

**FEDERAL-SECTOR LABOR-MANAGEMENT  
RELATIONS AT THE CROSSROADS:  
LESSONS FROM PARTNERSHIP**

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**ABSTRACT**

Federal-sector labor-management relations stand at the crossroads. The parties may choose to compete or collaborate, a choice that is imminent according to legislation establishing the federal Department of Homeland Security. We inform the parties about the federal sector's experience with labor-management partnership in the past decade. Our evaluative study of partnership found that partnership-process elements were significantly correlated with perceptions of labor relations climate and agency-performance indicators. Union and management commitment to partnership, training, and union strength were factors critical to partnership success. We propose a cooperative model for DHS based on prior partnership best practices.

Federal-sector labor-management relations stand at the crossroads. The parties face a difficult but clear choice: collaborate or compete. Their decision is imminent, as the recently created Department of Homeland Security (DHS) gets underway. Unions fear that the Bush administration will reject labor representation, as it did in the Transportation Security Administration (TSA), which now operates under the DHS. President George W. Bush insists on managerial flexibility. At the same time, the newly confirmed head of DHS, Secretary Tom Ridge, pledges to work with the unions. Are these sentiments compatible?

We inform the ongoing decision-making process over the course of labor-management relations by reviewing the recent federal-sector experience with partnerships during the Clinton-Gore administration [1]. Specifically, we use data from a comprehensive evaluative study on labor-management partnerships conducted on behalf of the U.S. Office of Personnel Management (OPM) and the former National Partnership Council (NPC) to show the extent to which collaboration can work to improve the labor-management climate and thereby contribute positively to agency performance [2]. Despite the hyperbolic debate over the extension of labor rights in the DHS, the Homeland Security Act of 2002 (HSA) requires the secretary to develop a continuing process for union involvement in the design and implementation of the department's human resources management system [3]. It also declares the "sense of the Congress" that employee involvement in a collaborative fashion is essential to promoting the mission of homeland security.

The article is divided in several parts. Part one reviews the background behind the Clinton-Gore partnership initiative, which was made in the context of reinventing government. Part two describes the evaluation study and the survey data and sample compiled. In part three, we report on labor and management representatives' perceptions of the activities, effectiveness, and impacts of their partnerships. Part four discusses distinctions between high- and low-impact partnerships and identifies the factors critical to success. In part five, we explore the nature of the ongoing controversy about the direction of federal-sector labor-management relations precipitated immediately by the organizational responses to September 11, 2001. Part six presents a model of labor-management relations, adapted from the partnership experience, that the DHS might use to fulfill its statutory responsibility in the area of human resource management by involving employee representatives to promote homeland security.

### **THE PARTNERSHIP MANDATE: E.O. 12871**

The Clinton-Gore administration entered office facing three chronic federal deficits: budget, performance, and public confidence. In 1993, the federal government's annual budget deficits ran in excess of \$300 billion. Blue-ribbon commissions and congressional investigations revealed numerous examples of ineffective performance, with intolerable waste, fraud, and abuse in some operations. Opinion polls showed that most Americans lacked confidence in the innate ability of government to perform effectively; public trust in government institutions continued to wane.

To address these systemic concerns, the Clinton-Gore administration embraced the then-popular idea of reinventing government. Shortly after assuming office, President Clinton charged Vice President Gore to lead the National Performance Review (NPR) in conducting a six-month assessment to promote government performance and efficiency. The NPR report was released in late September 1993

under the appealing title of “From Red Tape to Results: A Government that Costs Less and Works Better” [4].

The NPR report articulated a set of core principles to reinvent government. Empowering employees stood out among the set. It essentially glued the various parts together [5]. If employees were not empowered and motivated to perform better, how could they accomplish the other goals? Performance depends on those on the front line, in the back office, and in management.

Labor-management partnership operationalized empowerment. The NPR relied upon private-sector companies’ experiences on how labor-management cooperation had improved their competitiveness. Cooperation promoted communication, built trust, expanded social capital, and encouraged innovation, which together aided organizational performance. In short, labor-management cooperation improved the labor-management climate, which, in turn, contributed to increased agency performance.

### **E.O. 12871**

President Clinton issued E.O. 12871 on October 1, 1993, to implement the NPR’s recommendation to mandate labor-management partnership [6]. E.O. 12871 established the National Partnership Council (NPC) and ordered agency heads to institute partnerships at appropriate levels throughout the vast orbit of the federal government. It included these central provisions:

Purpose: To establish a new form of labor-management relations throughout the executive branch to promote the principles and recommendations adopted as a result of the National Performance Review.

NPC: Established an 11-person National Partnership Council (NPC) to:

1. Advise the president on labor-management relations in the federal government;
2. Support the creation of labor-management partnerships and promote partnership effects in the executive branch;
3. Collect information about, and provide guidance on, partnership efforts.

Agency Heads: Each agency head is directed to:

1. Create labor-management partnerships by forming labor-management committees or councils at appropriate levels;
2. Involve employees and their union representatives as full partners with management representatives to identify problems and craft solutions to better service the agency’s customers and mission;
3. Provide systematic training of appropriate agency employees (including line managers and union representatives) in consensual methods of dispute resolution, such as interest-based bargaining;
4. Negotiate over subjects set forth in 5 U.S.C. 7106 (b)(1) and instruct subordinate officials to do the same [5].

Parenthetically, section 7106 (b)(1) of the Federal Service Labor-Management Relations Statute (FSLMRS) identifies so-called “permissive” bargaining items, which may be negotiated at the election of the agency [7]. Permissive items include: “the numbers, types, and grades of employees or positions assigned to any organizational subdivision, work project, or tour of duty, or on the technology, methods, and means of performing work” [7, §7106 (b)(1)].

The president’s order, administered by the NPC and the Office of Personnel Management, caused the widespread proliferation of partnerships through the federal government. By December 1998, labor-management partnerships covered 67%, or 810,260, of the 1,213,705 federal employees in recognized bargaining units (approximately 60% of the federal workforce was represented by unions) [8]. The level of partnership coverage, however, varied widely across agencies and departments. Partnership councils covered literally 99% of the recognized bargaining-unit employees in Treasury and Veterans Affairs, but only 13% in Interior. Overall, a sizable percentage of the civilian nonpostal workforce had at least some experience with partnership during the Clinton-Gore administration.

