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U.S. POSTAL SERVICE

Labor-Management Problems Persist on the Workroom Floor

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Notice: This is a reprint of a GAO report.

Preface

This volume of GAO's report is a detailed analysis of labor-management relations at the U.S. Postal Service. GAO's analysis incorporates the views of both national and local management, unions, and management associations leaders on labor-management relations and the views of postal employees on their work environment. We report on the state of union-management relations, the work environment in mail processing plants and post offices that we visited, and the initiatives to improve relations. Specifically, we address four major topics:

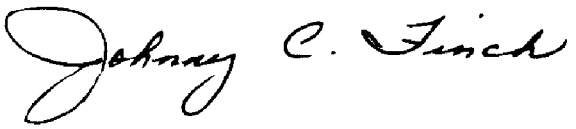
(1) the Postal Service's efforts to change its corporate culture in order to succeed in a competitive marketplace (ch. 2);

(2) the status of union-management relations and the views of the postal workforce on management style (ch. 3);

(3) the work environment and labor relations problems in mail processing and delivery operations (chs. 4 and 5); and

(4) the efforts by the Postal Service, unions, and management associations to improve the work climate and enhance labor-management relations (ch. 6).

Any questions concerning this review can be addressed to J. William Gadsby, Director, Government Business Operations Issues, who may be reached on (202) 512-8387.



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Abbreviations

AFL-CIO	American Federation of Labor-Congress of Industrial Organizations
AMF	Airport Mail Facility
APWU	American Postal Workers Union
BMC	Bulk Mail Center
CSI	Customer Satisfaction Index
DPS	Delivery Point Sequencing
EAS	Executive and Administrative Schedule
EI	Employee Involvement
EOS	Employee Opinion Survey
EXFC	External First-Class Measurement System
FLSA	Federal Labor Standards Act
FMCS	Federal Mediation and Conciliation Service
GMF	General Mail Facility
GM	General Motors
LAMPS	Labor/Management Partners
LISTEN	Letters of Warning In Lieu of Suspension
MBP	Management By Participation
MOC	Modern Operating Concepts
NALC	National Association of Letter Carriers
NAPS	National Association of Postal Supervisors
NAPUS	National Association of Postmasters of the United States
NLRB	National Labor Relations Board
NO-TOL	No Time Off In Lieu of Suspension
NPMHU	National Postal Mail Handlers Union
NPR	National Performance Review
NRLCA	National Rural Letter Carriers' Association
PCES	Postal Career Executive Service
PMG	Postmaster General
QWL	Quality of Working Life
RBCS	Remote Bar Coding System
SET	Striving for Excellence Together
TVA	Tennessee Valley Authority
UAW	United Auto Workers
UMPS	Union/Management Pairs

Introduction

Over 800,000 people work for the U.S. Postal Service, making it the nation's largest civilian employer. The large majority of the postal workforce is represented by unions that date, in some cases, back to the 1880s. Over the Postal Service's history, relations between labor unions and postal management have often been confrontational. The culture on the workroom floor of the vast mail processing plants and post offices throughout the country has been characterized by postal management, management association, and union officials as authoritarian, wherein employees work under a highly structured system of workrules and autocratic management style. Working conditions at plants and post offices reportedly have contributed to tension and frustration, and the number of hostile and violent episodes involving postal employees has increased since 1983.

Postmaster General Marvin Runyon, like many of his predecessors, has said that the adversarial relationships between labor and management must end. Since Mr. Runyon's appointment to Postmaster General in July 1992, there has been a visible emphasis on working to establish good relations between postal management and unions representing postal employees. He has attached great importance to improving relationships between managers and employees, making better treatment of people a high priority. "Autocratic management is out," he has said, and employee empowerment is one of the key elements of his agenda as Postmaster General.

Early History of Labor-Management Relations

Labor-management problems at the Postal Service are not new. Poor working conditions for postal employees go back to the end of the 19th century, when letter carriers were often forced to stay on the job 10 or more hours daily. An 1890 national survey showed that 90 percent of post office clerks worked an average of 14 hours a day. Along with long workdays, workrooms were filthy and the air was polluted. Tuberculosis was such a common occupational disease among postal employees that it became known as the "clerks' sickness."

Unsatisfactory working conditions, along with low pay and arbitrary management behavior, prompted postal workers to be the first federal employees to join unions in significant numbers. The city letter carriers organized in 1889 and were the first "craft" to unite for concerted action. A year later the postal clerks established a national organization, and by 1908 the rural letter carriers, the postmasters, and postal supervisors had all formed national associations. In their early efforts, the postal union

leaders cultivated close relations with key Members of Congress to obtain improvements in pay and working conditions.

The primary focus of postal employee organizations was lobbying Congress and administering employee benefit programs until 1962, when President Kennedy issued Executive Order 10988. The order established the principle of limited collective bargaining. However, bargaining was severely limited because almost all policies on wages and hours continued to be controlled by Congress.

The Postal Reform Movement

By the mid-1960s, the Post Office Department, then a cabinet organization, was experiencing large increases in mail volume, mounting operating deficits, and complaints of tardy deliveries. In 1966, operation of the 13-story, 60-acre Chicago Post Office stopped for over 2 weeks, as the volume of mail exceeded the handling capacity of the nation's largest postal facility. Six months later, Postmaster General Lawrence O'Brien called for major reforms. In response, President Lyndon Johnson appointed the President's Commission on Postal Organization, which was headed by Mr. Frederick Kappel and known as the Kappel Commission, to determine whether the postal system was capable of meeting the demands of the nation's growing economy and expanding population.

The Kappel Commission Report

The Kappel Commission concluded that the postal system was deteriorating and likely to produce more disasters similar to Chicago. Some of the deplorable conditions found by the Commission were antiquated personnel policies, a poor work environment, limited career opportunities and training, an inadequate system for supervision, and unproductive labor-management relations. The Commission's report, issued in June 1968, recommended that the Post Office Department be replaced by a postal corporation owned by the federal government and chartered by Congress. The new corporation would operate the postal system on a self-supporting basis and take immediate steps to improve customer service and the working conditions of employees.[1]

The 1970 Strike

The controversy surrounding the proposed postal reorganization and demands for wage increases for postal workers contributed to the largest ever federal walkout to that date in 1970. President Richard Nixon had

[1]Towards Postal Excellence: The Report of the President's Commission on Postal Organization, President's Commission on Postal Organization, (Washington, D.C.: Government Printing Office, June 1968).

predicated any wage increase on congressional approval of the reorganization bill. The postal unions wanted a pay raise for their members but uniformly opposed radical postal reorganization. All attempts at compromise failed, and on March 18, 1970, city letter carriers voted to strike in New York City. The walkout quickly spread to other cities, affecting more than 600 post offices nationwide. By the end of the 9-day strike, over 200,000 workers were off the job.

The Postal Reorganization Act of 1970

Following the strike, Congress passed the Postal Reorganization Act in August 1970, establishing the Postal Service as an independent governmental establishment with a mandate to provide prompt, reliable, and efficient mail services to all areas of the country. Congress envisioned that it would be self-sustaining by 1985. The act brought postal labor relations within a structure similar to that applicable to companies in the private sector.[2] Collective bargaining for wages and working conditions was authorized, subject to regulation by the National Labor Relations Board. A negotiated grievance procedure, including binding arbitration, was also authorized to resolve employee and union grievances.[3]

However, Congress included several key provisions differentiating postal labor relations from those in the private sector:

- Postal employees could not be compelled to join or pay dues to the union.[4]
- Strikes were prohibited.[5]
- In lieu of the right to strike, binding (compulsory) arbitration was established to resolve bargaining deadlocks.[6]
- Wages comparable to those of workers in the private sector were mandated.[7]

[2]Public Law 91-375, 39 U.S.C. 1001 et seq.

[3]39 U.S.C. 1206.

[4]39 U.S.C. 1204, 1205.

[5]39 U.S.C. 410 provides for the application of other laws to the Postal Service. This includes 5 U.S.C. 7311, which prohibits federal employees from striking.

[6]39 U.S.C. 1207.

[7]39 U.S.C. 1003.

- Associations were authorized for supervisors and managers to be represented in the planning and development of pay policies, schedules, and other programs affecting them.[8]

Organizations Representing Postal Employees

As of September 1993, 612,826 employees (about 89 percent) of the Postal Service's 691,723 career employees were represented by unions. These employees are called "bargaining unit" or "craft" employees. Although union membership is voluntary, approximately 80 percent of those represented by unions have joined and pay dues to the various postal unions. General managers, postmasters, and supervisors, totaling 57,240 as of September 1993, are "nonbargaining unit" employees and are represented by management associations.

Craft Unions

Employees are organized along craft lines—i.e., by the nature of their work—and most bargaining employees (612,600, or 99.7 percent) are represented by 1 of 4 unions (see table 1.1.).

Table 1.1: Organizations Representing Career Bargaining Employees as of September 1993

Organizations and employee functions	Number of employees[a]	Percent
American Postal Workers Union, AFL-CIO, (APWU) represents clerks, maintenance workers, special delivery messengers, and motor vehicle operators.	305,937	49.8
National Association of Letter Carriers, AFL-CIO, (NALC) represents city letter carriers.	211,893	34.5
National Rural Letter Carriers Association (NRLCA) represents rural letter carriers.	43,694	7.1
National Postal Mail Handlers Union (NPMHU), a Division of the Laborers' International Union of North America, AFL-CIO, represents mail handlers.	51,078	8.3
Other unions[b]	1,647	.3
Total	**614,249**	**100.0**

[a]The number of employees shown is the number of career craft employees represented and not the number of union members.

[b]The other unions are the D.C. Nurses Association (224 nurses) and the Federation of Postal Police Officers (1,423 officers).

Source: Postal Service On-Rolls and Paid Employee Statistics, Accounting Period 13, Postal Fiscal Year 1993.

[8]39 U.S.C. 1004.

The headquarters and national offices of all four unions are located in the Washington, D.C., area. Union presidents and other national officers are elected every several years at conventions or by mail ballot, depending on the terms of each union's constitution. The union field structure of locals and branch offices generally is aligned with the Postal Service field structure. The local and branch offices are serviced by national business agents who generally are full-time paid staff of the unions. At the local and branch level, officers, who are full-time postal employees, are elected for terms ranging up to 3 years in accordance with local constitutions. On the workroom floor of mail processing plants and post offices, union shop stewards are granted time away from their work to represent employees in grievances.

Management Associations

The Postal Reorganization Act of 1970 included provisions unique to the Postal Service in that it was required to consult with and recognize organizations representing postmasters, supervisors, and other managerial nonbargaining personnel. The National League of Postmasters (the "League") was formed in 1904 to promote the interests of postmasters in smaller post offices; the older National Association of Postmasters of the U.S. (NAPUS), which was formed in 1898, continued to represent postmasters in large municipalities. Since 1970, the distinction between the League and NAPUS, with a reported 1993 membership of approximately 19,000 and 23,000, respectively, has become blurred, and the membership of the two organizations overlaps, i.e., many postmasters belong to both organizations. The National Association of Postal Supervisors (NAPS), which was formed in 1908 and had a reported membership of approximately 35,000 in 1993, represents all supervisors and lower level managers except those at headquarters and area offices.

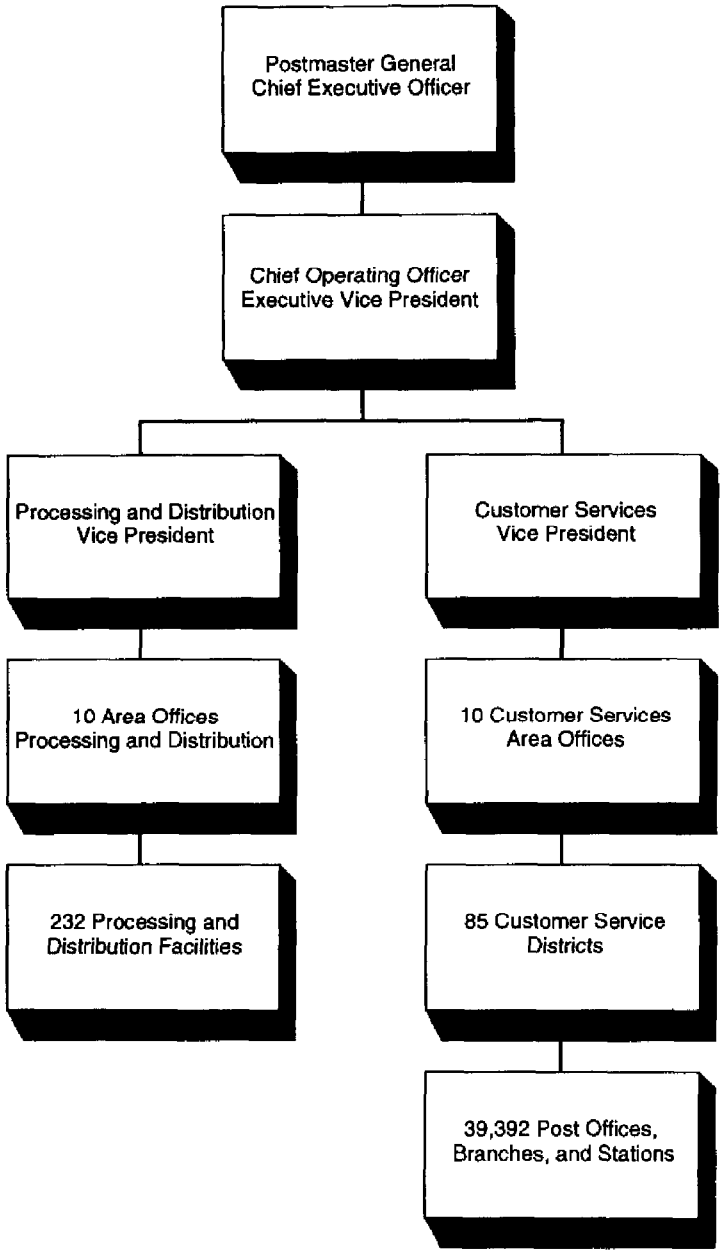
Unlike craft unions, the management associations cannot bargain with postal management. However, like the craft employee unions, the associations have a long history of representing their members' interests in congressional deliberations on postal policy and exercising their rights under the Postal Reorganization Act of 1970 to consult with postal management on decisions that affect their members. Lacking access to a grievance/arbitration procedure to address their concerns, employees represented by management associations use an internal appeal procedure, the Merit System Protection Board, and the U.S. District Courts to seek redress for adverse actions of postal management.

The Postal Service Organization Today

An 11-member Board of Governors directs the Postal Service. The Board consists of nine governors, the Postmaster General, and the Deputy Postmaster General. Other Postal Service officials include 21 vice presidents, the Chief Postal Inspector, the Judicial Officer, and 605 Postal Career Executive Service (PCES) positions. In addition, about 74,256 white-collar postal employees were under the Executive and Administrative Schedule (EAS) at the end of September 1993. EAS has 26 pay levels and includes people in support functions, postmasters, and supervisors.

Postal field operations are divided into two distinct functions—one for processing and distribution and the other for customer service. Within each of these functions are 10 area offices. The Area Offices for Processing and Distribution oversee 352 mail processing and distribution plants. These include 271 Processing and Distribution Centers/Facilities, 21 Bulk Mail Centers, and 60 Airport Mail Centers/Facilities. The Area Customer Service Offices oversee 85 customer service districts that focus on mail delivery and retail services. These districts are responsible for about 39,400 post offices, stations, and branches, varying in size from 1-person operations to facilities with as many as 7,500 employees. (See fig. 1.1.)

Figure 1.1: U.S. Postal Service Headquarters and Field Alignment as of September 1993

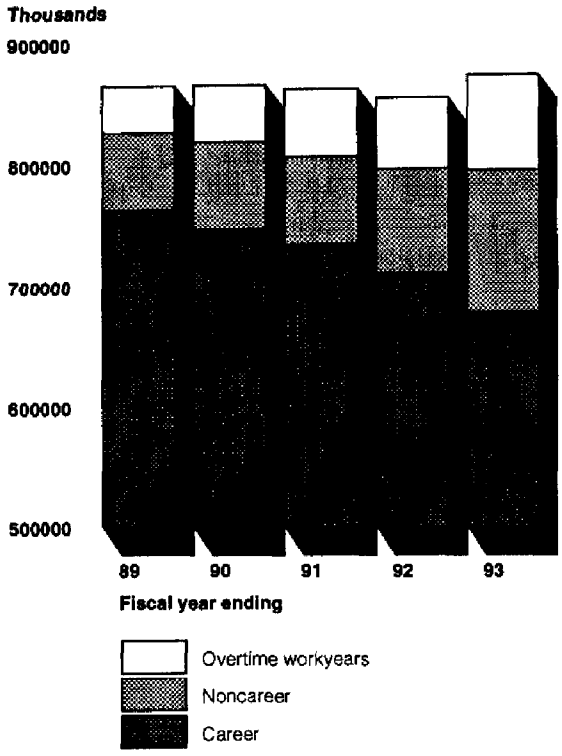


Source: U.S. Postal Service.

At the end of fiscal year 1993, the Postal Service had 817,879 employees—85 percent (691,723) were career employees and 15 percent (126,156) were noncareer employees. Overall, this was 35,673 fewer employees than in fiscal year 1989. The Postal Service career employee complement decreased during this 5-year period while the noncareer complement increased. Although the size of the workforce is shrinking, the Postal Service's use of overtime has nearly doubled over the last 5 years, rising from 69.0 million workhours in fiscal year 1989 to 140.1 million workhours in fiscal year 1993. The increase in overtime hours is due to a number of factors: higher mail volume,[9] automation program not achieving anticipated workhour savings, and the recent loss of experienced workers through the retirement incentive program offered in 1992. Taken together, the increase in overtime and hiring of noncareer employees have more than offset the reduction in career employees (see fig. 1.2).

[9]In fiscal year 1993, for example, the postal workforce processed and delivered over 171.2 billion pieces of mail—an increase of 2.9 percent over fiscal year 1992.

