given the underlying political nature of labor leadership, members may hold the union leadership accountable for "failure" despite its positive movements in organizational capacity. This is a critical issue of political leadership that is discussed below.

Strategic choices do not always lead to desirable outcomes. Instead, the framework suggests that over time a union can increase the *probability* of positive outcomes as it moves in a "northwesterly" direction on the game board (Figure 2). Similarly, changes in the external environment that reduce a union's leverage or its internal capacity to implement programs reduce the probability of successful outcomes as a union drifts in a "southwesterly" direction. Optimal decision making requires union leaders to make successive policy choices that move their institution over time into a position where its chances of achieving success are greater.

Strategic Leverage and Organizational Capacity in Action

The existence of leverage presumes the first step of organizing strategic workers—that is, some level of organizational capacity is required to form labor organizations in the first place. For some groups, this may in itself take relatively little effort in that their inherent self-interest (the individual benefits arising from collective organization) are so clear that it is easy to surmount the problem of collective action. Pilots are a clear example, as are doctors and lawyers.[3]

In other cases, the initial organizational capacity problem is critical to overcome, but once achieved, confers significant strategic leverage. For example, coal miners are not, in and of themselves, in a position of great leverage because of the skill requirements of the job, the ample supply of labor, and the historic power of coal companies in relatively isolated coal communities. The strategic approach pursued by John L. Lewis in the early 1930s combined substantial investment in organizing a union at the mine level at the same time as bringing substantial pressure on the Roosevelt administration to win national legislation permitting wide-scale unionization through the National Recovery Act. This allowed the union to gain substantial coverage of the bituminous coal mining industry in the primary U.S. coal markets and to subsequently hold significant strategic leverage in the industry, particularly when the country was heavily reliant on coal and faced national emergencies (most strikingly during World War II).[4]

There are many cases of unions that have found themselves in inherently high-leverage positions, despite their internal capacities. Pilots have long exercised high leverage because of the skill content of their jobs and the high costs associated with errors. The regulatory overlay of their jobs (both access to the jobs and regulation of conditions of work) have further enhanced their inherent bargaining power (strategic leverage). Yet, this is not always a guarantee of success.

The well-known strike by workers represented by the International Brotherhood of Teamsters (IBT) against the United Parcel Service (UPS) in 1997 exemplifies a case where a union found itself in a position of both significant strategic leverage and high organizational capacity. The union's strategic leverage arose from wide-scale support among IBT membership; the agreement of UPS pilots not to cross the picket line; the close relationship union members had with UPS customers; and UPS customers' vulnerability to a strike (particularly among retailers) dependent on prompt delivery of products. At the same time, the union's considerable organizational capacity was shown in its careful preparation for the strike internally as well as in its effective framing of the issue for the wider public.[5] Although these factors in no way assured victory at the bargaining table, they raised the probability of a successful outcome enormously.

A far-less-remembered dispute that arose in the same year and same industry illustrates the importance of both strategic leverage and organizational capacity to achieving successful outcomes. The Fedex Pilots Association (FPA)—an independent union representing pilots at Federal Express—also faced negotiation over a new contract in 1997. The FPA entered negotiations in an extremely strong position given a strike deadline near the holiday season; 98 percent union membership among FedEx pilots; the highly competitive and profitable nature of the overnight package delivery industry; and general shortages of capacity for planes during a period of strong economic growth. However, the union suffered from many internal weaknesses that substantially reduced its organizational capacity. These included its independent union status and lack of contact with the wider labor movement;[6] its lack of support among other Fedex workers; internal dissension among pilots; poor preparation for the strike and limited understanding of the Railway Labor Act that governs collective bargaining in airlines; and overestimation of Fedex's ability to fly planes during a pilot walk out. As a result, the pilots backed down from striking during the holiday period and later settled for a contract that airline industry experts regarded as well below the terms covering pilots at other comparable companies (Zuckerman, 1998).

Dynamic Movement in Strategic Leverage and Organizational Capacity

The application of the strategic choice framework to this point has been static (i.e., looking at a union's position at one point in time). It has not considered, for example, how changes in the external environment can, other things being equal, lead to movement in the strategic leverage of a union over a set of objectives. There are gradual as well as sudden, discontinuous changes in the product or labor market of a union that can lead to a reduction (or sudden increase) in leverage, separable from changes in its organizational capacity. A recession, for example, can rapidly undercut the strategic leverage of a union for a period of time, just as economic recoveries have been capable of reviving the strategic leverage of unions in long-term decline in their labor markets (e.g., building trade unions).