### **Partnership and Reinvention**

As conceptualized by the NPR, reinvention set four principles: putting customers first; cutting red tape; getting back to basics; and empowering employees (see Figure 1). Given the already extensive union representation among federal employees, the NPR regarded employee empowerment as equivalent to extended union involvement. Federal agencies should take advantage of existing union representation as the channel to empower employees. The NPR proposed, and the president ordered, that partnership councils become the instruments of empowerment. These councils, it is important to emphasize, constituted extra-bargaining forums for the parties to exchange information and make decisions on a wide range of issues, including mission performance, considered outside the legal ambit of negotiability under the relatively restrictive FSLMRS [7].

By improving labor-management communications, giving employees (through their representatives) the chance to influence decisions, and expanding the array of issues over which they have a voice, partnerships should materially improve the labor-management climate. With greater day-to-day cooperation and trust, the parties, in turn, should demonstrably improve the operations of the federal agencies for whom they work. The NPC expected improvements in the form of cost savings, increased employee productivity, and more-effective service in terms of quality and timeliness.

### **PARTNERSHIP EVALUATION STUDY**

In 1999, the NPC, through OPM, commissioned us to evaluate the effects of labor-management partnerships on agency performance. Eight federal agencies, which vary in terms of size, mission, and public visibility, chose to participate.

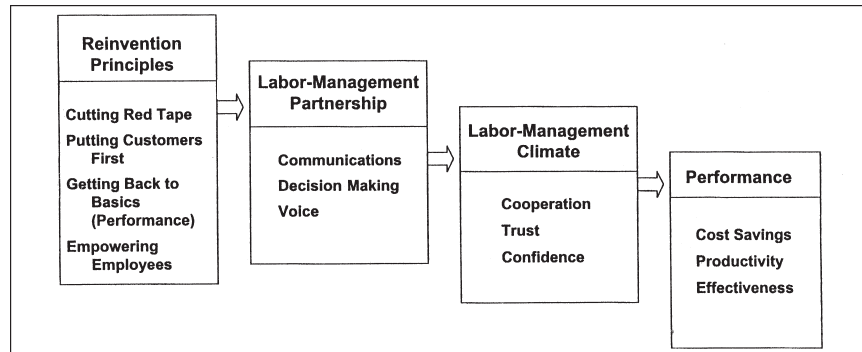


Figure 1. Partnership and reinvention.

(Under an agreement the agencies entered into with OPM, we are not permitted to identify them by name. Nor are we permitted to describe the agencies in such a way as to reveal their identity.) These eight agencies chose 61 partnerships to study. We asked the agencies to select councils that varied widely in terms of perceived effectiveness. Six of the labor-management partnership councils operated at the agencywide level; the remainder served local and regional agency sites. Partnerships often involved multiple unions in agencies where more than one union had official recognition in a local, regional, or agencywide geographical area. Invariably, partnerships consisted of an equal number of labor and management representatives. Most operated under jointly drafted partnership agreements.

The evaluation relied on three sets of data. First, we surveyed the population of partnership council participants across the eight agencies' councils selected for study. Second, we interviewed 298 of these council participants on 45 site visits conducted from June 1999 to October 2000. Finally, we collected as much archival data on the partnership councils as possible (e.g., minutes of meetings, council agreements, and charters).

As mentioned, we surveyed the population of labor and management representatives serving on the 61 partnership councils. We identified a total of 651 filled positions on the councils (some positions were unfilled, resulting in the odd number). Agencies administered the surveys to council participants under a strict protocol to ensure confidentiality and anonymity. Survey administration occurred mainly in the January to June 2000 period, at a point amenable to the agency sites' schedules.

Because some council participants served on more than one council (e.g., a local and regional council), we asked the agency to give them only one survey. We instructed these particular participants to complete the survey from the perspective of the council with the widest organizational scope. Unfortunately, we do not

know the precise number of people with multiple council appointments. We do know, however, that the number of unique council participants is less than the total number of filled positions. Therefore, our reported response rate of 54%, based on 356 usable responses from a population of 651 filled positions, is a conservative one.

Table 1 reports the demographic characteristics of the sample of council respondents. Management representatives constitute nearly 58% of the sample. The sample is 58.5% male and 41.5% female. Almost 82% of the respondents are white; about 10% are African American. Most work in the general schedule (GS) pay system. Occupationally, the sample is roughly 35% professional, 36% administrative, and 13% technical. The average age is just about 50, and the average tenure with the current agency of employment is nearly 20 years.

No pretense is made that this sample is random or representative of the organizational breadth of the federal government. Nonetheless, we compared the sample of respondents to federal workforce demographics to gauge comparability on selected dimensions. In this regard, the average age of the federal civilian workforce was 46.3 years in 2000, compared to 49.3% in the sample. The average

Table 1. Partnership Council Participant Sample Characteristics  
(*N* = 356)

Characteristic	Frequency	Percentage
Union Representative	141	40.5%
Management Representative	200	57.5%
Male	199	58.5%
Female	141	41.5%
White	274	81.8%
African American	33	9.9%
General Schedule	276	80.2%
Wage Grade	10	2.9%
Professional	111	35.2%
Administrative	112	35.6%
Technician	41	13.0%
Clerical	6	1.9%
Blue Collar	10	3.2%
Other	35	11.1%
Age	$\bar{x} = 49.28$ years	
Tenure	$\bar{x} = 19.82$ years	

length of service was 17.1 years, compared to 19.8 in the sample. The percentage of women in the sample (41.5%) is in the neighborhood of the overall federal workforce female representation (45%). However, the sample overrepresents the nonminority workforce (82% compared to 70% in the federal workforce). Similarly, while 72% of the workforce is employed in the GS system, slightly over 80% of the sample is GS. Also, the sample overstates white-collar employment: 96.8% compared to 87% across the workforce.

### **PARTNERSHIP ACTIVITIES, EFFECTIVENESS, AND IMPACTS**

We asked partnership-council partnerships several questions about three basic sets of issues. First, we asked about general partnership activities and operations, such as how often their councils met. Second, we asked about how effectively their partnerships performed on various process dimensions: communications, decision making, and quality of meetings. Third, we asked participants their perceptions of the impacts of councils on various indicators of agency performance. We recognize that these perceptions do not provide concrete evidence of impacts, the kind of data unfortunately lacking [9]. However, if council participants do not perceive their partnerships as having at least some impact, their commitment to the endeavor could very well erode. Under these circumstances, the negligible impact of partnership becomes a self-fulfilling prophecy.