Figure 1.2: Changes in Employee Complement and Overtime Usage, Fiscal Years 1989-1993



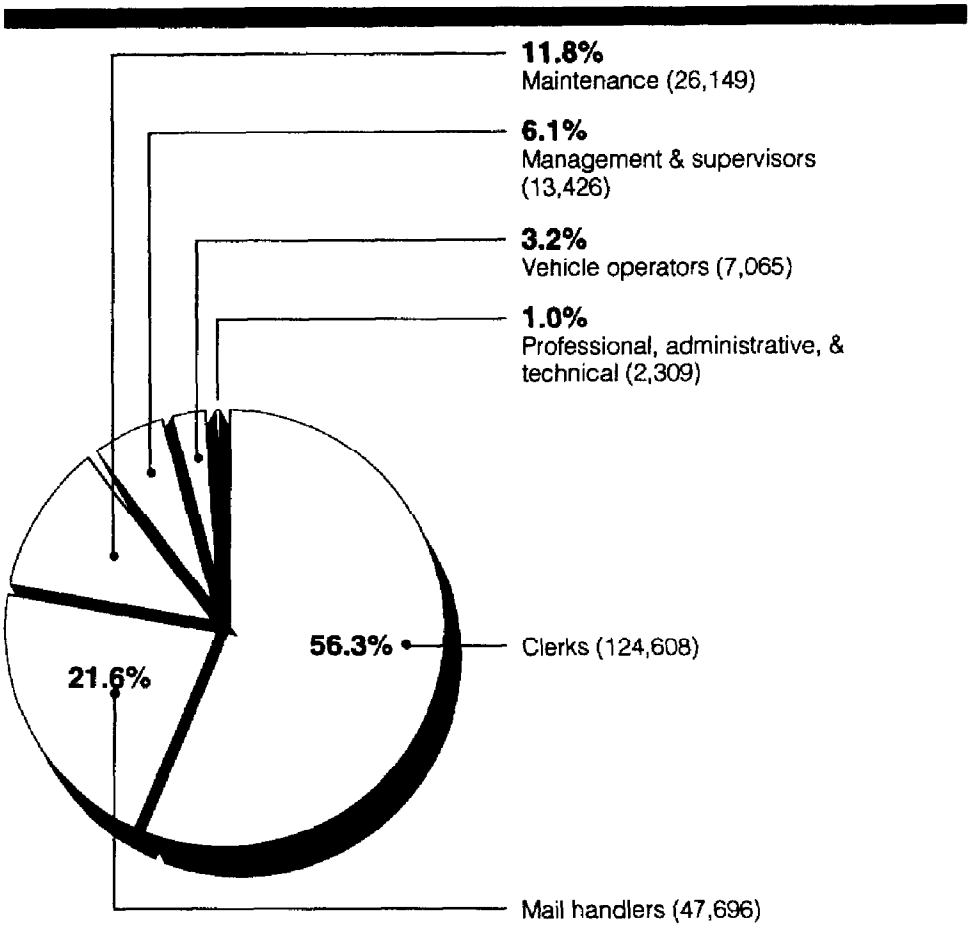
Sources: Postal Service On-Rolls and Paid Employees Reporting System and Postal Service National Workhours Reporting System.

Of the 691,723 career employees, 98.5 percent were assigned to field operations—32.1 percent (222,046) in mail processing and distribution and 66.4 percent (459,388) in customer service.

Mail Processing and Distribution

Mail processing facilities are large plants containing conveyors and machines that expedite the sorting and routing of mail and parcels. As figure 1.3 shows, clerks represent the largest category of the approximately 221,300 craft employees working in processing and distribution facilities.

Figure 1.3: Composition of Postal Career Workforce in Mail Processing and Distribution Facilities at the End of Fiscal Year 1993



Source: Postal Service On-Rolls and Paid Employees Reporting System, Accounting Period 13, Postal Fiscal Year 1993.

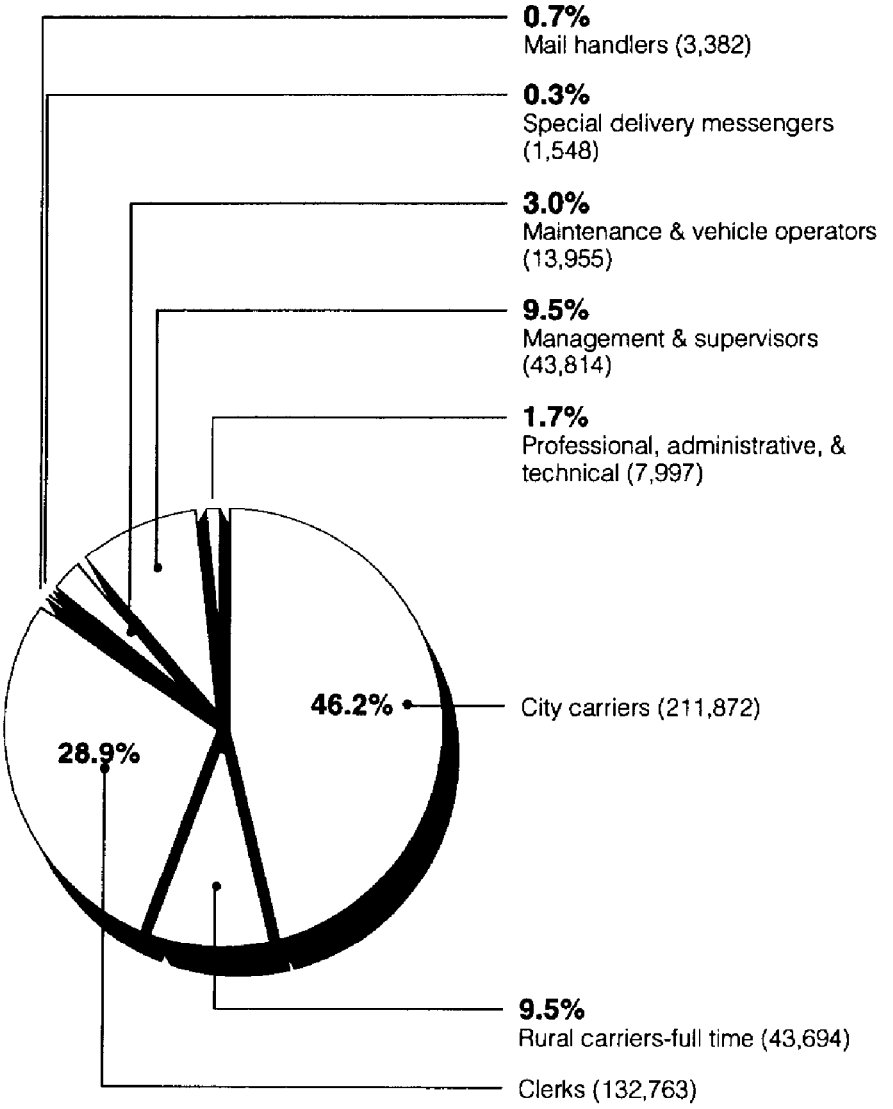
Most of the clerks perform mechanized or automated sorting tasks. Mail handlers constitute the next largest category of workers. They are assigned to unloading the incoming mail, operating equipment that separates and cancels letter mail, performing parcel-sorting tasks, and loading outgoing mail for further distribution or delivery. The remaining craft employees include motor vehicle operators; vehicle, equipment, and building maintenance employees; and other specialized workers.

Managers or installation heads, along with the lower level supervisors and support staff, represent about 7 percent of the total processing and distribution workforce.

Customer Service

About one-half of the approximately 459,400 customer service employees are city carriers who sort and deliver mail to homes, apartments, office buildings, and businesses. The city carriers work in urban and suburban post offices along with clerks who perform mail sorting and window services. Mail handlers, maintenance workers, vehicle operators, and special delivery messengers also work in post offices. (See fig. 1.4.)

Figure 1.4: Composition of Postal Career Workforce in Customer Service Districts at the End of Fiscal Year 1993



Source: Postal Service On-Rolls and Paid Employees Reporting System, Accounting Period 13, Postal Fiscal Year 1993.

Rural communities, as well as some suburban post offices, are served by "rural carriers." They perform the same work as city carriers plus some of the duties of window clerks, such as selling stamps and handling registered mail.

Postmasters or installation heads and supervisors direct the workforce in post offices of varying sizes and constitute, along with support staff, about 11 percent of the customer service workforce.

Objectives, Scope, and Methodology

In March 1992, Senator David Pryor, Chairman of the Federal Services, Post Office, and Civil Service Subcommittee, and Senator Carl Levin, Chairman of the Oversight of Governmental Management Subcommittee, Senate Committee on Governmental Affairs, asked us to conduct a full-scale review of labor-management relations at the U.S. Postal Service. Their request was prompted by the November 1991 shooting of postal employees in the Royal Oak Mail Service Center in Royal Oak, MI, and other incidents of violence in the workplace. As agreed with the two Subcommittees, the objectives of the review were to determine the status of labor-management relations[10] in the Postal Service, evaluate past efforts to improve relations, and identify any further opportunities to improve relations.

Our review was done in two phases. The first was done during the 4 months preceding the appointment of Mr. Marvin Runyon as Postmaster General in July 1992, and the second phase began after the implementation of a new organization structure in February 1993 and continued through to December 1993.

During both phases, we interviewed a total of 479 Postal Service supervisors and management officials, national and local postal labor leaders, and national management association leaders (see table 1.2).

[10]"Labor-management relations" as used in this report is a broad term encompassing relations between postal managers/supervisors and employees as well as the traditional meaning of relations between management and unions.

Table 1.2: Postal Service Bargaining and Nonbargaining Employees Interviewed

	Customer service	Processing and delivery	Total
Nonbargaining employees interviewed			
Headquarters officials[a]			**38**
Area offices	8	4	**12**
District personnel	40		**40**
Postmasters, plant managers, and tour superintendents	12	23	**35**
First-line supervisors	23	71	**94**
Others	7	37	**44**
Total nonbargaining	**90**	**135**	**263**
Bargaining unit employees interviewed			
National officials			**12**
Local APWU representatives	0	55	**55**
Local NALC representatives	25	5	**30**
Local NRLCA representatives	7	0	**7**
Local NPMHU representatives	1	34	**35**
Local craft employees	17	44	**61**
Total bargaining	**50**	**138**	**200**
Association representatives interviewed			
National officials			**9**
NAPS	1	2	**3**
NAPUS	3	0	**3**
League	1		**1**
Total associations	**5**	**2**	**16**
Total number of interviews	**142**	**278**	**479**

[a]Headquarters officials interviewed were in Labor Relations, Employee Relations, Training and Development, Quality, Finance, Operation Support, and the Inspection Service.

The interviews were designed to address each objective as well as (1) help us understand the relationships between management and unions, between unions and their memberships, and between supervisors and employees; and (2) identify the factors that contribute to good and bad labor-management relations on the workroom floor.

In phase I, our work also included the following steps:

- reviewing relevant GAO reports (listed at the end of this report) and the results of other studies on labor-management relations done for or by the Postal Service labor relations or employee relations offices;
- examining the legislative history of the Postal Reorganization Act and other relevant literature on postal labor-management relations;
- analyzing grievance/arbitration data compiled at the national level to identify the types of disputes and disagreements between labor and management;
- analyzing the April 1992 results of a Postal Service employee opinion survey to identify factors causing employee dissatisfaction;[11] and
- visiting the then Eastern and Western Regions and the Baltimore, Honolulu, and San Francisco Divisions to assess the labor-management climate in field operations.

Between August 1992 and February 1993, we suspended our field work until Postmaster General Runyon had accomplished the unprecedented reorganization and put his new headquarters and field operations management teams in place. During this time, we visited two unionized companies—Ford Motor Car Company and Saturn Corporation, a division of General Motors—to gain insight on what methods they used to improve the climate on the workroom floor for comparison with the actions planned by the Postal Service.

On the basis of our phase one work and the new Postmaster General's changes, we focused the second phase of our work on working conditions and relations at selected processing and distribution plants and customer service districts located in 5 of the 10 newly established area offices, as follows:

[11]This survey involved mailing a questionnaire to all postal employees to determine their satisfaction on 12 performance dimensions, such as employee treatment and participation. (See ch. 3 for a discussion of the survey and 1992 and 1993 results.)

Allegheny Area

Cincinnati Processing and Distribution Center, OH
Loveland Post Office, Loveland, OH
Groesbeck Post Office, Cincinnati, OH

Mid-Atlantic Area

Southern Maryland Processing and Distribution Center, Capitol Heights, MD
Southern Maryland Bulk Mail Center, Capitol Heights, MD
Hyattsville Post Office, Hyattsville, MD
Clinton Post Office, Clinton, MD
Waldorf Post Office, Waldorf, MD

New York Area

Morgan Processing and Distribution Center, New York, NY
Carmel Post Office, Westchester, NY
Grand Central Station Post Office, New York, NY

Pacific Area

San Francisco Processing and Distribution Center, CA
Healdsburg Post Office, San Francisco, CA
Napolean Post Office, San Francisco, CA
Mission Annex, San Francisco, CA

Western Area

Denver Processing and Distribution Center, CO
Denver Bulk Mail Facilities, Denver, CO
Bear Valley Post Office, Denver, CO
Longmont Post Office, Longmont, CO

We selected the area offices and plants judgmentally with the primary aim of providing both geographic coverage and a mix in the sizes of plants and post offices. During our review, we found that five of the seven plants we visited were in the bottom half of all processing facilities in employee dissatisfaction with management.

At the processing and distribution centers and bulk mail centers visited, we interviewed plant managers, tour superintendents, and local officials of

each union representing postal employees at the location. We also interviewed two or three first-line supervisors for each craft for tours 1 (early morning) and 3 (late night). We selected supervisors for each tour on the basis of the advice and concurrence of both plant management and local NAPS representatives. We selected tours 1 and 3 because each tour had more mail processing activity and more employees than tour 2. We also interviewed four to six union shop stewards on each tour on the basis of the advice and concurrence of both plant management and local union presidents.

In addition to the extensive interviewing we did at the selected plants, we reviewed grievance and arbitration data (contractual disputes and disciplinary actions) to help understand and document the nature and causes of workplace problems identified through interviews. Other information we collected and analyzed included workhour statistics, such as overtime and sick leave usage.

We selected two post offices for visits from each of the five area offices. We selected the post office that had the largest number of carriers in each customer service district where the area offices were located and a second post office that had a mix of city and rural carriers. We wanted to cover post offices with (1) enough carriers to get a range of perspectives on working conditions and relations and (2) a mix of rural and city carriers to compare and contrast the working conditions and relations of rural and city carriers. At each post office, we interviewed the postmaster, at least two shop stewards for city carriers, two shop stewards for rural carriers, and two supervisors, using the same selection method employed for processing and distribution plants. At each post office, we reviewed data on such issues as grievances and arbitration, similar to the information collected at processing and distribution plants.

In addition to the facilities listed on page 21, we revisited Oklahoma City, OK, and Indianapolis, IN, post offices where we had done previous audits[12] to determine the current conditions of employee relations on the workroom floor. In addition, we visited three additional processing and distribution plants in Birmingham, AL; Royal Oak, MI; and Sacramento, CA, to obtain information on a clerk craft crew chief pilot program being tested at these plants. This was a new initiative by the APWU and the Postal Service to give clerks the opportunity to assume greater responsibility for their work.

[12]Postal Service: Employee-Management Relations at the Indianapolis Post Office Are Strained (GAO/GGD-90-63, April 16, 1990); and Postal Service: Employee/Management Relations at the Oklahoma City Post Office (GAO/GGD-90-02, Oct. 27, 1988).

In addition to the above field work, we did a second round of interviews with Postal Service headquarters management officials and national postal labor and management association leaders to obtain their views on the Postmaster General's reorganization and announced agenda for making the Postal Service more accountable, credible, and competitive. We also analyzed the September 1993 results of the Postal Service employee opinion survey (EOS) to identify changes in employee opinions since the 1992 survey. Both the 1992 and the 1993 survey were done for the Postal Service by an independent contractor, Market Facts, Inc. Following are the response rates, survey periods, and other information on the surveys. Our work was done in accordance with generally accepted government auditing standards.

Table 1.3: Information on Postal Service Employee Opinion Surveys

	1993	1992
Survey period	**August and September**	**April and May**
Number of questions asked[a]		
For all employees	84	77
Supervisors only	0	6
Total questions	**84**	**83**
Response rate at national level		
Questionnaires delivered	657,818	729,073
Total returned	**512,818**	**586,073**
Response rate	78%	80%

[a]In 1993, 10 questions were added, 9 were dropped, and 5 were revised for a net change of plus 1.

Sources: 1992 and 1993 Postal Service employee opinion surveys.

We obtained written comments on this report from the Postal Service and two of the four unions. The other two unions and the three management associations chose to provide oral comments. We have presented their comments along with our evaluation at the end of volume I and reprinted the written comments in appendixes III to V.

Postal Service Efforts to Change Its Corporate Culture to Succeed in the Competitive Marketplace

Every year the Postal Service is deprived of billions of dollars in revenue as postal customers look to other media and suppliers to satisfy their communication needs. Recognizing this trend, the current Postal Service leadership team is striving to improve the quality of postal services and become more competitive in a dynamic communications marketplace. A cornerstone of the team's strategy is a long-term effort to revitalize the organizational culture by improving labor-management relations and eliminating a long-embedded autocratic style of managing postal workers. Although the idea is not new—previous postmasters general have tried to change the organizational culture in the past—the strategy is. If this strategy is not successful, the Postal Service's competitive situation may cause further decreases in its market share, reduce revenues lower than what is required to break even, and generate the need for more frequent rate increases to cover revenue shortfalls. These outcomes, in turn, could further erode the Postal Service's market share and create a recurring cycle of revenue shortfalls leading to still more frequent rate increases. Given this possibility, postal management would face increased demands to cut personnel costs (about 82 percent of budget) by eliminating jobs and future wage increases.

Current Environment Is Challenging Postal Service to Improve Service

The Postal Service operates in an environment very different today from what it was at the time of the 1970 reorganization. During the past 23 years, its competitive position in the marketplace has eroded, especially in its parcel post and overnight mail markets. Competition for its core markets (first-class and third-class mail) face similar erosions, not by direct competitors, but by growing electronic alternatives that can substitute for printed communications sent via mail.[1] According to Postal Service studies, about half of its mail volume and 40 percent of its revenues are now vulnerable to electronic alternatives. Transactions subject to electronic diversions include credit card billings and payments, direct mail advertising and mail orders, utility bills, bank statements, and tax form submissions.[2]

The Postal Service is attempting to ease and defer the effects of competition by improving customer satisfaction. The Postal Service has considerable data showing that slow or unreliable delivery of mail is the

[1]In our March 1992 report to Congress entitled U.S. Postal Service: Pricing Postal Services in a Competitive Environment (GAO/GGD-92-49, March 25, 1992), we discuss the competitive threat facing the Postal Service and some constraints and obstacles that affect its efforts to compete effectively.

[2]For more information on electronic diversions, see Postal Service: Role in a Competitive Communications Environment (GAO/T-GGD-94-162, May 24, 1994).

leading cause of postal customer dissatisfaction. The Customer Satisfaction Index (CSI), a series of customer satisfaction surveys conducted by the Postal Service since 1991, has consistently shown that the drivers of customer satisfaction offering the greatest potential for improvement are (1) the consistency and length of delivery times for both local and nonlocal mail and (2) the time of day mail is delivered as well as the consistency of the time of day.[3]

In addition, data from the Postal Service's Consumer Service Card system show that inconsistent and late mail delivery are the leading causes of customer complaints, accounting for 111,071 (26 percent) of the total 421,230 complaints filed with the Postal Service in fiscal year 1993.