Equally important is how changes in the organizational capacity of a union affect its ability to achieve objectives over time. A union's organizational capacity can deteriorate even in the face of a relatively stable environment. Many manufacturing unions continued to build their organizational capacity in collective bargaining, during a period of strength in terms of strategic leverage. At the same time, their capacity to organize workers atrophied as a result of *internal* neglect, not change in external conditions.

Interactions between the two dimensions over time can have enormous positive and negative effects on the overall strategic position of a union. Ossification of union structure can lead a union to drift downward in its organizational capacity. A sudden change in its product market can suddenly reveal this longer-term loss of its capacity.

The interaction of change in strategic leverage and organizational capacity over time arises in part from the fact that organizational structures, once established, begin to have a life of their own. An organizational structure, developed to serve the strategies of one era, can over time become a hindrance to new strategies or directions.[7] As conditions in product or labor market or other features of the external environment change over time, a union becomes constrained in how much it can respond because of its past organizational legacy. The limitations placed on the union by the way it is organizationally structured—even where that structure served it well in a prior period of development—can substantially reduce its organizational capacity going forward. The less that the union explicitly examines the benefits and limitations of its structure, the more limitations that structure will place on the ability in the present period for the union to deal with the union's changed operating environment.[8]

The decline of the U.S. labor movement between the early 1970s to the mid-1990s illustrates the dynamic nature of strategic position on the game board. Discussion of the causes of labor's decline during this period tended to fall in one of two views. One view holds that the decline was primarily a result of external factors outside the control of labor leaders. This included roadblocks to organizing under the National Labor Relations Act; the decline of industries where labor held its greatest strength; the growing public hostility toward labor unions; and aggressive antiunion stances taken by companies and, in the 1981 PATCO strike, by the federal government itself.

An alternative view attributes the decline to the union movement itself. This included its increasing inability to speak to workers outside of the traditional labor movement, its use of outmoded structures of representation and focus on issues of lesser importance to the organized workforce (in particular young members). This view also cites the inability of unions to adjust to economic and technologic changes in their industries and workplaces and the unions' use of their leverage in certain instances without adequate attention to its impact on the longer-term impact of those actions (e.g., wage levels in construction in the 1960s and 1970s in the face of a growing nonunion sector).

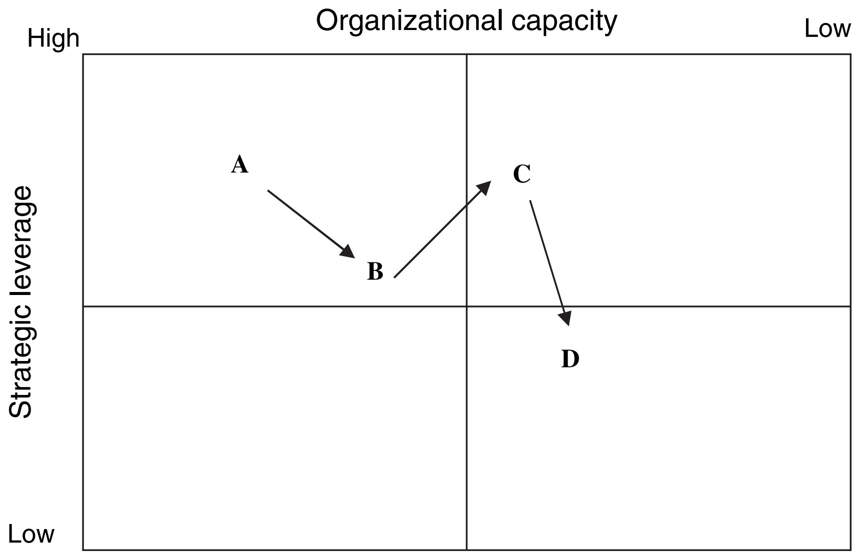
The strategic choice framework in contrast focuses on the confluence of both forces—separately and interactively—that contributed to decline. Some of the decline in union density from its height in the late 1950s was inevitable. For example, the high rate of unionization in the post-World War II/Korean War period reflects in part a wartime economy that gave unions a high (and somewhat atypical) degree of leverage. The external factors listed above did indeed contribute over time to a decline in the strategic leverage of unions in their organizing and representation activities. At the same time, accounts of labor's decline in this period must also consider the inability of many unions to change their internal organizational capacities to organize and represent workers in ways that have been described by various analysts.

