

Dynamics within the productive systems framework: An analysis of the James River Corporation and United Paperworkers International Union relationship

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Introduction

In virtually every industry across the United States, and indeed across the globe, companies have announced work restructuring initiatives to improve their competitiveness. Since the 1980s, a significant number of firms have sought to involve their unionized workforces in these efforts (Eaton and Voos, 1992; Ostermann, 1994). Concurrently, students of industrial relations began investigating whether the joint union-management committees which address work reorganization contribute to the firm's competitive goals. Despite the number of these studies, the research falls short both because a model which captures the full impact of collaborative programs on the labour and management behaviour has not been widely employed and because existing research does not explore the effects of such programs on both labour and management. This study seeks to use the productive systems model to address both of these short falls.

An institutional approach is critical to the study of labour-management co-operative schemes because of the dramatic change in the traditional roles for labour and management which it requires. Frequently, members of the opposing organizations do not readily embrace the move from adversarial to collaborative role. Among the institutional theoretical frameworks used by researchers, the productive systems model stands as perhaps the most effective for analyzing the parties' responses and ultimate outcomes of joint labour-management (LM) strategies (Rubery and Wilkinson, 1994; Konzelmann Smith, 1996).¹ It emphasizes labour

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¹ US practitioner literature frequently refers to joint labour-management programs as partnerships. In the author's view, the parties are not partners unless labour has equal share in decisions on all aspects of the corporation's operation including investment strategy, research and development, marketing, etc. By this definition, at best a handful of US corporations maintain a partnership with labour. In this paper, 'joint labor-management program' (activity, efforts, etc.) signifies involvement by international and/or local union leadership in a structure with corporate and/or mill management which addresses work site issues affecting production. This broad definitions encompasses efforts ranging from the local departmental temporary or permanent problem solving groups (eg., the departmental Joint Standing Committees discussed below) in which department managers and local union officers meet on questions as localized and specific as the dress code, to completely self-directed work teams which schedule and carry out most work assignments without supervisor input.

and management's involvement in the *process* of attempting to reach outcomes (and why these efforts fall short) rather than focusing on optimal outcomes as in neoclassical models. It also recognizes the diverse goals, strategies, and tactics *within* labour and management institutions which may alter the pursuit of outcomes on both 'sides'. But thus far, only the Konzelmann Smith study (1996) of joint labour-management cooperation in the steel industry uses the productive system framework to identify the objectives, strategies, and tactics employed by various levels of management and the importance of their interactions with the union.

The research here uses, and extends the productive systems framework to investigate the development of cooperative relations between the James River (paper) Corporation (hereafter, James River) and the United Paperworkers International Union (UPIU) since the late-1980s. The study begins with an overview of the influences exerted on James River management and labour by global and national economic factors and by the industry and corporate environments in which they operate. It next outlines the social and technical relations of production at James River and employs the productive systems model to provide a fuller description of institutional objectives, strategies, and tactics at each level of the labour and management organizations. The third section then applies this information to the Konzelmann Smith conditions for effective production using joint LM programs. This is followed by an examination of actual processes and outcomes using a comprehensive case study of the union officers, management, rank and file members, and floor level supervisors at a mill in the James River Corporation (see Appendix B for methodology and sources). It uncovers distinct goals of labour and management, and diverse, continuously clashing and changing objectives, strategies, and tactics even within the same side of the industrial relationship. The following section offers an explanation of how these interactions explain the outcomes experienced by James River and the UPIU in contrast to those predicted. The paper concludes with recommended extensions to the productive systems model.

1. The economic and industrial environment

Industrial organisation, labour market structure, financial systems, product markets, public policy, technology, the institutions for industrial relations and the effects these have on company performance form the environment within which labour and management adopt objective, strategies and tactics in collective bargaining (Fig. 1). Changes in these environmental factors affect industrial relations directly by influencing competitiveness and profitability and indirectly by provoking interactions between labour and management at the corporate, mill, and shop floor levels. (See Birecree and Konzelmann Smith, 1995, 2-3). This section sketches in the the major enviromental factors influencing management and labour relations in the James River Corporation.

The US is a leading, low cost producer of pulp and paper and the largest importer of paper products in the world (Eaton and Kriesky, 1994, 35). Its pulp and paper industry is buoyed by continuing strong demand and earnings grew by twelve percent in 1994, with similar gains expected in 1995 (Stanley, 1995; Rooks, 1995).

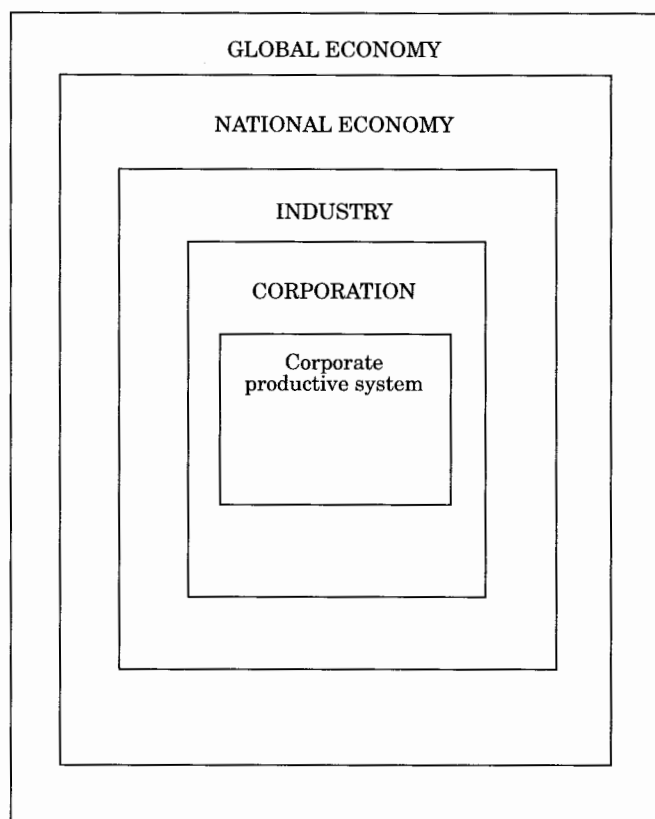


Fig. 1. The productive system in its environments. *Source:* Birecree and Konzelman Smith, 1995).

Over the past 5 years, imports have maintained their share of home consumption in volume terms but in value terms they have declined by 2% while exports have increased 23%. Over the next 5 years, a stronger global economy, tariff reform through NAFTA and GATT, and growing demand in Canada, Mexico, and Asian countries, promise to enhance US exports even further (Stanley, 1995, p. 41). Nevertheless, though international demand is growing faster than domestic, a strong home economy will be needed to guarantee a secure market for nearly 90% of the US industry's output (Stanley, 1995, p. 40).

In 1994, measured by the value of its shipments, pulp and paper was the eighth largest manufacturing industry in the United States (Stanley, 1995). Its two major activities are pulp and paper production, and conversion of paper to consumer, office, and packaging products. Production of most grades of pulp and paper is highly concentrated. In three of seven major paper grades the top five companies maintain more than 60% of market share (Pulp and Paper, 1987-95). Until very recently, the paper industry has been unusual among US manufacturing industries in that its strong position nationally and internationally in the 1970s and 1980s has protected producers and unions from the external pressures which buffeted other US industries (eg., auto and steel).