#### **Activities and Operations**

Within our sample, slightly more than 20% (20.5) served on an agencywide council. Nearly 17% served on a regional council. Just above 69% served on a local site council. (These percentages exceed 100 because participants may serve on more than one council.) Fifty percent of the respondents had served for two years or less on the council; 46% had served from three to seven years.

Roughly 60% of the participants indicated that their partnership councils met seven or more times a year. The modal response was “more than 10 times” a year, which comports with interviews revealing that most councils tried to meet at least monthly. In terms of the amount of time devoted to partnership, 37% indicated that they spent less than one hour per week on formal activities, such as meetings and preparations for meetings. Almost 46% reported spending from one to five hours a week. Just about 45% reported they spent another one to five hours on informal council activities, such as resolving day-to-day problems in a partnership way. While this may seem like a quite modest amount, the time spent must be put into perspective. Each participant, on both the union and management side, is a full-time federal employee. Partnership is an additional responsibility. During the period under partnership (circa 1993-2000), many participants felt that their regular responsibilities had grown because of increased performance demands and workforce reductions. No council participant reported having his or

her official work responsibilities lessened because of partnership service. Furthermore, it should be noted that even two hours a week adds up to 100 hours over a 50-week work year.

In terms of council operations, about 90% of the participants indicated that their council had a formal agreement governing operations. Nearly 89% reported that their councils had the power to make formal recommendations to agency management. Ninety percent also indicated that the management and union sides had equal responsibility for setting council agendas.

### **Process Effectiveness**

As previously suggested, the basic theory behind partnership is that it would change the dynamics of the relationship between the parties—labor and management—so as to improve the overall climate and thereby motivate increased performance. Therefore, we would expect the councils to reveal a set of dynamics conducive to such improvements. We would, in particular, expect councils to encourage communications, conduct substantively meaningful meetings, and exercise at least some decision-making power. If councils lack these elements, they arguably cannot empower people meaningfully. Put differently, it is hard to imagine councils having a positive impact if they behave confrontationally, waste time, and lack any meaningful influence.

We report council participants' responses to several questionnaire items pertaining to communications, meeting quality, and decision making (Table 2). The mean responses to each of the 5-point Likert-scale items (1 = strongly disagree . . . 5 = strongly agree) are presented, along with the pertinent number of respondents and standard deviations. Respondents who chose the "don't know" category were deleted from arithmetic mean computations.

Council participants displayed general agreement with the statements that communication is collaborative and that both sides listen to each other (3.81 and 3.95 means, respectively; 4 = "agree" on the 5-point scale). General disagreement existed with the statement that communications in partnership councils involve little meaningful exchange. Slightly less agreement was expressed with the statements regarding meeting quality. The strongest agreement existed on the items that partnership councils meet often enough (3.72) and address issues relevant to the agency's business (3.72). The strongest disagreement was expressed with the statement that partnership council meetings are generally a waste of time (2.17).

With respect to the perceived decision-making role of their partnerships, comparatively strong agreement existed that councils make formal recommendations (3.93) and that these recommendations are given serious consideration (3.90). Relatively modest agreement existed that council recommendations are implemented on their own (3.48) and that councils are important decision-making



Table 2. Partnership Effectiveness

Survey item	N	Mean response <sup>a</sup>	Standard deviation
<b>Communications</b>			
1. Communication involves little meaningful exchange.	333	2.30	1.247
2. Communication is collaborative, rather than confrontational.	339	3.81	1.043
3. Labor and management listen to each other.	339	3.95	.914
<b>Meeting Quality</b>			
1. Partnership meets often enough.	338	3.72	1.045
2. Meetings are generally productive.	336	3.49	1.093
3. Meetings address issues relevant to agency's business.	337	3.72	1.062
4. Management dominates council meetings.	338	2.21	1.049
5. Labor dominates council meetings.	337	2.26	1.054
6. Council works informally to solve problems.	335	3.66	1.043
7. In general, council meetings are waste of time.	337	2.17	1.208
<b>Decision Making</b>			
1. Council makes formal recommendations to management.	332	3.93	.909
2. Council's recommendations are seriously considered by management.	327	3.90	1.013
3. Council implements its own recommendations.	321	3.48	1.084
4. Council's recommendations are usually ignored by management.	326	2.08	1.012
5. Council is an important decision-making body.	335	3.48	1.173

<sup>a</sup>1 = Strongly Disagree . . . 5 = Strongly Agree

bodies (3.48). Relatively strong disagreement, however, existed that council recommendations are usually ignored by management (2.08).

In sum, management and union representatives on partnership councils tend to agree that their councils communicate collaboratively, address substantively meaningful issues, and make recommendations that are given serious consideration by agency management. Overall, we may conclude that representatives tend to agree that the process elements of partnership effectiveness are in place. Obviously, there is not unanimity of opinion. We would expect such differences if for no other reason than agencies were asked to choose partnerships for study that varied widely on the continuum of performance. A question that obviously arises is the extent to which these process indicators are correlated with some of the expected results of partnership, including an improvement in the general labor-management relations climate.

### **Labor Relations Climate**

We asked council participants to respond to 10 items that tap two dimensions of the psychological construct of labor-management relations climate. Seven items pertained to the previously validated measure of labor relations *harmony*. Three dealt with labor relations *hostility*. We report the responses to each item in Table 3. Higher mean responses to the first seven items reveal stronger *harmony*. Lower mean responses to the last three items reveal less *hostility*.

The first seven items pertain to the *harmony* dimension. Only a modest level of agreement appears across items. The strongest agreement occurred on items dealing with the perceived fairness of the bargaining agreement, labor and management's working together to make the workplace better, and a sense that negotiations take place in an atmosphere of good faith. Less agreement existed on the items concerning whether or not the parties kept their word (3.32) and the extent to which they dealt with each other fairly (3.38).

The participants in general tended to disagree with the three *hostility* climate items (8-10). Strongest disagreement existed on whether labor-management relations are "hostile." The weakest disagreement existed on whether or not the parties disliked each other.

In this context, it is important to note that these items are cast in the light of conventional labor-management relations or venues of interaction, such as collective bargaining. From a historical perspective, these relations in the federal sector have tended to be somewhat adversarial, including within the agencies that opted to participate in this OPM study. In fact, 35.2% of the participants characterized their labor-management relationship as either uncooperative or very uncooperative before their partnership was created. Only 25% characterized it as cooperative (21.3%) or very cooperative (4%). However, 61.7% indicated that the relationship had improved some (34.8%) or very much (26.9%) since their partnership came into being.

