

**MUNICIPAL SERVICE DELIVERY,
COLLECTIVE BARGAINING, AND
LABOR-MANAGEMENT PARTNERSHIPS**

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ABSTRACT

The City of Indianapolis has received significant national and international attention for its reinvention of the delivery of urban services and development of an envied system of municipal operations. Initially driven by the privatization efforts of Mayor Stephen Goldsmith in the early 1990s, a distinctive partnership has evolved between labor and management that encourages both cooperation and competition. This research comprehensively investigates Indianapolis' privatization initiatives and the resulting labor-management partnership experience in the Department of Public Works. The study differs from others in its unrestricted access to and cooperation from all officials with the City of Indianapolis and the American Federation of State, County and Municipal Employees (AFSCME). The researchers were able to develop a comprehensive and unprecedented portrait of the contribution that labor-management collaboration made in Indianapolis to the cost and quality of municipal service delivery.

Indianapolis has developed a system of municipal operations that is the envy of many other cities, both in the United States and abroad. Initially driven by the privatization efforts of former Mayor Stephen Goldsmith, a unique partnership has evolved between labor and management, encouraging cooperation and competition between city departments and their represented employees with private contractors. Because of the city's approach to organizational reform, the

massive shift to the private sector for the delivery of city services threatened in the 1992 mayoral campaign never materialized.

While the city's success in improving the delivery of municipal services is known anecdotally throughout the United States and many other countries, little validation of this success exists. Moreover, the research that has been conducted has addressed only limited aspects of the city's efforts, has been done by organizations with a vested interest in the outcome of the analysis, or has failed to connect inputs to outcomes. Thus, the reasons behind the city's success are not immediately obvious. Perhaps most importantly, the methods used to achieve successful reinvention of municipal service delivery in Indianapolis have not been fully documented to allow replication by other communities throughout the United States or the world.

Simultaneous with the privatization initiatives and development of the resulting labor-management partnership in Indianapolis, the authors were refining and testing a conceptual model of collaborative management in the public sector. This model was predicated on an ongoing labor-management relationship and the collective bargaining process, which resulted in a jointly negotiated contract that addressed all major work issues covered under wages, hours, and working conditions.

Historically, collective bargaining generally has not been adequate to address emerging issues that require cooperation rather than adversarial approaches. Many of the existing responsibilities of local government, and especially those resulting from the recent devolution of federal responsibility to states and municipalities, fall into these categories. Quality enhancement, improved cost-effectiveness of service delivery, customer relations, neighborhood development, and welfare reform are just a few examples that require the cooperation of both municipal officials and labor leaders to work collaboratively. This need for cooperation is especially important in the public sector where, according to the U.S. Bureau of Labor Statistics, unions currently represent 47.9 percent of local government workers, in dramatic contrast to the 9.8 percent of union-represented private sector workers [1].

Implementation of collaborative management—a joint process where both employees and their employer share in managerial decision making—has become a major topic of discussion among organizational reformers. Organization management theorists have documented that collaborative management improves labor-management relations in the public sector. When designed and implemented effectively, collaborative strategies satisfy both organizational and individual needs, and build lasting relationships between managers and employees.

Despite the currency of such collaborative efforts, little is understood about how such collaboration works. The existing literature on collaborative management is generally descriptive, impressionistic, and piecemeal in focus. Research has failed to reveal those factors that determine successful collaboration or induce the establishment of cooperative arrangements. While some researchers have

identified variants of collaborative management with organizational improvement, a conceptual understanding of the dynamics of collaborative management is generally lacking.

The failure to consider the collective bargaining relationship already established between labor and management has been a major deficiency in the research on collaboration, especially since labor unions are likely to have a significant role in determining the initiation and outcomes of organizational improvement programs. Consideration of the preexisting labor-management relationship must be a fundamental component of research investigating organizational reform and collaboration, especially for local governments.

This research utilizes a conceptual model for collaborative management in the public sector that is premised on the traditional labor-management process of collective bargaining and identifies the correlates of successful collaboration.¹ Then, using this model, the City of Indianapolis serves as a case study for the implementation of collaborative management. Initially driven by the privatization efforts of Mayor Stephen Goldsmith, a unique partnership has evolved between labor and management. This partnership encourages cooperation and competition between city departments and their represented employees with private contractors. Because of the city's approach to organizational reform, the mass privatization of city services threatened in the 1992 mayoral campaign never materialized.

LABOR-MANAGEMENT COLLABORATION: A MODEL²

Organizational behavior can be viewed as aggregated individual behavior. Therefore, understanding an individual's motivation can be useful in understanding organizational behavior. Motivation theory historically has centered on the notion of a needs hierarchy [2]. Maslow, for example, argued that individuals satisfy lower-order needs before focusing their attention on higher-order needs [2]. Alderfer reconfigured this notion of a hierarchy into three clusters: existence, relatedness, and growth, and applied his theory to groups as well as to individuals [3].