The James River Corporation ranks among the ten largest US-based paper companies as measured by sales. Since its establishment in 1969 as a specialty paper producer, James River has expanded through mergers and acquisitions doubling in size four times between 1971 and 1986 (James River Corporation, 1994a, p. 12, 13). In 1982 it bought the Brown Paper Company and American Can's Dixie-Northern assets thereby entering the consumer products business which, along with food and consumer packaging, was its core until 1996 (Deutsch, 1990). In 1994, the corporation owned 13 pulp mills; 20 paper mills, and 72 converting operations in the US, pulp, paper, and converting operations in nine foreign countries, and various transportation and storage facilities (Moody's Investors Service, Inc., 1994). James River's primary market is towel and tissue. Competition in this sector of the market has intensified since the Scott Paper Company restructured in 1993-94 (Williams, 1995; Deutsch, 1990; Weber and Dwyer, 1995) and merged in mid-1995 with Kimberly Clark (Fairbank, 1995, B14).

For the heavily capital intensive paper industry the key to upgrading and creating new capacity is the availability of funds. This was eased by the relaxation of anti-trust laws and merger regulation which allowed companies to increase their size and access the large amounts of capital. (Treece, 1993). However, in the 1990s, observers of the US economy identify a growing requirement for corporations 'to satisfy the demands of portfolio investors (who favour firms with high dividend payout rates) rather than to use the earnings of the company for investments in [internal capacity building]' (Appelbaum and Batt, 1993, p. 16). And, as a result of the low ranking given to them by financial analysts in the mid-1980s, US paper companies were required to improve performance. (Wilkinson *et al.*, 1996, p. 24).

Financial market pressures impact on James River as significantly as on any other corporation in the industry except, perhaps the giant International Paper (see Birecree, 1991). At the very time investor demands were growing, James River's performance as measured by its return on equity (ROE), plummeted. It averaged 19% in the 1980s, but fell to 11% in 1989 (*Paperworker*, 1990b).¹ Analysts blame the poor performance beginning in 1989 on the process of absorbing the \$1.6 billion purchase of Crown Zellerbach in 1986, the increase in pulp prices, and the lack of capital to upgrade mills. These pressures prompted many of the corporate strategic moves examined below. In addition to its need to respond to financial market pressure, James River is keenly aware of competition in its product market. It has moved aggressively into the international market through a majority ownership share in Jamont, a European consumer products manufacturer whose sales represented 26% of total sales in 1995 (James River Corporation, 1995, 1). At home, the company competes directly with consumer products giant Proctor and Gamble whose operations are largely non-union, and the Scott Paper Company (Company News on Call, 1996).

Substantial technological improvements have occurred in the industry in the last decade after years of little change (Rice, 1992). Although major improvements have occurred unevenly across the industry, they have caused companies to reduce their workforces (largely through attrition); to demand concessions from unions to

¹ Median ROE in the industry was 17% in the 1980s (*Paperworker*, 1990b). James River stock sold for 8 times its earnings, an average 'earnings multiple' for a paper company (Novack, 1988; Deutsch, 1990).

increase the flexibility of work assignments (though such demands also occurred where no new technology was introduced); and, in a few new 'greenfield' mills embodying the most advanced technology, to fight aggressively to preserve the non-union status (Kaufmann, 1996).

Every major paper company, with the exception of Fort Howard, negotiates with unions. The US paper industry has approximately 85% of primary mills and 25% of converting facilities organized (Eaton and Kriesky), making it one of the most highly unionized industries in the country. The United Paperworkers International Union (UPIU) represents a majority of unionized paper workers in the US. Established in 1972 by the merger of the International Brotherhood of Pulp, Sulphite, and Paper Mill Workers and the United Papermakers and Paperworkers, UPIU exists today as a relatively loose confederation of local unions with approximately 244 000 members (Glenn, 1995). Recently its membership has grown after several years of slow decline. A second major union, the Association of Western Pulp and Paper Workers (AWPPW), represents approximately 13 000 workers in mills along the US West coast.¹ James River currently employs approximately 27 000 worldwide (James River Corporation, 1995, 4). It negotiates with both of the UPIU and AWPPW in various of its mills. However, converting operations, including its major operation Dixie paper plate and cup operations, and one new primary mill in Tennessee are non-union.

In the mid-1980s, stock market pressure, increasing domestic competition and rapidly developing productive capacity in Asia and South America were partially responsible for US corporations' strategic decision to confront the unions with a view to slowing the growth of labour costs and increase productivity. Most demanded 'flexible' job assignments, limits on premium wage payments for overtime worked on weekends, and control over increases in health insurance costs. Using the increased legal powers and the threat of replacement workers, paper companies were generally successful in extracting concessions from the workforce. Labour law interpretations which allow for the permanent replacement of striking workers resulted in decline in the number of successful UPIU strikes. The union tried to regain bargaining power by using voting pools to ratify contracts on a company-wide basis but their efforts were shot down by an NLRB ruling (141 LRRM1162). Although contracts were ultimately ratified in most locations across the industry, workers responded to management's pressure tactic when they returned to their jobs with increased grievances, less voluntary cooperation towards achieving outstanding production, and generally sour relations with management.

Stiffer environmental and occupational safety and health regulations have increased operating costs and created technological challenges. Because employers

¹ Growth in UPIU in the 1990s stems largely from the affiliation of cement workers locals and the 50 000-member Allied Industrial Workers of America. The UPIU has allocated increasing resources to organizing new primary mills and existing converting operations. The effort has been somewhat unsuccessful due both to aggressive anti-union campaigns waged by employers and to their willingness to provide wages and benefits near union levels in new mills (Eaton and Kriesky, 1994). The AWPPW has not organized new members in recent years. In 1994, it affiliated with the United Brotherhood of Carpenters. Several other unions including the Graphic Communications International Union, Steelworkers, and International Brotherhood of Electrical Workers represent a few locals around the country.

and union members blame environmental regulations for industry troubles, they have jointly formed a Pulp and Paper Resource Council through which union representatives lobby for less restrictive environmental legislation. On the other hand, the unions have used Occupational Safety and Health Administration (OSHA) regulations as a bargaining tool requesting inspections at recalcitrant employers' mills. Occupational safety and health policy increased operating costs but, as with environmental legislation, it also generated opportunities for developing cooperative relations with union leaders through the forum of the Pulp and Paper Resource Council.

2. Technical and social relations of production¹

Within productive systems environmental pressures influence both the technical and social relations of production.

2.1. *Technical and social relations of production*

Technical relations are the interaction of labour, machines, and materials in the production process. In the paper industry, the machines and corresponding inputs are: pulping machinery and wood; papermaking machinery ('wires,' 'felts,' and 'calenders') and pulp; and converting machinery (eg., printing and folding machines) (Kaufmann, 1996, pp. 3–4) and various paper grades; and labour's interaction with them. Social relations determine the degree of technical co-operation between labour and technology which will exist at different stages of production.

In the James River Corporation the social relations of production are between the corporate-, mill-, and shop floor-level managers, and the international and local union officers and rank and file members. Until 1990, the company founders, Robert Williams and Brenton Halsey served as its President and Chief Executive Officer (CEO); and Chairman respectively. As Halsey moved towards full retirement, Williams added first the CEO, then Chairman positions. He, too, retired at the end of 1995 and has been replaced by Miles L. Marsh, a former CEO with Pet, Incorporated.

