Are unions still relevant?

In New York State, driving along the Erie Canal corridor – about 300 miles – it is impossible to go 20 minutes without seeing shuttered plants that once provided good jobs for thousands of capable workers who produced superior goods and services for worldwide distribution.

Where did these jobs go and why couldn’t their unions protect them? Moreover, why has union membership declined from 47 per cent in 1946 to about 12 per cent today?

What has happened to cause such a drastic and unsustainable decrease in union membership? There are many reasons, but principally this: Union leadership has lost sight of the changing nature of work in today’s competitive and global business environment. Its operational goals are based upon business and social models from the 1950s and do not embrace the business changes since then.

Consider:

1. Unions are unable to stem the tide of, or capitalize on, global economic and cultural changes.

The economy has become global in nature and technologically advanced with the advent of the Internet and its affiliated capabilities. A customer can buy an automobile manufactured in the US from a dozen manufacturers. This provides freedom of choice which is vital to our way of life. In the past, Chrysler, Ford and GM competed against each other. Now all three are lumped into the category of “Detroit” and must compete in a global marketplace against companies like Toyota, Daimler, Fiat, Hyundai and Renault. The clothes that you wear are mostly made in foreign shops and sold at Wal-Mart and Target. 95 per cent of beer production in the US is controlled by three major breweries resulting in the elimination of hundreds of small breweries that employed thousands of people, many of them unionized.

Culturally, research shows that today’s Generation Y – those born after 1985 – is one that is constantly wired into the 24/7 world and is not likely to be constrained by a 3-year contract at 40 hours per week and where job behaviour is restricted. They cherish their freedom to move about freely, develop their professional and social networks, pad their résumé with additional skill sets, and participate in decision-making events. Employees are increasingly demanding that their employers provide a work environment that typically cannot be negotiated in a contract session. They do not look to the union to provide it. Rather, they look to the organization and to the community for these satisfiers. And, they are mobile enough to go to wherever it is provided.

2. The playing field is not level.

At the end of World War II, the US had virtually no meaningful international competition. Europe and Japan were devastated by the effects of the war. We were free to establish our own economic rules without regard to external competitive pressures. Ford, GM and Chrysler competed against each other for automobile sales and McDonalds fought Burger King for the fast food business. Then serious competition arrived.

European and Asian economies rebounded and began to challenge American superiority. Unfettered by American work rules and laws, and the so-called legacy costs, foreign operations were able to provide the same or better quality of goods and services as their American counterpart, but at a much lower cost per unit. American industry flocked to these off shore sites. Conversely, foreign companies began to invest in American
industries by demanding conditions unheard of in American unions. And they got it from grateful communities.

3. Unions are a victim of their own successes.

Unions have successfully fought for fair wages, safer working conditions, health and pension benefits, and against child labour. As a result, the US government took over those causes and eliminated strong union bargaining tools. Aggressive legislation such as OSHA virtually eliminated safety issues as a bargaining chip. The 1964 Civil Rights Act, subsequently amended to include strong enforcement measures, eliminated the need for unions to agitate against discriminatory practices. The Equal Pay Act attempts to achieve parity of equal pay for equal work between men and women. Employees who are affected by workplace issues now seek redress through the courts rather than the unions.


Employees have learned that unions do not have the power to deliver on their promises without jeopardizing the sustainability of the company and their jobs. They see and understand the complicity that unions have had in the wreckage of many vital industries in our society and do not trust union promises. Websites, blogs, media, newsletters, oral campaigns, etc. are available to anyone who wants it. For every argument in favour of a particular position, there are scores of sites for opposing arguments. Employees also know that the only legal power a union has over a company is the threat of withholding work, i.e. the strike. And that action contains very serious risks of success and failure, as well as financial challenges.

5. Abusive and exploitative owners and executives rarely exist.

Government intervention has seen to much of this. Competition for talent has seen to the rest of it. The union’s historic approach was to change the nature of executive power into one of a benevolent leadership where everyone wins. Unions provided effective checks and balances. Guess what? The unions succeeded beyond their wildest dreams. Management became smarter, more benevolent, more understanding of human capital and its value in our society. Competition for talent is fierce. Companies who wish to hire the best and the brightest must prove to those applicants that they are worthy of the needs of the workforce as well as the needs of other stakeholders.

What can unions do to better serve their membership?

Here are some suggestions:

Establish a value metric that improves competitive advantage for the organization

Value is something that is perceived by the customer and justifies the price paid for the product or service. Your union must justify to the customers why union-made goods and services are better for the customer. What good are higher wages and benefits to the employees if fewer customers are buying what you sell and the company is sliding into bankruptcy?

Help the company increase revenue and decrease costs

Within your own household, tough economic times means carefully examining your income and your expenses. Your household operating plan is to have more money left over at the end of the month, rather than the other way around. Organizations are managed in exactly the same way. They must remain solvent and profitable. If they are successful, the company stays in business, union members retains their jobs, and union dues continue to be collected.

The current legislative activity of the unions is aimed at increasing union membership in companies, thus generating additional income through dues-paying members. It does
not focus on the union’s ability to help the company return to solvency and higher employment. This will not help the organization and may result in additional layoffs. The ultimate focus must be on negotiating strategies designed to help the company stay in and grow the business. Anything less than that invites economic disaster for all parties.

Get over the adversarial mindset of your ancestors

Smart negotiators on both sides argue their interests, not their positions. For every business decision, there is a cost/benefit analysis that must be made. From that analysis come arguments designed to advance a particular point of view. It is frequently not a question of right vs. wrong, but who has done a better job of analyzing the data and developing a superior argument. To the business owners, executives and union leadership, you are not enemies of each other. Get over it and start focusing on keeping your company in business against aggressive competition in a very uneven playing field. Your members deserve the best leadership available to them. Give it to them.

Begin a new and positive public relations campaign

Sadly, your public image does not reflect the hard and positive work that your dedicated members and leaders have produced over the years. Actions such as strikes focus on the disruptions itself rather than on the substantive issues that caused the strikes. Your grievances are usually real and justified, but the media fails to address the causes and potential solutions to your issues. Unions have been consistently maligned with articles describing episodes of corruption, greed, coercion, intimidation and ties to organized crime. Yet union responses to these charges have been tepid and fleeting at best. Unions need to go on the public relations offensive to show the good work that they have done in the past and that they are pro-active partners in the success of the companies that they represent.

If your union can help me stay in and grow my business against unrelenting competitive, financial and government pressures, I would gladly sit down with you and welcome your advice and participation. Unless you can directly improve the condition of the company, you will provide little value to me and my customers. I fear that you will be on the verge of complete irrelevancy.

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