Recent theorists provide a link between motivation and the relationship between collective bargaining and collaboration. For example, Trist defined the extrinsic characteristics of work as a desire for fair wages, job security, and safe working

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²This section is adapted from our article, "Successful Collaborative Management and Collective Bargaining in the Public Sector: An Empirical Analysis," that appeared in the Volume 22, Number 4 (1999), issue of *Public Productivity and Management Review*, pp. 517-536.

conditions, which are analogous to those needs satisfied through collective bargaining [4]. He further defined the intrinsic characteristics of work as a desire for autonomy and professional discretion, which are analogous to those needs satisfied through collaboration [4]. Cutcher-Gershenfeld observed that traditional collective bargaining addresses the lower-order concerns by routinely dealing with issues of wages, hours, and working conditions [5]. Similarly, both Lawler [6] and Herrick [7] cited the higher order concerns of control, competence, and achievement as those usually satisfied by collaboration.

If traditional collective bargaining, as described by the classic Walton-McKersie framework of distributive bargaining [8], is a precondition for collaboration, any model that predicts success in collaborative management must incorporate the principle that collaboration will exist as a supplement to, not a replacement for, traditional collective bargaining. Consequently, the success of collaborative management will be dependent on the effectiveness of the collective bargaining relationship.

The model utilized in this research demonstrates how collaborative management structures are implemented. It is predicated on a preexisting collective bargaining relationship between labor and management, identifies the major components of successful collaboration, and encompasses five critical stages. First, for collaborative management to be effective, the present collective bargaining process must prove inadequate to address the increasing internal and external pressures on both parties. Second, both labor and management must develop shared objectives to address these pressures without infringing on their traditional collective bargaining relationship. Third, successful collaboration must develop in conjunction with, not in opposition to, their collective bargaining process. Fourth, successful collaboration requires a full commitment by both the representatives and their constituents. And, fifth, for collaborative management to be successful over the long term, it must be formalized as a supplement to the collective bargaining process and addressed in the labor-management contract.

These five stages contain 11 variables that are used to measure the success of collaborative management. The stages represent the development of collaborative management and describe the antecedents that must exist when implementing a labor-management partnership. The variables within these stages are those dimensions that shape the process. Table 1 summarizes the variables that lie within each stage and provides a brief description for each variable.

Impetus Stage

External and internal pressures force employees and managers to seek resolutions. If both parties can reach reasonable solutions through traditional collective bargaining, they will continue to invest in the process. However, if collective bargaining proves to be inadequate, the parties will seek

Table 1. Stages and Variables for a Model of Labor-Management Collaboration

Stage	Variable	Description
Impetus	External pressure	External pressure includes demands for change from the business and civic communities, regulatory offices, the courts, or other interest groups.
	Internal pressure	Internal pressure is defined as intraorganizational demands from labor union constituents or management officials desiring change.
	Collective bargaining adequacy	The existing means of joint decision making must be found inadequate before labor and management will explore alternative problem-solving methods.
Initiation	Goal congruence	The need for shared goals to address initial pressures requires a clarification of the shared goals and mutual agreements to achieve them.
	Goal differentiation	Both parties must have enough goal differentiation to maintain their credibility and cooperate with each other while dutifully representing their constituencies.
Implementation	Need for representation	Unions serve as a unifying mechanism that provide credibility to the collaborative management process by encouraging labor's participation while continuing to offer the benefits of union membership.
	Parallelism	Parallelism describes the degree to which the collaboration process operates simultaneously with collective bargaining.
	Training	Training consists of educational programs and skills development for labor representatives and management.
Integration	Commitment	Mutual commitment to change is required from both labor and management to achieve collaboration while maintaining their established collective bargaining relationship.
	Diffusion	Diffusion is the capacity of labor and management to spread their commitment to collaboration throughout their constituencies.
Institutionalization	Collective bargaining linkage	The collective bargaining linkage refers to the direct tie between collaborative management and the collective bargaining agreement.

alternative solutions through other mechanisms. Thus, for collaborative management to be explored within an organization, the existing collective bargaining process must prove to be inadequate to address the increasing internal and external pressures on both parties. The Impetus Stage contains three variables: external pressure, internal pressure, and collective bargaining adequacy.

Initiation Stage

Represented employees and their managers must develop congruent organizational objectives to work together effectively. While there must be agreement regarding joint objectives, a simultaneous differentiation of goals must also exist to satisfy both parties' respective constituencies. Successful collaboration requires the congruence of goals only as far such agreement relates to relieving the individual pressures identified in the Impetus Stage. Both labor and management must develop shared goals to address the pressures placed upon them without jeopardizing their continuing collective bargaining process. The Initiation Stage contains two variables: goal congruence and goal differentiation.

Implementation Stage

During the developmental stages of collaborative management, union representation provides credibility to organizational change by encouraging employee participation while continuing to offer the protection of union membership. This protection allows the collaborative management process to develop in conjunction with, not in opposition to, the current collective bargaining process. As the collaborative management process continues to develop, training programs for both employees and their managers become necessary to sustain the change. The Implementation Stage contains three variables: need for representation, parallelism of collaboration to collective bargaining, and need for training.

Integration Stage

Once the leadership of both labor and management has agreed to implement collaborative management strategies, there must be a commitment to, and a diffusion of, collaboration throughout both organizations. Without the support of both labor and management, participative decision making is likely to fail. To increase the level of commitment, labor and management must foster support for the collaborative management programs within their respective memberships. Sustaining high levels of both commitment and diffusion is critical for full implementation to occur. This stage contains two independent variables: commitment and diffusion.