As is typical of most paper mills, a resident manager oversees all production, converting operations, maintenance, secondary fibre (recycling), and administrative functions. The production and maintenance department managers, the human resources director, and a small number of administrative department managers, also known as the 'direct reports', form the top decision making team in the mill. The resident manager of the mill during the course of the case study had held the post from 1991 until April 1995. He had previously served as manager and assistant manager of Crown Zellerbach mills, purchased by James River in 1986. Many of the production 'direct reports' on site during the case study were also relatively new; two arrived in 1988 from Crown Zellerbach, as did the secondary fibre plant manager who came to oversee its construction in 1990. Only the human resources manager had worked in the mill for more than a decade.

¹ The following description of the Productive systems model relies heavily on Wilkinson, Konzelmann Smith, and Birecree (1996) and Konzelmann Smith (1996). It also includes findings of Wilkinson (1983), Wilkinson and You (1993), and Rubery and Wilkinson (1994).

Approximately 24 shift supervisors, technical assistants and other personnel supervised the activity of approximately 500 hourly employees through 1995. In the past, supervisors have moved into management positions from hourly positions and frequently have had long tenure in the mill. In recent years, top mill management has sought a 50–50 mix of supervisors with such ‘operations experience’ and those with more formal technical backgrounds.¹

Within the UPIU, president Wayne Glenn, a Secretary-Treasurer, eleven regional vice presidents and one vice president-at-large constitute the Executive Board which establishes general policy. Company councils representing each major employer are led by regional vice presidents with voluntary participation by local union officers. The vice presidents also hold meetings for all locals in their regions. Both types of groups meet annually to share information and to discuss informally their relations with the companies. International business representatives, under the direction of regional vice presidents, assist locals with collective bargaining and grievance handling, especially at arbitration. They tend not to interfere with the management or policy making of local unions.

There are three UPIU locals at the case study mill, representing workers in maintenance, converting, and paper and secondary fibre departments. This is both a remnant of pre-merger structures within UPIU and an indication of the importance to members of autonomy. The presidents during the period of the case study were all long-time workers at the mill and activists in their unions. All three had held their offices for less than 5 years. All participate or send representatives to the annual James River Council, UPIU regional, and Pulp and Paper Resource Council meetings. They also meet together on an informal basis. The locals’ representative has serviced locals in the region since 1993 after several years in a more distant area. He worked at the case study mill for 22 years and served as the president of the converting local. Union membership is approximately 320, 100, and 80 in the converting, paper mill/secondary fibre, and maintenance locals respectively (James River Corporation CSM, 1994). Like most paper workers, they are mostly high school graduates from the local area. Jobs pay well for the region, and workforce turnover is low.

The quality of social relations are central to the operating efficiency of productive systems. They also contribute to dynamic efficiency by allowing a free flow of information. In particular, if agents freely share information and knowledge about the production process and customers’ requirements, they are then in a position to improve methods of production and to produce high quality output at the lowest possible resource cost.

Social relations are central to this information sharing in that they provide the coordination of production activities and the exercise of authority and to ensure technical cooperation. If the productive system’s agents manage effective use of resources and meet production specifications, they will create *operational efficiency*, and in turn, enhance the firm’s competitiveness.

¹ The number of supervisors fell dramatically in 1996 with restructuring. Mill management reports that all departments will ultimately be self-managed. The hourly employment will also decline, though its size has not been finally determined.

Social relations also influence the distribution of value added. Unequal power relations can pose a threat to efficient production. Disparate power due to unequal access to information, economic inequality, monopoly power, specialized skill etc may tempt the stronger party to force its distribution preferences on the weaker. But if the later withdraws technical cooperation, production will be affected. Most typically in US paper companies' cases (including James River), management has sought to use its oligoposonistic power and economic superiority in contract negotiations with the UPIU, which in turn responded with work stoppages and 'work to rule' strategies to stop or slow production.

2.2. *Objectives, strategies and tactics*

This section summarizes the objectives, strategies, and tactics formulated at the top level of both James River and UPIU and lays the groundwork for understanding the productive systems analysis of anticipated performance and strategic choices.

Institutions develop *objectives* or *goals* which are their fundamental reasons for operation. James River prides itself as one of the first US companies to publish its core principles in a series of 'Black Books of Values, Beliefs, and Strategy' for use by stockholders, suppliers, employees, and customers. Recently, the key principles were incorporated into the James River Total Quality Star. They are: (i) ethical, fair, and trustworthy behaviour which builds good relations with employees, their unions, consumers, and customers; and concern for the environment; (ii) the involvement, empowerment, accountability, and teamwork of all James River employees; (iii) the delivery of superior products provided at competitive operating costs; (iv) the continuous simplification and improvement of a plan to monitor and control key elements of each production process; and (v) the increase of market share and improvement of profits in all markets while exceeding customer expectations (James River Corporation, nd).

In more material terms, the corporation has stated that its objectives as a 20% return on assets (ROA), a 15% ROE, and 20% total shareholder return (TSR) (James River Corporation, nd).

The UPIU's ultimate objective is institutional viability which is achieved by satisfying basic membership expectations (Konzelmann Smith, 1996). Foremost among the objectives enumerated in the UPIU constitution is 'to unite all workers within its jurisdiction . . . to improve their wages, hours of work, job security and other conditions of employment' (UPIU, 1992, 1).

To achieve their goals, agents in the productive system devise *strategies* which include both business and industrial relations plans. Restructuring efforts begun in 1990 by James River were strategies designed to reach the specified ROE, TSR and 'JR star objectives.' The 1990 plan, which spun off the specialty paper business, resulted in an asset reduction of approximately 30% (*Paperworker*, 1991). Twenty mills were closed or sold (*Paperworker*, 1995b), and approximately 2800 workers (2000 hourly and 800 salaried) lost jobs (*Paperworker*, 1993). This move financed capital expenditures on fibre production capacity including additional pulp and secondary fibre operations, it increased shares in Jamont European, a consumer paper products joint venture (James River Corporation, 1994), it also bought new

tissue machines, recycled paperboard and white paper machines, and other equipment for upgrades (*Paperworker*, 1990b). These moves were only partially successful, largely due to the onset of a recession in the industry. By 1992, James River's net losses reached \$427 340 000 (Moody's Investors Service, Inc., 1994).

In early 1995, after continuing poor performance of some product lines, James River announced a second reorganization. It has spun off virtually all of its communications paper division into Crown Vantage, Inc. 'to enjoy the benefits of direct access to the capital markets to fund its long-term growth strategy' (*Paperworker*, 1995a). This, along with other divestitures, reduced total corporate debt by \$566 million to \$2548 million in 1995 (Company News on Call 1/25/96). In 1996, it continues to sell off smaller operations, including its specialty operations business and flexible packaging group. This intensifies the focus on the consumer products and food and consumer packaging divisions and continues to reduce debt and operating expenses while improving profits.

To meet the corporate objectives regarding relations with employees and their empowerment through involvement in decisionmaking, in 1989 James River signed a national agreement with UPIU to support joint labour-management initiatives for work restructuring and increased competitiveness. To achieve secure, rewarding jobs, good wages and a 'fair and competitive return for shareholders,' the agreement called for the removal of 'barriers to excellent performance,' and implementation of 'logically better work practices' to improve quality and quantity of output. The so-called High Road principles also support a better labour-management relationship and no cuts in wages *except under financial duress* (James River Corporation and United Paperworkers International Union, 1989).