The Postal Service recognizes that improving customer satisfaction hinges, to a large extent, on its ability to improve employee satisfaction. Although the Postal Service embarked on a massive effort to automate mail processes in 1982, processing and delivery of mail today is still labor-intensive. We previously reported[4] that total workhours increased through fiscal year 1991 even though the automation program began in 1982. As indicated in chapter 1, this trend of increasing workhours continued through fiscal year 1993. Accordingly, the employees of the Postal Service play a vital role in making sure that the mail is delivered to the right customer at the right time—a key to competitiveness. This significant role of postal employees is not expected to change dramatically in the foreseeable future.

Various literature and official Postal Service documentation show that management of the Postal Service has historically tried to motivate employees to move the mail quickly through the various processes using a "stick" rather than a "carrot" approach. That is, employees were often enticed to perform well through threats and intimidation rather than reward and recognition. Clearly, whatever management style was used in the past has not caused employees to move the mail fast enough to always

[3]The Postal Service is currently using two systems to independently evaluate how well it is serving customers. They are the Customer Satisfaction Index (CSI) and External First-Class Measurement System (EXFC). CSI, administered quarterly by Opinion Research Corporation, tracks residential customer satisfaction for such areas as responsiveness, reliability, carrier services, post office box service, mail forwarding, complaint handling, telephone experience, window and lobby service, and post office property. The quarterly EXFC, administered by Price Waterhouse, measures the delivery time of First-Class Mail from deposit to delivery (collection box to mail slot). The Postal Service does not yet have similar business customer satisfaction data but awarded a contract in April 1993 to obtain such data, which are expected to be available by October 1994.

[4]Postal Service: Automation Is Restraining But Not Reducing Costs (GAO/GGD-92-58, May 12, 1992); Postal Automation and Pricing in the 1990s (GAO/T-GGD-92-39, May 12, 1992); and Postal Service's Role in a Competitive Communications Environment (GAO/T-GGD-94-162, May 24, 1994).

meet customers' needs and expectations. Nor has it helped employees to feel very good overall about their working conditions, as we will show in chapters 3, 4, and 5.

Postal Service Strategies for Changing the Corporate Culture

Shortly after taking office in July 1992, Postmaster General Runyon said that a change in the corporate culture is needed if the Postal Service is to succeed in today's competitive communications market and become a world-class organization. The change he is seeking is a transformation from an "operation driven, cost driven, authoritarian, and risk averse" culture to one that is "success-oriented, people oriented, and customer driven." According to Mr. Runyon, management, unions, and employees all need to work together to improve relationships and organizational performance, so the Postal Service as a whole can focus on meeting customers' needs.

The Postal Service's strategies for changing the corporate culture have centered on (1) restructuring the organization, (2) establishing a National Leadership Team that includes all Postal Service officers and the national presidents of the unions and management associations, and (3) changing the incentive systems for rewarding managers.

Restructuring the Postal Service

One of the first actions taken by Postmaster General Runyon was a top-down restructuring and downsizing of the Postal Service. This was undertaken to deal with a $2.2 billion deficit projected in fiscal year 1993[5] and was part of Mr. Runyon's broader strategy to make the Postal Service more accountable, credible, and "competitive." The restructuring, which was largely carried out over a 120-day period between August and November 1992, was the most sweeping reorganization since the Postal Reorganization Act of 1970. It realigned resources into two functions—mail processing and distribution and customer service. The goal was also to make the organization flatter and reduce layers of management by eliminating 30,000 positions.[6] To make the overhead

[5]Due to the restructuring efforts, major cost savings initiatives, and a resurgence in revenue growth from an improving economy, the Postal Service ended the fiscal year with a $371 million operating loss. However, the total net loss was substantially higher ($1.8 billion) due to an $857 million retroactive interest assessment imposed by the Omnibus Budget and Reconciliation Act of 1993 and a debt refinancing item of $537 million incurred in fiscal year 1993.

[6]In June 1994, the Merit Systems Protection Board (MSPB) ruled that the restructuring violated the rights of middle managers with veterans preference by demoting them and eliminating their jobs without following reduction-in-force regulations. In August 1994, Postmaster General Runyon announced that the Postal Service would drop its appeal of the MSPB ruling.

reductions without resorting to layoffs, the Postal Service offered an early-out retirement option to most employees.[7]

As of October 1993, the new structure had 22,956 fewer overhead positions nationwide, which was 7,044 jobs short of the goal of 30,000 fewer overhead positions. The positions eliminated were 18 senior management officers, 631 PCES positions, and 22,307 supervisor/management and administrative positions[8] in headquarters and in field operations. This reduction was in keeping with Mr. Runyon's goal for less direct supervision of the workforce, and the downsizing reduced supervisory/management workhours in mail processing and distribution facilities and customer service districts by 19 percent and 10 percent, respectively. In field installations at the beginning of fiscal year 1993, there was 1 supervisor/manager for every 15 career employees who handled the mail. By the end of fiscal year 1993, the ratio had changed to 1 supervisor/manager for every 19 career employees.

Approximately 48,000 employees took advantage of the special option retirement and many were in nonoverhead positions, such as clerks, city carriers, postmasters, and mail handlers. To make up for a leaner workforce and increased mail volumes, the Postal Service had to resort to record overtime hours for employees and the use of more temporary or transitional employees.

Nevertheless, the data show that following the restructuring, at least until recently, service to customers generally improved or remained constant. For example, customer satisfaction data compiled for the Postal Service by Opinion Research Corporation (i.e., Customer Satisfaction Index data—CSI) showed that 88 percent of the nation's households rated their overall satisfaction with the Postal Service as "excellent," "very good," or "good" in the first quarter of fiscal year 1994. This was 1 percentage point higher than the national rating received during the first quarter of fiscal year 1993, which followed the restructuring. Another indicator, the External First-Class Measurement System (EXFC) compiled by Price Waterhouse, showed that the Postal Service delivered overnight First-Class mail on time about 84 percent of the time from the beginning of

[7]The retirement incentive permitted most employees to retire at age 50 with at least 20 years of service or any age with at least 25 years of service. It was extended to include craft employees as part of a plan to free up positions that could be filled by (1) employees who occupied positions that were abolished and who either were not eligible or chose not to retire or (2) new noncareer "transitional" employees. For more information on the downsizing, see Postal Service: Restructuring, Automation, and Ratemaking (GAO/T-GGD-93-15, March 25, 1993).

[8]Includes some bargaining unit positions.

the first quarter of 1993 through the first quarter of 1994. However, the EXFC score dropped to 79 percent during the second quarter of 1994, which ended March 4. (The CSI score for the second quarter of 1994 was 89 percent.)

Building a Labor-Management Partnership

A second action the Postal Service took was to establish a National Leadership Team by inviting union and management association presidents to participate in top-level corporate meetings. All four major unions and three management association leaders accepted the invitation—marking the first time in the Postal Service's history that employee organization leaders joined postal executives in regularly scheduled meetings. This National Leadership Team meets weekly to share information and discuss a full range of corporate issues—such as budget, pricing, and productivity. One of the team's accomplishments was agreeing to a "Purpose, Vision and Guiding Principles" statement that was released in the fall of 1993. (See app. I for the full text of the statement.) This statement articulates the organization's vision to be a world-class organization and premier provider of 21st century postal communications services. It also commits the organization and all of the parties to a set of guiding principles and three major goals: (1) customer satisfaction, (2) commitment to employees, and (3) revenue and income generation.

Our interviews showed that national union and management association leaders welcomed the opportunity to discuss business issues with top Postal Service officials. They commended Mr. Runyon for opening the "doors of opportunity" and allowing them to play a role in shaping the Postal Service's future. The President of the National League of Postmasters said that the message being sent is that power sharing is okay and input from many people produces better decisions. According to the NALC President, employee representatives should have a say about how operational decisions are made because craft employees' interests are strongly intertwined with organizational success.[9] The NRLCA President said that the leadership team concept "is a great change" and has been "a positive thing for all [those] concerned—unions, associations, officers, and the Postal Service." The APWU President, who has resisted participative management programs in the past, said that he attended the weekly meetings only "for information and input."

[9]In this regard, NALC and the Postal Service signed a series of memoranda of understanding in the fall of 1992 that paved the way for union-management cooperation in implementing delivery point sequencing (DPS) of mail. DPS is part of the automation program that is to automate letter carriers' manual task of sorting mail into delivery sequence. (See ch. 5 for further details.)

Changing Performance Management Systems for Postal Officers and Executives

A third action to change the corporate culture was to modify certain Postal Service performance management incentive systems in order to measure and reward officers and executives for "people skills" and encourage organizational success through teamwork. The old incentive systems were based on individual achievements relating to budget, productivity, and other goals, such as controlling sick leave usage and injury rates.

In the summer and fall of 1993, 550 members of the PCES plus the Postmaster General, Deputy Postmaster General, and 23 other corporate officers participated in a new management style assessment process called the "360-degree feedback process." Under this process, these individuals were evaluated by their subordinates, peers, and bosses on their leadership and interpersonal skills. The data are being evaluated blindly (i.e., without their names or locations identified) by a subgroup of the corporate leadership team. All executives are to receive detailed feedback, and those receiving lower ratings are to undergo intensive training and development.

Initially, the 360-degree feedback process is to apply only to Postal Service officers and executives. At the time of our review, postal management was discussing with the three management associations expanding a form of this kind of feedback process to EAS managers and supervisors. Postal headquarters officials told us that they hope the process can be implemented at the EAS levels in fiscal year 1995.

In addition to the 360-degree feedback process, postal officers and executives are developing a "succession planning" process to identify potential successors to their positions. The goal of the planning process is to recognize, train, and promote individuals capable of enhancing employee commitment and teamwork. The potential successors will be evaluated on their "track record" of relevant experience and their management style as assessed through the 360-degree feedback process. According to a previous Vice President for Employee Relations, the succession planning will minimize "cronyism" because officers and executives will be held more accountable for the individuals they select as successors.

Another aspect of the new management incentive systems is the replacement of individual-based with team-based measurement and reward systems to encourage teamwork and organizational success. Key postal mail processing and customer service managers are organized in

geographically based teams, called "performance clusters," which are to plan and manage efforts to achieve the Postal Service's corporate goals in its 85 districts. Although postal leadership encouraged the involvement of union and management association representatives in performance cluster activities, postal managers in each cluster are to decide if participation of others is needed and how to involve them. The performance cluster sets goals for customer satisfaction as measured through CSI surveys, commitment to employees as measured by the EOS Index (see definition on p. 42), and revenue generation. Rewards for executives at every level are to be tied to overall corporate success in the three goal areas.

For fiscal year 1993 performance awards, the Postal Service eliminated an annual merit evaluation program for all EAS employees, including postmasters, managers, and supervisors, and instead based their annual pay increases on the same factors used in a Striving for Excellence Together (SET) program developed for certain craft employees. SET provides for annual lump-sum payments on the basis of Postal Service financial performance and CSI results. (See ch. 6 and app. II for additional details on the SET program.)

Conclusions

Strategies to change the Postal Service culture have, for the most part, been implemented only at the national level and the executive management levels in field offices. If implemented at the local level, these strategies have the potential to improve labor relations and employee satisfaction in the Postal Service. As we will describe in the following three chapters, change is needed on the workroom floor, where labor-management relations are adversarial and many employees are unmotivated and stressed.

Adversarial Labor-Management Relations Are an Impediment to Cultural Change and Postal Service Competitiveness

If it is to meet the economic and competitive challenges of the 1990s, the Postal Service cannot afford the confrontational and adversarial labor-management relationship that has long existed. A significant change is needed. As described in chapter 2, Postmaster General Runyon and the National Leadership Team have made progress in cultivating better relations at the national level. This initiative has been viewed as a positive first step by Postal Service officials and the presidents and top officers from the three management associations and four unions.

However, some of the leaders that we interviewed were skeptical about the Postal Service's ability to sustain these efforts and to cascade change down to the workroom floor because of (1) a persistently acrimonious union-management relationship, as evidenced by a dependence on third-party interventions to resolve grievances of day-to-day problems in the workplace; (2) an autocratic organizational culture that causes conflict among managers, supervisors, and craft employees; and (3) a stressed and disgruntled workforce that does not believe the Postal Service is operating efficiently or fairly.

This chapter examines the extent and causes of these problems as perceived by key Postal Service officials and the presidents and top officers of the four major postal unions and three management association officials. It also presents the views postal employees expressed in the 1992 and 1993 employee opinion surveys.

Contract Negotiations at Times Have Been Contentious

Contract negotiations, which take place at the national level every 3 or 4 years, have at times been difficult, making arbitration necessary to resolve bargaining deadlocks with three of the four major unions.[1] Interest arbitration[2] occurred in 1978, 1984, and 1990 with APWU and NALC; and in 1981 with the Mail Handlers. According to APWU officials, the parties have "occasionally failed" to negotiate collective bargaining agreements because of "the basic differences in the interests of workers and their employer" and management's regressive demands on the pay and benefits of postal employees.

Negotiations in recent years have also been protracted, with old issues resurfacing at each negotiation. To illustrate, the most recent negotiations between the Postal Service and APWU and NALC began in 1990 and took 3

[1]The rural carriers have a cooperative relationship with the Postal Service and generally have been able to negotiate contracts without arbitration.

[2]Interest arbitration is arbitration over the terms of a new contract.

years and two arbitration hearings before all disputes were finally resolved in June 1993. The issues generally remained the same as in earlier bargaining talks: the unions pushed for wage and benefit increases and job security, while cost-cutting and flexibility in hiring practices were the goals of postal management. One top postal management official described these negotiations as quite bitter and very damaging to the relationship with the unions. She said that collective bargaining interferes with an ongoing labor-management relationship because contract negotiations are disruptive. They inject hostility into the "regular" relationship, and a long and bitter negotiation process can have a devastating impact on the relationship.

Too Many Grievances Are Referred From the Workroom Floor

The grievance/arbitration procedure is the primary mechanism for rank-and-file employees in most unionized organizations to voice work-related concerns. A procedure that is working effectively would result in most disputes being resolved quickly at the lowest organizational level, e.g., by the supervisor, employee, and union steward.

Postal Service Grievances Procedure

A "grievance," as defined in postal labor agreements, is "a dispute, difference, disagreement or complaint between the parties related to wages, hours, and conditions of employment."

The Postal Service's procedure for resolving grievances is similar to that used in the private sector and other public organizations. It is a 4- or 5-step procedure, depending on the type of grievance. Each of the first three or four steps in the process involves lower to higher union and management level officials in their respective organizations, with the final step involving outside binding arbitration by a neutral third party. Both employees and the four unions that represent them can initiate grievances. The steps of the procedure are shown below.

Step 1: Informal

- The employee or union steward discusses the grievance with the supervisor within 14 days of the action giving rise to the grievance.
- The supervisor renders an oral decision within 5 days.
- The union has 10 days to appeal the supervisor's decision.

Step 2: Installation Head or Designee (E.g., Postmaster, Plant Manager)

- The grievance is filed in writing on a standard grievance form with the installation head or designee.
- The installation head and the union steward or representative meet within 7 days.

- The installation head's decision is furnished to the union representative within 10 days.
- The union has 15 days to appeal the installation head's decision.

Step 3: Area Office

- The union files an appeal with the Area Office's director of human resources.
- The union's Area representative meets with the representative designated by the Postal Service within 15 days.
- The Postal Service's step 3 decision is provided to the union representative within 15 days.
- The union has 21 days to appeal the decision to arbitration (step 5).

Step 4: National Level Review of Grievances Involving an Interpretation of the National Agreement

- If either party maintains that the grievance involves a matter concerning the interpretation of the National Agreement, the union has 21 days to refer the matter to the national level of the union and the Postal Service.
- Representatives of the national union and the postal headquarters meet within 30 days.
- The Postal Service issues a written decision within 15 days.
- The union has 30 days to appeal the Postal Service's decision to arbitration.

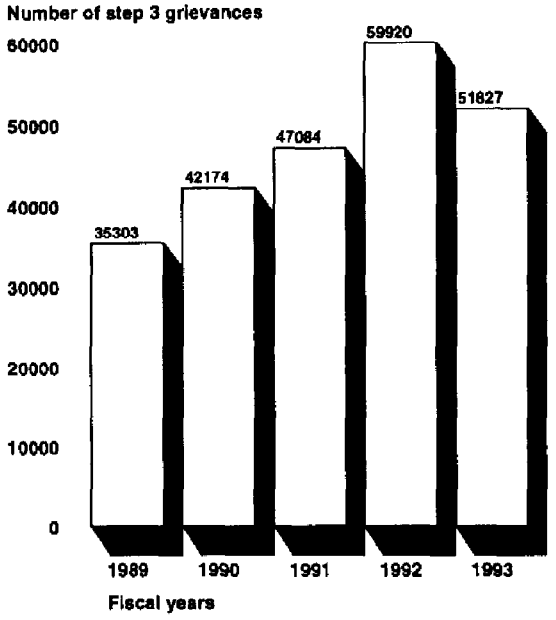
Step 5: Arbitration

- An arbitrator is selected and a hearing is scheduled under the terms of the National Agreement, depending on the type of grievance.
- The arbitrator's decision is final and binding.

Available Data Show Large Volume of Grievances Leading to a Backlog of Arbitration Cases

A key problem that has arisen under the Postal Service's grievance/arbitration procedure is the high number of grievances being filed and the inability of supervisors or installation heads and union stewards to resolve them at the step 1 and 2 levels. The Postal Service's national grievance arbitration database showed that in fiscal year 1993, there were 51,827 grievances that were not settled at steps 1 or 2 and were appealed to step 3 at the area level. That means that, on average, approximately 1 in 12 bargaining employees had problems that could not be resolved at the installation level and were elevated to the area office. This number is a decrease of 8,093 grievances from fiscal year 1992 but still is higher than the numbers reported in fiscal years 1989, 1990, and 1991 when the workforce was larger (see fig. 3.1).

Figure 3.1: Postal Service Grievances Appealed to Step 3, Fiscal Years 1989 Through 1993



Source: U.S. Postal Service.