In this sense, the period of decline can be usefully viewed as a *diagonal movement* across the strategic game board for a cascading group of unions—beginning in manufacturing, moving on to construction, and ultimately involving many unions in the public sector. This downward movement of individual unions had the secondary impact of lowering the strategic leverage of the labor movement as a whole as a result of spillover effects. This labor-movement-wide decline coincided with the decreasing ability of the AFL–CIO to counteract the decline in leverage because of its own decreasing organizational capacity through much of this period.

The changing leverage of building trade unions over time provides a second example of dynamic changes on the strategic choice game board. In the 1970s, the leverage for building trade unions was high because of a number of factors. First, the building trades had a high percentage of the workforce organized (as members) or controlled (through arrangements with temporary membership) in the trades in major metropolitan areas. Second, the trades exercised control over subcontracting because of contract provisions with basic trades (e.g., carpenters, laborers) requiring that all contractors on the site be signatories of union agreements. Finally, prevailing wage laws that covered federal, and in many cases, state-level public sector work required nonunion bidders to pay the prevailing (usually union) wage rate. This placed unions in the trades in a position of high leverage. The high level of union membership and central role played by the trades in controlling skill through hiring hall and apprentice systems also reflected a high level of organizational capacity. This situation is depicted as point "A" in Figure 3.

Over time, however, the position of building trade unions began to change, arising from diminishing strategic leverage arising from changes in the external environment; diminishing internal organizational capacity; and the resulting interaction of both effects. On the external side, a new group of contractors, operating in an area neglected by unions (residential and small commercial construction) began to build their capacity to bid larger jobs. This was in part a result of volitional choices by contractors associations. Also externally, the capacity to monitor enforcement of prevailing rate work diminished in the late 1970s and 1980s as government resources became constrained (Grabelsky & Erlich, 1999).

On the internal side, the ability of the union to control the supply of labor diminished as the internal politics of a hiring hall interacting with ethnic and racial exclusionary policies left a growing group of people unable to gain membership in unions. The politics of local unions in geographic markets where the trades held substantial control of labor supply also blocked efforts to bring in new workers. Business agents and/or business managers were elected partly on the basis of their ability to ensure that members would not spend too much time "on the bench" waiting for work. In this view, each new worker in the hall decreased the chance that current members would find work. In boom times,



A: Building trades unions, major metropolitan areas, 1960s-mid-1970s

B: Building trades by early 1980s, facing growing sector of nonunion competition in many markets

C: Building boom of mid-1980s providing employment recovery, but continued erosion of market share.

D: Economic slowdown in construction early 1990s revealing lost market share and weakened position in major metropolitan areas.

Figure 3. Changing Strategic Position in the Building Trades, 1960–1995.

the union allowed various forms of temporary membership to provide an adequate supply of labor to signatory contractors, but leadership protected themselves from the inevitable downturns by restricting the number of permanent apprentices and journeymen.

In combination, building trade unions' strategic position moved south on the game board as its organizational capacity to control the supply of labor declined. As a result, the union drifted in a diagonal direction (to point "B" in Figure 3). Because trades in major metropolitan markets started in a position of high leverage—and because their position was revived by boom periods of construction (an external upward push in leverage with no requisite change in organizational capacity, "C")—this downward drift was substantially masked until the mid-1980s. At that time, the significant slippage was revealed even in markets of traditional building trade strength ("D").

The challenge currently facing building trade unions concerns how to rebuild strategic leverage in construction markets given diminished strategic leverage and organizational capacity. What has made this difficult for the trades is the need to fundamentally change attributes of organizational structure that had emerged over several decades as a precursor to regaining strategic leverage.

Strategic Choice Framework and Resource Allocation

Failing to connect decisions regarding the financial management of union resources to governance and strategic decision making has been a longstanding problem for labor unions (Bok & Dunlop, 1971; Kozmetsky, 1950). Recent experience suggests relatively little improvement in linking these two activities (Masters, 1997; Weil, 1997; Wilman & Morris, 1995). The emphasis by the AFL–CIO and several major affiliates to focus on the percentage of resources allocated to organizing and political action represents an important exception to this general tendency.