Several accounts (e.g., Birecree, 1991, 1993; Eaton and Kriesky, 1994, 1995; Getman and Marshall, 1993) provide detailed analyses of the international union's strategies in pursuing acceptable wages, benefits, working conditions, and job security. Most relevant to the James River case is the international's industrial strategy relating to joint LM programs. By 1989, when UPIU signed the national level cooperative agreement with the company, the union strategy was evolving towards one of commitment to participation in joint labour-management initiatives but in an early policy statement (UPIU, 1983), they announced that local unions should decide on a case-by-case basis whether to participate in the specific joint programs proposed to them. This was followed in 1989 and 1990 by the international's endorsement of the national-level joint LM agreements with Scott, James River, and Champion paper companies. Today President Glenn asserts that these programs are the 'salvation for industrial America' when management is truly committed to them (Glenn, 1995).

All strategies are carried out using specific *tactics* chosen by the players in the *context* defined by their history, skills, values, current relationships and structures, and available resources. Both context and tactics influence whether strategic objectives are achieved. Paperworkers have long considered James River to be one of the best employers in the industry. Control, until recently, by its founders made James River seem more like a 'family business' than other major corporations. During the concessionary years of the mid-1980s, it did not demand the elimination of Saturday and Sunday premium pay although it fought hard for

flexibility,¹ medical insurance concessions, and other take-backs demanded across the industry. When in dispute it operated its mills with management flown in from sites around the country, and although the UPIU opposed that practice, this was accepted as a slightly less aggressive tactic than using permanent striker replacements. Given the context in which the players choose tactics, it is not surprising that those picked in the early 1990s were relatively cooperative in nature.

Devising *tactics* to achieve, simultaneously, business restructuring and cooperative industrial relations strategies has been a challenging exercise for James River. During the course of the 1990 downsizing, the senior vice-president for human resources stated, 'Employees are not the root cause of our problems, but all of us must help' (*Paperworker*, 1992). In keeping with that philosophy, the company promised to let all mills achieve the required 10% labour cost reduction through attrition and increased productivity. Similarly, although the 1995 restructuring order required mills to reduce levels of management and to move towards self-management, it promoted collaboration between mill management and the local unions to determine how to best reach these objectives.

Nevertheless, management did not forego traditional rights to achieve performance objectives; in 1990, massive lay-offs were unilaterally implemented (*Paperworker*, 1993b), and in 1995, all mills were mandated to reorganize work structure along the lines of changes developed at a 'pilot project' mill by outside consultant.

Faced with James River's strategy reductions in and flexibility across job classifications, UPIU developed tactics to ensure it could continue to meet its employment security, wage and working condition goals. Since 1989, it has used both the language of and avenues of communication opened by the High Road Agreement to secure commitments relevant to these goals. It secured 'the opportunity to achieve above average total compensation' and the maintenance of Sunday/holiday premium pay, 'unless the viability of the operation is threatened' (James River Corporation and United Paperworkers International Union, 1989). In addition, the company signed an especially important addendum to the memorandum agreeing to neutrality in organizing campaigns in its facilities.² In the 1995 restructuring, the union used the High Road mechanism to bargain superior retirement and retraining benefit 'buy-outs' allowing for voluntary separations rather than forced lay-offs.

Because both parties endorsed the strategy of a national level joint LM committee, the tactics used to implement it are essentially shared. High Road committee meetings are held bi-monthly, they are attended by selected international union officers, business representatives, local union presidents, company vice presidents, and mill managers (*Paperworker*, 1990a). Committee members admit that there are few concrete results from their work but they maintain that exchanges about corporate activities and about performance at other mills, and visits to various sites

¹ Although paperworkers argue that they do not oppose flexibility itself, they believe that lay-offs of union members inevitably result. Most paperworkers argue that they operate 'flexibly' on an informal, voluntary basis which contributes to high productivity. They want to maintain contract language on classifications to guarantee existing jobs and seniority in their assignment.

² Scott Paper is the only other company in this industry to agree to language committing to 'neutrality' in organizing campaigns.

in the James River system serve as a catalyst to better working relations between the two sides. The corporation provides the financial support for the meetings.

Although first established for each of the company's three divisions, only the Towel and Tissue High Road Committee continues to operate effectively. In 1990 the parties also established the New Directions Committee in which human resources management, and labour from all levels discuss 'progressive' and cooperative relations (*Paperworker*, 1995b). In 1992, management asked for its suspension due to financial difficulties.

3. Conditions for efficient production using joint LM programs

Konzelmann Smith (1996) has specified five conditions for improving the productivity of a productive system. As James River's stated objectives is increased efficiency in the productive system by means of through joint LM contributions to workplace change, then the following five conditions are a minimum requirement for success. First, there must be consistency of objectives across all labour and management levels of the organization, even though major objectives are typically formulated at the corporate or international level. If any actors believe the goals and strategies are not complimentary to their interests, they can cause a breakdown in the process. Second, minimum expectations regarding the distribution of value added must be met. Otherwise there is a risk that one side will withdraw from cooperation in production. Third, there must be context and tactics consistent with objectives. Historical and current labour relations and structures, individuals' backgrounds and work relations, and available resources all influence a company's ability to pursue a cooperative LM strategy. Where there is a history of aggressive labour relations management may be required to undertake a conscious, visible, substantive effort to gain labour's participation. Fourth, Konzelmann Smith notes that where effective contractual and/or non-contractual institutional enforcement mechanisms exist to assure social and technical cooperation, joint LM efforts can contribute to increased efficiency. Without self-enforcement mechanisms (eg, interest in long term goals over short term gains) or social norms (eg, concern for reputation), cooperative objectives cannot be reached without contractual enforcement (eg, written labour-management agreements). Finally, management must possess the ability to achieve its performance objectives simultaneous with pursuit of industrial relations strategies. In sum, a company which satisfies its employees' distributional expectations, develops effective cooperative social relations and secure technical cooperation can expect to ensure effective system performance.

4. Anticipated strategic and performance outcomes at James River

Judging the James River corporate and UPIU international level objectives, strategies, and tactics by Konzelmann Smith's conditions for increased efficiency in the productive system using joint LM provides an 'ideal' standard. This can, in turn, be used to assess the results emerging from a case study of the interactions within and between levels of labour and management. Such an analysis promises to provide a better understanding of the process by which joint LM programs contribute to productivity.

The first condition is for consistency of objectives across all levels of labour and management, thus all players should accept management's business goals of 20% ROA and 15% ROE. Similarly they would adopt the goal of good labour-management relations and worker involvement in decisionmaking. In recognition that these goals are consistent with their own interests they would all participate in the collaborative High Road process for devising tactics to implement the restructuring strategy. The second condition requires that labour and management are satisfied with the distribution of surplus between them as specified in labour agreements.

Third, consistency of context and tactics with the named objectives requires that James River's reputation as a good employer and current work relations would prevail. Where bitterness over the mid-1980s concessionary bargaining or other issues occurs, both sides would make efforts to improve the context. Further, managers and workers would employ tactics such as the High Road meetings, at the mill and shop floor levels. At all three levels, these meetings could produce jointly-conceived tactics for fulfilling business strategies and goals. Both contractual and non-contractual enforcement mechanisms would ensure that cooperative objectives are met. Incorporating the High Road Agreement into labour contracts and commitment to the 'Black Book' principles are two examples of mechanisms in compliance with the fourth condition. Finally, the fifth condition suggests that effective distribution, social and technical coordination, and achievement of business and industrial relations objectives should eventually occur simultaneously.