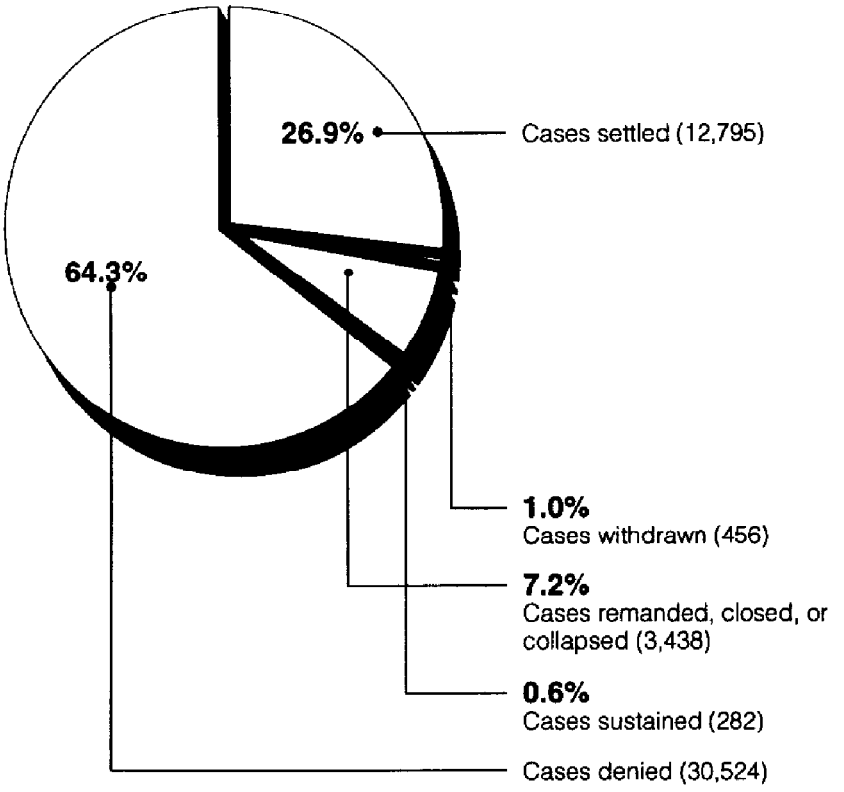
Also, both union and management officials agreed that the total volume of grievances is too high. However, we could not determine the total number of grievances filed annually by postal employees because the Postal Service's national grievance arbitration database does not contain information on grievances at steps 1 and 2. Such data are kept at individual post offices and processing facilities. The volume and type of issues grieved at the facilities we visited are discussed in chapters 4 and 5.

According to Postal Service officials, the national database recorded grievances appealed to step 3 but has not reported the disposition of step 3 grievances since fiscal year 1991.[3] In that year, 47,084 cases were appealed to step 3 and 47,495 cases were decided by then regional (now area) level management. Management denied 30,524 (64 percent) of the grievances (denials that the unions could appeal to arbitration) and sustained 282 grievances in favor of the union, or less than 1 percent of the total. Management and the unions settled 27 percent of the cases. The remaining

[3]At the time of review, the national database was being modified to accommodate the 1992 reorganization of the field structure, which had an impact on the availability of data.

cases (about 8 percent) were either withdrawn by the union; closed for administrative reasons (e.g., issue became moot or grievant died); remanded to local parties for further factual development; or collapsed into one case to represent those parties that grieved the same issue (referred to as representative cases). (See fig. 3.2.)

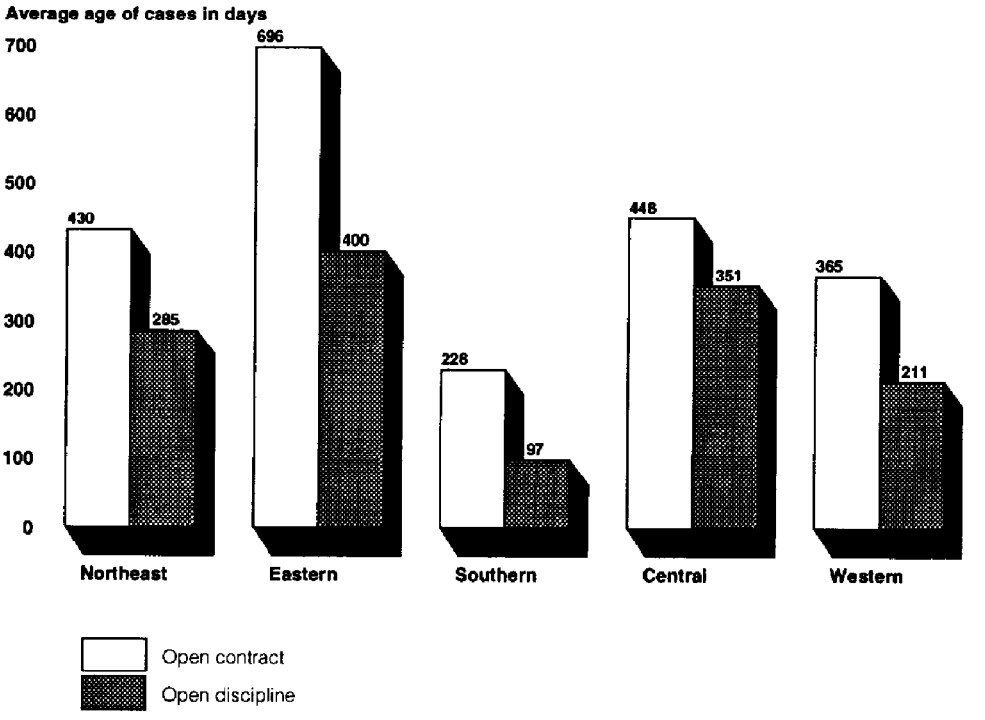
Figure 3.2: Postal Service Disposition of 47,495 Step 3 Grievances Decided in Fiscal Year 1991



Source: U.S. Postal Service.

The Postal Service also stopped tracking the number of grievances awaiting arbitration. The last available data on this were as of October 1992, which showed a backlog of 38,335 cases (33,417 contract cases in which the grievant or union alleged a violation of a union contract; and 4,918 discipline cases in which the grievant or union alleged that a disciplinary action was unwarranted or taken without just cause). The average age of contract grievances in the backlog ranged from a low of 228 days in the former Southern Region (now the Southeast and Southwest area offices) to a high of 696 days in the former Eastern Region (now the Allegheny and Mid-Atlantic area offices). (See fig. 3.3.)

Figure 3.3: Average Age of Open Arbitration Cases as of October 1992



Source: U.S. Postal Service.

These data mean that if contract cases continue to be processed at that same rate, employees filing grievances in the former Eastern Region could expect to wait, on average, almost 2 years for an arbitration resolution

after processing the grievance through three or four Postal Service grievance steps. Figure 3.3 shows that the average elapsed time for arbitration of discipline cases was lower than for contract cases and ranged from 97 days in the Southern Region to 400 days in the Eastern Region.

The High Volume of Grievances Is Costly to the Postal Service

Some academic research[4] has shown that a negative impact on organizations occurs when employees perceive that managerial actions are unfair and the methods available to them to voice their concerns (such as grievance and equal employee opportunity proceedings) are ineffective. In this situation, employees voice their frustration by quitting, withdrawing from the situation (increasing absenteeism), reducing their efforts, or engaging in disruptive behaviors. These unproductive behaviors exist at the Postal Service, and they impose a heavy cost on all the parties and can limit the Postal Service's ability to effectively serve customers and meet competitive challenges.

A high grievance rate can also translate into high dollar cost to an organization. In an attempt to estimate these costs[5] in 1989, the Postal Service did a study and estimated that it spent $136 million on processing grievance cases (including arbitration) in fiscal year 1988. The majority of this cost was attributable to salaries and benefits for EAS personnel who process grievances for the Postal Service. Other large-cost items were steward time and back pay. Unions also incurred costs, but the study did not include an estimate of these costs. At our request, the Postal Service updated its 1989 study for inflation. The update showed that the estimated cost to the Postal Service for grievance processing was $196.8 million in fiscal year 1992, assuming the same grievance and arbitration case levels as in 1988. The Postal Service estimated that about 80 percent of estimated costs are incurred at steps 1 and 2.

Postal and Union Officials Disagree on the Causes of Unresolved Grievances

Both management and union officials acknowledged that there are far too many grievances and that the process is not working. However, they saw the causes of the situation differently and tended to blame each other for the high volume and backlog of grievances.

[4]See, for example, Peter Cappelli and Keith Chauvin, "A Test of an Efficiency Model of Grievance Activity." Industrial and Labor Relations Review, Vol. 45, No. 1 (October 1991) pp. 3-6.

[5]No Postal Service data exist to accurately quantify all the myriad costs associated with grievance and arbitration activities.

From management's perspective, grievances have always been high at the Postal Service because of employees' frustration and because stewards flood the system with grievances to (1) get management to give attention to an issue and (2) demonstrate that they are executing their responsibility to represent employees. One example cited was the grievances that were filed in 1992 by city letter carriers and NALC stewards nationwide over the same issue. The issue was a policy change by postal headquarters in anticipation of the implementation of automated letter-sorting equipment. The new policy required carriers to spend less time sorting mail at their stations and more time on the street delivering mail.

A management official noted that shop stewards are postal employees who are paid by the Postal Service to process grievances during workhours. Therefore, he said, the more grievances that stewards have to process, the less time they have to spend doing their regular jobs. Another management official said that if the union does not like the grievance resolution, it will sometimes continue to file a grievance over the same issue, starting the process over again. Another top management official attributed the high volume of grievances to frustration of stewards and supervisors and assessed blame to both sides. He added that first-line supervisors sometimes purposely and flagrantly violated the union contracts. In this regard, the 1993 employee opinion survey (discussed in more detail later) showed that 52 percent of all craft employees responding believed that supervisors violated union contracts. In contrast, 73 percent of first-line supervisors said that they consistently followed the provisions of the contracts.

According to union officials, management is largely responsible for the huge volume of backlogged grievances. One union president noted that local managers are unwilling to settle disputes, and that decisions that should be made at lower levels are bumped to a higher level, adding to the delays. Another union leader added that postal management is "backlogging" the grievances instead of facing labor-management problems. Another union president blamed the high volume of grievances on a bad labor relations climate that undermined a good grievance procedure.

An Autocratic Management Style Promotes Conflict on the Workroom Floor

A critical problem identified by Postal Service, unions, and management association officials we interviewed is a pervasive, autocratic management style in post offices and mail processing plants throughout the country. A union president said that an autocratic culture is prevalent at every level of the Postal Service, which creates tension on the workroom floor. Another union president added that communications are poor at the local level.

Complaints of an autocratic climate at the Postal Service are not new. The Kappel Report, which led up to the 1970 reorganization mentioned earlier, observed that an authoritarian style of supervision had become the rule in the Postal Service. A study by Duke University in 1989 for the Postal Service showed that the Postal Service had a strong culture that was "autocratic, task-focused, functionally driven, non-strategic, and moderately risk averse."[6] On leaving office, a recent postmaster general cited the supervision style as the one problem he wished he had been able to solve. Similarly, in earlier reviews of labor-management relations at individual postal facilities, we found tense and stressful working conditions and in some cases recommended corrective actions. (See Related GAO Reports at the end of this report.)

Top postal management officials whom we interviewed acknowledged that an authoritarian management style existed in the Postal Service. One official said that the style has been ingrained through many years of autocratic management. New supervisors tend to treat employees the same way they were treated when they were craft employees. Another official said that postal supervisors are in a "pressure cooker" and that they do not have time to practice human relations skills. Another official added that postal supervisors, who are pressed for time, sometimes manage their workforce through discipline.

Union leaders believed that the Postal Service perpetuated the autocratic culture. As one union official saw it, supervisors and managers are under pressure from postal headquarters and operate "by the numbers." That is, if they meet budget targets they are rewarded with good ratings regardless of how employees are treated. Another official added that since there is little human relations training for new supervisors, their role models are other autocratic managers. A union president told us that supervisors or

[6]The study was commissioned by the Postal Service's Training and Development Department. It was based on an analysis of data obtained from over 400 postal division general managers and field directors who attended a Duke/Postal Service Executive Development Program in fiscal years 1988 and 1989.

managers who mistreat employees often are dealt with by a transfer to another location.

Management association officials saw the situation differently. They told us that the problems of high stress levels and tension are caused by understaffed facilities and budget constraints. Postmasters and supervisors are under constant pressure to meet budget estimates and cut costs. A former association official acknowledged that sometimes, in the pursuit of "meeting the numbers," employee relations are neglected. He added that there are no adequate performance standards for many employees, so it is difficult for a supervisor to identify and deal with employees who are not performing adequately. Another top management association official said that postmasters and supervisors have no authority to dismiss employees—only to make recommendations for discipline. Another management association leader also referred to a "vigilante mentality" of some union leaders as a serious matter and believed they conducted "witch hunts" to get postmasters/supervisors removed.

Management association officials also emphasized that supervisors only implement policies and do not set them. They told us that supervisors and managers have been given conflicting goals. First, they were taught how to whip employees into "making budget numbers." Then the emphasis shifted to making craft employees happy. One association official told us that upper management should not expect a culture change quickly because

> "employees have been used to an authoritarian 'whip them into shape' mentality. Employees may not be as willing to burst into action once supervisors are out of the way—maybe in Montana they will, but not in Philadelphia."

The Postal Workforce Generally Gives the Postal Service Low Marks

In April 1992, the Postal Service conducted its first nationwide employee opinion survey (EOS) to assess the organization's strengths and shortcomings as an employer.[7] A second survey was administered in August 1993, 13 months after Postmaster General Runyon took office.[8] For reporting purposes, the Postal Service groups the survey results into 12 performance dimensions (see table 3.1).

[7]The employee opinion survey questionnaire was sent to all bargaining and nonbargaining Postal Service employees in 1992. About 586,000 employees (80 percent participation rate) completed the 83-question survey instrument.

[8]About 513,000 employees (78 percent) responded to this 1993 survey, which included 84 questions. Ten new questions (many relating to discrimination) were added to the survey instrument. Six questions were revised, and nine questions asked on the 1992 survey were dropped.

Table 3.1: Employee Opinion Survey Performance Dimensions

1. Job Attitudes and Employee Commitment	7. Performance Management
2. Working Conditions	8. Recognition and Reward
3. Career Development and Training	9. Communications
4. Employee-Management Relations	10. Quality Focus
5. Employee Treatment and Participation	11. Customer Satisfaction
6. Leadership and Supervision	12. Management of Change

Source: Employee Opinion Survey: Feedback and Action-Planning Guide.

The results of both surveys showed that more than two-thirds of all bargaining and nonbargaining employees nationally enjoy the work they do, rate pay and benefits as very good to good, and are proud to work for the Postal Service. At the same time, the surveys showed that many craft employees felt that managers and supervisors did not treat employees with respect and dignity and that the organization was insensitive to individual needs and concerns. However, there was some improvement overall in employee responses between the 1992 and 1993 survey in 9 of the 12 dimensions relating to attitudes and commitment, working conditions, employee-management relations, employee treatment and participation, leadership and supervision, communications, quality focus, customer satisfaction, and management of change. For three dimensions (career development and training, performance management, and recognition and reward), employees' responses were generally less favorable in 1993 than they were in 1992.[9]

EOS Index Shows Some Improvement Over 1992 Results

The Postal Service has identified 20 questions in the survey questionnaire that involve matters it believes are under the control of unit management and for which it will hold supervisors, managers, and executives accountable. The Postal Service computed an index number (called the EOS Index) for the 20 questions. The EOS Index is a single number (that is, a statistical average of favorable responses) that combines the results from each of the 20 questions.[10] The EOS Index is to be part of unit management's assessment that will form the basis for performance awards, which we discussed in chapter 2.

[9]The changes between the 1992 and 1993 surveys do not indicate trends.

[10]The results of the survey were presented in standard condensed scale format. That is, the survey responses "strongly agree" and "tend to agree" (or "very good" and "good") were combined into a single rating labeled "favorable." Similarly, the "disagree" and "strongly disagree" (as well as "poor" and "very poor") survey responses were labeled "unfavorable."

The 20 questions that were selected for the EOS Index and bargaining employees' responses to these questions on the 1992 and 1993 surveys are shown in table 3.2. There was slight improvement over the 1992 results on 11 questions dealing with such things as employees' treatment; response to their problems, complaints, and ideas; and authority to carry out their jobs. Even so, the marks remained low in 1993. On a national basis, the 1993 results for bargaining employees showed that management received low marks (less than a 50-percent favorable response, as table 3.2 shows) for 15 of the 17 questions that were asked in both 1992 and 1993.

Table 3.2: Bargaining Employees' Opinions About Management EOS Questions

Question (favorable response category)[a]	Percent of favorable responses 1993	Percent of favorable responses 1992	Better or worse in 1993 than 1992[b]	Percentage point change
Treating employees with respect and dignity as individuals. (very good/good)	28	21	Better	7
Taking employee interests into account when making important decisions. (very good/good)	20	13	Better	7
Listening to your problems, complaints, and ideas. (very good/good)	25	16	Better	9
Doing something about your problems, complaints, and ideas. (very good/good)	17	11	Better	6
The safety of your job. (very good/good)	41	40	No substantial difference	1
Cooperation between employees in different functional areas. (very good/good)	28	28	No substantial difference	0
The work flow is well organized. (strongly agree/agree)	27	25	No substantial difference	2
In the past 12 months, I have personally experienced sexual discrimination where I work. (strongly disagree/disagree)	73	c	c	c
In the past 12 months, I have personally experienced racial discrimination where I work. (strongly disagree/disagree)	68	c	c	c
In the past 12 months, I have personally experienced sexual harassment from postal employees. (strongly disagree/disagree)	80	c	c	c
Supervisor knowing his or her job. (Very good/good)	54	54	No substantial difference	0
Rates supervisor with dealing fairly with everyone—playing no favorites. (Very good/good)	37	35	No substantial difference	2

(continued)

Question (favorable response category)[a]	Percent of favorable responses 1993	Percent of favorable responses 1992	Better or worse in 1993 than 1992[b]	Percentage point change
Rates supervisor in encouraging teamwork in getting the job done. (Very good/good)	38	36	No substantial difference	2
Rates supervisor about letting you know what kind of job you are doing. (Very good/good)	30	30	No substantial difference	0
Rates supervisor in giving you information you need to do a good job. (Very good/good)	34	34	No substantial difference	0
Rates supervisor in being trustworthy. (Very good/good)	42	41	No substantial difference	1
I have enough authority to carry out my job effectively. (Strongly agree/agree)	63	59	Better	4
I am encouraged to come up with new and better ways of doing things. (Strongly agree/agree)	29	30	No substantial difference	1
Poor employee performance is usually not tolerated. (Strongly agree/agree)	22	27	Worse	5
When things go well on the job, how often is your contribution recognized? (Always/frequently)	14	13	No substantial difference	1

[a]Some of the survey questions were phrased in a positive manner (e.g., "treating employees with respect and dignity as individuals"), and others were phrased in a negative manner ("I have personally experienced sexual discrimination..."). A favorable response may be agreement with positive statements or disagreement with negative statements. The favorable response category is shown under the question.

