



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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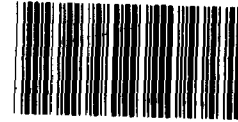
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FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-200865

JANUARY 13, 1981

The Honorable Patricia Schroeder
Chair, Subcommittee on Civil Service
Committee on Post Office and Civil Service
House of Representatives



114131

Dear Chair Schroeder:

Subject: [Productivity Impact of Federal Joint Federal
Labor-Management Committees] (FPCD-81-17)

6 At your request, we reviewed selected Federal experiments with joint labor-management committees to ascertain their impact on Federal work force productivity. Specifically, your office identified three committee experiments which it wanted us to review. These were located at the Sacramento Air Logistics Center, Sacramento, California; the San Antonio Logistics Center, San Antonio, Texas; and the Bureau of Census, Suitland, Maryland. To obtain increased coverage and because of its similarity to the other three committees, we also reviewed the labor-management committee experiment at the Defense Logistics Depot, Tracy, California.

Overall, we found that the data available on the activities of the four committees did not support significant productivity improvements.

4 At each location, we reviewed available records and reports applicable to the experiments, interviewed agency officials, committee participants, union officials, and a third-party consultant who was involved in establishing the committees and assisting in their operations. Records we reviewed included minutes of committee meetings and all available correspondence pertaining to committee establishment and operation.

The experiences of the four committees we reviewed are not intended to represent the conditions which may exist among other Federal labor-management committees. However,

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some of the conditions we found would seem to be inherent in any attempt to get typically adversarial parties to work together on productivity-related issues.

FORMATION OF THE FOUR FEDERAL
LABOR-MANAGEMENT COMMITTEES

In mid-1975 a decision was made by the now abolished National Center for Productivity and Quality of Working Life (National Center) to evaluate the potential of labor-management committees as a method to improve Federal productivity and the quality of working life. A consultant was acquired and experimental committees were developed at three military locations. Another committee was self-initiated at a civilian agency. All four were structured similarly with union and management co-chairpersons and six to eight other members.

The committees were established on a nonadversarial basis with the neutral third-party consultant from the National Center attempting to establish cooperation between labor and management representatives. These committees were initiated under memorandums of agreements between (1) unions representing the employee work force and (2) the Federal agency management. These agreements provided that either party could terminate the program by giving 30 days notice. The objectives of each committee, as stated, were to improve not only productivity but the quality of working life.

In setting up the committees, both management and union participants were screened by the third-party consultant and emphasis was placed on obtaining persons who could work together. Initially, the committees were to represent only a small part of the organization and to focus on developing procedures and credibility. Later, they were to expand to larger segments of the organization.

The first committee was established at the Defense Logistics Command, Tracy Depot in California, under a memorandum of agreement signed in October 1975. This committee operated for about a year, was terminated by the union, and was later reorganized by management into a different format.

At about the same time that the Tracy Depot program was started, a similar committee was established at the Sacramento Air Logistics Center. This committee, under a November 1975 agreement, operated for about a year and was expanded to include a much larger part of the center. The expanded committee operated for another year and was terminated in October 1977 by the then union president.

In November 1977, another committee was started at the Census Bureau after the Bureau decided to obtain the assistance of the former National Center consultant. This committee operated for about a year and a half when it was terminated in order to expand it headquarterswide. While the expanded committee has not yet been established, a Census official recently told us that they are considering whether to start another committee.

The only currently operating committee created along the original model was established in June 1978 at the San Antonio Air Logistics Center. However, an official at this center told us the level of committee activity has decreased.

IMPACT OF FOUR FEDERAL LABOR-MANAGEMENT
COMMITTEES ON PRODUCTIVITY

While a major objective of the four committees we reviewed was to enhance productivity, the data available did not support significant productivity improvements resulting from committees' activities. In part, this was due to the limited data available evaluating the committees' impact on productivity and the difficulty in attributing productivity change directly to committee activities. However, it was also due, in large measure, to the fact that the committees tended to focus on noncontroversial issues having little measurable effect on productivity. Also, they were not able to sustain themselves or to progress to the point where they could openly address and resolve significant productivity issues. This, to some degree, may reflect the inherent long-term growth period required to develop mature labor-management committees capable of addressing significant productivity issues.