Institutionalization Stage

Institutionalization is the process of formally negotiating collaborative management into the union contract as an integral component of the traditional collective bargaining relationship. The Dunlop Commission found that the way in which labor leaders view future power relationships determines their willingness to participate in collaborative decision making [9]. Therefore, formalization of collaborative management is required to provide a concrete statement of both labor and management's long-term commitment to collaboration. While collaboration remains a separate process parallel to collective bargaining, it nevertheless should be formalized and included in the labor-management contract. In this stage, the variable is the collective bargaining linkage.

THE INDIANAPOLIS PARTNERSHIP: A QUALITATIVE ANALYSIS

During the 1992 mayoral election, the American Federation of State, County, and Municipal Employees (AFSCME) campaigned aggressively against Republican candidate Stephen Goldsmith, who pledged to privatize a wide array of city services.³ According to the AFSCME state director, Steve Fantauzzo, every job of every AFSCME member was in jeopardy due to Goldsmith's strong privatization position. Fantauzzo also feared that Goldsmith then would have the ability to implement his plan, as the City Council was more than two-thirds Republican. During the campaign, Fantauzzo said, "We threw everything we had at them. If we were going to go down, we would go down swinging." Despite the union's efforts, Goldsmith won the election and took over as mayor of the City of Indianapolis in January, 1993. Once Goldsmith was elected, grievances within the city departments tripled to between 200 and 300 each year.

Stage	Variable	Description
Impetus	External pressure	External pressure includes demands for change from the business and civic communities, regulatory offices, the courts, or other interest groups.

City departments also faced myriad internal problems that hindered their ability to fulfill their duties. For example, the procedure for purchasing equipment and materials required numerous signatures, and work crews often were left idle while waiting for necessary supplies. Moreover, workers had little opportunity to

³The authors are deeply indebted to all the management of the City of Indianapolis (especially Mayor Stephen Goldsmith and Chuck Snyder) and all its employees represented by the American Federation of State, County, and Municipal Employees (especially Steve Quick and Jerry Richmond).

participate in requisitioning materials and equipment, which, as a result, often were inadequate. Instead of contributing to management decisions, workers felt as though they were expected to “park their brains at the door” the moment they arrived at work. These expectations—combined with racism, inconsistently applied discipline, and other forms of favoritism—resulted in low morale, high absenteeism, and inefficient work practices.

Stage	Variable	Description
Impetus	Internal pressure	Internal pressure is defined as intraorganizational demands from labor union constituents or management officials desiring change.

Faced with deteriorating conditions, Mitch Roob, the mayor’s new Director of Transportation (DoT), approached Fantauzzo with the idea of introducing competition and bidding into the delivery of public services. Presented with an opportunity to try a new approach in worker-management relations, AFSCME negotiated with the city to develop guidelines for the bidding that would allow public employees to compete on a level playing field. AFSCME members also received training, provided by the city, on Activity-Based Costing (ABC), which allowed them better to understand the budgetary and bidding processes.

Seventy-five workers attended a two-day workshop in ABC. As a result of this training, Department of Public Works (DPW) employees realized the extent of their overhead costs and, in particular, the costs associated with management. As Fantauzzo said, “ABC allowed us to graphically verify that we had too many bosses and supervisors. There was no way we could compete with one supervisor for every four employees.” Further, he challenged Mayor Goldsmith to cut supervisors to make the city departments more competitive with the private contractors. Though many of the supervisors were strong Republican supporters, Goldsmith responded by cutting 32 supervisors, 18 in the Department of Transportation alone. These cuts dropped the employee-to-supervisor ratio to 17 employees for every one supervisor. Goldsmith’s willingness to reduce the number of management positions, typically held by political appointees, represented a substantial political sacrifice. AFSCME, recognizing this as a signal of Goldsmith’s interest in exploring a new approach to labor-management relations, began to encourage and assist its members in preparing bids for DPW services.

Stage	Variable	Description
Implementation	Training	Training consists of educational programs and skills development for labor representatives and management.

To reinforce the administration's commitment to establish a new relationship with AFSCME, Mayor Goldsmith brought in a consultant, Chuck Snyder, to facilitate this relationship. Snyder previously had worked as chief operating officer for a \$100 million manufacturing company. During his tenure with that company, management and labor had developed a strong relationship based on open communication and trust. Mayor Goldsmith got a glimpse of what was to come when he indicated to Snyder that he never had asked AFSCME for suggestions in improving working conditions. To this, Snyder simply responded, "You are not going to get anything accomplished until you do."

Chuck Snyder began working within DPW to build trust and confidence with both AFSCME and the city. As Snyder explained, "Persuading workers of my good intentions was a real sales job." To the union, Snyder initially was just a consultant, which was nothing special to the workers. "If we've seen one consultant," said DPW AFSCME President Steve Quick, "we've seen a hundred." For Snyder, selling himself to DPW employees meant meeting personally with all employees and seeking their ideas. He attended midnight meetings and accompanied street repair crews at three o'clock in the morning. Snyder also told Mayor Goldsmith that he would not support any layoffs or job loss. Mayor Goldsmith agreed and kept his promise.

Snyder's dedication to the process became even more apparent in September, 1993, when a Re-engineering Task Force (RTF) was formed. It comprised 12 people from both labor and management, plus Chuck Snyder. The initial task for the RTF was to identify the problems between labor and management. "There were 500 different things wrong with this city that we listed on the walls. The whole room was wallpapered with problems. And, 99 percent of it was bad management and poor communication," Snyder explained.