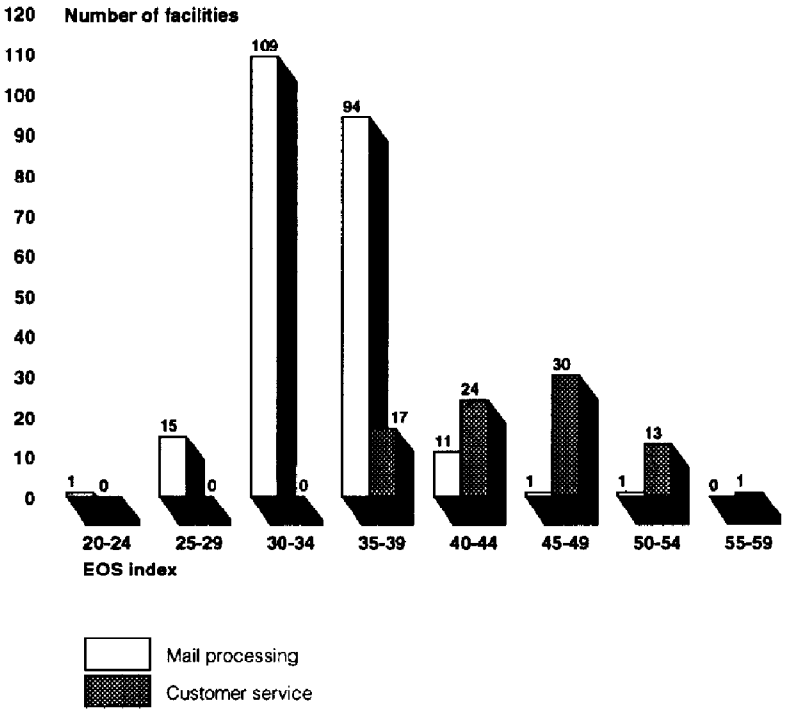
[b]Changes from 1992 to 1993 greater than 2 percentage points were classified as "better" or "worse." If the change was 2 percentage points or less, it was classified as "no substantial difference."

[c]Question was not asked.

Source: 1993 U.S. Postal Service Employee Opinion Survey National Results.

The EOS Index scores as shown in figure 3.4, as well as other questions that focused on working conditions, employee-management relations, performance management, and recognition and reward, indicated that employee concerns were generally more severe in mail processing and distribution plants than customer service districts.

Figure 3.4: Comparison of EOS Index Scores Between Mail Processing and Distribution Facilities and Customer Service Districts



Note: Index scores at mail processing plants ranged from a low of 23 to a high of 51, and customer service district scores ranged from a low of 35 to a high of 58.

Source: U.S. Postal Service 1993 Employee Opinion Survey.

The survey results also showed that, nationally, the rural carriers were generally more positive about both their work and the Postal Service than city carriers, clerks, and mail handlers were. Also, supervisors, managers, and other noncraft employees were more positive than craft employees nationally.

Conclusions

Contract negotiations, grievance rates, and employee responses to the two nationwide surveys all show that postal managers, unions, and management associations have to change their relationships if they are going to improve the corporate culture and make the Postal Service more competitive and a better place to work. In particular, performance management and reward/recognition for work are two areas posing

serious challenges for change at the processing plant and post office levels. The conditions employees face on the workroom floor of mail processing plants and delivery stations that contributed to the point of view they expressed in the 1992 and 1993 surveys are discussed in chapters 4 and 5, respectively.

Labor-Management Relations in Mail Processing Operations Are Tense and Confrontational

The Postal Service's 352 mail processing and distribution plants located around the country are highly mechanized, automated, and time-driven operations that handled 171.2 billion mailpieces in fiscal year 1993. Within these large factory-like operations, the tense and confrontational relations that exist on the workroom floor have been a long-standing concern to postal management, union leadership, and employees.

In past surveys, mail processing and distribution employees said they were generally satisfied with their pay and benefits, liked the work they did, and were committed to the success of the Postal Service. But they were not satisfied with their working conditions, their treatment by management and supervisors, and the recognition and reward system for good performance. Much of the supervisor and employee dissatisfaction on the workroom floor was related to (1) the treatment of employees who were late for or absent from work, (2) the lack of employee participation in the decisions affecting their work, (3) the perception by both craft employees and supervisors that some employees were not being held accountable for their performance, and (4) the unions' constant defense of nonperformers (regardless of merit) in the grievance process.

Mail Processing Work Environment Is Highly Structured and Schedule-Driven

The Postal Service mail processing plants (for general, air, and bulk mail) are the hubs of the universal mail service that link the 39,392 post offices that collect and deliver mail. These plants operate on a 3-tour, 24-hour-a-day, 7-day-week basis to separate, sort, and transport mail between individual post offices. Operations are closely monitored and analyzed to ensure that mail received daily is processed in time to meet postal delivery standards (e.g., overnight, 2 days, etc.) and established ground and air transportation schedules (referred to as clearance times) for local and out-of-town delivery.

To some extent, the work environment is similar to traditional assembly line work found in many manufacturing industries, where (1) work is highly repetitive, (2) the division of labor is narrow and restrictive, and (3) managers and supervisors closely monitor and analyze operations to meet deadlines and budgets. The labor relations climate is also similar to that found in many unionized plants, where (1) labor contracts dictate the rules of work, and (2) conflicts are resolved primarily through a grievance-arbitration procedure.

Mail Processing Work Is Highly Routinized

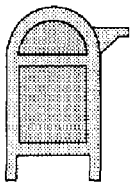
At a general mail processing plant, mail goes through a series of manual, automated, and/or mechanized sorting processes (see fig. 4.1). First, mail

handlers unload mail from incoming trucks and deliver it to other mail handlers who separate the mailpieces into three main streams: letter mail, flats,[1] and parcels. Letter mail, which accounts for about 70 percent of the mailpieces handled, is canceled and sorted by machines into three letter mail streams: prebarcoded letters, machine-readable letters, and handwritten or script letters. After mail handlers perform these operations, clerks are responsible for further processing of the letters, flats, and parcels.

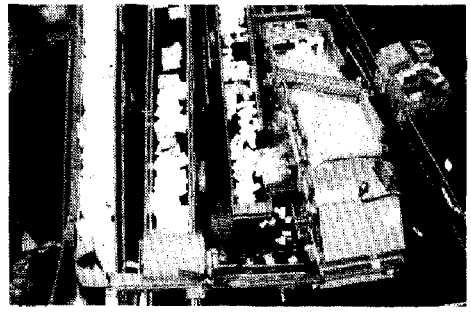
Machine-readable, nonbarcoded metered mail is processed by clerks using optical character readers that read the addresses and spray a bar code to each letter. These letters are then combined with prebarcoded mail that is sorted by barcode sorting machines according to their ZIP Code destination. Handwritten or script letters, as well as any letters rejected in previous processing operations, are passed through a letter sorting machine, which requires a clerk to read an address item and key in a two- or three-digit code so the machine can sort letters to the designated post office area. Flats and parcels go through similar automated and mechanized processing and sorting operations. After clerks have completed their phases of the operation, mail handlers load the sorted mailpieces onto trucks for delivery to the designated local post offices and out-of-town delivery areas. Although less automated than general mail processing plants, the processes at air and bulk mail plants are similar to the processes described above.

[1]A flat is a piece of mail that exceeds the dimensions for letter-size mail (11-1/2" long, 6-1/8" high, or 1/4" thick). A flat may be unwrapped, paper wrapped, sleeve wrapped, or enveloped. See Glossary of Postal Terms, U.S. Postal Service, Publication 32 (Washington, D.C.: 1988), p. 27.

Figure 4.1: Photo Layout of a Mail Processing Plant



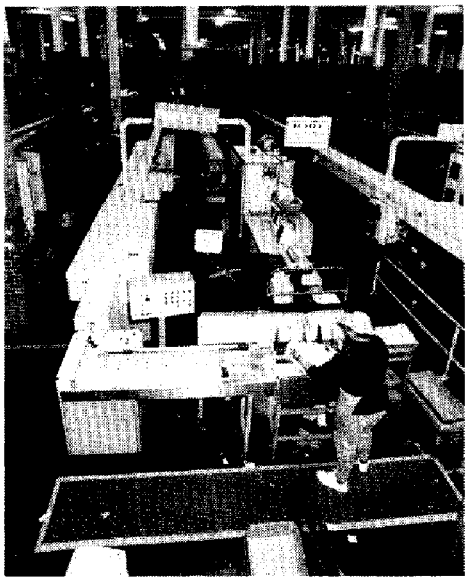
Dock Incoming Mail

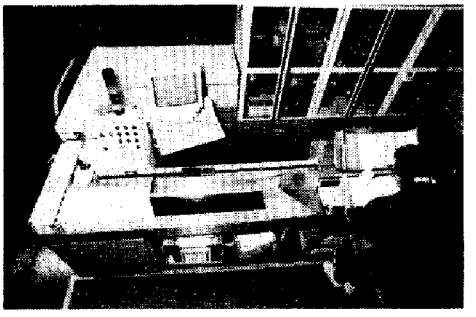


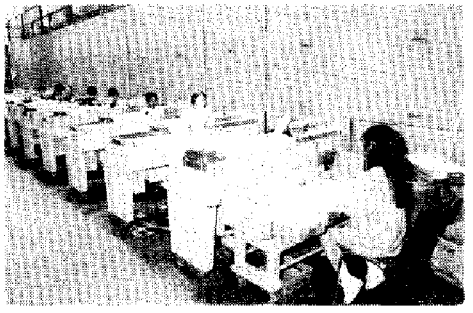
Dual Pass Rough Cull System

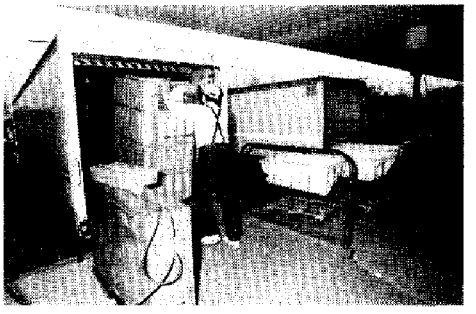
Advanced Facer Canceller

Multi-Line Optical Character Reader (MLOCR)


MLOCR With Input Subsystem


Delivery Barcode Sorter (DBCS)


Multi-Position Letter Sorting Machine (MPLSM)


Dock Outgoing Mail

Besides the approximately 124,600 APWU clerks and 47,700 mail handlers who work in mail processing plants, there are other crafts represented by APWU that are critical to the operations. They include about 26,200 equipment and building maintenance employees and about 7,050 vehicle operators who move the mail between mail processing plants and post offices.

Employee Tasks Are Clearly Defined

Every person in a processing plant has specific tasks to do in order to move the mail in an efficient manner. Supervisors are responsible for coordinating the mail flow operations and supervising craft employees. Employees are responsible for processing the mail. Generally, supervisors are prohibited by the collective bargaining agreements from doing craft work. Except under certain circumstances, employees are prohibited by contract workrules from doing any work outside their crafts.

According to the required process, at the beginning and continuing through each mail processing tour, supervisors determine the volume and priority of mail to be processed and the employees available to perform the required work. Supervisors check attendance, assign employees to specific work stations, make sure processing equipment is ready to run, set up and program the sorting machines, schedule employee breaks, and advise managers if overtime will be needed. They monitor operational performance data throughout the tour and prepare routine and special reports related to processing activities. Supervisors are also responsible for ensuring that employees comply with contract terms, operational procedures, and safety regulations. When infractions are noted, supervisors are to correct the deficiencies, which may include discipline, and meet with union representatives to resolve disputes.

Under the contract, employees are assigned work on the basis of their crafts, their skills, and the volume of mail to be processed at various places in the plant. Most employees regularly work in the same work units, while some do not know what work they will be doing until they report for duty every day and receive an assignment.[2] Some employees, such as letter sorting machine operators, must meet machine qualification requirements, such as the ability to key at the appropriate speed and accuracy.

Managers Monitor Plant Operations

Mail processing operations are monitored through electronic systems, written reports, and/or direct supervision at various levels from the Vice

[2]To the extent that work is not available when an employee reports to work, management can assign him or her to any available work at his/her wage level. This work can be within or outside his/her craft.

President of Processing and Distribution at postal headquarters to plant manager in the field. An automated Mail Condition Reporting System provides daily information to these managers on the plant operations, such as the amount of mail available for processing at each plant (on-hand volume) and the amount of mail not processed by the planned clearance time ("plan failure"). Postal management's goal is to eliminate "plan failures." Ultimately, the monitoring of plant operations, including supervisors and employees on the workroom floor, is intended to improve the Postal Service's delivery performance and, in turn, customer satisfaction.

Management and Employee Relations Governed by Collective Bargaining Agreements

The negotiated union contracts outline aspects of how craft employees are to do the work, including hours of work and rates of pay for each job, assignment of overtime, and discipline procedures. They also designate the grievance arbitration process as the method of resolving workplace disputes. Under the contracts, a full-time employee's normal workweek consists of five 8-hour days. Employees working between 6:00 p.m. and 6:00 a.m. receive 10 percent more pay as night shift differential; employees receive 25 percent more pay as a premium for Sunday work. Employees working more than 8 hours a day or more than 40 hours a week are paid overtime at a rate of 1-1/2 times the base hourly wage. Penalty overtime[3] at the rate of 2 times the base hourly wage is paid to APWU employees in certain circumstances.

The procedure to assign overtime is governed by the contracts. Two weeks before the start of each calendar quarter, employees desiring overtime work are to put their names on an "overtime desired" list. Lists are maintained by craft, section, or tour in accordance with local agreements. Employees with the necessary skills are selected in order of their seniority on a rotating basis, with those absent or on leave passed over. If the voluntary overtime desired list does not provide enough employees, employees not on the list may be required to work overtime on a rotating basis, with the first overtime assigned to the most junior employees. Employees refusing mandatory overtime can be disciplined.

As described in chapter 3, employees or unions may file grievances in disputes with management over wages, hours, or other conditions of employment. Unions designate craft employees to become stewards, who are to investigate, present, and adjust grievances. Stewards are allowed

[3]Penalty overtime is paid, except in December, if a full-time or part-time APWU employee is required to work overtime on more than 4 of the employee's 5 scheduled days or over 10 paid hours on a regularly scheduled day, over 8 paid hours on a nonscheduled day, or over 6 days in a service week.

time "on the clock" for these activities. The number of stewards to be designated at a plant is set in the national agreements. Table 4.1 shows the formula provisions of the current agreements.

Table 4.1: Number of Stewards Allowed Per National Agreement

Employees in the same craft per tour or station	Number of stewards
up to 49	1
50 to 99	2
100 to 199	3
200 to 499	5
500 or more	5[a]

[a]Five plus 1 additional steward for each 100 employees.

Source: 1990-1994 Agreement between the Postal Service, APWU, and NALC.

For example, as of February 1994, there were 4,538 bargaining employees at the Morgan General Mail Facility in New York, with 56 employees designated as union stewards.

Labor-Management Problems in Processing Operations

Employee survey data, grievance rates, and the results of our interviews show that labor-management problems are pervasive in processing operations. Most employees are dissatisfied with many working conditions. The relations between management and the union are often adversarial, which can divert attention to resolving grievances rather than processing mail and improving work conditions.

Processing Employees Are Dissatisfied With Their Work Environment

At the seven mail processing plants we visited,[4] the EOS Index (discussed in ch. 3) ranged from a low of 29 to a high of 37, placing five of the facilities in the bottom half of all processing facilities in employee dissatisfaction with management. At these plants, the issues grieved centered on attendance, overtime, and "craft-crossing."

Grievance Activity and Issues at Plants Visited

According to postal management and union officials, grievance activity is one indicator of the labor/management climate at mail processing plants. Available data for the seven plants we visited showed significant and varying grievance activity at these plants. For fiscal year 1992, step 2

[4]Five of the seven plants were processing and distribution centers and two were bulk mail centers.

grievances filed per 100 employees ranged from 17 at the Denver General Mail Facility to 342 at the Denver Bulk Mail Center. (See table 4.2.)

Table 4.2: Step 2 Grievances Filed in Fiscal Year 1992 at Mail Processing Plants Visited

Mail processing plant	Total number of grievances filed	Grievance rate per 100 employees
Denver General Mail Facility	314	17
Morgan (NY) General Mail Facility[a]	2,182	19
Southern Maryland General Mail Facility and Bulk Mail Center[a]	579	26
San Francisco General Mail Facility	1,249	46
Cincinnati General Mail Facility[a]	4,026	91
Denver Bulk Mail Center	1,957	342

[a]Grievance rate based on district data; facility data not available.

Source: Postal Service district and facility grievance reports.

As indicated in table 4.2, the grievance rate at the Denver Bulk Mail Center was almost 4 times greater than the next highest rate. This high grievance rate was largely the result of an adversarial relationship between the local APWU president and the Bulk Mail Center management. Because of this conflict, the APWU chose to file multiple grievances over the same issue in an attempt to draw attention to the facility. In some instances, several hundred grievances were filed over a single issue. At the same facility, the relationship between the mail handlers union and management was not as adversarial—only 14 percent of the grievances filed at the Denver Bulk Mail Center came from mail handlers. According to Area Postal management officials, APWU and Center management relations have improved and the grievance rate dropped subsequent to our work at the Center.

In the districts we visited, attendance-related issues, which included disciplinary actions for irregular attendance, restrictions placed on employee leave use, and charges of absence without leave, were among the issues most grieved. Overtime assignments and craft-crossing were also major grievance issues at the locations visited. The issues grieved for overtime included disputes over whether it had been assigned to the right person and paid at the right rate. The issue grieved in craft-crossing was whether an employee had performed work normally associated with a different craft. Although the collective bargaining agreements generally prohibit employees of one craft group from performing the functions of

another craft group, they do allow management some flexibility in making work assignments under certain circumstances.

Current Work Conditions Encourage and Sustain Workplace Difficulties and Supervisor-Employee Conflict

Current work conditions in processing operations often place supervisors and employees in adversarial roles, contributing to labor-management tensions on the workroom floor. These conditions, described in the following sections, relate to (1) the supervisor incentive system, (2) employee perception of management style, (3) employee participation in work decisions, (4) performance management, and (5) recognition and rewards.

Supervisors' Incentive System Tied to Numerical Goals

The Postal Service's merit pay and promotion systems reward supervisors for achieving a variety of productivity and budget goals. According to our interviews, some supervisors emphasize "making their numbers" over maintaining good employee relations. Employees in each postal district we visited identified poor interpersonal relations as a labor-management problem.

Until January 1994,[5] supervisors were evaluated on seven general factors that included coordinating a work unit's operations, supervising employees, ensuring a safe work environment, and managing human resources. Supervisors were also rated on how well they achieved numerical goals (budget, safety, and administrative) set at the beginning of a year, including control of unscheduled employee absences and overtime usage. Supervisors received mid-year reviews to discuss their progress at meeting their numerical goals and also received annual performance evaluations. The annual evaluation resulted in a decision on merit pay increases.

