



Issue in Focus

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Works Councils: A Better Way of Doing Business?

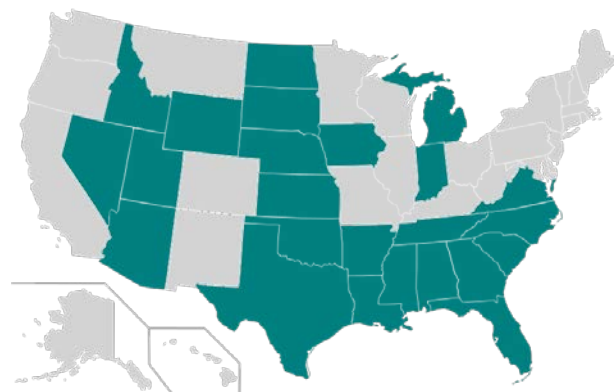
This brief discussion of an “Issue in Focus” contains candid observations and opinions from staff members of the Office of Inspector General.

Prompted by shootings at the Royal Oak mail processing facility in 1991, Congress asked the General Accounting Office (GAO) to review U.S. Postal Service labor-management relations. The GAO report was highly critical of the Postal Service’s organizational culture, particularly its management style, and found that despite well intended efforts, the Postal Service had been unable to effect meaningful change to its corporate culture.

Mark Jamison, a retired North Carolina postmaster, is a contributor to the *Save the Post Office* blog. Twenty years after the GAO report, he remains critical of the Postal Service’s management culture. His recent description of it makes clear that he thinks it is harming not only the relationship between management and employees, but also customer service and relations with other Postal Service stakeholders. Recent news events raise an interesting proposition: could works councils improve this situation?

Volkswagen and the United Auto Workers

Volkswagen (VW) operates an auto assembly plant in Chattanooga, Tennessee. Like all southern states, Tennessee is a right-to-work state. Right-to-work laws mean that workers cannot be forced to join or pay dues to a union in order to work in a unionized facility. Right-to-work laws greatly weaken the power and presence of labor unions. In a somewhat odd turn of events, VW recently welcomed a vote to unionize its Chattanooga plant under



Right to work states are in turquoise.

the United Auto Workers (UAW). Had VW management lost its fahrvergnügen? There was a method to VW's madness. What VW actually wanted was the authority to establish something called a works council. Under U.S. labor law, works councils are illegal unless workers are already unionized. For VW, the UAW vote was a means to an end.

The election drew significant criticism from many of the state's legislators, who made the case that unions are manifestly unwelcome in Tennessee. The criticisms of VW went so far as to suggest that certain concessions provided to VW might not continue if the plant's workers unionized. Although closely contested, the workers voted down the unionization proposal.

What Is a Works Council?

A works council is a panel of union and non-union employees who serve as advisors to local management. Meetings of works councils are held on the clock and considered an integral part of the process of continually improving plant operations. The goal is that by opening lines of communication within an organization, the firm can increase productivity, facilitate employee engagement, and make a car that meets customer needs. Volkswagen regards works councils as a necessary component of its corporate culture. The Chattanooga plant is the only VW plant outside of China without a works council.



Works councils are popular in Japan and Europe, where a European Union directive all but mandates their use for large companies. They closely resemble a concept called quality circles, an element of Total Quality Management (TQM). Quality circles and TQM fell out of favor in the U.S. for a variety of reasons.

Can It Work for the Postal Service?

Works councils and quality circles are examples of participatory management. The Postal Service tried TQM in the 1990s but has long since abandoned it. While it is difficult to say why TQM failed in the Postal Service, one can see many reasons why it fails in organizations in general. At a minimum, participatory management practices require a full and sustained commitment from leadership, and leadership of the Postal Service changes frequently. In the past 30 years, there have been eight Postmasters General (PMGs). Setting aside that one of them (Potter) served in the position for nearly a decade, the average tenure of a PMG is only about three years. The PMG answers to nine Postal Service Governors whose membership changes often.

A commitment of the sort exhibited by Volkswagen requires a completely different approach to organizational culture. Half of the eight PMGs, including the three PMGs in office since 1998, have been postal insiders who have spent their entire careers in the traditional hierarchical organization. Experimenting with such a radical concept would be a major departure from the leadership strategies of recent PMGs. The recent events in Chattanooga do raise an interesting question: is the Postal Service overlooking a way to improve its labor relations and increase productivity?

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