Table 3. Labor Relations Climate

Survey item	N	Mean response <sup>a</sup>	Standard deviation
<b>Harmony</b>			
1. Labor and management work together to make this a better place.	354	3.53	1.070
2. Labor and management have respect for each other's goals.	349	3.46	1.076
3. Labor and management in this agency keep their word.	343	3.32	1.107
4. Negotiations take place in an atmosphere of good faith.	344	3.52	1.047
5. Collective bargaining agreement is regarded as fair.	349	3.67	.794
6. Employees generally view conditions of employment as fair.	337	3.43	.952
7. A sense of fairness is associated with labor-management dealings.	336	3.38	.994
<b>Hostility</b>			
8. Labor and management dislike each other.	350	2.55	1.069
9. Labor-management relations can be characterized as hostile.	350	2.17	1.087
10. Union and management regularly quarrel over minor issues.	344	2.44	1.169

<sup>a</sup>1 = Strongly disagree . . . 5 = Strongly agree

### Partnership Impacts

Our survey included four sets of items asking participants to assess the impact of partnerships on selected dimensions of agency performance. We report the descriptive statistics in Table 4. The first set of items asked council representatives the extent of their agreement that their councils had resulted in various impacts, from cost savings to improved labor-management communications. These data show the strongest agreement occurred, as might be expected, on items relating to

Table 4. Partnership Impacts

Survey item	<i>N</i>	Mean response	Standard deviation
(1 = Strongly disagree . . . 5 = Strongly agree)			
1. Council's actions resulted in:			
a. Cost savings	291	3.23	1.121
b. Improved internal customer service	311	3.42	1.124
c. Improved external service	297	3.05	1.089
d. Increased productivity	288	3.03	1.068
e. Increased employee morale	316	3.16	1.132
f. Improved labor relations	324	3.55	1.219
g. Improved labor-management communications	331	3.85	1.083
2. Partnership is creating a positive cultural change within your agency.	326	3.35	1.159
3. Partnership is promoting the reinvention of government within your agency.	316	2.96	1.179
(1 = Very low . . . 5 = Very high)			
4. Extent to which council has:			
a. Improved productivity	280	2.63	.975
b. Improved quality	277	2.73	1.036
c. Improved customer satisfaction	275	2.79	1.045
d. Avoided costs	268	2.76	1.100
e. Saved money	265	2.76	1.092
f. Improved labor relations climate	308	3.44	1.180
g. Promoted government reinvention	287	2.71	1.218
h. Improved labor-management communications	314	3.56	1.160

labor-management communications and labor relations *per se* (e.g., more efficient negotiations, expedited grievance resolution). The weakest agreement existed on items pertaining to increased productivity and improved external customer service. To some extent, this may be due to the relative unavailability of hard data on these dimensions of performance.

On the second and third sets of items, lukewarm agreement at best existed. In fact, the mean response for the reinvention item fell below the "neither agree nor disagree" score. Similarly, when asked to indicate the degree of impact (from "very low" = 1 to "very high" = 5), the mean responses tended to fall below the

“neither” category. The most positive responses occurred on the items pertaining to labor-management communications and labor relations climate. Across the board, the mean responses center on the middle, somewhere in between low and high impact.

To summarize, the participants on labor-management partnerships displayed only modest agreement that their partnership councils had had a significant impact, except perhaps in the area of labor-management communications. However, two caveats merit note. First, even though the mean responses reveal a split in attitudes, a nonetheless sizable percentage of participants agreed that the councils had a positive impact on each dimension of performance. For example, 42.7% agreed that partnership had resulted in cost savings; 54.6% agreed that partnership had improved internal customer satisfaction; 33.3% agreed that partnership had improved external customer satisfaction; 33.1% agreed that partnership had improved employee productivity; 46% agreed that partnership had improved employee morale; 62% agreed that partnership had improved labor relations *per se*; 76% agreed that partnership had improved labor-management communications; 51.9% agreed that partnership had promoted a positive cultural change; and 33.4% agreed that partnership had promoted reinventions

Second, we looked for and found underlying relationships between the various measures of partnership effectiveness, labor relations climate, and partnership impacts. We conducted a set of bivariate correlations between indices of partnership impact, labor relations climate (i.e., *harmony*), council communications, council decision making, and council meetings. As shown in Table 5, strong bivariate correlations exist among all these variables. The nine-item partnership impact index, for example, is positively correlated with the *harmony* index and the three measures of partnership effectiveness: *communications* index, *decision-making* index, and *meeting* index [10].

Table 5. Correlations Matrix

	Impact	Labor relations climate	Communications	Decision making	Meeting
Impact	—	.708***	.690***	.695***	.769***
Labor relations climate	.708***	—	.584***	.584**	.634***
Communications	.690***	.584***	—	.583**	.679***
Decision making	.695***	.584***	.583***	—	.703**
Meeting	.769***	.634***	.679***	.703***	—

\*\* $p < .05$  (two-tailed test)

\*\*\* $p < .001$  (two-tailed test)

## CRITICAL SUCCESS FACTORS

Based on our survey data, extensive interviews, and review of archival records, we were able to identify the characteristics that distinguished high- from low-impact partnerships. We also identified a set of critical success factors to attaining high-performance partnerships (see Figure 2). Understanding these factors will help position the parties to collaborate more effectively in the future.

High-performing partnerships developed and implemented policies and programs that had the effect of promoting agency mission and reducing costs. They facilitated comprehensive organizational restructuring and operational improvements, the latter involving the more efficient utilization and redeployment of personnel as well as the introduction or modernization of information technologies. In such partnerships, labor and management representatives worked as equal partners. Accordingly, they neither denied nor suppressed differences, but instead looked continually for proficient ways to solve recognized problems. These partnerships exhibited several common features that essentially enabled them to perform at this desired level. They operated with a strategic focus on their agency's mission. As important, they institutionalized their partnerships, rendering them less dependent on particular personalities. Their partnerships had depth—that is, there was a sizable cadre of union and management personnel with the competence and dedication to serve effectively.