Attendance Drives Operations and Disciplinary Actions

While mail processing is a highly mechanized and automated operation, processing the mail still requires a sizable workforce. Having the necessary employees available for work when scheduled is critically important to meeting processing deadlines. Employee absences, particularly unscheduled absences, disrupt processing operations and affect down-line delivery operations. For this reason, supervisors are held accountable for minimizing unscheduled employee absences.

[5]As discussed in chapter 2, beginning in calendar year 1994, annual pay increases for all supervisors are to be based on the Striving for Excellence (SET) program.

The 1992 employee opinion survey showed that 45 percent of the processing employees reported that they had been disciplined for using sick leave when they were legitimately ill.[6] According to our interviews and our review of arbitration files, supervisors' focus on making productivity and budget goals resulted in unwarranted discipline of employees using unscheduled leave.

Absence Control Program

To keep sick leave rates low, the Postal Service has an "absence control program" to identify employees with potential attendance problems that require management attention. The program is guided by the principle that management has a right to expect that employees meet assigned work schedules. Most large plants have established absence control offices to track employee absences and identify employees with attendance problems that require management attention.

Under this program, employees requesting leave must call the attendance control office before their scheduled work time. Requests for annual leave may be denied due to the needs of the Service, and medical documentation may be required to support sick leave requests.

Regardless of the type of leave used or the reason for the absence, employees may be disciplined for failure to be regular in their attendance. Other factors, such as meeting processing and delivery deadlines, have priority over employees' needs, as the following five examples illustrate.

Example 1: In New York, grievance-arbitration files showed that a clerk requested a night off to attend his father's birthday party on January 3, 1992. He was told he could have 2 hours off but then would have to report for work. According to the clerk, his father became ill at the party and was taken to the emergency room of a hospital. The clerk called his supervisor and stated that he would not be reporting for the remainder of his tour. He presented the supervisor with the emergency room's certification of his father's treatment upon his return to duty. The supervisor rejected the certification and issued a 14-day suspension beginning on February 8, 1992, through February 21, 1992. The supervisor's position was that there were other relatives at the party who could have taken the employee's father to the hospital and that the clerk could have reported for duty as directed. The suspension was rescinded at arbitration on February 16, 1993.

[6]This question was not on the 1993 survey.

Example 2: San Francisco General Mail Facility grievance arbitration files showed that a clerk employed with the Postal Service for 17-1/2 years was issued a letter of warning on March 21, 1992, for irregular attendance. Her supervisor's policy was that three unscheduled absences in a 3-month period warranted disciplinary action. The clerk's leave usage for the period covered by the letter of warning is shown in table 4.3.

Table 4.3: Employee's Leave Usage

Date	Leave use	Purpose	Documentation
10/28/91	3 hours of sick leave	doctor appointment migraine headache	preapproved by supervisor medical certification
12/30/91 to 12/31/91	16 hours of sick leave	doctor appointment migraine headache	medical certification
1/6/92	13 minutes of annual leave	late for work	none
1/8/92	4 hours of annual leave	pick up son from airport who was returning from "Desert Storm"	preapproved by supervisor
3/2/92 to 3/6/92	40 hours of sick leave	influenza	none

Source: A San Francisco Arbitration Award Decision.

The letter of warning was grieved and went to arbitration. The arbitrator concluded that the October 28 and January 8 absences were not unscheduled because they were approved in advance, and the remaining unscheduled absences were not unreasonable. The arbitrator ordered the letter of warning rescinded and removed from the clerk's personnel file in September 1992.

Example 3: In a case in Southern Maryland, a clerk was issued a letter of warning by the attendance control supervisor for having irregular attendance. She had discussed the reason for her absences with her supervisor before receiving the letter. The attendance control supervisor told her the reason for her absence did not matter. The letter was rescinded at step 2 of the grievance process 3 months later.

Example 4: At the San Francisco General Mail Facility, a union steward told us that supervisors tried to intimidate clerks into using their annual leave instead of their sick leave because one tour manager wanted "zero sick leave usage." The steward said that supervisors under that manager

were under pressure to discipline any employee who "gets in the way of meeting that goal."

Example 5: In a New York case, an employee who was a single parent with two handicapped children developed lupus, a disease that weakens the immune system. Her doctor provided notes restricting prolonged standing and advising a change from the night shift to the day shift to ensure proper rest. Postal management directed the employee to apply for a leave of absence, which she refused to do as she could not afford to not be paid and was ready, willing, and able to work within the two restrictions recommended by her doctor. Postal management contended that the employee had a babysitting problem, not a medical necessity, and refused to change her shift. The employee was removed in May 1992. She grieved her removal and was still awaiting arbitration as of April 1994.

Disciplinary Procedures Do Not Differentiate Among Reasons for Nonattendance

The Postal Service's disciplinary procedures for attendance do not differentiate between leave abusers and employees with legitimate needs. According to our interviews, these procedures lowered the morale of good performers, causing them to become disillusioned, but were ineffective in correcting the bad attendance of poor performers.

In all the districts we visited, managers identified overtime as a major cause of labor-management problems. Two managers in Cincinnati and a steward in Southern Maryland told us that excessive overtime created attendance problems. A steward in New York said too much overtime caused employee "burn-out" and increased sick leave use. A manager in Denver, however, said that absenteeism caused excessive overtime. He said this led to low morale because the existing workforce had to adjust to a heavier workload.

Inadequate staffing due to the restructuring and downsizing resulted in high levels of overtime in all of the districts except San Francisco. Nationally, mail processing overtime hours represented 12.1 percent of total mail processing workhours in fiscal year 1993 compared to 8.8 percent in fiscal year 1992 and cost the Postal Service $1.1 billion in fiscal year 1993.

The independent contractor who administers the employee opinion survey provides the Postal Service with randomly selected samples of written comments that employees have submitted in response to the survey questionnaire. Employees are asked for any additional comments they may

wish to make about any topic, regardless of whether it was covered in the questionnaire. For the districts we visited, with the exception of the San Francisco District, where we were unable to obtain the written survey comments, we reviewed the comments provided with the 1992 survey. (Comments from the 1993 survey were not available at the time we did our fieldwork.)

One employee at the Cincinnati plant wrote about his long workhours:

"Working 6 days a week, 9 and 10 hours a day under a lot of pressure is finally taking its toll."

Another employee at that location wrote:

"I work six days a week and every third Sunday. I have done this for almost seven years. I am tired."

One plant manager said that with the shortage of employees and the resulting high overtime rate, some employees will try to work 40 hours in 4 days (receiving 8 hours of overtime pay) and then be on sick leave the rest of the workweek. This gives the employee both more days off and more pay.

Disciplining employees for taking time off for child care purposes was a major concern in two of the plants we visited. Supervisors and stewards in New York and Southern Maryland, which did not have child care centers, told us that some employees with child care needs were denied leave and had left their children at home unattended while they worked rather than risk disciplinary action, which could have resulted in suspension without pay or removal from the Postal Service.[7] The Postal Service has child care centers available to employees on all three tours at three plants we visited (the Denver Bulk Mail Center, the Denver General Mail Facility, and the San Francisco General Mail Facility). We did not evaluate Postal Service efforts to address employees' child care needs as part of the labor-management review.

In reviewing grievance-arbitration files, we found instances where employees were disciplined for being absent to care for their children. For example, in Southern Maryland, a clerk was in an accident and was totally disabled for 2 months. He had custody of his two children and was still

[7]The National Child Care Task Force, comprising representatives from the Postal Service, NALC, and APWU, was developing long-term plans to address family and child care concerns. It was evaluating the day care centers already existing at postal facilities at the time of our review.

dealing with the need for child care when he returned to work. He was issued a 7-day suspension for failure to be regular in attendance. His irregular attendance resulted from tending to his two children, and he had no record of leave abuse before the accident. He grieved the suspension, which was rescinded at step 2, and he received back pay for the suspension period.

Comments from the 1992 employee opinion survey also indicated employees' concerns over child care issues. In Southern Maryland, an employee wrote that management was not sensitive to child care problems or the need to take leave due to a child's illness. In New York, an employee wrote that a large number of absences were due to workers who could not find sitters for their children at night. Another employee wrote that parents of small children found it difficult to be model employees in terms of never being late or having perfect attendance.

Employee stress due to child care concerns was also mentioned in focus group meetings in the Southern Maryland and New York Districts. In our interviews, a steward from New York pointed out that night workers may need child care both at night, so that they can work, and again during the day, so that they can sleep.

Supervisors and stewards at three plants we visited (Southern Maryland General Mail Facility, Southern Maryland Bulk Mail Center, and New York Morgan General Mail Facility) told us that many of the attendance problems there related to drug and alcohol abuse. Some did not believe the Postal Service's Employee Assistance Program was effective in helping drug and alcohol abusers. According to the employee opinion survey, 25 percent of processing employees nationwide believed there was a drug problem, and 34 percent believed there was an alcohol problem where they worked. The Postal Service revised and expanded its Employee Assistance Program after we began our review. An evaluation of this program, and the changes made, were not a part of our review.

Employees Believe They Are Not Treated With Dignity and Respect

The 1993 employee opinion survey showed that 49 percent of mail processing employees did not believe they were treated with dignity and respect, and 56 percent reported problems with job stress. In written comments submitted with the 1992 employee opinion survey, supervisors and employees said:

"As a supervisor...I felt that middle management...wanted line supervisors to harass employees and initiate discipline even when they knew it was not in compliance with the National Agreement." (Cincinnati)

"Management seems to be more concerned with harassing and disciplining employees than with actually accomplishing the real objectives of the Postal Service." (Southern Maryland)

"...Management has a 'black-list' of employees they don't like and go out of their way to make life hard for these people. These 'examples' of what can be done to 'bad' employees may keep the rest of us in line but they destroy morale..." (Denver)

"Management fails to treat employees with dignity, not giving employees respect and consideration. Employees feel that there is no concern for their working conditions or morale. They are not given credit, only criticism..." (New York)

In our interviews, some managers and supervisors acknowledged that there were some supervisors with poor interpersonal skills who corrected, belittled, or embarrassed employees in front of their peers. For instance, grievance files in the San Francisco District included a step 3 grievance for harassment filed by 27 clerks against a supervisor who allegedly yelled, showed favoritism, and had no tact or professionalism.

Employee treatment and generally poor interpersonal relations were primary concerns in the May 1993 postal violence focus group meetings. Postal management held these sessions, facilitated by outside consultants, to give employees the opportunity to express their feelings and concerns about workplace safety after shootings in May 1993 at postal facilities in Dearborn, MI, and Dana Point, CA. The following concerns were among those expressed in these meetings:

- Supervisors feel they have a better chance of being promoted if they treat their subordinates harshly. (New York)
- Several employees stated that they had witnessed confrontations between supervisors and employees, as well as fights between employees. Given some of the problems on the workroom floor, some were surprised there was not more violence. (Cincinnati)
- Several mail handlers complained about supervisors' treatment of them on the loading dock. They said they were treated in a "condescending" way—they were "talked down to, treated like children, cursed at, watched over and told what to do." (San Francisco)

- The most frequent themes were poor communication, poor supervisors, favoritism, employees not valued, and employees talked to as if they were children. (Southern Maryland)

Managers, supervisors, and union stewards we interviewed told us that everyone in the Postal Service needed to improve their interpersonal skills. Supervisors said they would especially like training on techniques for dealing with poor performers.

Employees Have Limited Involvement in Daily Decisions Affecting Their Work

Employee opinion survey results showed that processing employees do not believe management values their input on how to organize and accomplish their work. In each of the postal districts we visited, poor communication between supervisors and employees and lack of employee empowerment to effect changes in their work were cited as significant labor-management problems. In responding to the 1993 survey, 60 percent of the processing employees reported that the workflow was not well-organized. Employees also responded that they

- were not encouraged to come up with new or better ways of doing things (52 percent);
- were reluctant to reveal problems or errors to management (58 percent);
- did not believe management listened to employee problems, complaints, or ideas (53 percent); and
- did not believe management would do something about employee problems, complaints, and ideas (65 percent).

The following are comments from the 1992 employee opinion survey that illustrate some employees' attitudes about their involvement in decisionmaking:

"Employees are micro-managed to the point that they lose interest in doing a better job or making any decisions." (Cincinnati)

"I feel that upper management has a big ego and that they feel that any suggestions by craft are less than desirable." (Denver)

"Employees have ideas, since we do the same work everyday. We know the problems of our work area. We should have more input on the running of operations." (New York)

"Supervisors do not accept that tasks can be done differently and still be correct." (Southern Maryland)

The inability of employees to influence how their work was organized and accomplished was also mentioned by employees we interviewed. Some supervisors at the San Francisco plant said that employees did not take their jobs seriously. A supervisor in Southern Maryland said that employees did not feel responsible for their work. At the New York, Denver, San Francisco, and Cincinnati plants, union stewards said employees were most familiar with the problems in their work areas and should have some input in running the operations. A tour manager and supervisor from Southern Maryland and supervisors from Cincinnati and Denver said that encouraging more employee involvement and listening to employee suggestions would improve operations and the labor-management climate.

Poor Performance Is Usually Tolerated

Perceived inequities in the distribution of work was the top concern cited by employee opinion survey respondents. Basically, employees and supervisors alike said the Postal Service was ineffective in dealing with poor performers. The difficulty the Postal Service had with removing poor performers was cited as a labor-management problem in each of the postal districts we visited.

According to the 1993 employee opinion survey, 83 percent of the processing workers responded that some people did most of the work while others did just enough to get by. Seventy percent of the workers reported that poor employee performance was tolerated by management. According to a regional director of the Mail Handlers Union, there is a general perception that managers and supervisors lean on good performers to make up for those employees who are less efficient. Many times supervisors feel that poor performers take too much time to deal with so they simply "write them off."

There is no formal evaluation process for craft employees unless a step increase is deferred. According to a postal official, the Postal Service uses measures such as attendance records or accuracy and speed standards to pinpoint poor performers.

Supervisors are to take progressive disciplinary actions to correct undesirable employee behavior. Actions are to be taken progressively as follows:

- an informal discussion between the supervisor and the employee;
- a formal letter of warning;

- a suspension without pay for 14 days or less;
- a suspension without pay for more than 14 days, or removal from the Postal Service.

Employees can be issued several disciplinary actions at one level before progressing to the next level. Records of disciplinary actions taken can be removed from the employee's personnel record after 2 years if no other offenses have occurred. Disciplinary actions are subject to grievance/arbitration procedures, which can result in reinstatement and restitution, including back pay. According to union and management officials, there is almost always a grievance filed for every disciplinary action taken. On the employee opinion survey, 66 percent of first-line supervisors responded that many supervisors have given up trying to discipline employees. Supervisors at the San Francisco, Southern Maryland, and New York plants told us that their attempts to discipline employees were undermined by district labor relations staff who willingly settled grievances to avoid arbitration costs. These supervisors believe the districts' willingness to settle cases encouraged the unions to grieve all disciplinary actions in hopes of eliminating or reducing the severity of the action. Union officials in New York told us they generally grieve disciplinary actions because they consider these actions punitive, rather than corrective, as required in the collective bargaining agreement.

The employee opinion survey also showed that 88 percent of first-line supervisors reported it was nearly impossible to fire an employee who should be terminated. Our review of grievance arbitration files provided examples illustrating the difficulty of dealing with problem employees.

- In Southern Maryland an employee was grieving her removal from the Postal Service after having been suspended and/or removed seven times within 4 years (July 1986 through June 1990) because of attendance problems related to substance abuse. As a result of an arbitration hearing in June 1990, she was given a last chance offer and returned to work in July 1990. She was removed 3 weeks later for failure to be regular in attendance, which was challenged by the union. In a July 1991 decision, an arbitrator upheld management's decision to terminate the employee.
- In Cincinnati an employee grieved her removal for two charges of absence without leave after progressive discipline to correct her continuing attendance problems. The arbitrator ruled that the grievant's attendance record proved beyond any reasonable doubt that she was an unacceptable employee and was not entitled to retain her position. However, the arbitrator also said that one of the two charges for absence without leave

was not sufficiently proven, so he ordered the employee conditionally reinstated.

- In New York an employee grieved her removal from the Postal Service in December 1990 for being absent without leave and for submitting a fictitious medical certificate. In her 2-1/2 years of service, she received seven prior disciplinary actions (including five suspensions) for various infractions related to her admitted drug and alcohol addiction. This employee's removal was sustained by the arbitrator in December 1992, 2 years later.

According to union and management officials in New York, about 80 percent of disciplinary actions are attendance-related. The District Human Resource Manager told us that if employees continue to not show up for work, management will eventually be able to remove them, but as long as poor performers report for duty and stay at their work stations, there is little that can be done.

In the Cincinnati District, employee resentment at management's nonconfrontation of poor performers was a primary concern in focus group discussions over workplace safety. Employees cited rigid personnel policies and poor union/management relations as contributing to the retention of incompetent and/or dangerous employees, which they said created stress for everyone.

In the Denver Customer Service District, comments submitted with the 1992 employee opinion survey indicated that unions played a role in shielding poor performers. One manager wrote:

"...The unions have tied management's hands making it difficult for employees to be fired...."

Someone else wrote:

"...Unions spend approximately 90 percent of their time defending the incompetent employees that the Postal Service can't get rid of. Managers spend approximately 90 percent of [their] time dealing with these incompetent employees when their time could be better utilized doing more productive things..."

Union representatives told us that poor supervisory performance is also tolerated by management. They do not believe supervisors are held accountable for harassing employees or for purposely violating the labor contract. According to the 1993 employee opinion survey, 60 percent of

processing employees did not believe supervisors consistently followed the provisions of the national agreements. In contrast, most mid-level managers and first-line supervisors (61 percent and 73 percent, respectively) thought that they did consistently follow the contracts. Union officials said contract violations occur regularly because supervisors do not receive contract training and because supervisors are not held accountable for violating the contract.

According to a postal headquarters official, there are no criteria to identify a supervisor as a poor performer who warrants disciplinary action. He said that few supervisors get unacceptable ratings. The Postal Service typically tries to find out why a supervisor is not performing up to standards and to then provide training, a transfer opportunity, or a mentor to improve performance.

More Incentives for Good Performance Needed

According to the 1993 employee opinion survey, processing employees are not recognized or rewarded for demonstrating high levels of performance. On the survey, 77 percent of processing employees responded that they were not rewarded for high levels of performance, 76 percent reported that performing well just gets you extra work, and 60 percent said their contributions were not recognized when things went well. Forty-two percent of processing employees said their supervisors did not provide them with feedback on the adequacy of their performance. In fact, some stewards told us there were disincentives for working hard and that rigid disciplinary policies affected the morale of good performers as well as bad performers. Supervisors and stewards told us that the Postal Service needed to implement incentive programs to encourage good performance by employees rather than relying on discipline to discourage poor performance.