5. Outcomes

The above outcomes rest largely on the assumption that consistency of objectives, strategies, and tactics is easily achievable among levels of the labour and/or management hierarchies.¹ While the productive systems model can predict the performance outcomes which result when consistency occurs, its power rests in its ability to explain actual outcomes different from those predicted. This is achieved by studying goals, strategies, and tactics used by management and labour at all levels of their hierarchies and the results of interactions among them. Just as changes in the environments in which a corporation is embedded can alter business or union objectives, strategies, and/or tactics, so can changes in internal relations which cause agents to revise strategic choices. This may, in turn, alter the objectives, strategies, and counter-strategies of all other stake holders. The following section focuses on management's choices at the mill and shop floor levels, then labour's, and finally, the interaction between the two.

5.1. *Local mill management*

There is substantial evidence that, over time, the case study mill management has adopted the corporate management's business and industrial relations objectives,

¹ This is generally the assumption upon which neoclassical economists base their models.

strategies, and tactics.¹ As the corporate office began to re-emphasize its cooperative industrial relations strategies after the mid-1980s concessionary bargaining, local management enthusiastically embraced and financially supported a 'relationship by objectives.' This so-called RBO program was proposed and facilitated by the federal mediator who had helped settle a 1988 strike. The RBO developed an ambitious agenda of joint LM evaluation of mill practices (see Appendix A). To foster its success, management has arranged for training on 'mutual gains' decision making techniques. It provided time and other resources to the RBO group for the development of mission statements, objectives, norms of behavior, and programs they sought to carry out.

Mill management also supports the mill-wide Joint Standing Committee revitalized by the RBO process. It is composed of local presidents and two to three member representatives, the mill and department managers, and the UPIU international representative and is provided with material resources and release time for participants. It similarly supports department standing committees. The purpose of these committees is to develop mill and department policies and problem solve on issues of mutual concern.

In 1989, mill managers proposed a competitive plan to build a new secondary fibre plant on the site. They employed a cooperative industrial relations strategy in which union officials participated on the Secondary Fibre Design Team. Composed of members of all three UPIU locals and managers, the group contributed to the facility layout and design, and researched high performance work systems. They visited locations in which cooperative and self-management labour relations principles are employed and developed their own high performance system plan. The plan included a selection process whereby workers from the existing departments who were interested in a new work system were tested and interviewed for the positions, then trained in the technical and communications skills needed for the jobs. The eventual goal for the unit is full self-management by hourly workers (James River Corporation CSM, nd).² James River ultimately funded the plant.

The local mill managers satisfied corporate's 1990 labour cost reduction objectives through a strategy of attrition and productivity increases. The 1995 corporate demands for downsizing and work reorganization were even more ambitious, but local managers, with the help of a joint LM committee began designing a self-management system for the major departments.

While attempting to comply with top management directives, local management pursued its own, slightly different, business objectives. Typically the foremost goal at the local level is maintaining the economic viability of the mill (Konzelmann Smith, 1996) and job security of the management team. This is evident in its major,

¹ This does not appear to be the case at all James River mills. Descriptions of the contract negotiations, grievance and arbitration case loads, and lack of High Road activities over time indicate less commitment to cooperation in other mills. While unions have reported the removal of mill managers pursuing aggressively adversarial labor relations, those with strong commitments to joint labor-management are regularly moved and transferred, too (*Paperworker*, 1992; UPIU James River Council, 1994, 1995, 1996).

² Technical resource/technical advisors (TR/TAs) are management level resources who trouble shoot technical and communications problems in the secondary fiber operation. Seven TR/TAs transferred from other James River sites with the understanding that the appointment would last approximately 2 years.

cooperative drive to establish the mill's recycle capacity. However, it is also reflected in the 'mistakes' management reports making in the joint LM efforts.

For example, when management decided to remove cigarette machines from the mill, it claims not to have involved union officers in the decision because they would have had a difficult time representing all of their members on this controversial issue.¹ Whether they were (paternalistically) protecting their decision making status or attempting to reduce health care costs (through an admittedly indirect route), the local management objectives are obvious.

Finally, management initiated some joint task forces to address work site problems that included hourly workers as well as union leaders. But it tended to rely on a small group of union volunteers to carry out such assignments. Without expansion of these activities, the move towards full worker involvement in decision-making through some form of self-management, was unlikely. Because the 1995 restructuring more specifically directs mills to move toward self-management, this behavior may change.

5.2. *Front line supervision*

As is typical in most businesses, front line supervisors at the case study mill have not had a specific role in formulating goals and strategies. They are expected to accept the business and labour relations objectives and strategies developed at the corporate and mill levels. Even though they most likely ascribe to the mill's ultimate business strategy of maintaining its economic viability, supervisors also want to fulfill their own objective of maintaining supervisory responsibilities (thus keeping their jobs). This makes it difficult for supervisors to share their managerial tasks with the union officers and rank-and-file as cooperative labour relations requires. As one UPIU local vice president noted about the downsizing, 'Management personnel at the mill are clearly upset with how things are going . . . That makes it hard for them to work with us in good faith' (*Paperworker*, 1992).

The local mill workers and some management report that some (though not all) supervisors cling to their autocratic management style despite mill management's efforts to 'retrain' them. Their participation in joint LM committees is limited at best. One unionist reported that a few supervisors commented on the need for their own union to protect them as restructuring in 1995 took hold. One 'direct report' expects that the current restructuring will mean eventual job loss for *all* lower level supervisors.

5.3. *Interactions among various management levels*

Corporate management interacts most regularly with mill level management in communicating major changes in objectives and strategies. Local management has greeted many corporate strategy choices with doubts and reservations, especially regarding the collaborative programs. Most of the managers interviewed showed little interest in the High Road Committee's activities and question their value for their mill. One 'direct report' questioned corporate commitment to the joint LM goals and strategies. He noted with frustration that it does not contribute substantially to the development of LM collaboration in the secondary fibre operation

¹ Local union officers insist that they are capable of determining which issues are politically 'too difficult' for them.

despite the high priority it placed on the proposed use of self-management in the planning stage.

Department heads likewise questioned the wisdom of business strategies requiring reductions in labour costs at this and other productive mills in the restructuring efforts. The case study mill's ROA was 19% in 1993 (UPIU James River Council, 1994) and is consistently among the best in the corporation even though the converting operation employs decades-old machinery. More recently, the case study mill management privately expressed initial reservations when corporate sought to impose a standard work restructuring formula across all mills.¹

At the mill level, management and front-line supervisors interact on daily work practices, including production management and contract enforcement, and oversight of management styles. While the relationship apparently functions sufficiently well, some tensions are evident. 'Direct reports' admit that they sometimes fail to provide information to their subordinates in a timely manner. Thus, when the Joint Standing Committee provides updates to union and management members alike, workers have learned about major decisions in the mill before their supervisors. The latter group feels relatively powerless as a result.