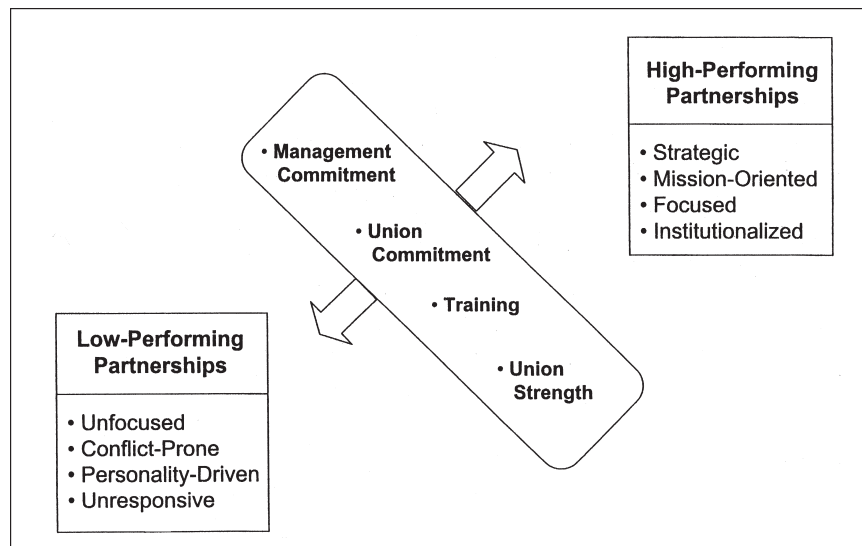


Figure 2. Critical factors and characteristics of partnership success.

What enables some partnerships to perform more effectively than others? We found four basic factors that contributed to partnership success. First, the clear commitment of management to partnership absolutely had to be in place. Such commitment involved more than simple pronouncements. Management had to walk the talk, so to speak. Union representatives on partnership councils paid careful attention to whether or not the walk was consistent with the talk.

Second, the union representatives also had to be similarly committed. If their support wavered, management opposition to partnership, however tacitly it may be voiced, would rise commensurately. Third, and relatedly, for partnership to work well, unions had to have a significant presence in the workforce. Bear in mind that the federal government is an open-shop employer. Free-riding among bargaining-unit employees is a major problem. About two-thirds of the represented workforce does not belong to the union that represents them [11]. In some of the smaller local sites we studied, the union representatives on the partnership council constituted the bulk of the whole union presence. Where unions did not enjoy a significant dues-paying presence, management tended to give councils less credence. Also, the union representatives on council could not promise to deliver much or to vouch for many of those whom they nominally represented. Further, the union side of the council obviously had no organizational depth or bench strength beyond council representatives themselves.

Finally, the amount of training the council participants had received could substantially facilitate partnership. We found that many participants believed they had benefited a lot from *joint* training in interest-based negotiations and other skill-building sessions. Obviously, the more equipped councils were to deal with the “business” side of operations (finance, accounting, workforce utilization), the better they were able to take on salient organizational issues, such as restructuring, consolidations, and operational realignments.

### **Partnership Commitment**

We asked council participants several items pertaining to perceptions about agency and union commitment to partnership (see Table 6). The mean responses indicate that there is general agreement that both labor and management are committed to partnership, with the degree of agreement stronger with respect to labor’s perceived commitment. In addition, participants tend to agree that the benefits of partnership outweigh the costs (3.68). However, less agreement existed on items regarding whether the agency is using partnership principles effectively (3.49) and committing the time and resources needed to make partnership work (3.43). Further, on average, the participants did not agree that their agency effectively communicated partnership activities, a finding widely corroborated in our interviews with both union and management representatives.

Given that we found the parties’ commitment to partnership a critical success factor, we examined the differences between union and management

Table 6. Partnership Commitment

Survey item	<i>N</i>	Mean response <sup>a</sup>	Standard deviation
1. Labor is still committed to partnership.	333	4.15	.929
2. Management is still committed to partnership.	326	3.87	1.067
3. Agency is effectively using partnership principles to address workplace and labor relations issues.	329	3.49	1.169
4. Agency is committing time and resources to partnership.	323	3.43	1.165
5. Your agency is effectively communicating partnership activities.	329	2.90	1.094
6. Management is genuinely committed to making partnership work.	328	3.60	1.085
7. Labor is genuinely committed to making partnership work.	331	3.85	.927
8. Benefits of partnership outweigh costs.	323	3.68	1.155

<sup>a</sup>1 = Strongly disagree . . . 5 = Strongly agree

representatives' attitudes on relevant survey items. Table 7 shows a clear pattern of significant attitudinal gaps, with one notable exception. Across the items, union representatives view labor as more committed and agency management as significantly less committed to partnership. For example, on the item that management is genuinely committed to partnership, union respondents' mean response was a mere 2.95 compared to management's collective 4.06. What is interesting, however, is that management is more confident of labor's commitment than union representatives are of management's commitment.

The one item on which attitudinal differences were not significant pertained to perceptions as to whether or not the benefits of partnership outweigh the costs. Both sides tended to agree that the benefits outweigh the costs. Interestingly, despite their misgivings or doubts about management's commitment to partnerships, union representatives express slightly stronger agreement that the benefits outweigh the costs than their managerial counterparts.



Table 7. Union-Management Differences

Survey item	<i>N</i>	$\bar{x}$ Union	$\bar{x}$ Management	One-way ANOVA statistical significance
1. Labor is still committed to partnership.	320	4.27	4.08	.064
2. Management is still committed to partnership.	313	3.39	4.19	.000
3. Agency is using partnership principles to address workplace and labor relations issues.	316	3.15	3.72	.000
4. Agency is committing the appropriate time and resources to partnership activities.	312	2.90	3.81	.000
5. Agency is effectively communicating partnership activities.	316	2.59	3.16	.000
6. Management is genuinely committed to making your partnership work effectively.	316	2.95	4.06	.000
7. Labor is genuinely committed to making your partnership work effectively.	315	4.00	3.75	.000
8. The benefits of partnership outweigh the costs.	312	3.71	3.66	.722

## Training

To explore the relationship between training and partnership effectiveness, we asked several items about whether they had received training as a partnership council group (see Table 8). Their responses reveal that a sizable majority (nearly 59%) had received training on interest-based negotiations, which was clearly one of the objectives of E.O. 12871. Between 30 and 40% had also received training on team-building, alternative dispute resolution, partnership principles, and federal-sector labor relations. A third had a formal orientation to their partnership council.