Steve Quick, who at that time was the union steward in the Streets Division, walked into the RTF room, looked at all of the problems listed on the walls and said, "The biggest problem isn't even listed—it's racism." At the time, the Streets Division was predominantly black, while the Department of Transportation was mostly white. To further amplify the racial division, of the seven city garages, some were almost all white while others were almost all black. While the city had already formed a committee to address affirmative action and cultural diversity, Snyder preferred to "get down in the trenches, deal with it, and break down walls." This attitude led to the reduction of the seven city garages to three, which forced integration and compelled people to work together. By easing the racial tensions in its departments, the city could work more efficiently while treating everyone equally.

Stage	Variable	Description
Impetus	Collective bargaining adequacy	The existing means of joint decision making must be found inadequate before labor and management will explore alternative problem-solving methods.

Through his conversations with DPW employees, Snyder realized that many problems lay within management. In his opinion, there were too many middle managers who emphasized the distinction between managers and labor. “What’s the difference,” Chuck Snyder asked, “. . . between the blue collar workers and someone who works in an office?” Snyder also found a wide range of favoritism among middle management, as well as resentment toward the RTF process. To allow the RTF process to move forward, Goldsmith responded to Snyder’s concerns by downsizing the number of middle managers in that department.

Stage	Variable	Description
Initiation	Goal congruence	The need for shared goals to address initial pressures requires a clarification of the shared goals and mutual agreements to achieve them.

The RTF continued to consolidate, rearrange, and retrain throughout this process. One key result of the RTF was to reduce the number of job classifications from more than 100 in 1993 to 12 by 1998. While reducing job classifications, employees were retrained so they could be assigned to a much wider range of tasks. In addition, the RTF developed a Second-Chance Program, through which city commercial drivers license holders who tested positive for drugs could go through rehabilitation and retain their jobs. While Mayor Goldsmith supported this program, other city departments, including Human Resources and Risk Management, strongly opposed it. However, with the insistence of Snyder and the RTF, the program finally was established and has had much success. Twenty people had gone through the program by the end of 1998, with 17 people successfully completing rehabilitation and retaining their jobs.

Stage	Variable	Description
Initiation	Goal differentiation	Both parties must have enough goal differentiation to maintain their credibility and cooperate with each other while dutifully representing their constituencies.

The Second-Chance Program was not the only example of opposition from lower-level management. Many departments felt threatened by the power base they saw forming in the RTF. In an unsuccessful effort to diffuse this opposition, Snyder talked with them. He also worked to fight rumors among the workforce by maintaining a continuous dialogue with all DPW employees. As a result, union laborers began to see Snyder as a “straight-shooter” and began to trust both him and the RTF. According to Snyder, “I moved around here pretty much like I owned the place.” While this approach potentially could have caused Snyder problems, Mayor Goldsmith and the other members of the RTF did not object to Snyder’s

activities because they felt sure he could make this emerging partnership a success from the city's perspective.

An RTF potluck Christmas dinner proved to be a turning point in solidifying the rapport between labor and management. Snyder, assigned the responsibility of bringing meat trays to the dinner, appeared with two platters. The first was piled high with an impressive assortment of food, complete with a label entitled "Management." The second, labeled "Union," had a few pieces of bologna, toothpicks, and some carrots. The labels amused both labor and management, and brought an informal, human element to what typically was an impersonal, adversarial relationship.

With an easing of the traditional schism between labor and management, the members of the RTF were able to spend the next three months implementing a number of the solutions they had developed. One such solution was to combine the two AFSCME locals (from DoT and DPW) into one. This move helped unify the employees and made it easier for management to work with AFSCME. However, while these plans were being implemented successfully, people outside of the RTF still were suspicious, believing both management and union leaders had sold out.

Stage	Variable	Description
Implementation	Need for representation	Unions serve as a unifying mechanism that provide credibility to the collaborative management process by encouraging labor's participation while continuing to offer the benefits of union membership.

These rumors ultimately brought the RTF to an end. Under pressure and allegations that they had sold out, union leaders needed to pull themselves out of the negotiations as a demonstration of commitment to their members. Changes in the upper levels of management also impeded the ability of the RTF to accomplish its goals. In March 1994, the RTF was disbanded. To Snyder, the close of the negotiations came too early for the relationship between labor and management to truly change. "There was not enough buy-in from people outside that room," Snyder explained. "Either you believe in this partnership and you're in it all the way, or you're out. There's no one foot in, one foot out in this deal."

In the months following the end of the RTF, the relationship between labor and management further deteriorated. During this time, the Department of Transportation and the Department of Public Works merged, causing tension within the union. Communication between management and AFSCME was by appointment only. Racism and grievances again were increasing, while the amount of work being accomplished was decreasing.

Concerned with the situation, Mayor Goldsmith asked Steve Quick, now AFSCME president of the combined DoT-DPW union, who could take over the

position of chief operating officer of DPW and help fix the situation. Quick recommended Snyder for the position. What sold the union on Snyder was trust. According to Quick, "What DPW needed was someone's word that was good." Snyder assumed that position in March 1995.