In spite of their limited demonstrable productivity impact, these committees do represent a relatively low-cost attempt to get union and management to jointly address common concerns. It also appears that some of the changes suggested by the committees have likely had some positive effects on organizational effectiveness, even though they were not directly measurable in terms of short-run change.

We would encourage your subcommittee, as a part of its continuing interest in Federal work force productivity, to encourage further experimentation with and evaluation of Federal labor-management committees. It seems clear that if the Federal Government is to undertake an aggressive internal productivity improvement program, it must find ways by which labor and management can better work together towards this

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end. The key, it appears, is incentives. [The Federal Government must find better ways of achieving its program objectives and at the same time better meet the needs of its employees.]

We also encourage you to continue to support other initiatives aimed at fostering Federal work force productivity. We have just completed reports on Federal quality control circles and Federal productivity enhancing rewards systems which we have sent you.

A brief discussion of the four Federal labor-management committees is enclosed. We have more detailed information on the operations of each committee, which we can make available to you. As arranged with your office, copies of this report will be made available to interested parties upon request. We are sending copies of this report to the sites we visited.

Sincerely yours,



H. L. Krieger
Director

Enclosure

OPERATIONS OF FOUR FEDERAL
LABOR-MANAGEMENT COMMITTEES

SACRAMENTO CENTER

The Sacramento Center committee produced a total of 36 recommendations over its 2-year existence. It prepared two assessments of committee experiences, in November 1976 and in September 1977, just before it was terminated. These assessments concluded that the program did not last long enough to show its real potential. According to the assessment, the first year of the experiment was beginning to show promise of accomplishments when the committee was expanded to cover a larger segment of the center; this second committee was reportedly terminated by the then union president before it reached its potential.

The first committee was credited with developing a suggestion to revise certain labor standards at a reported annual savings of over \$34,000. It was also credited with developing a new method for repair of F-111 stabilizers. New procurement and supply procedures were implemented for ordering time and temperature sensitive material which reportedly reduced the number of jobs stopped for lack of material. Improvements were also attributed to the committee in several other areas, including more timely processing of promotions. No other cost savings or indications of specific measurable improvements in effectiveness were mentioned.

The assessment of the second committee indicated that most of the recommendations it made had been accepted and were in various stages of implementation. A specific measurable first-year benefit of \$20,000 was expected to result from acquiring battery testing equipment. While there were other references to improvements resulting from the committee's recommendations, no other specific claims were made for measurable gains in productivity.

Our inquiry into the support for these estimated savings and other benefits revealed that, once the committees were terminated, efforts to track progress of the recommendations stopped. We also were advised by top management's liaison to the committee that the reported savings were engineering estimates based on projected workloads remaining the same over a period of time. He told us that no system was developed to evaluate the recommendations' impact. Additionally, the Sacramento Center's accounting system does not provide information on the validity of these estimates.

ENCLOSURE

ENCLOSURE

TRACY DEPOT

At Tracy Depot, committee emphasis was placed on working on only a few noncontroversial issues at one time. The issues were selected in order to be compatible with the unions and to permit establishment of the credibility of the labor-management committee approach.

Suggested improvements were made in several areas, including training, sick and annual leave programs, light-duty assignments, and locator accuracy which measures correct fulfillment of orders from depot warehouses. However, no evaluations have been prepared to document the actual impact of the efforts.