Comments submitted by employees with the 1992 survey demonstrate how the lack of performance incentives can affect employees' attitudes:

"Craft employees need to know they are doing a good job. Incentive rewards are rare. When you get the same reward for poor performance as for good performance, why try harder." (Denver)

"Many craft employees are lackadaisical - don't seem to care how much or how well they do - and they get paid the same as those who care and take the extra steps to do things right." (Cincinnati)

"There is no incentive; managers tell employees 'you get a check every two weeks, that's incentive enough.' " (Southern Maryland)

"Management still does not treat many of its employees as assets. I've heard many hard working dedicated employees complain that they come to work every day, do a very good job, and rarely any thanks or recognition of a job well done is given." (New York)

Promotional opportunities do not act as performance incentives for employees because promotions within the craft are generally based on seniority, not performance. However, employees can apply for available management positions. According to the survey, 57 percent of processing employees said that the Postal Service did not provide employees with training to help them qualify for a better job, and 47 percent reported that there was little or no opportunity for advancement.

Processing employees also reported a lack of incentives for demonstrating teamwork on the workroom floor. Seventy-two percent of the survey respondents indicated that work groups were not rewarded for cooperating with each other. In New York, a union steward said craft employees and the unions could improve the work climate by (1) promoting a greater sense of teamwork among employees and (2) allowing employees to participate in decisions affecting their work. In this regard, the Postal Service and the unions are experimenting with self-managed work units that allow employees to assume more responsibility for processing the mail.

Postal Service and Unions Experimenting With Self-Managed Work Units

At the time of our review, seven processing plants and five post offices were testing a program that allowed craft employees to take greater responsibility for moving the mail. A "crew chief" program was developed as a formal pilot project with the clerk craft, guided by a June 1991 joint Memorandum of Understanding between the Postal Service and APWU. This program was to allow employees to do their work with less supervision. However, the program did not address all of the underlying issues that create conflict between labor and management, such as the lack of incentives for teamwork and procedures for dealing with poor performers.

Crew chiefs were craft employees who were to assume a leadership role in a work unit, performing selected functions previously done by the unit supervisor, such as training new employees and leaving the work area to obtain mail and bring it to the unit for processing. As a craft employee, the crew chief could work with the unit employees, whereas supervisors are

prohibited by the collective bargaining agreement from doing craft work. However, crew chiefs could not approve leave and they could not take disciplinary actions.

The crew chief concept emerged during the negotiations for the 1990 collective bargaining agreement between the Postal Service and APWU. APWU proposed the concept because it believed the organization of postal work was outdated and inefficient and created an unnecessarily adversarial and bureaucratic work environment. The Postal Service was not opposed to the concept but felt there were too many questions, such as how crew chiefs would be selected, that needed to be addressed before any agreement could be considered. In interest arbitration, the Postal Service and APWU entered into a Memorandum of Agreement to pilot test the project with the clerk craft.

The tests were conducted in both automated mail processing and retail operations. The seven mail processing plants and five retail sites that were testing the concept were jointly selected by the Postal Service and APWU from a list of sites that were willing to participate in the program. The first test site, established in July 1992, covered the automated operations at the Sacramento Processing and Distribution Center in California. Crew chiefs at the pilot sites were chosen on the basis of seniority or selection by a joint committee of union and management members and were given 40 hours of on-site training. Each of the sites had the option of adopting an "unelection" process whereby employees could vote every 90 days to replace their crew chief.

The Postal Service has two other programs similar to the crew chief concept. One program, group leaders, involved the mail handlers union and was started over 20 years ago. Group leaders were to be selected on the basis of seniority and were to receive on-the-job training. The other program, service captain, included both mail handlers and clerks. There were no rules for the selection of service captains and no formal training required or provided. In the Southern Maryland General Mail Facility program, which started in November 1992, service captains were initially selected by the respective supervisor of each operation. Later, they were selected by their peers, as long as management considered the employee to be a good worker with a satisfactory attendance record. Plant managers can implement either program without postal headquarters approval. The Postal Service could not tell us how many or which facilities were participating.

In a limited review of these three programs, we interviewed managers, supervisors, and crew chiefs at three of the pilot sites: Sacramento, CA; Royal Oak, MI; and Birmingham, AL. We also discussed the service captain program with facility managers at the Southern Maryland General Mail Facility, and we discussed the group leader program with managers from the Sacramento Processing and Distribution Center.

For these programs, participants told us they believed that craft employees were generally more comfortable taking instructions from and expressing their concerns to crew chiefs, service captains, and group leaders rather than supervisors. Participants also told us that these positions alleviated some of the increased pressure on supervisors that resulted from the 1992 reduction in supervisory staffing. In the service captain program at Southern Maryland, certain pay locations in the automation unit were self-managed; they operated without supervision on some days during the week, and all mail was to be processed according to an operating plan.

These programs, however, do not address some important issues that cause workfloor tensions between supervisors and employees. The programs do not give all employees more control over their work processes; they empower only the crew chief, service captain, or group leader. The programs also do not provide any new incentives for team performance or procedures for holding employees and supervisors accountable for poor performance.

According to our interviews, supervisors and crew chiefs did not fully understand their respective roles and responsibilities. They said that the duties that supervisors allowed crew chiefs to perform varied significantly among the sites and also among the tours at a given location. They also said that selecting the crew chief on the basis of seniority did not ensure that the best qualified person was selected for the position. Some supervisors perceived crew chiefs as a threat to their job security, so they bypassed them and dealt directly with the employees. The management association that represents supervisors, the National Association of Postal Supervisors (NAPS), did not support the crew chief program. The NAPS President said he considered crew chiefs to be another layer of management. The existing supervisors at the test sites were left in place, and the Postal Service did not redefine their roles in a self-managed work environment. The crew chief pilot program ended March 31, 1994.

Conclusions

The Postal Service needs, but does not have, the full commitment of its employees to achieve service quality improvements. It recognizes that employees are rejecting excessive regimentation and looking for more control over their work experiences. The lack of accountability for poor performance severely hinders the work of the Postal Service.

Self-managed work groups, which give employees greater responsibility, offer advantages for both the Postal Service and its employees. However, before employees can assume more responsibility for their work, they need incentives to perform as team members. Furthermore, the Postal Service needs specific work standards and procedures to hold employees accountable for their performance. To effectively implement self-managed work groups, the Postal Service needs the commitment and cooperation of all of the parties that are affected—management, the unions, the management associations, the supervisors, and the employees.

Mail Delivery Operations Affect Carriers' Job Attitudes and Employee-Management Relations

Similar to the relationships between employees and management in processing and distribution plants, the relationships between city carriers and management are generally tense and often confrontational. This is in contrast to the relationships between rural carriers and management, which are generally cooperative.

City and rural carriers have common goals and in many cases work out of the same post office under the same supervisors. However, they have very different work environments, and their attitudes about the Postal Service, their work, and supervision differ significantly. In the 1992 and 1993 employee opinion surveys, rural carriers consistently rated the Postal Service higher in all 12 survey dimensions than city carriers did. Their different views, according to both union and management officials we interviewed and our analysis of city and rural carrier data, are associated primarily with (1) the relative independence that rural carriers have to do their work and (2) the incentives that the rural carriers have for doing good work.

Rural Carriers Are More Satisfied Than City Carriers

Employee opinion data show that, overall, rural carriers are far more satisfied in their jobs with the Postal Service than city carriers are. Responding to the 1993 employee surveys, rural carriers had more favorable responses for 80 of the total 84 questions asked. Of the four exceptions, the difference was 3 percentage points or less for three questions and 13 percentage points for the remaining question. This latter question had to do with whether carriers were given sufficient opportunity on the job to look at Postal Service videotapes; overall, city carriers had greater opportunity than rural carriers.

Of the 84 questions, the question that drew responses indicating the greatest difference (43 percentage points) in satisfaction was whether carriers agreed or disagreed with the following statement: "Performing well just gets you extra work." Of rural carriers, 53 percent disagreed or strongly disagreed with the statement. In contrast, only 10 percent of the city carriers disagreed or strongly disagreed with the statement.

City and Rural Carriers Have Common Goals and Responsibilities but Operate Under Very Different Work Environments

City and rural carriers are responsible for delivering mail quickly and efficiently to millions of families and businesses across the nation. During fiscal year 1993, the 211,893 career city carriers and 43,694 regular rural carriers and their replacements delivered 171.2 billion pieces of mail to over 123 million delivery points in cities and rural areas of America. They worked out of 39,392 post offices, stations, and branches and provided delivery service 6 days a week.

Like other postal operations, carrier operations are driven by tight time schedules and budgets. For example, city carriers at the Waldorf, MD, Post Office are expected to report for work by 7:00 a.m. and to be on the streets delivering mail by 10:45 a.m. Rural carriers at the same post office are to report between 6:00 and 7:00 a.m. and are expected to be on their routes by 10:30 a.m. The period of time in the office is to be used for "casing" or manually putting the mail into delivery order. When delivering the mail, both city and rural carriers are expected to follow established routes to provide reliable and consistent delivery to customers.

City and Rural Carriers Have Different Compensation Systems

While city and rural carriers have common responsibilities and in some cases similar routes, their compensation systems differ. City carriers are hourly workers paid for a standard 8-hour workday or 40-hour workweek. City carriers who work in excess of a 40-hour workweek are paid for those hours at an overtime rate of 1-1/2 times their basic hourly rate. In addition, a penalty overtime rate equivalent to doubletime is paid to carriers when they are required to work overtime in violation of contract provisions for overtime assignments.[1] Therefore, a city carrier's pay can vary substantially each week because overtime hours can vary weekly.

Rural carriers, on the other hand, are salaried employees and the amount of their salary is based on an annual evaluation of the estimated number of hours per week needed to deliver the mail on their respective routes. Most rural carrier routes have been evaluated at more than 40 hours per week. When a rural carrier's weekly salary is computed, the first 40 hours are calculated at the basic hourly rate, and all additional hours estimated over 40 are computed at an "overtime" rate of 1-1/2 times the hourly rate. However, under the Fair Labor Standards Act (FLSA) [section 7 (b)(2)], this additional amount is not considered overtime pay.

[1]Article 8, Section 5.F., of the city carriers' contract states that no full-time regular employee shall be required to work overtime on more than 4 of the employee's 5 scheduled days in a service week; or work over 10 hours on a regularly scheduled day, over 8 hours on a nonscheduled day, or over 6 days in a service week.

In order to qualify for this treatment under the act, rural carriers are employed by the Postal Service on an annual basis at a guaranteed annual wage, and under the condition that they cannot work more than 2,240 hours a year. The guarantee is that they will work a minimum of 1,840 hours and not more than 2,080 hours during the guaranteed period of 52 consecutive weeks. Any hours actually worked in excess of (1) 12 hours in any one work day, (2) 56 hours in any workweek, or (3) 2,080 hours in the 52-consecutive workweek guarantee are to be compensated at an overtime rate. Any such overtime is to be paid at 1-1/2 times the carrier's regular rate of pay.[2] Carriers who work over 2,240 hours during the guarantee period are to be compensated in accordance with section 7(a) of the FLSA—which requires overtime for all hours actually worked in excess of 40 hours in any given week. When this situation occurs, the Postal Service has to recompute the pay for the entire guarantee year.

Because the rural carriers' compensation system has "overtime" built into the base annual salary, rural carriers do not negotiate daily with supervisors for authorization for additional workhours. Also, they work more hours a year on average than city carriers. For example, national workhour data showed that in fiscal year 1993, rural carriers worked an average of 1,859 hours versus 1,797 hours for city carriers. During that period, rural carriers were paid a total of $45.5 million for 2.4 million overtime hours[3] compared to $1.3 billion paid to city carriers for 55.1 million overtime hours.

Blurred Distinction Between City and Rural Carrier Delivery Routes Creates Jurisdictional Disputes

Besides having similar mail casing duties and delivery responsibilities, city and rural carriers are now operating, in some cases, in common delivery service areas using similar means of transportation. In fiscal year 1993, there were approximately 162,941 city carrier delivery routes. These routes were established in more highly populated urban and suburban areas where deliveries are made to the door, centrally located mail boxes, or to curbside mail boxes.

Traditionally, rural carriers provided delivery service to boxes placed along the roadside in small and rural communities. In these deliveries,

[2]As an example, the regular rate of pay for a 10-day route (referred to as a "K route") is determined by three calculations. First, the carrier's daily compensation rate is determined by dividing his/her annual salary by 260 days (52 weeks x 5 days a week). This daily compensation rate is then multiplied by the actual number of days the carrier has worked or was on paid leave in the guarantee period to determine pay to date. This adjusted salary is then divided by the total year-to-date workhours. This adjusted (regular) rate of pay is multiplied by 1-1/2 to determine the FLSA overtime rate.

[3]This does not include "overtime" that is already built into their annual salaries.

rural carriers used their own vehicles and were paid an equipment and maintenance mileage allowance. Because of growth in some previously rural areas, many rural carrier deliveries are now made to highly populated communities. In fiscal year 1993, about 18,000 of the 49,236 rural delivery routes (37 percent) were located in populated suburban communities, which consisted of both residential and commercial establishments. On many of these suburban routes, rural carriers work out of the same post offices as city carriers, they make dismount deliveries, and some drive Postal Service vehicles.

Establishing and extending routes in growth communities, especially in suburban areas, has been a point of contention between the Postal Service and NALC. If the new growth area is near a city delivery service area, then the Postal Service will typically assign the routes to city carriers. On the other hand, if new growth is near a rural delivery area, then the growth area will be assigned to rural carriers. In March 1989, the President of NALC notified the Postal Service that it was initiating a grievance over the assignment of routes to rural carriers in Vienna and Oakton, VA. According to NALC, approximately one-half of the mail delivered in Vienna and all the mail delivered in Oakton has been assigned to rural carriers. NALC contended in its notification letter to the Postal Service that both communities meet the Postal Service criteria for city delivery because the routes

"...consist either substantially or entirely of deliveries to commercial establishments in office buildings and/or shopping centers. Other mail delivery routes assigned to rural letter carriers encompass residential deliveries to closely compacted townhouses and/or apartment buildings, many of which receive their mail in cluster boxes. In servicing the routes, the rural letter carriers in Vienna and Oakton drive Postal Service vehicles and, in many instances, dismount from their vehicles and deliver most or all of their mail on foot."

This case was still in arbitration as of May 1994, but it may have far-reaching implications for determining whether new routes become city or rural. According to Postal Service officials, managers may prefer to assign new routes to rural carriers because they believe that rural delivery is more cost-effective and easier to manage on a daily basis.

Rural Carriers Operate With Greater Independence Than City Carriers

Managers and supervisors are responsible for ensuring that carriers, whether city or rural, carry out their assigned duties efficiently and in accordance with Postal Service regulations. Both city and rural carriers function under the supervision of postmasters or station managers and first-line supervisors. Postmasters or station managers oversee post office operations, while the day-to-day oversight of workfloor operations and direct supervision of carriers are the job of first-line supervisors.

More Extensive Supervision Applied to City Carriers Than Rural Carriers

Primarily because of different provisions for "overtime" pay under the two pay systems, city carrier daily schedules are more closely supervised than rural carriers' schedules. Six of the post offices we visited had both city and rural carriers. The postmasters at all six offices said that first-line supervisors generally spend much more time overseeing the daily work of city carriers. For example, the Healdsburg, CA, Postmaster said that on an average day he and his first-line supervisor spend about 90 percent of their time monitoring and managing city carrier activities and only 10 percent of their time on rural carrier activities, despite the fact that there are about the same number of rural and city carriers at the station.

At these six post offices, we observed that city carriers were subject to more extensive control throughout their workday than rural carriers. To demonstrate this, we will describe the routine followed 6 days a week by the more than 200,000 city carriers in negotiating their work schedules and then contrast this with the rural carriers' relative independence.

City Carriers' Daily Routines

At the start of their shifts, city carriers estimate the amount of time needed to case[4] and deliver their mail by assessing the volume and type of mail (letters, flats, etc.) designated to be delivered for that route. Managers and supervisors are responsible for the official daily mail volume count for each route. However, in some post offices and stations, clerks and carriers perform this duty.

On the basis of workhour estimates, carriers must inform the supervisor if they will not be able to case all the mail, meet scheduled departure time, or complete delivery of mail within 8 hours. Each carrier requesting overtime or auxiliary assistance must estimate how much extra work time is needed and explain the reason for the request. In a relatively short period of time (i.e., before carriers must leave the station), supervisors must decide every day for numerous carriers how to handle any extra

[4]The time allowed by Service policies for casing the mail is based on either (1) a minimum of 18 letters and 8 flats per minute or (2) the carrier's casing speed demonstrated during the last route inspection.

workload. For example, in 1 San Francisco city station, 2 supervisors make these decisions for 66 carriers.

After considering the request, supervisors must decide for each carrier requesting assistance whether to provide auxiliary assistance, authorize overtime, or instruct carriers to hold mail for later delivery. Carriers and supervisors can and do disagree on the time required to service their routes. As discussed in chapter 4, until January 1994,[5] supervisors were evaluated on, among other things, how well they achieved a variety of budget and workhour goals. As a result, supervisors have an incentive to keep workhours, especially overtime usage, to a minimum. Furthermore, each city carrier route is supposed to be evaluated annually to determine how many linear feet of mail the carrier should case and deliver daily. It is this quantity of mail, called the reference volume, that supervisors generally expect carriers to case and deliver each day. Disagreements on time requirements are basically due to differences in mail volume estimates and mail mix. Each linear foot of mail is an estimate and presumed to always equal a number of mail pieces, whereas a linear foot of some mail (e.g., post cards) will require more casing time than other mail (e.g., TV Guide).

Once these decisions have been made, carriers are required to leave the office to begin mail deliveries at or before their scheduled departure times. If they return to the office before their scheduled 8-hour day ends, they are assigned additional duties by management. Using timecards or automated badge readers, they are required to "punch the clock" when they arrive at the office, leave to deliver the mail, return to the office, and leave for the day.

Rural Carriers' Relative Independence

In contrast to city carriers, rural carriers' workdays are not subject to strict controls and rules. They are expected to deliver all the mail each day rather than work a set number of hours. They do not have to negotiate daily with supervisors regarding the time it will take to complete mail casing or delivery. We were told that supervisors' primary interaction with rural carriers is a walk-through in the morning to see if the carriers have any concerns or questions.

[5]As discussed in chapter 2, beginning in calendar year 1994, annual pay increases for all supervisors will be based on the Striving for Excellence (SET) program.

Performance Standards Are Monitored More Closely for City Carriers Than Rural Carriers

Managers of both city and rural carriers hold the carriers they supervise accountable for required tasks each day, but performance factors are more closely monitored for city carriers than rural carriers.