Similarly, the corporate and local managements' strategy of increased worker involvement in decision making reduces the need for first line supervisors. Prior to April 1995, mill management insisted it would not lay off supervisors willing to change to a more cooperative management style. Reductions occurred through attrition, and top management have worked to uncover and correct traditional, autocratic management practices. Local training has helped to prepare supervisors for their new 'resource coordinator' roles. But 'direct reports' and union officers acknowledge that some supervisors view this as a fad and resist changing their long-practiced management style. Unionists believe that fear of job loss has resulted in low morale amongst supervisors and attempts by them to find new employment.

Dynamics within each level of management may also affect work restructuring. What these dynamics are is unclear as the parties are less willing to reveal splits within their ranks. This study uncovered a few. Union observers note that 'cracks' appeared in the corporate structure as founding CEO Williams prepared to retire. The CEO claimed ignorance (and disbelief) when local leaders confronted him about manager actions which ran counter to the High Road principles and the noninterference agreement for organizing. Moreover, one UPIU leader opined that 'the packaging division gang out of Cincinnati is taking over corporate headquarters in Richmond. A military influx is happening in management' (*Paperworker*, 1995b, 9).

Similarly, divisions between direct reports at the local mill are evident. Although James River bought out Crown Zellerbach (CZ), employees from the latter now hold many top positions at the mill. The mix of the two corporate cultures has not been smooth. As one employee noted, 'James River bought CZ, but it seems like CZ took over [the mill].' In addition, a split exists between the older part of the mill and the new recycling facility. Because of its unique management system, other managers appear disengaged from the Secondary Fibre manager's managerial goals

¹ Since the interview, the author has learned that corporate has indeed responded to this mill-level complaint. While all mills must restructure, they do not have to adopt the methods used in the 'pilot mill' as originally suggested.

and problems. Clearly James River has not achieved full unity of objectives, strategies, and tactics within its organization.

5.4. *Local union leadership*

Interviews with the local union presidents confirm their support for the union goals of maintaining secure, well-paid jobs for their members. In principle, they agree with the company's cooperative mission and strategies. One local president regularly represents the unions at the High Road meeting, though all have attended occasionally. Two of the three are also active in the Pulp and Paper Resource Council.

The mill's labour relations context was soured in 1988 by a six week strike and contract settlement requiring flexibility concessions. The local presidents credit the RBO program with changing that environment. To varying degrees, all the presidents seemed to employ the same strategy of involvement in mill-wide and department LM committees. They do so to gain possible improvements in job security and content, to help keep the mill viable, but also to ensure that joint programs do not reduce members' contractual protections. They express confidence that the union's interests in pay and job security will not be undermined by the local joint process because of the assurances set at the national level in the High Road Agreement.

5.5. *Rank and file membership*

The sour context experienced at local union leadership levels appears to have lingered longer at the shop floor level, perhaps because their involvement in the RBO was more limited.¹ Members have mixed feelings about joint labour relations efforts at the mill although their communication with local leadership on this issue is somewhat unsystematic. They are apparently satisfied with the most recent contract which recognizes the 'duty' of the Company and employees to cooperate fully, individually and collectively, for the advancement of [production and health and safety goals] (James River Corporation CSM and UPIU CSM locals, 1993, p. 1). On the other hand, very few workers participate in voluntary joint problem-solving task groups or safety committees. Even among secondary fibre workers whose jobs are the most 'restructured', only a few volunteer regularly to serve on special task forces. A recent survey of rank and file workers in all three locals showed that the paper mill local largely opposed the joint committee work while the maintenance and converting locals viewed it more favorably (Kriesky, 1996).²

5.6. *Interactions among various union levels*

The UPIU international officers have a limited role in the decisions made at the local level. National level officers were largely responsible for union involvement in the High Road Agreement, but persuaded locals to accept a local version of it. None of the local presidents would sign it as it seemed to be less comprehensive than their existing joint committee. In general, the large distance between the case study mill and union headquarters encourages the locals' independence.

¹ An abbreviated version of the shared interests discussions of the RBO training was conducted for shop floor level employees.

² Research analyzing the reasons for these different attitudes is in progress.

Various gatherings of local presidents provide opportunities to coordinate within the union, but they rarely produce explicit objectives, strategies, or tactics. Union representatives to the Towel and Tissue High Road Committee meet alone before each joint meeting to review conditions at their mills. These discussions typically do not produce formal strategies or positions. The 1995 reorganization announcement was the first to move the group to develop a proposal for the severance and early retirement packages.¹

James River Council meetings allow for regular updates on joint participation and other local mill activities. Recently-retired council chairman Arnold Brown has stated that 'there is no way this council can adopt a single policy that will take the place of local options on how to respond,' (*Paperworker*, 1993b). The current council chair adds that the independent status of locals, some of which actively oppose collaboration, prevents the council from developing pro-active approaches to joint programs (Scarselletta, 1995). However, in extreme cases, joint policy does emerge. At the March 1995 council meeting in which CEO Williams defended James River's resistance to organizing and touted the productivity of its non-union mills, a motion passed on the floor recommending that Brown communicate the delegates' displeasure with the comments and other management behavior.

At the local level, the relations between the leadership of the three locals have also been strained at times. All negotiate the same contract, but it is ratified by individual locals. If one turns it down the proposal, the contract is not adopted. The maintenance local held up ratification in both 1988 and 1993. In addition, there have been difficult relations between the converting and maintenance locals over the proper allocation of work between their millwrights and head adjusters. Some disagreement over positions taken in joint meetings have surfaced, too. For example, one local president questioned the appropriateness of another proposing a classification review which could lead to recommendations for combining some jobs. With changes in local officers, however, relations between locals are better than in the past.

The relationship between the local leaders and the rank and file members has been volatile at times. Conflicting views within the membership about the appropriateness of local union participation in Joint Steering Committee and other joint efforts may have figured in some disputes and have contributed to turnover in leadership. One of two local presidents who chose not to run for re-election after the strike cited frustration with member disagreements on LM cooperation as a factor in his decision. In the third local, a more 'pro-involvement' candidate defeated a more traditionally adversarial president.

Interaction between the secondary fibre plant workers and their local union is also problematic. They belong to the local paper mill despite the fact that only five of them come from that department. Only one secondary fibre member is active in the union. The approval of self management evident among the secondary fibre workers (all of whom applied to work in the unit), is not endorsed by many other workers. These union members, including some paper mill workers and officers doubt the long run value of self-management to workers. Because local presidents have to

¹ In part, the union appears to have stayed away from formal strategizing in response to management's insistence that the High Road not be a bargaining forum.

respond to the opinions of their members if they expect to remain in office, these differences can make coordination of locals' positions difficult.

The dynamics within a particular level of the union are more difficult to ascertain from interviews. However, as in the case of the management structure, disagreements within levels surfaced. One informed observer of UPIU leadership believes that the company council and regional structures are in conflict (Scott, 1995). Where company council policy threatens the livelihood of locals in another vice president's region, it can be undermined by the latter. Although this does not now appear to be the case regarding the James River Council, there may be increasing pressures associated with the latest restructuring activity. Strategic and tactical consistency within the union hierarchy is no more evident than in management's.

5.7. *Interactions between management and labour*

The history of cordial relations between top international union and corporation officials allowed these officers the opportunity to operationalize the joint agreement signed in 1989. However, as the company's financial problems have increased, the relationship has weakened. UPIU officials often criticized Williams' inability to instill commitment to the High Road principles in his subordinates (see *Paperworker*, 1992, 1993b), and even questioned his commitment to them in his last months in office. Vice President Brown claimed:

'misinformation . . . the union's lack of real involvement . . . the company's poor financial performance, your continuing actions to cut costs . . . and management's failure to 'walk the talk' when it comes to High Road matters, etc., has created pressure on our relationship which is detracting from what should be our goal of making James River successful, thereby enhancing the jobs and financial security of our members . . .' (Brown, 1995b).