Table 8. Partnership Training

Survey item	<i>N</i>	% Yes	% No	% Don't know
Interest-based negotiations	344	58.7%	30.8%	10.5%
Team-building	335	34.3	50.7	14.9
Federal-sector labor relations	336	30.1	50.9	19.0
Alternative dispute resolution	340	39.7	46.8	13.5
Interpersonal skills	328	16.8	60.7	22.6
Partnership principles	337	39.5	45.1	15.4
Partnership council orientation	335	33.7	49.0	17.3
Budgeting	330	13.3	67.6	19.1
Procurement	329	4.6	74.5	21.0
Strategic planning	330	13.9	66.4	19.7
Human resources	329	15.2	66.6	18.2
Customer service	330	17.3	64.5	18.2
Reinventing government	328	11.0	68.6	20.4

Obviously, much less training was reported on the more business-oriented topics. Fewer than 20% had received training as a council group on matters ranging from budgeting and strategic planning to reinventing government.

### Correlations

Table 9 reports the simple correlations between the three indices of partnership effectiveness, a *commitment* index, the *impact* index, and a *training* index. Without exception, the correlations are positive and statistically significant. Of particular interest at this point are the correlations between 1) commitment and the partnership performance measures and 2) training and the performance measures. The *training* index is most strongly correlated with *impact* and *communications*, which are also highly intercorrelated.

In summary, several factors distinguish between high-impact and low-impact partnerships. They include the degree to which both parties are committed to partnership, training, and the institutional strength of the union. High-performing partnerships exhibit a strategic orientation, concentrate on the agency mission, stay focused, and institutionalize their operations. While there are significant differences between union and management representatives in terms of how they perceive their respective commitment to partnership, both tend to agree that the

Table 9. Bivariate Correlation Matrix

	Impact	Commit- ment	Communi- cations	Decision making	Meeting	Training
Impact	—	.574***	.690***	.695***	.769***	.264***
Commitment	.574***	—	.499***	.638***	.623***	.279***
Communications	.690***	.499***	—	.583***	.679***	.196**
Decision making	.695***	.638***	.583***	—	.703***	.229**
Meeting	.769***	.623**	.679***	.703***	—	.197**
Training	.264***	.279**	.196**	.229**	.197**	—

\*\* $p < .05$  (two-tailed test)

\*\*\* $p < .001$  (two-tailed test)

benefits of this cooperative endeavor outweigh the costs. Moreover, a clear pattern of positive relationships emerges between commitment and training, on the one hand, and the dimensions of partnership effectiveness (*communications*, *decision making*, and *meeting*) as well as the *impact* index, on the other hand.

### AT THE CROSSROADS

President Clinton's concerted reinvention effort and partnership initiative achieved some decided success and produced meaningful results, even though performance and impact varied widely. However, these twin efforts also provoked considerable controversy. Partnership, in particular, raised ideological as well as managerial objections. As the debate over the DHS revealed, union involvement *per se* can be a divisive or "wedge" issue. Shortly before assuming office, the Bush administration was advised to discontinue partnership. A January 2001 report by the Heritage Foundation stated:

President Clinton's effort to "reinvent government" resulted in significant changes, but the net effect has been to undermine strong political management and cabinet government. In order to make promised reductions in staffing, he formed an alliance with federal unions. He issued Executive Order 12871, which established "labor-management partnerships" that elevated federal unions to equality with agency management. The President will need to revoke this executive order . . . [12, p. 2].

President Bush heeded this advice. On February 17, 2001, less than one month after taking office, he repealed E.O. 12871. Through E.O. 13203, he not only revoked the Clinton mandate but also dissolved the NPC and rescinded agency directives implementing partnership.

Unsurprisingly, federal-employee unions greeted the Bush order with disappointment. However, E.O. 13203 represented only the first in a series of executive actions that they viewed as a direct threat. Before the tragic events of September 11, 2001, the Office of Management and Budget (OMB) released the *President's Management Agenda*, which articulated a managerial philosophy that stressed flexibility, accountability, and responsibility [13]. Its complete silence on labor-management relations spoke volumes. Ongoing administration efforts to accelerate the contracting out of federal work intensified union concerns.

While federal-employee unions and the Bush administration were already heading in opposite directions, the events of September 11, 2001, triggered a set of organizational responses that put them on a collision course. Shortly after the terrorist attack, Congress created the Transportation Security Administration which federalized the function of airport baggage security. In the process, Congress gave the head of the TSA, which was initially housed in the Department of Transportation, the authority to determine whether or not these newly federalized workers were to have the right to unionize. In effect, for the expressed purpose of maximizing the managerial discretion and flexibility deemed vital to homeland security, the statute creating TSA suspended the union rights of these federal workers until further notice. The message rang loud and clear: Labor representation is presumptively incompatible with protecting the homeland, a domestic extension of the national-security mission.

The debate over creating the Department of Homeland Security brought this controversy to a political head. The president insisted on preserving complete managerial flexibility and suspending union rights. The then-Democratic-controlled U.S. Senate (this debate over DHS occurred in 2002) wanted to extend union rights but give the president limited authority to exempt employees from FSLMRS protections. A several-month-long legislative stalemate occurred as a result of these conflicting positions, only to be unlocked by the Republican sweep of the November 2002 congressional elections.

In November 2002, a compromise of sorts was reached. The Homeland Security Act of 2002 (H.R. 5005) granted the president unrestricted authority to exempt DHS employees from FSLMRS protections. However, it presumptively granted such protections and provided for continual union involvement in setting the new department's human resources management system.

Understandably, this compromise did not satisfy the unions. Notwithstanding a "Sense of the Congress" provision endorsing employee involvement, the new DHS's secretary's pledge to cooperate, and the OPM director's earlier endorsement of labor-management cooperation, wherever possible, on a governmentwide basis, unions had great doubts that their bargaining rights would be preserved in the DHS. They pointed to a decision made by the head of the TSA in January 2003 denying airport security personnel the right to unionize, the administration's unbending insistence on protecting presidential prerogative in

H.R. 5005, the order rescinding partnership, and the *President's Management Agenda* as reasons for concern (see Figure 3).