As the new chief operating officer, Snyder, working together with Quick, made many critical decisions that reversed existing city policies and helped solidify the standing of AFSCME in DPW. To provide everyone with a fresh start in the department, all old files were cleaned out, eliminating prior employee disciplinary records. Given this clean slate, Snyder and Quick also improved the grievance system. Management became more accountable as they now were subject to being "written-up," with copies of the write-ups being provided to the union. This increased accountability within DPW and allowed the department to clean out those workers who were not producing their best work, but the old pay scale made it difficult to attract better candidates. Quick convinced Snyder that to obtain quality workers, they would have to offer competitive market salaries, which Snyder implemented. Many of these changes faced strong opposition from both lower-level management and people outside DPW.

Stage	Variable	Description
Implementation	Parallelism	Parallelism describes the degree to which the collaboration process operates simultaneously with collective bargaining.

Snyder and Quick had to demonstrate a united front to quell opposition to both their new working relationship and to gain the trust and confidence of both labor and management. To do this, the two held meetings in the city garage that provided workers the opportunity to address both their union leadership and management.

Stage	Variable	Description
Integration	Commitment	Mutual commitment to change is required from both labor and management to achieve collaboration while maintaining their established collective bargaining relationship.

Snyder and Quick, working as a team, constituted the nucleus of the new partnership. They met with each other daily and talked on the telephone several times each day. Many of these conversations involved decisions that easily could have been made without union involvement, but Snyder preferred to involve the union in everything. To Snyder, this was a strategic effort to strengthen the partnership. In his words, "No matter how small or insignificant the decision, bounce it off the people you are trying to partner with." Snyder felt that doing this

Stage	Variable	Description
Integration	Diffusion	Diffusion is the capacity of labor and management to spread their commitment to collaboration throughout their constituencies.

ensured open communication between the parties and prevented both rumors and ill-will from forming within the partnership.

Mayor Goldsmith also played a vital role in advancing the partnership. Because of his aggressive campaign promises for privatization, many union workers distrusted Mayor Goldsmith's support of the partnership. To combat this, monthly meetings were convened that involved just the mayor and workers. Mayor Goldsmith also encouraged all employees to communicate with him via e-mail, and he guaranteed a response. With a means through which they could speak directly with the mayor, and without having to go through middle management, union workers were able to see the mayor as "more human" and as a valuable supporter of the partnership. This open communication worked in both directions, for it proved to Mayor Goldsmith that union workers could make a significant contribution to improving the city.

Maintaining the partnership required great dedication. It was criticized from all sides. Internally, some workers and lower-level management were still trying to undermine Snyder and Quick, while externally, the local media were attempting to discredit them. However, Snyder chose to "live or die" by the partnership. "There was never a time I quit believing in what I was doing," said Snyder. "I felt I was improving the workplace and helping city employees. But, there were days . . ." By working together, Snyder and Quick depended on each other for support. Their teamwork eventually would affect the working atmosphere in DPW as well as the lives of its employees.

For some employees, the partnership resulted in increased responsibility. The managers that remained after Mayor Goldsmith reduced the supervisory ranks were relatively amenable to cooperating with the union. This, combined with the increased job responsibilities of the workers, forced management to depend on union workers as crew supervisors. The crew supervisors assumed some of the management paperwork, while management became more focused on ensuring the availability of proper equipment and material. The new arrangement also allowed DPW managers to widen their perspective on the abilities of union workers. As Todd Durnil, the deputy administrator of street maintenance, observed, "We took the shackles off the guys. We tapped their knowledge and experience instead of telling them what to do."

As the partnership took hold, the department began to come together as a team. "Before [the partnership], you didn't care about your fellow employee. You were your own entity," AFSCME Vice-President Jerry Richmond explained. "When

people saw how the department came together as a group, they started to care about their fellow employees.” This attitude also seemed to permeate the employees’ home lives. Prior to the partnership, marital and alcohol problems were common among DPW workers. Through training and recognition for their knowledge, the partnership allowed workers to grow as individuals and increase their sense of self-worth. As a result, such personal problems became less troublesome within the department. As Richmond stated, “For many, their life had turned around.”

As employees became more involved in the decision-making process, they suggested new work practices to improve quality and efficiency within DPW. For example, trash collection required three people to be on the truck. In the past, all three workers would go with the full truck to the trash dump. Under the partnership, when a truck was full, a different driver would arrive with an empty truck and exchange it for the full one. The new driver then would take the truck to the dump, while the three other workers were able to continue their route.

This greater efficiency, combined with increased job training, allowed workers to be shifted to whatever task needed immediate attention. For example, starting in 1998, street maintenance workers began helping with leaf pick-up, formerly a job solely within the jurisdiction of the Solid Waste Division. By employing this procedure, both leaf collection and trash collection were accomplished in record time, with no delays in service. Similarly, the Streets Division always had cleaned up after the Indianapolis 500 parade. In 1998, the Solid Waste Division assisted, resulting in an unprecedented, quick cleanup. The quick cleanup was critical to provide for an NBA playoff basketball game later that same evening.

For such special circumstances, DPW and AFSCME implemented an automated call-up system that offered overtime work to employees according to their seniority. This eliminated both favoritism and the labor-intensive task of calling and locating off-duty employees. With the automated system, employees were paged and given a number to call for recorded details. After listening to the possible assignment, the employee accepted or declined the offer by pressing a key on the telephone. This process continued until all needed spots were filled.