Resource allocation decisions in a union are inextricably linked to strategic choices. The best measure of a union's *de facto* commitment to achieving an objective is the amount of resources applied to it relative to other activities. The treatment of financial matters as separate from strategic decisions lead many unions to spend resources toward activities that are very different than those enunciated in executive board decisions, convention resolutions—or strategic plans.

A basic task for decision makers concerned about ongoing strategic choice is comparing actual resource allocation (including allocation of staff time) toward major union objectives. These comparisons can often be very disconcerting. For example, a major U.S. union whose leadership has been vocal advocates of organizing recently conducted a confidential internal survey of its major regional units regarding the amount of staff time devoted to organizing versus other activities. The survey found that staff allocated an average of 7 percent of their time toward organizing new workers. This low level of resource commitment toward organizing was all the more disturbing to union leadership because the same survey revealed that 60 percent of the regional units had two or fewer full-time paid organizers on their payroll. Other researchers have found similar disparities between advocated and actual levels of organizing expenditures (e.g., Fletcher & Hurd, 1998).

Much of the discontinuity between stated and actual policy in this—and many—unions goes back to the problem presented by past organizational structures limiting current organizational capacity. Organizational structures give rise to distinctive resource allocations—indeed, central features of organizations are designed specifically to do just that. If a union recruits its staff from local unions on the basis of success in collective bargaining and servicing, promotes them on that basis, and provides primary access to political advancement via ability to serve existing members, one should not be surprised to find a large percentage of resources flowing toward traditional servicing activities. Ensuring that a greater percentage of union resources flow toward new priorities, therefore, requires changing basic features of the union to reflect new strategic choices.[9] Developing effective internal systems to connect resource allocation to strategic decision making, therefore, is a major implication of the strategic choice framework.[10]

Connecting resource allocation and strategic choice requires union leaders to ask a related question as a matter of ongoing decision making: How do current expenditures and allocation of staff and leader time impact the union's strategic leverage and organizational capacity in the short and long term? The strategic choice framework implies that two unions, starting at the same point, may require a very different amount of resources to increase leverage. Even if the cost of building capacity within each of the two unions were the same (which is improbable), differences in their external environments would make the cost of improving strategic leverage quite dissimilar. This means that the strategic game board (Figure 2) has different gradients (slopes) for different unions. The steeper the gradient from the current position to an improved one (either by moving "north" in terms of leverage or "west" in terms of organizational capacity), the more resources will be required to move the union in that direction.

A steeper gradient for one union than another in terms of strategic leverage implies that it would require larger resource commitment to move the union facing the steeper gradient to reach the same place in leverage that another union might be able to achieve with fewer resources. Alternatively, the union might have to invest more in improving its organizational capacity, thereby moving it to a place where the leverage gradient is less steep, before it could reach the same level of strategic leverage.

More concretely, imagine the task facing two local unions, one in the public sector, the other in the private sector, both seeking to improve their strategic leverage and beginning at equivalent points on the board. Legislation might make the private sector union's gradient steeper than the public sector union because of the less hospitable legal environment provided by the National Labor Relations Act relative to many state public sector bargaining laws. As such, the private sector union might have to either expend more of its resources, or attempt to build more in the area of organizational capacity, than the public union to attain the same increase in its leverage.

The task facing a union in representing workers in a newly organized unit also illustrates the implications of how steep the gradient is surrounding the union's current place on the game board. The gradient facing a union in improving its strategic leverage for a new group of workers will reflect its leverage in related markets. If the union's leverage in other areas can be applied to representing the new group (e.g., because the union has organized a significant share of related businesses, or if it works in related markets), the gradient it faces will be less steep than if the new unit represents a "lone outpost." In the lone outpost case, the union's strategic leverage might not increase much by further investments in building internal organizational capacity of the new unit. In this way, thinking about the "strategic leverage gradient" can serve as a screen for deciding the merits—and resource implications—of pursuing different organizing opportunities. In fact, a steep gradient might lead a union to conclude that a campaign is not worth the resource commitment to pursue, even in the face of highly receptive workers.