The conflict over extending labor rights in the DHS revealed diametrically opposing views about the propriety and utility of union representation (see Figure 4). One view, given implicit or explicit sanction by opponents of union rights in DHS, is that labor representation is inherently antithetical to agency performance, especially in essential functions related to national security. The view holds that unions foster conflict, shield subperformers from discipline, stymie change and innovation, raise operating costs, hinder management, create dual loyalties, and reduce incentives to perform. In an agency like DHS, management arguably needs maximum discretion to assign, remove, and redeploy personnel as conditions warrant, without having to comply with cumbersome work rules or face the possibility of employee grievances.

Proponents of extending union rights regarded labor representation as fundamentally compatible with effective agency performance, including cases involving national security. Simply put, the argument is that unions help keep management honest and sharp. They build organizational allegiance and promote productivity by securing additional human capital investments. In addition, by involving employees, unions improve communications and encourage useful ideas to filter up in the organization. Motivation rises and turnover falls. Consequently, the well-being of the organization is served by encouraging cooperation with employee representatives.

On the surface, these views seem practically irreconcilable. Yet, politics is the art of compromise. Congress and the White House ultimately agreed on language that gave the parties (i.e., labor and management) considerable latitude to choose either cooperation or confrontation. We present a balanced framework

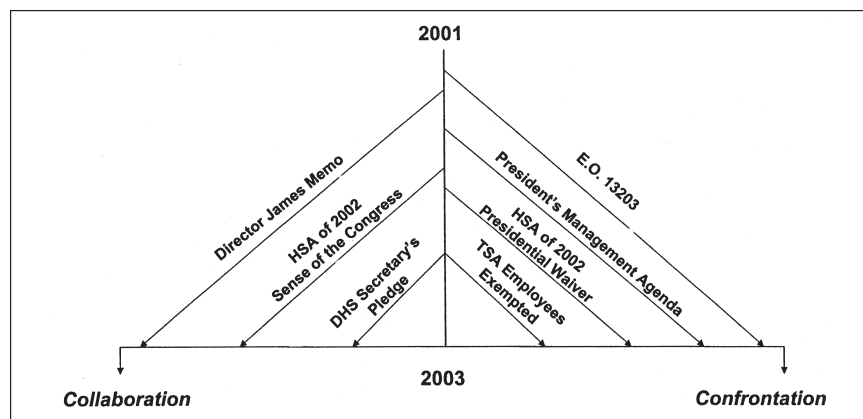


Figure 3. At the crossroads.

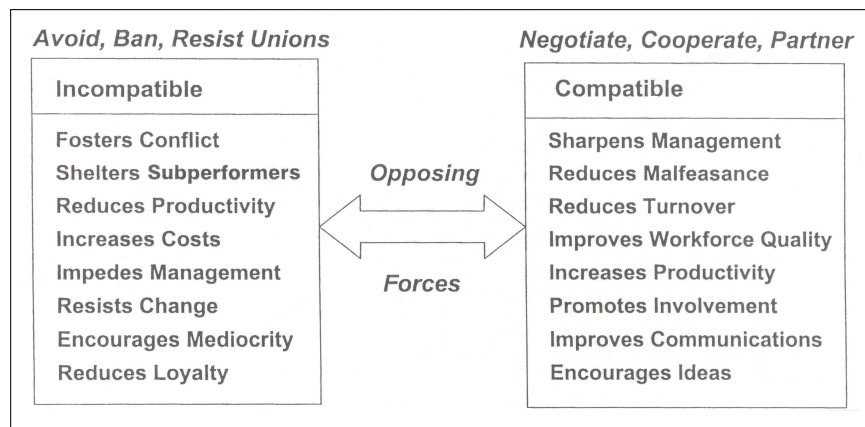


Figure 4. Is union representation compatible with Homeland Security?

within which the DHS may avoid unhealthy confrontation and promote effective cooperation.

### **A COLLABORATIVE DHS MODEL OF LABOR-MANAGEMENT RELATIONS**

The Homeland Security Act of 2002 includes several provisions pertinent to labor-management relations [14, §841-842]. It gives departmental management considerable latitude to fashion the DHS's own labor relations and human resources management system. We suggest that top management at DHS consider a collaborative model that incorporates some of the best practices and lessons learned from the Clinton-Gore partnership experience. To succeed, a collaborative approach must be strategically oriented, mission-focused, and institutionalized, involving labor and management as partners, not as disputants.

#### **Relevant Provisions**

The HSA contains five sets of provisions on labor-management relations (Table 10). First, it includes a "Sense of the Congress" statement to the effect that employee participation is important to the effective design of a new human resources management system and that such collaboration would promote homeland security [14].

Second, in designing a human resources management system, the DHS secretary is required to guarantee employees the right to organize and bargain collectively, except as provided under the statute. Third, the secretary and director of the OPM are also required to notify and consult with representatives of employees on proposals to design and implement the new human resources

Table 10. Key Labor-Management Provisions of the Homeland Security Act (2002)

Dimension	Provision
Sense of Congress	<ul style="list-style-type: none"> <li>• Employee involvement extremely important.</li> <li>• HRM systems benefit from employee involvement.</li> <li>• Collaboration will help secure homeland.</li> </ul>
HRM System Requirements	<ul style="list-style-type: none"> <li>• Ensure right to organize and bargain collectively, except as otherwise provided.</li> </ul>
Employee Representation	<ul style="list-style-type: none"> <li>• Employees involved in an ongoing basis in the design and implementation of HRM system.</li> <li>• DHS secretary or union may request mediation of differences by Federal Mediation and Conciliation Service.</li> </ul>
Transfer of FSLMRS Rights	<ul style="list-style-type: none"> <li>• Rights presumptively transferred to employees unless the mission of their agency unit, bargaining unit, or job materially changes to include matters relating to homeland security intelligence investigation.</li> </ul>
Presidential Waiver	<ul style="list-style-type: none"> <li>• President may waive FSLMRS provisions 10 days after congressional notification.</li> </ul>

**Source:** Homeland Security Act Section 841-842 Public Law 107-296.

management system. In this vein, the secretary and director are also instructed to design an ongoing mechanism for employee-representative participation in such decision making.

Fourth, the FSLMRS protections of federal employees transferred into the DHS shall remain in effect unless the mission and responsibilities of the agency, bargaining unit, or employee transferred materially changes, and “consists of intelligence, counterintelligence, or investigative work directly related to terrorism investigation” [14, §842]. Finally, the HSA grants the president the unfettered right to waive provisions of the FSLMRS if such application would adversely impact the ability of the DHS to carry out its mission.