Improvements like these, however, would not be possible without the proper equipment for the delivery of these city services. Before the partnership, money was spent on equipment simply to spend out the budget. Much of this equipment was inadequate or inappropriate for the duties of the department, and workers were left to complete their jobs without the proper tools. Under the partnership, workers were given a voice in the type of equipment that was purchased. By understanding the costs of service delivery through their training with Activity-Based Costing, workers had the necessary knowledge to select the best equipment. Purchasing rules also were changed to improve the speed with which new equipment could be obtained. While supervisors were allowed to approve purchases of \$1000 or less, a

manager still was required to approve any expenditure above \$1000. However, since managers were generally located in the same building, obtaining these signatures was not a lengthy process.

From 1993 to 1998, over \$5 million was spent on new equipment, including 40 trucks for snow plowing. This equipment, when combined with the new operating procedures, allowed DPW to remain competitive with private contractors. Prior to the implementation of ABC and the partnership, half of the snow removal responsibilities were contracted out. The DPW has since regained all snow-removal contracts, thanks to the many improvements realized with the help of the employees.

As these examples demonstrate, the partnership clearly improved the delivery of public services by generating a more efficient and cohesive team of workers. The union also benefited. Typically, union meetings used to be held off-the-clock and were attended only by four or five workers. That changed dramatically when monthly meetings were held on-site and on-the-clock, and attendance rose to between 50 and 80 workers. The meetings ran in an orderly fashion by following a posted agenda so that all labor issues were addressed. In addition, the union now had its own office and vehicles, while previously it simply had "access" to these resources. By providing the union time to organize and meet with its members, management has been able to respond better to employees' needs.

The union, to meet the needs of its members better, shifted its focus. Previously, it had spent large amounts of time and money defending the 5 percent of its members who did a poor job. Now, the partnership enabled the union to focus on securing improvements for the other 95 percent who did their job well. These improvements included an incentive program that put \$1 of every \$4 saved into the pockets of city workers. "Our folks have averaged 5½ percent to 6 percent raises per year," Fantauzzo said. "I'd challenge you to find any place in the country to match." In addition, the gains the union achieved have spilled over to nonunion employees. Quick said he did not mind the spillover, since "we're all in this together."

The relationship between labor and management that originated during the partnership also impacted Mayor Goldsmith's competition plans. As the employees demonstrated that they could best complete the work, the percentage of the DPW budget that was bid out significantly decreased. In 1993, 20 percent of the DPW budget was bid out, with this percentage dropping to 3 percent by 1998. Within DPW, consensus was reached about what the department was good at and what would be better left to private contractors. In addition, contracts that DPW typically won were no longer bid out each year, but instead had longer contractual intervals to ensure continued efficiency.

Management also benefited from the partnership in other ways. Formal grievances declined significantly in number, freeing up both time and resources. Approximately 250 grievances were filed in 1993, while only one each year

was filed in 1997 and 1998. Issues still arose between workers and management, but these were resolved within DPW, often informally. In other cases, concerns were resolved by negotiating side agreements, supplemental documents agreed to by labor and management that specified DPW policy. These side agreements allowed for the immediate resolution of those problems that typically were handled only during regular contract negotiations, such as policy for tardy workers. Between March 1995 and October 1998, 23 such side agreements were signed.

The influence of the partnership also improved the collective bargaining process. During the 1998 contract negotiations, the City of Indianapolis brought in an outside labor negotiator accustomed to the traditional, adversarial labor-management relationship. During an initial meeting, the negotiator's uncompromising stance prompted Quick to explain, "That's not the way we do things here. This is a partnership." Quick then called Mayor Goldsmith, who contacted the city's negotiator. At the next meeting, the city's negotiator apologized and maintained a low profile throughout the remainder of the negotiations, allowing Snyder, Quick, and others familiar with the partnership to work through the contract. Participants estimated that the entire contract was negotiated in 40 hours, much faster than the usual month-long, six-hours-per-day process.

Stage	Variable	Description
Institutionalization	Collective bargaining linkage	The collective bargaining linkage refers to the direct tie between collaborative management and the collective bargaining agreement.

The uniqueness of the partnership that developed in the City of Indianapolis has been acknowledged in many ways. Since the introduction of competition into the delivery of public services and the establishment of the partnership, Indianapolis has served as a model for other municipalities looking to achieve similar gains. The City of Indianapolis has been recognized through numerous awards, including the Kennedy School Innovations in American Government Award from Harvard University in 1995. Of the 1,500 applicants, only 15 awards are given each year. The City of Indianapolis submitted a joint labor-management application, the only application of its kind in 1995. When Vice-President Al Gore presented the award, Mayor Goldsmith waited for Steve Quick to reach the podium before accepting the award. Mayor Goldsmith's actions emphasized that the receipt of the award, as well as the existence of the partnership, was in large part due to the willingness of *both* the city management and the union members to break from their traditional adversarial roles and foster a new working relationship.

THE INDIANAPOLIS PARTNERSHIP: A QUANTITATIVE ANALYSIS⁴

Together, the case study and our model of collaboration provide a qualitative approach to understand the City of Indianapolis' labor-management partnership. In addition, a quantitative analysis, utilizing survey research and a multivariate regression, was used to validate and extend these qualitative results. Through the use of data collected from a survey completed by labor and management in the Department of Public Works, the model of collaboration was applied to determine which underlying factors contributed to the success of the partnership. The following summarizes the results of this analysis and its statistical support of the model of labor-management collaboration.