Sequential and Simultaneous Strategies and the Politics of Strategic Choice

Organizing and representing agricultural workers remains one of the most difficult challenges facing unions in the US and elsewhere. Despite this, the Farm Labor Organizing Committee (FLOC) has successfully organized and represented tomato and cucumber pickers in the midwestern United States since the late 1980s. The lynch pin of the representation model employed by FLOC is a tripartite structure of agreements between FLOC, independent small farmers, and major buyers of farm produce such as Campbell Soups and Vlasic Pickles. The participation of major buyers in these structures provides a stabilizing platform to create sustainable collective agreements between the union and the individual farm owners. However, bringing the first major buyer to the table (Campbell Soup) in order to create this strategic leverage required a sustained twelve-year corporate campaign by the union and allies in religious, labor, and community groups as well as traditional organizing of individual farms on the ground. Long before FLOC could improve conditions for migrant farmworkers, it had to invest in building a means of exerting leverage. In order to maintain strategic leverage in its agreements with cucumber farmers and Vlasic pickles, FLOC undertook a five year campaign directed at a major competitor to Vlasic, the Mount Olive Pickle Company. This effort resulted in a new agreement in fall 2004 that expanded its representation to 8000 farm workers in North Carolina, many of whom are Mexican workers holding H-2A work visas (Sengupta, 2000; Greenhouse, 2004).

Strategic approaches such as the Service Employment International Union's (SEIU) "Justice for Janitors" campaign work on a similar principle: they focus first on membership and community mobilization against a company or group of companies who play important roles as major purchasers of janitorial services, but do not act as the direct employer of record. The mobilization efforts serve to bring pressure on part of the market necessary to reach sustainable collective agreements at an industry-, rather than company-by-company, level. Only then can the additional leverage arising from sustained development of capacity be used toward collective bargaining and representation.[11] In this sense, FLOC and SEIU cases involve putting in place a sequence of strategies in order to build leverage as a precursor or even a prerequisite to representation.

Alternatively, union leaders sometimes face situations requiring them to put in place a group of strategies simultaneously. Policies of this type—sometimes called complementary policies—have the quality that they do not provide their full benefits to an organization unless they are simultaneously adopted with a set of other, related policies.[12] Initiatives by the Communication Workers of

America (CWA) illustrate this kind of strategy composed of multiple, complementary elements (Batt, Katz, & Keefe, 1999). The breakup of AT&T and the subsequent explosion of competition for long distance, local, and wireless service fundamentally changed the environment facing the CWA. Rather than dealing with a single employer that held almost the entire share of those markets, CWA faced a highly competitive market structure with a rapidly growing nonunion sector. After a period of significant decline, the union embarked on a multipronged strategy to reestablish leverage (Bahr, 1998). The first prong uses existing contracts with AT&T and other Baby Bells under contract with the union to open opportunities for the union to represent workers in nonunion sectors of the industry. The CWA does so by negotiating neutrality arrangements, expedited elections, and card checks for currently nonunion divisions or spin-offs as parts of larger agreements with AT&T, Southwestern Bell, and most recently Verizon. At the same time, the union has undertaken organizing efforts in companies and industry segments where the union does not currently represent workers. Finally, the union participates in the regulatory arena where the decisions of the Federal Communication Commission (which administers the deregulatory provisions of the Telecommunications Act of 1996) continue to have a major impact on industry structure. These policies are complementary to one another in that efforts to increase union market share in segments like wireless through "bargaining to organize" affect the extent of union resistance by other nonunion companies in those segments. Organizing success among nonunion companies in wireless, in turn, improve union leverage among its longstanding bargaining partners. Increased market share, in turn, improves the union's ability to affect regulatory outcomes relevant to industry segments of interest that in turn reinforce organizing efforts in those segments. In principle, complementary policies build the union's capacity to undertake its core activities as it ratchets up its strategic leverage, allowing it to move in a diagonal direction on the game board.

Building trade unions seeking to adjust to the changes in strategic position depicted in Figure 3 also face the need to put several strategies in place simultaneously. Recovering a sufficient share of construction industry markets requires rebuilding union strength in the labor market through organizing. At the same time, union policies must help build a contractor base capable of bidding work in areas where they have been present but lost share (e.g., commercial construction) as well as where they have long been absent (e.g., residential construction). Reestablishing union market share in construction markets requires putting in place both strategies simultaneously (Weil, 2003).

The strategic choice framework clarifies the political task for the union leader that underlie all four cases described above. As hard as it is to change a union's internal capacity, it is usually true that appreciable change in strategic leverage lags the development of organizational capacity. Moving in a northwesterly direction on the game board often involves building organizational capacity first and then increasing the union's strategic leverage given its improved capacity. Union strategic choices like those facing all four unions require the series of moves depicted in Figure 4.