At the most recent council meeting, the new council chair, Mario Scarselletta, characterized James River as 'a rudderless ship' with many changes needed to achieve truly collaborative relations. The union believes that the corporate/international level communications paper and consumer packaging High Road committees failed because management was not committed, and the union officials chose not to keep afloat unilaterally a committee with limited scope.

At the local level, interactions appear more cooperative although they have also experienced set backs. The performance of the Joint Standing Committee since the RBO reinvigorated it has been somewhat uneven. Union and management alike point to successes such as the investigation of health care providers which resulted in cost containment, and planning for the secondary fibre plant. But committee members admit that they still struggle over which issues are management prerogatives and which should be jointly addressed. For example, when management decided unilaterally to make the annual Tissue Issue (a free carton of toilet tissue to all employees) distribution after the temporary summer help left, they expressed surprise that the union considered this a topic of joint decision making. The union pointed to the incident as proof of management's unwillingness to 'let go' of control over even minor issues.

Union and management also participate in departmental joint activities which are both less formal and more successful than the mill-wide committee's. Some

attribute this to the smaller number of participants, others to the greater importance of department issues to all parties involved. A third explanation is that the disagreements which arise in the Joint Standing Committee are conflicts between 'direct reports' other than production or maintenance department heads with whom the union officers work with most directly.

Rank and file and front line supervisor relations at the 'floor level' are also variable. Management told stories of workers excited about the opportunities to participate in problem solving groups which included their supervisors. On the other hand, results of a recent survey of local union members indicates that some had actually had no contact with management in a joint activity, but still opposed them (Kriesky, 1996).

While the most obvious conflicts in objectives and strategies are those between management and union at various levels of the hierarchy, an interesting disparity between the corporate leadership and the mill-level parties exists. For example, in interviews separate from mill management, local leaders expressed the same displeasure over the corporate business strategy of allowing the profitable case study mill to 'carry' the unprofitable communications paper division and requiring all mills to reduce labour costs by the same fixed percent. Most recently, local labour and management appeared unified in their concern over the required restructuring process ordered by the corporate office. Clearly they have united around the goal of maintaining the economic viability of the local mill and to do so without use of the consultant recommended by the corporate office.

One final division at the local level is also noteworthy. The secondary fibre management and workers who are moving towards self-management appear united in their support of their new work system. This result is not surprising given their unique selection and training process and their actual physical separation from other parts of the mill. Labour and management outside the new division, likewise, seem united in their assessment of secondary fibre as a separate operation with special treatment which they choose to ignore or to isolate.

6. Contrast of potential and actual outcomes

The above summary of objectives, strategies, and tactics within and between agents at each level of the James River system uncovers numerous ways in which actual interactions do not fulfill the Konzelmann Smith conditions for productive efficiency using joint LM strategies, and both the retired CEO and UPIU president confirm that their attempts to use these strategies have had mixed results (UPIU James River Council, 1995). This study confirms the critical role which relations within and between levels of management and union hierarchies play in achieving (or failing to achieve) objectives. It also recommends extensions or clarifications of the conditions which are included in the discussions of each.

Management is clearly unable to secure agreement with its objective of efficient production through joint LM restructuring of work either within its own structure or at all levels of UPIU. It is evident that local mill management may support the joint LM approach but it questions some of the corporate strategies devised to achieve it (both in terms of restructuring activities and the self-directed secondary

fibre plant). Further, as front line supervisors feel threatened both by the corporate objective and strategies, they have resisted any change. The corporation's response was to devise additional tactics, such as training sessions for supervisors.

Whilst top management has secured the international union's support of its goal in the High Road Agreement, local leadership or rank-and-file members remain ambivalent about both the High Road and Joint Standing Committees. This translates into limited participation by members which slows the process of adopting the joint decision making philosophy.

In a union with the degree of local autonomy found in UPIU, the ability to build support for this or any objective may require convincing the local membership of its worth. Where members support joint efforts, their officers will reflect this backing at regional and James River council meetings, as a means of representing their members and securing re-election. In turn, the international officers, in reflecting the will of the bodies they head, will be supportive. Thus, this case study shows that when management seeks consistency of objectives across organizations, it must identify the focus of decision making in the union hierarchy. Only then can management build support for its objective.

Both management and workers may object to the distribution of surplus by their top level negotiators, but they are likely to react differently. Whereas managers will tend to leave the firm, unions may, in addition, disrupt production with strikes, working-to-rule, and other 'inside strategies'.

Over the years examined here, James River locals have absorbed considerable concessions on wages, weekend work, and health insurance benefits, but thus far, distribution has not interfered with pursuit of efficiency. Instead, by tying distribution 'guarantees' to the High Road philosophy statement, the company has gained commitment to the cooperative approach to productive efficiency.

Two caveats are in order. First, union officials recognize that the corporation's response to external pressure exerted both by the financial and stock markets during the prolonged financial difficulties and by the successful results of Scott/Kimberly Clark merger could undermine their guarantees. This confirms the prediction that external environmental factors influence the productive system, and Konzelmann Smith's finding that 'if one productive system is successful, it puts pressure on the others to meet the same standard' (Konzelmann Smith, 1996, p. 19).

Second, issues other than distribution of surplus (defined narrowly) may in fact be more important to trade unionists today. In the UPIU experience, management insistence on flexibility language provoked as much bitter resistance as wage and benefit issues have since the mid-1980s. This caveat recommends that the condition of satisfying a minimum surplus distribution should be expanded to include seniority-related rights and job security.

At both the corporate/international and mill/local union levels of James River, improving the context and employing tactics consistent with workplace cooperation fostered positive outcomes. At the corporate level, continued promotion of 'Black Book' principles, relatively less aggressive labour relations, and commitment of resources to the High Road proposal all contributed to the establishment of a dialogue and, ultimately, the High Road Agreement. At the local level, use of the RBO process changed the bitter post-strike context for top management and union

leaders. This allowed them to proceed with Joint Standing Committee activities which make the mill economically viable and more cost efficient.

Again, however, two considerations indicate future changes in the consistency of objectives, tactics, and context. First, evidence from the 1995 James River Council meeting suggests that the context at the corporate level may be deteriorating, and that the company may be using aggressive tactics inconsistent with cooperative goals. The hostile exchanges between Williams and international and local union officers indicated a deteriorating, less cordial environment than at past council meetings. Relations with the new CEO are in a 'honeymoon' period. Thusfar he has continued the restructuring move towards self-management undertaken by Williams in 1995. His future predilections are not yet obvious.

Second, differences in tactics and context may be widening between hierarchical levels. Union leaders at the case study mill have developed a solid (if bumpy) working relationship with their management counterparts; for example, these parties share some trust and collaborative problem solving skills. On the other hand, floor level supervisors are increasingly insecure. The willingness of supervisors to undermine cooperative efforts so as to protect their own jobs is well-documented in other cases, and possible here. In short, the union's strategy may come to be seen by the membership as no longer serving their interest, so leading to a change of union leadership. Thus, the model's predictive capacity improves if it emphasizes an analysis of the consistency of context and tactics *both* with objectives *and* across levels of the union/management hierarchies.