A questionnaire was developed to measure the perception of success with respect to the 11 independent variables that represent the five developmental stages of the model. This questionnaire was distributed to all 445 DPW employees, including both labor and management. The questionnaire had a 53 percent response rate, with 237 surveys returned. After eliminating the incomplete surveys and surveys from individuals with less than a high school education, the researchers used 110 questionnaires in the final data set.

These data were analyzed using multiple linear regression. Regression analysis indicates whether or not each independent variable is statistically related to the dependent variable and provides information on the nature and extent of these relationships. After eliminating independent variables that did not prove to be statistically significant, the final regression equation incorporated six independent variables representing four stages of the model, from Initiation through Institutionalization.

The qualitative analysis addressed the historical perspective of the partnership and supported all five stages and the 11 variables of the model. However, the data collection occurred later, and therefore the quantitative analysis did not reflect the significance of the Impetus Stage (external pressure, internal pressure, and bargaining adequacy). In addition, since training on Activity-Based Costing took place early in the partnership's development, the training variable also did not prove significant. And, because of the partnership's maturity at the time data were collected, commitment and diffusion were so organizationally entrenched that these variables emerged as a single, combined variable.

An *F*-statistic and an adjusted *R*-squared value are generally utilized with regression analysis to establish the statistical validity of the entire equation, and the strength of the relationship between the dependent and independent variables. For this regression equation, an *F*-statistic of 127.9 and an adjusted *R*-square of

⁴This section is adapted from our article, "A Heuristic Model of Collaboration Within Labor-Management Relations: Part II, The Indianapolis Experience," that appeared in Vol. 29, No.2 (2000), of the *Journal of Collective Negotiations in the Public Sector*, pp. 139-151.

0.872 were obtained. This unusually high F -statistic unequivocally indicates a very strong statistical relationship between the success of the partnership and the independent variables. The probability that this relationship is a chance result is less than one in 10,000. The adjusted R -square value, therefore, indicates that 87.2 percent of the success of the partnership is attributed to these independent variables (see Table 2).

The coefficients or multipliers for each of the independent variables in the equation are presented in standardized form. They show the relative importance of each of the independent variables, while holding the effects of the other independent variables constant. The higher the standardized parameter estimate, the greater will be the relative impact of the respective independent variable on the partnership. The single asterisks in this equation indicate variables that have the highest degree of statistical confidence, whereas the double asterisk shows a slightly lower but still very strong degree of statistical confidences.⁵

Table 2. Multiple Regression Analysis of Conceptual Variables Estimating Success of the Indianapolis Labor-Management Partnership

Independent variables	Parameter estimate	Standardized estimate	t -Statistic	Prob > [t]
Goal Congruence*	0.6887	0.2357	2.923	0.0042
Goal Differentiation*	-1.0433	-0.1287	-3.619	0.0005
Need for Representation*	1.1175	0.2013	3.390	0.0010
Parallelism**	0.9217	0.1245	2.423	0.0171
Commitment/Diffusion*	0.4406	0.2619	3.424	0.0009
Collective Bargaining Linkage*	1.1864	0.2497	4.624	0.0001
Intercept	0.0570	0.0000	0.019	0.9850
	F -Value		127.936	
	Probability > F		0.0001	
	R^2		0.8787	
	Adjusted R^2		0.8718	

*Denotes statistical significance at the 0.01 level or better.

**Denotes statistical significance at the 0.05 level or better.

⁵Single asterisks represent a significance level of 0.01, which indicates that the relations are likely due to chance only 1 percent of the time. The double asterisk represents a significance level of 0.05, which indicates that the relationship is likely due to chance only 5 percent of the time. Both of these levels are indicative of strong statistical relationships between the dependent and independent variables of a regression equation.

The final regression equation resulting from the quantitative analysis was:

$$\begin{aligned} \text{Success of the Partnership} = & 0.06 + 0.24 \text{ Goal Congruence*} \\ & -0.13 \text{ Goal Differentiation*} + 0.20 \text{ Need for Representation*} \\ & + 0.12 \text{ Parallelism**} + 0.26 \text{ Commitment/Diffusion*} \\ & + 0.25 \text{ Collective Bargaining Linkage*} \end{aligned}$$

The regression results indicate that five of the six independent variables are highly significant and have the expected sign. These variables are *goal congruence*, which represents the Initiation Stage of the model; *parallelism* and the *need for representation*, which together represent the Implementation Stage; *commitment/diffusion*, which represents the Integration Stage; and *collective bargaining linkage*, which represents the Institutionalization Stage. The negative sign on *goal differentiation* is not surprising given that seven years had elapsed between the formation of the partnership and the administration of the survey. This result is consistent with the model.

The results provide statistical confirmation of the partnership's success and identify the antecedents of that success. These antecedents are commitment/diffusion, collective bargaining linkage, goal congruence, the need for representation, parallelism, and goal differentiation. All of these variables are identified within the regression equation as highly significant, and each has a major impact on the partnership. This analysis, coupled with the case study, provides critical insight into how successful labor-management collaboration can evolve in the public sector.