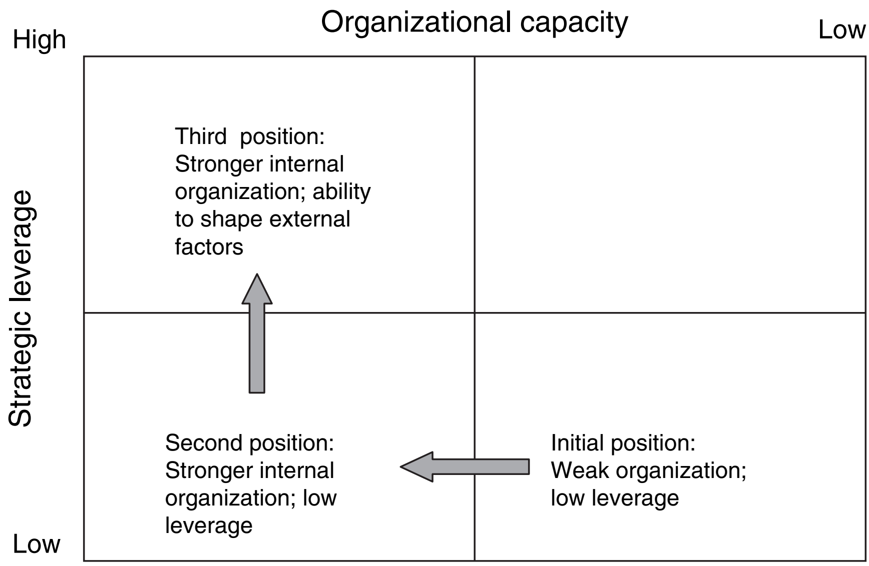


Figure 4. Sequential Moves in a Strategic Choice Framework.

Whether sequential strategies like FLOC and SEIU or complementary strategies like CWA or the building trades, there are significant lags between the time that a union builds its organizational capacity and when that capacity allows it to improve its strategic leverage. Lag times can leave union leaders in a politically difficult and sometimes vulnerable position. They must convince their fellow officers, staff, and most importantly membership to accept change—often internal changes that entail perceived personal and political stakes and interests—for the sake of union "building." And yet the fruits of that union building may be very slow in coming.

The lag between building capacity and gaining leverage means union leaders are left with politically difficult choices. Yet one must sometimes wander in the desert in order to arrive in the promised land. A program of rebuilding organizational structure may not deliver the goods for a long time. As a result, union members, local leaders, and other key constituents may question whether the gains in union leverage in the long term are really worth the expenditure of time and resources on internal organization today. A significant part of the continuing resistance to undertaking fundamental organizational change in unions arises from the inability of leadership to deal with this tension between short-term costs and long-term benefits depicted in Figure 4. Convincing union stakeholders of the necessity of bearing the costs arising from building organizational capacity in order to achieve long-term strategic leverage ultimately hinges upon the quality of union leadership and their ability to translate the types of strategic choices described above into a coherent vision of the future for leadership, staff, and rank-and-file members.

Conclusion

The current climate of innovation and experimentation with new models of organizing, representation, and political activism in the labor movement is quite striking. It provides a hope for the future vitality and viability of the labor movement as an active institution in a democratic, market-based economy. Nonetheless, there is a danger of failing to bring innovations into the mainstream of union practice and organization, or integrate new ideas and energy into the calculus of daily decision making.

Innovations will prove sustainable if they provide the means for unions to represent the evolving interests of members in an effective manner. Sustainability requires that leaders make ongoing decisions that push their unions toward and then maintain them in the northwestern quadrant of the strategic game board. The purpose of this essay is to provide a means for leaders to systematically weigh how new and existing strategies and policies affect their strategic position. Absent careful and ongoing consideration of how these initiatives fit into the larger picture of labor union's individual and collective position, the long-term impacts of the labor movement's current examples of revitalization will prove fleeting.

Postscript

In order to assist union leaders integrate the ideas of strategic choice presented here into their decision making, the author has developed a website that allows users to conduct a strategic choice analysis of their own union using the tools described in this essay. The "Strategic Choice Assessment Tool" can be found at http://www.scatsurvey.com. The website (which can be used free of charge) presents a battery of questions regarding external and internal conditions that then generate an estimate of strategic leverage and organizational capacity on a strategic game board. Responses can then be compared with other survey respondents who have also used the strategic choice assessment tool.