**Collaborative Pyramid**

Within this statutory framework, the DHS secretary and OPM director will need to balance many differing and sometimes seemingly competing interests. We

propose a multitiered model creating four levels of employee involvement (see Figure 5). First, a departmentwide labor-management committee would be created to focus on designing, implementing, and continually improving a human resource management system and take other organizational initiatives to fulfill the mission of the DHS. The jurisdiction of the committee would be broad, like those associated with prior departmental partnerships.

Second, local and regional-level labor-management councils would be created at appropriate sites to adapt applications of DHS-wide initiatives and promote the integration of the 22 agencies folded into DHS into an operating whole. Again, the charge of these councils would be broad and mission-focused.

Third, for units of the DHS whose missions do not directly involve intelligence gathering affecting homeland security, existing FSLMRS protections would be afforded, unless a compelling reason to the contrary existed. Where employees are unionized, collective bargaining would proceed with current obligations as under FSLMRS. However, the parties would agree to work diligently to reduce unnecessary conflict, to expedite bargaining, and tie labor-management

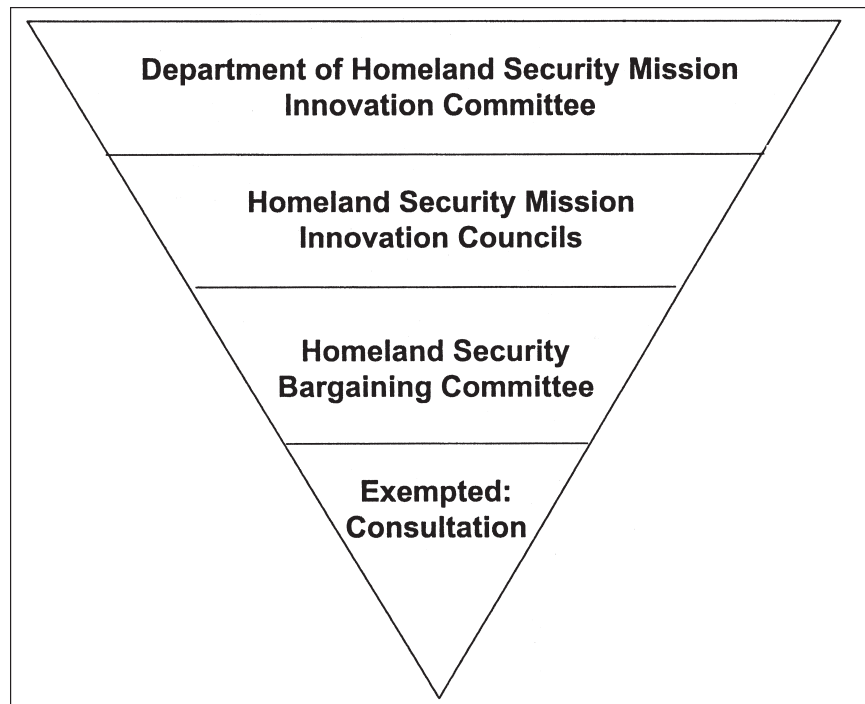


Figure 5. A collaborative pyramid.



agreements to the needs of the DHS for flexibility in personnel utilization and modernization of operations.

Finally, a mechanism would be developed to provide for the continual and timely involvement of unprotected or exempted employees, particularly those involved in key duties that may be affected by HRMs system and other organizational initiatives. These employees will have strong interests that need to be voiced in DHS strategic and operational decision making.

While this model borrows heavily from a now-rescinded partnership framework, it attempts to keep the best of the prior experience. At the same time, it gives the DHS an option to consider in fulfilling its statutory requirement to involve employee representatives and ensure basic labor rights, except as otherwise provided. Without doubt, integrating the operations of 170,000-plus employees lodged in 22 previously separate agencies into a well-functioning department in a mammoth task. It will require an extensive amount of employee cooperation to succeed. DHS cannot afford open and unbridled conflict with the unions, which will be there long after President Bush and Secretary Ridge leave office.

## ENDNOTES

1. In 1993, President Bill Clinton initiated a sustained effort to reinvent government. Labor-management partnership represented a central column of the administration's initiative.
2. We were awarded the OPM contract in early 1999. Agencies chose whether or not to be part of the study before the award. Thus, we had no input into selecting the agencies evaluated.
3. The Homeland Security Act of 2002 combined 22 existing federal agencies into a new department employing approximately 170,000. Among the agencies consolidated were several that had significant union representation. Unions represent 24,324 at the Immigration and Naturalization Service; 11,731 in the Customs Service; 3,486 at the Coast Guard; and 2,498 at the Animal and Plant Health Inspection Service. Each of these agencies has been transferred into DHS.
4. National Performance Review, *From Red Tape to Results: Creating a Government that Works Better and Costs Less*, NPR, Washington, D.C., 1993.
5. D. F. Kettl, *Reinventing Government? Appraising the National Performance Review*, The Brookings Institution, Washington, D.C., 1994.
6. Executive Order 12871, President Bill Clinton, *Labor-Management Partnerships*, Washington, D.C., October 1, 1993.
7. The FSLMRS, or Title VII of the 1978 Civil Service Reform Act, prohibits bargaining over wages, benefits, and union-security arrangements. It also includes a strongly worded management-rights provision and bans strikes. The specified scope of bargaining includes "personnel policies, practices, and matters, whether established by rule, regulation, or otherwise, affecting working conditions."
8. U.S. Office of Personnel Management, *National Partnership Council Update*, December 7, 1998.

9. A December 2000 report to the president by the U.S. Office of Personnel Management (*Labor-Management Partnership: A Report to the President*) stated, "We believe many agencies are finding it extraordinarily difficult to quantify changes in labor-management relations and to measure the impact of those changes on the performance of large, complex organizations" [p. 1].
10. A. Dastmalchian, P. Blyton, and R. Adamson, Industrial Relations Climate: Testing a Construct, *Journal of Occupational Psychology*, 62, pp. 21-32, 1989.
11. M. F. Masters, Federal-Sector Unions: Current Status and Future Directions, *Journal of Labor Research*, 2003 (in press).
12. G. Nesterczuk, D. Devine, and R. Moffit, *Taking charge of Federal Personnel*, The Heritage Foundation Backgrounder No. 1404, Washington, D.C., 2001.
13. U.S. Office of Management and Budget, *The President's Management Agenda*, OMB, Washington, D.C., 2001.
14. Homeland Security Act, Public Law 107-296, November 19, 2002.

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