CONCLUSIONS AND RECOMMENDATIONS

Based on both the qualitative and quantitative analyses, clearly one of the most fundamental determinants of successful labor-management collaboration is the infrastructure of an existing collective bargaining relationship. Because cooperation is historically counterintuitive for labor unions, the competition of collective bargaining is critical for their survival. Moreover, not only do unions represent almost half of all local government employees, but unionism in local governments continues to grow throughout the United States. Any initiative to "reinvent government" must recognize and accept this fact. Therefore, it becomes even more important that any reform in the delivery of public services must be based on the traditional collective bargaining relationship, which in turn, becomes the infrastructure for the parallel process of collaboration. Collective bargaining traditionally addresses wages, hours, and working conditions; building upon this infrastructure, labor-management partnerships address the higher-level concerns of both parties. The implication for municipalities interested in a collaborative relationship with labor is not to change the collective bargaining process, but to ensure a parallel process for dealing with issues outside the traditional scope of wages, hours, and working conditions.

The qualitative findings that emerged from the interviews substantiated the importance of the Impetus Phase (external pressure, internal pressure, and collective bargaining adequacy). That is, a defining event or situation, for which the traditional collective bargaining process is ill-suited, must be present to initiate collaboration. This event or situation must generate sufficient internal and external pressure on both parties to force them to recognize that their traditional way of dealing with each other (collective bargaining) is inadequate. In Indianapolis, this event was the mayor's campaign platform to privatize the delivery of city services and the potential loss of union jobs. Simultaneously, racial tensions within city departments had reached critical levels, and collective bargaining had not been adequate to resolve them.

Given such a situation, labor and management will respond by considering new ways to address the issues threatening to their organizations. While this response naturally may lead to collaboration between labor and management, municipalities interested in exploring collaborative approaches, without external and internal pressures, need to separate collaboration from collective bargaining. In terms of a hierarchy (as described earlier by Maslow, Alderfer, and Trist [2-4]), collective bargaining addresses one set of organizational needs, while collaboration addresses another. By protecting the collective bargaining process, the risk to the parties of collaboration is reduced, and the probability of successful collaboration is increased. Moreover, the infrastructure upon which their collaboration is built will be sustained.

The importance of the Initiation Stage (goal congruence and goal differentiation) also was substantiated by the analyses. Historically, since cooperation is anathema to labor unions, both parties must perceive significant benefits from their collaboration before they will be willing to engage in a joint partnership. While labor and management may have different reasons to collaborate, both parties must share a common goal for their collaboration to be successful. For example, this shared goal in Indianapolis was the protection of city services and the simultaneous protection of city jobs. Municipalities interested in fostering collaboration cannot do so unless *both* labor and management recognize the advantages of cooperation.

With respect to the Implementation Stage (need for representation, parallelism, training), both the need for representation and parallelism emerged as critical variables from the quantitative analysis. In addition, the importance of training was identified during the interviews as a crucial, historical factor. This does not refer to training on process skills (e.g., effective listening), but rather to training on content skills (e.g., cost estimation). In Indianapolis, this took the form of workshops on such topics as bid preparation and budgeting. Since the voice of employees is through their union, collaboration will not occur without the active support of both the local labor union and its affiliate. Thus, a municipality wishing to bring about such collaboration must recognize that the collaboration is with the union, not with individual employees. Moreover,

based on the importance of parallelism, collaboration must remain a distinct and separate decision-making process from that of collective bargaining, yet can take place concurrently.

The Integration Stage (commitment and diffusion) received the strongest support from the quantitative analyses. Commitment to the partnership and diffusion of this commitment throughout the constituencies of both labor and management emerged as the most critical variables for predicting success. This commitment must not be restricted solely to the leadership, but must pervade both organizations. Without the commitment of both parties and the acceptance within both organizations, the Indianapolis collaboration effort would have been thwarted, and the traditional adversarial relationship would have recurred. In Indianapolis, both labor and management repeatedly demonstrated this commitment, thus increasing the level of trust between the participants. This suggests that municipalities wanting to emulate the Indianapolis Partnership must have a continuing and sustained commitment to the collaborative process from both labor and management.

The continuing importance of trust and open communication emerged consistently throughout our research interviews. The initial willingness to explore alternative ways to deliver municipal services incurred significant political risk for Steve Goldsmith, Chuck Snyder, Steve Quick, and Jerry Richmond. But for their personal and sustained commitment to trust and open communication on behalf of their constituents, the Indianapolis Partnership would not be the exemplar of success that it has become.

The collective bargaining linkage, representing the Institutionalization Stage, was the second most important variable to emerge from the quantitative analysis, thus verifying its critical nature in the success of the Indianapolis Partnership. This finding suggests that once collaboration is established, it must be incorporated into the day-to-day operations of the municipality. Individual personalities did play a dominant role in the creation and success of the Indianapolis Partnership. However, the process of collaboration, once established, must not remain dependent on individuals. Therefore, we strongly urge municipalities that want to pursue collaboration between labor and management to institutionalize this process by incorporating it into their labor agreements. This not only legitimizes and strengthens the collaborative process, but also assures its survival.

Another major, abiding conclusion concerning the interrelationship of collective bargaining and collaboration emerges from this research. Rather than assuming that the competitive nature of collective bargaining is mutually exclusive with the cooperative nature of collaboration, the research demonstrates that each of these processes provides significant and sustained benefits to both labor and management. Ultimately, the direct beneficiaries are not only labor and management, but also the tax-paying citizens in our nation's cities.

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