Our review of locator accuracy and sick leave usage did not support claims of improvements in these areas resulting from committee efforts. Available data indicates that the locator accuracy did not change much from 1975 (just before the first committee was formed), when it was 98.63 percent, and 1976 (the year before the committee terminated), when it was 98.84 percent. Additionally, review of sick leave usage shows that although sick leave rates went down during the period the committee existed, the decrease cannot be reliably attributed to the committee effort because the general trend of usage had been going downward since 1975. In discussions with Depot officials we were advised that, since many variables affect both locator accuracy and sick leave usage, it was difficult to determine the impact of the committee efforts on either.

CENSUS BUREAU

In the year and a half of its operations the Census Bureau committee made a number of recommendations which included establishing an orientation program for new employees, developing a correspondence guide, establishing a physical fitness program, and developing the office space to prevent noise and sight interferences. In total, 12 recommendations were made and most were, at least, partially accepted by management and were in various stages of implementation when the committee was terminated in 1979 to establish a Bureau-wide program.

Efforts to demonstrate the beneficial impact of the recommendations have been limited. Census officials said that, while a systematic evaluation of the program was not conducted because it was felt the proper control conditions did not exist, the Bureau made an assessment based on interviews with key participants and review of available records. This

assessment concluded that the accomplishments of the recommendations decidedly took second place to the attempts to establish a viable program with a promising future.

While our inquiry into the benefits derived from recommendations disclosed that no documentation had been prepared to support any tangible or measurable benefits realized, we did note that the committee attempted to identify benefits and costs in its written justifications. However, only a few identified potential, measurable, or tangible savings and even these may not be completely realized. For example:

--One recommendation estimated annual savings of about \$1,800 through establishment and use of a secretarial correspondence guide. We learned that it is not being updated to maintain its value.

--Another recommendation estimated prevention of a 30-second daily disruption through use of sight and noise barriers. With the phasedown of the committee, employee requests for barriers are being turned down and very few have been installed.

Currently, the Bureau has no operational labor-management program. However a Bureau official told us it is considering whether to develop a new version of the committee on a Bureau-wide basis.

SAN ANTONIO CENTER

During its first 21 months of operations, the San Antonio Center committee made 35 recommendations for change.

In an overall indepth evaluation of the program for the first 13 months of operation, the Air Force Institute of Technology concluded that the committee did not influence employee attitudes in any areas measured by its survey. On the basis of information from the union, management, and participants, the evaluators concluded that:

--No significant differences existed between the committee group and the noncommittee control group for any of 15 quality-of-working-life indicators.

--The committee did not cause a change in work group productivity as perceived by the employees surveyed.

--Fifty-two percent of the committee group employees surveyed were not aware of the committee.

--Both union and management principals were overwhelmingly positive in their regard for the committee and there was solid consensus that union-management relations had improved.

In the 6 months following the evaluation, the committee began to publicize its existence and encouraged employees to submit ideas. The impact of this improved performance has not yet been evaluated.

Our inquiry into the committee initiatives from the standpoint of realized benefits revealed no information on the actual savings or increased productivity that may have been realized. These initiatives included

- provision of special lenses to employees wearing bifocal glasses so that employees would not have to tilt their heads back when working on things over their heads,
- installing microwave ovens so that workers could have hot meals that were not otherwise available, and
- hiring a second cashier in the cafeteria to reduce the time employees spend waiting in lines.

The lack of significant measurable impact should not be interpreted to mean that the committee has not been of value. The committee specifically directed its efforts to noncontroversial and easily resolved issues reportedly to establish a credible program.

Also, while records were not established to evaluate or measure any resulting impact, some initiatives appeared to have had merit and a beneficial impact on the San Antonio Center. One of the recommendations concerned the policy of the center's moving equipment away from aircraft being repaired on Friday afternoons and relocating it on Monday mornings, thus causing lost time. This practice was modified to provide for moving the equipment only if necessary. Records were not maintained to show how much time was lost and how much was saved by the change.

Another recommendation resulted in acquiring plastic laminating equipment to avoid time lost when employees travel to distant locations to repair damaged security badges.