David Weil is associate professor of Economics at Boston University School of Management and a research fellow at the John F. Kennedy School of Government, Harvard University. He has served as an advisor to labor unions on strategic planning and strategic choice for over fifteen years and writes extensively on labor strategy and labor market regulation.

Notes

Support for this research was provided by the Jerry Wurf Fund, Harvard Law School Labor and Worklife Program. I am grateful to a number of colleagues—for ongoing discussions and feedback on this paper and on the larger framework it is drawn—including Elaine Bernard, Paul Booth, Michael Crosby, Mark Erlich, Jeff Grabelsky, Linda Kaboolian, Elissa McBride, Peter Olney, Barbara Pocock, and Susan Schurman. I am also grateful to the participants in the Harvard Trade Union Program (HTUP) of the Harvard Labor and Worklife Program; the HTUP/AFSCME Union Leaders Institute; and the California Union Leadership

School of the University of California Institute for Labor and Employment where I have presented earlier versions of this paper and its framework in discussions over the past three years.

1. See Weil (1997) for a detailed discussion of strategic planning for labor unions. Clark and Gray (2003) estimate that about two-thirds of unions engaged in some type of formal strategic planning in 2000, up from 40 percent in 1990.
2. One reason that organizational capacity building required lower investment in the public sector was the existence of public employee associations in many states that took on the role of unions following passage of collective bargaining legislation as well as the far lower levels of employer opposition to unionization in the public sector (Bronfenbrenner, 1994).
3. The demise of the Major League Baseball's Umpires union represents a recent case of a union that apparently equated its underlying leverage with its counterparts in the Player's union. This unrealistic appraisal of its underlying leverage had devastating consequences.
4. Lewis' approach to gaining strategic leverage in the coal industry is analyzed in detail in Brody (1993).
5. See Greenhouse (1997) for a concise discussion of organizational preparations by the Teamsters that began much more than a year prior to the contract expiration.
6. The pilots had been members of the Air Line Pilots Association (ALPA), the main pilots union and AFL–CIO affiliate. In 1996, the pilots disaffiliated with ALPA and then formed the Fedex Pilots Unon as an independent union.
7. There is an extensive literature on this aspect of organizational evolution regarding the private and public sectors, and to a more limited extent, unions. The signal book on these relations is Alfred Chandler, *Strategy and Structure* (1962). One of the few historic works on this topic regarding unions is Lester (1958).
8. One contrast between this dynamic among businesses and unions arises from the disciplinary effect of market competition on the internal structure of private sector organizations. Organizational forms that are ill-adapted to new competitive conditions (and the strategies businesses choose within those competitive conditions) are abandoned over time. The absence of such overt competitive pressures in unions allow for the longer persistence of those structures. It is interesting to note that in periods, or specific jurisdictions among unions, where competition has existed, new organizational structures and forms tend to diffuse more rapidly. This is the subject for a separate inquiry.
9. This underscores the reason that many unions have been unable to achieve the goal of allocating 30 percent of their resources toward organizing despite the AFL–CIO's advocacy of this benchmark. Because many unions currently spend much less than 10 percent of their resources toward organizing, such a radical shift in resources necessitates a fundamental restructuring of the organization with attendant political consequences.
10. These include budget systems, financial systems that permit programmatic expense review, human resource practices that provide a means for planning and review of time allocation, and methods of undertaking systematic performance evaluation.
11. The round of bargaining completed between SEIU Local 1877 and employers in Los Angeles in the spring of 2000 well illustrate this cycle. The original Justice for Janitors efforts began in Los Angeles in 1988 and took many years to secure a stable position in the Los Angeles market. Although the 2000 negotiations drew together community allies and member mobilization reminiscent of efforts in the late 1980s, it built on a platform of leverage created by the union over the previous decade. See Meyerson (2000) for a description of this case.
12. The idea of "production complementarity" arises from the economics of organization literature to describe a set of practices that can be adopted by a company (pricing policies, quality control practices, production and manufacturing strategies) that have reinforcing properties such that the adoption of one practice enhances a firm's profitability directly and *indirectly* by increasing the returns of another practice.

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