James River and the union have established both contractual and non-contractual enforcement mechanisms. The internal non-contractual mechanisms include the importance of long-term goals and the company's values and beliefs, as set out in the 'Black Book'. The 1989 agreement represents a weak form of contractual agreement between the parties. Despite this labour and management's relationship has deteriorated since 1995. Similarly, at the mill level, neither the repeated references to corporate values or the guidelines developed for Joint Standing Committee activities have protected the joint relationship from repeated squabbles over the scope of the program and commitment to it.

The UPIU has a particularly difficult problem in creating inducements for its agents to conform with explicit or implicit social and/or technical relations strategies. Local union officers appear to have a key role in the UPIU structure and regular meetings in which contractual and even non-contractual criteria might be developed. But the traditional autonomy of the locals usually limits the council's ability to address these topics except in extreme circumstances. Aware of their role as the convener and representative of various bodies of autonomous locals, vice presidents must await direction rather than proposing contractual guidelines to enforce strategy. These facts corroborate Konzelmann Smith's research on the limited circumstances in which non-contractual institutional enforcements work. They also highlight the difficulty of developing successful institutional contracts for either a joint LM or individual organization.

Through 1995, James River and UPIU moved forward (haltingly) in developing cooperative social relations despite financial difficulties. The distribution of surplus was acceptable to the players, and social relations improved. However, in the long

run, James River's objectives or strategies had to be modified as they failed to yield overall productive efficiency. Thus the corporation chose to divest itself of the unproductive units to focus on improved social and technical relations in its stronger divisions. In some locations, the uncertainty created by sale, pending sale, and/or evaluation for saleability have raised questions about the compatibility of the corporate strategy with the interests of local officers, union members, supervisors, and perhaps even some mill managers. Their reaction has been to alter strategies and tactics, in particular, local unions have responded variously with both increasingly-collaborative and increasingly resistant strategies and tactics (James River Council Meeting, 1996). This, in turn, could lead to further revision of the corporate agenda.

7. Conclusion

The productive system framework is a powerful tool for analyzing how a corporation seeking productive efficiency and a union seeking better wages and working conditions for its members use joint LM activities around work restructuring to achieve their goals. Most importantly this model recognizes the potential for independent goals, strategies, and tactics at different levels of the management and union hierarchies. Further, it provides for the examination of the feedbacks between various agents in the system which in turn explain the revisions of objectives, strategies, and tactics observed in both corporations and unions.

This case study uses the productive systems framework to consider union objectives and their ability to achieve them. It also examines goals, strategies, and tactics of both 'sides' of the collective bargaining relationship to evaluate the contribution of each to the outcomes observed. The case study analysis highlights the unwillingness and/or inability of corporate management to employ strategies which force lower level managements' conformity with their goals, and the limited role of UPIU's international level in developing strategies among its levels to achieve improved wages and working conditions through joint work restructuring activities. The analysis also contributes to the productive systems model by expanding upon some of the conditions for efficiency through cooperative labour relations uncovered by Konzelmann Smith's research. Most importantly, it raises the significance of identifying the central decision making agent in the union hierarchy to determine whether management is building support for its goals with the appropriate leaders. It also argues for a wider definition of factors considered in 'satisfactory minimum surplus distribution.' Finally, it calls for the analysis of contexts and tactics across levels of the joint union/management hierarchy to uncover inconsistencies which contribute to the breakdown of cooperative efforts.

Additional case study research within the productive systems model is necessary. In the paper industry, most of the external environmental factors have so far impacted the productive system to a limited degree. Since most US industries (and perhaps paper in the future) experience much greater external pressure, studies of other types of manufacturing corporations in the expanded model could produce an even greater understanding of the effectiveness of joint LM strategies in more 'typical' conditions. Moreover, case studies of service sector industries are necessary

to judge whether the productive systems model needs revision when applied to this fast-growing sector of the US economy. Finally, researchers have not yet completed a comparative analysis of unions objectives, strategies, and tactics within the productive systems model, similar to Konzelmann Smith's comparison of corporate behaviour. Such a study could contribute substantially to unions' choices regarding the value of joint LM activities to their future strength and viability.

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Appendix A: case study mill union-management relationship by objectives (RBO) joint objectives

1. There will be joint training for stewards and first line supervisors on contract interpretation and administration.
2. There will be improved communications, both written and verbal.
3. There will be an on-going joint review of Mill policies and rules with a common understanding.
4. There shall be a joint review of contracting and sub-contracting policies.
5. Jointly identify and review special privileges (HRIP) and make necessary changes.
6. Voluntary employee informational meetings will be supported.
7. Jointly developed programs to deal with behavioral problems.
8. Jointly agree in scope of orientation of new and transferred employees.

Source: CSM handout, 12/1988

Appendix B: research methodology and sources

Data for this study were collected primarily from the corporate and mill levels of management and the international and local officers of the union. On the corporate side, company publications including annual and quarterly publications featuring James River's strategies and results, the 'Black Books' of corporate visions, values, beliefs, and strategies, Moody's corporate data reports, newspaper stories, and CEO Bob Williams's address to and exchanges with the UPIU James River Council in March, 1994, represent the major sources of information. On the union side, their monthly publication, *Paperworker*, contract summary manuals produced by the International's research staff, the union constitution, James River council meeting minutes and addresses, and interviews with regional vice presidents involved with the James River Council and High Road provided data on international level activities.

I guaranteed anonymity to both labour and management at the case study mill to secure their cooperation of the research. I interviewed the paper mill, converting operations, and secondary fibre plant managers, the human resources department director, and the resident mill manager using a uniform set of questions. Subjects included the importance of the High Road and other corporate activities to the case study mill, the RBO process and Joint Standing Committee's operation, and characterizations of the supervisor-mill management and supervisor-rank and file relations. Interviews ranged in length from one to two hours and were followed with telephone conversations to clarify information when necessary. Several local mill publications, including statistical overviews of the mill operations and an outline of the secondary fibre mill's development supplemented the interviews. Data on the local unions came from individual interviews with each of the three local presidents, a member working in the secondary fibre plant, a former local president, and the UPIU representative. Again, I prepared a standard set of questions similar to those prepared for management (but including intra-union relations), and used follow up telephone conversations to clarify and update information where needed. Additional casual interviews with a limited number of rank and file members occurred during a tour of the secondary fibre operation and at the UPIU's James River council meetings in March 1995 and May 1996. Finally, the local unions provided a copy of their current contract for the analysis.

I relied on additional sources of information for the analysis of joint activities in the mill. In Fall 1993, I attended a joint presentation by mill managers and union leaders in which they described the RBO process, discussed the reaction of mill employees to new 'jointness' efforts, and provided hand outs outlining the process. Finally, I interviewed the Federal Mediation and Conciliation Service mediator who both mediated the mill's 1988 strike and introduced labour and management to the RBO process.

Contact with floor-level supervisors and rank and file members was limited due to scheduling considerations. However, mill management and local union officer provided evaluations of their roles in the productive process. In the text I have noted where various agents reported contrasting impressions and have not based conclusions on this data. Preliminary results of a survey completed by rank and file at the mill in the summer of 1995 are also used. Based on the significant amount of qualitative data on the company, the mill, the UPIU, and the local unions, I believe that the findings which emerge from them are accurate.