City carriers are monitored routinely against detailed performance standards. These standards, which include such factors as the amount of mail cased and delivered per hour, are based on information collected during the last route inspection. The amount of time they spend in the office and on the street is monitored and recorded on a daily basis. In contrast, rural carriers are not required to meet similar daily standards and are allowed to plan and keep track of their own work times.[6] A rural carrier's daily work schedule is flexible and fluctuates on the basis of such factors as mail volume and road or weather conditions. Annual evaluations of such workload elements as route mileage and the quantity of mail set the general parameters for daily work requirements. However, on a daily basis, managers expect rural carriers to deliver all their mail on time and keep the customers satisfied.

Each day, city carriers are accountable for meeting specific productivity goals for many of their daily work functions. Delivery unit managers and supervisors routinely collect data on mail volume, office and street hours, replacements, overtime, auxiliary assistance, curtailed and delayed mail[7] and attendance—all to determine if the carriers are meeting their expected goals. For example, the Postal Service has set detailed standards for the accurate and speedy casing of the mail, which is viewed as a key duty. While they are casing mail, the carriers' speed is measured daily against these standards. Managers and first-line supervisors also continually review the efficiency of carriers' office routines, and they direct carriers to adopt work methods that will achieve maximum effort within their 8-hour workday.

In keeping with their generally greater autonomy, rural carriers control their own workday but are held accountable for the on-time delivery of all their mail. They are not required to meet time-based minimum performance standards for office duties. Managers are primarily concerned that rural carriers do not exceed the workhour ceilings previously discussed (see p. 74), because if they do, the Postal Service is

[6]The purpose of the rural carriers tracking their hours is to monitor their commitment to the Postal Service of not exceeding 2,080 work hours during the guaranteed annual contract period, which would require overtime pay.

[7]Curtailed mail is mail held for delivery on a later day that can still meet its committed date. Delayed mail has missed the established delivery commitment.

required to pay overtime. Thus, the autonomy afforded rural carriers by the structuring of the rural route largely eliminates the need for rural route supervisors to monitor how much time rural carriers spend sorting and delivering the mail.

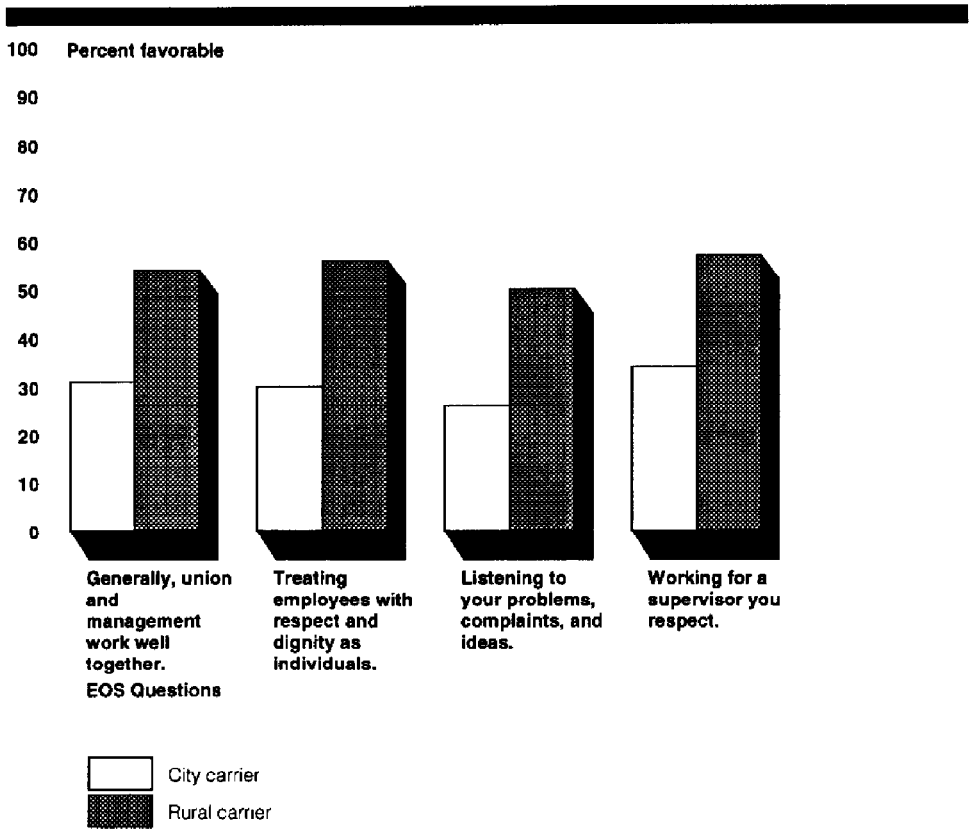
Extensive Supervision of City Carriers Leads to Conflict on the Workroom Floor

Employee opinion survey data for 1993 showed that city carriers were more dissatisfied with working conditions than their rural counterparts. A key cause of this dissatisfaction identified during our fieldwork was the level of supervision imposed on city carriers, which engendered conflict mainly over the amount of time it takes to do the work. In other words, the daily pay and schedule negotiations present numerous opportunities for confrontation and conflict.

In contrast, the rural carriers' system presented fewer opportunities for conflict, and as a result of emphasis on carrier independence, relationships between supervisors and employees were reported to be better.

As shown in figure 5.1, city carriers were more negative than rural carriers in their views on working relationships between the union and management, managers' treatment of employees, management's willingness to listen to employee problems and ideas, and respect for supervisors.

Figure 5.1: Percent of City and Rural Carriers Who Responded Favorably on Employee-Management Relations

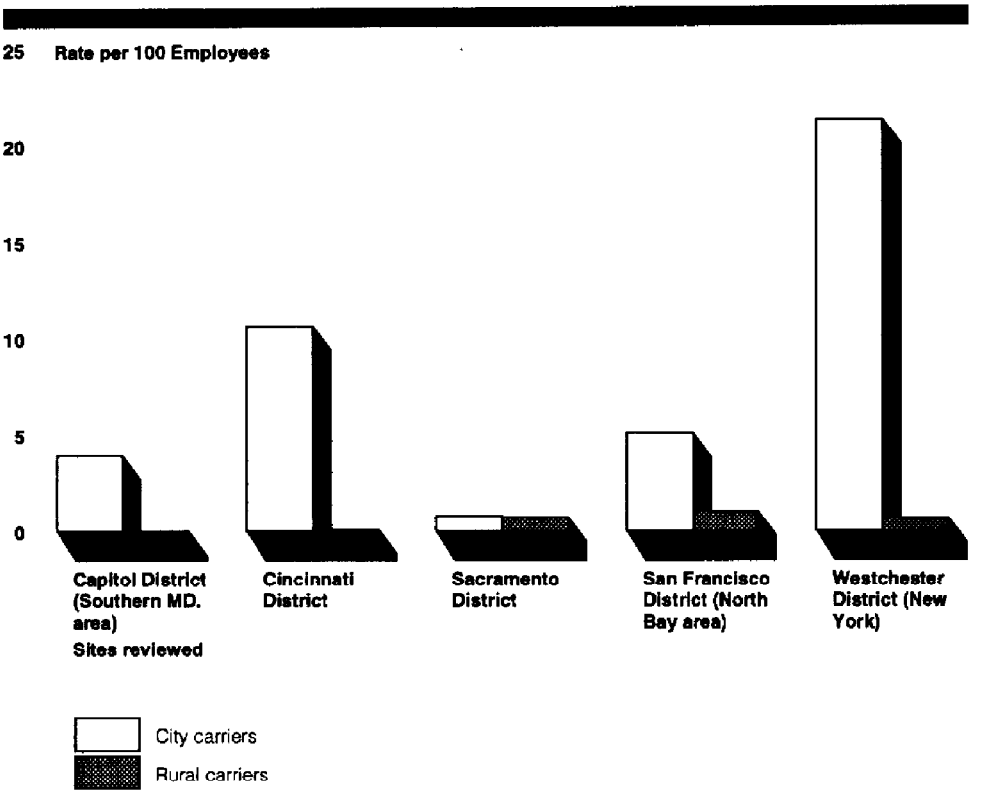


Source: U.S. Postal Service 1993 Employee Opinion Survey.

Extensive supervision and rigid controls reduce city carriers' independence and their control over how they do their work. Workfloor conflicts tended to occur when supervisors applied policies promoting efficiency that carriers perceived to be an intrusion in areas they felt they knew best. In Grand Central Station, NY, for example, stewards cited rigid rules and oversupervision as two of their primary concerns. A steward added that management relied on books and procedures to get the job done instead of listening to the ideas of carriers. In Denver, the local NALC President told us that the major problems for letter carriers included the daily restrictions on how they must case their mail, use their vehicles, and deliver the mail. He said that many problems would be resolved if procedures followed by city carriers could be made less restrictive.

Also, because of the conflicts on the workroom floor, city carriers filed significantly more grievances than rural carries. National step 3 grievance data for the first 3 quarters of fiscal year 1992 showed that city carriers filed 11 times more grievances per 100 employees than the rural carriers. In addition, five of the seven districts we visited had complete data on both city and rural carriers, and they showed that rural carriers filed fewer step 2 grievances per carrier than their city counterparts.[8] As shown in figure 5.2, city carriers in these five districts filed more step 2 grievances in the first 2 quarters of fiscal year 1993 than rural carriers during the same period.

Figure 5.2: Step 2 Grievances for City and Rural Carriers for Sites Reviewed, First Two Quarters Fiscal Year 1993



Source: Site grievance files, U.S. Postal Service.

[8]We were not able to collect comparable data for the Denver District because it was not readily available, and the New York District does not have any rural carriers.

Supervision by managers was sometimes construed as harassment by carriers, and especially by city carriers. Charges of harassment surfaced in our review of grievance and arbitration complaints by city carriers at some sites we visited.

For example, in the San Francisco Post Office, where 13 percent[9] of all grievances filed by city carriers were categorized as "harassment or unprofessional conduct by supervisors," carriers from one city station filed a class grievance on this issue against their station managers. These carriers believed they had been harassed over alleged "excessive talking." Managers stated that ongoing conversations by carriers outside their work areas slowed down work. The carriers' grievance stated that management used harassment tactics to push the carriers to meet productivity goals. Management responded that it was trying to promote operational efficiency.

Although our interviews and review of grievance data revealed a variety of problems at each post office we visited, conflicts frequently arose at all of them over the amount of time city carriers requested to perform their duties. Officials in five of the seven districts we visited cited the daily negotiations that occurred over requests for assistance such as overtime as the most contentious issue between first-line supervisors and city carriers. Union stewards representing city carriers told us that overtime problems included concerns about the daily negotiations with supervisors for overtime necessary to complete their routes, how overtime was distributed among all the carriers in their unit, and the burdens placed on them by mandatory overtime.[10]

Available grievance data at the locations we visited showed numerous incidents where conflicts centered on the issue of overtime. In all but one of the districts we visited, overtime was one of the most frequently grieved contract issues.[11] In the Westchester District of New York, for example, over one-half of all contract grievances filed by city carriers involved

[9]For all categories of step 2 grievances filed in the first 2 quarters of fiscal year 1993, this 13 percent represents the largest percentage of the total filed on any one issue.

[10]The overtime clause in the NALC contract requires that (1) "overtime desired" lists be established by craft section or tour; (2) that the postal service make "every effort...to distribute equitably the opportunities for overtime among those on the list"; and (3) if the "overtime desired" list does not provide sufficient qualified people, other employees "may be required to work overtime on a rotating basis with the first opportunity assigned to the junior employee."

[11]In all districts visited where data were readily available, contract grievances filed by carriers, such as overtime disputes, accounted for the majority of all grievances filed. The remaining grievances were related to disciplinary issues.

overtime. In the Southern Maryland area of the Capitol District, over one-fifth of all contract grievances were overtime-related. Although grievance rates for overtime were not as high in other districts with available data, numerous grievances were filed on overtime issues in five districts. Many grievances concerning overtime involved its distribution among city carriers. For example, in the Westchester District, a city carrier filed a grievance asking for 8 hours of overtime pay because managers did not call him in when work became available on his route.

In the Bear Valley Post Office of the Denver District, problems arising from negotiations between supervisors and city carriers for overtime led the station manager to change the overtime approval process in 1993. The new process allows city carriers to approve their own overtime. The first-line supervisors and carrier stewards agreed that this change would help improve workfloor relations and city carrier morale by eliminating what was considered to be the most contentious issue in the office. At the time of our review, the office's managers were monitoring the effects of the changed process to ensure that city carriers do not abuse it.

City Carrier Performance Standards Penalize Effective Performance

City carriers' performance standards tend to discourage carriers from performing at their best in casing and delivering mail. City carriers have several disincentives for completing work quickly. If they return to the office early—before their 8-hour day ends—they may be required to perform additional duties as directed by management. These duties often involve sorting the next day's mail or being sent back out on the street to help complete mail delivery on another route—commonly referred to as "pivoting." However, carriers who stay out on the street and do not return to the office until the end of their 8-hour day are not required to do additional work.

Procedures for setting and adjusting city carriers' expected daily workloads (reference volumes) also tend to systematically discourage carriers from working at their highest performance levels. Managers set reference volumes for each carrier's regular 8-hour day during annual route examinations. During these examinations, carriers are required to meet performance standards for sorting mail and other office duties. Carriers who exceed the minimum performance standards are expected to consistently perform at the higher level, which then becomes their standard until the next route examination. In addition, those who exceed the standards may get larger workloads than those carriers who have their

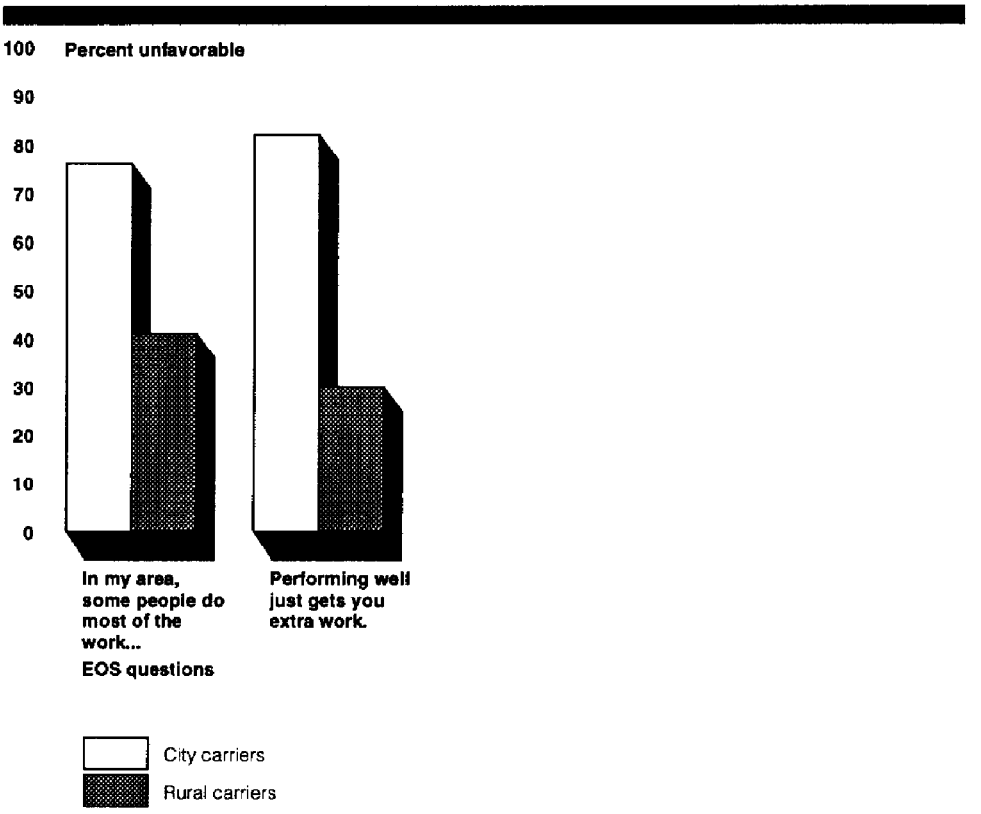
workloads set at the standards. These procedures can discourage city carriers from working beyond a minimally acceptable level.

Rural carriers do not face the daily disincentives for good work encountered by city carriers. If rural carriers finish their work in less than their evaluated time, they are given the option upon returning to the office to leave for the day, or they can get an early start on the next day's work.

Procedures for adjusting rural carriers' workloads link pay to level of effort, encouraging carriers to increase their workload. In general, route examinations are used to adjust workloads and set rural carriers' compensation annually. These examinations consist of a mail count and route inspection to determine how much time is required to deliver the mail daily over the year. When rural carriers' workloads are adjusted on the basis of this review, their compensation is also adjusted upward or downward to reflect the change. Thus, the rural system rewards carriers who assume larger workloads from year to year.

Employee opinion survey responses for 1993 indicated that city carriers tended to hold negative views regarding the systematic disincentives to higher performance levels that are built into their delivery system. Approximately 80 percent of all city carriers agreed or strongly agreed with the statements that "Some people do most of the work, while others do just enough to get by," and that "Performing well just gets you extra work." In contrast, about 40 percent of rural carriers agreed or strongly agreed with those statements (see fig. 5.3).

Figure 5.3: Percent of City and Rural Carriers Who Responded Unfavorably on Performance Management and Rewards



Source: U.S. Postal Service, 1993 Employee Opinion Survey.

Union and management officials in six of the seven districts we visited said that the current system for city carriers discouraged good performance. An NALC local branch president from Sacramento stated that the system encouraged city carriers to be average performers because doing any more than that usually means more work with no added pay. A Southern Maryland postmaster commented that if the size of rural carriers' routes increased, they were paid more, but if the size of city carriers' routes increased, they just got more work. A steward told us that the most grieved issue for carriers at the Grand Central Station in New York was the pivoting requirement, i.e., having to do the work of other carriers.

In the post offices and stations we visited, greater independence for rural carriers did not have a negative effect on their work performance.

Postmasters we interviewed in these six post offices said that rural carriers were as efficient as their city counterparts. They performed all their required tasks and did not receive any more customer complaints than city carriers.

Postal Service and NALC Acknowledge Need for Change

The current labor-management environment provides a significant opportunity for the Postal Service and NALC to make the appropriate changes to the city carrier system that will offer a more self-managed work environment that would be beneficial to both employees and managers. Although both Service and NALC leaders have acknowledged the need to change the way city routes are structured and carriers are managed, significant changes have not been forthcoming.

In 1987, the Service and NALC established a joint task force to study possible changes and improvements in how carrier assignments were designed, evaluated, and compensated. The study was to identify and examine those elements of the rural carrier system that helped avert many of the conflicts common between supervisors and city carriers. However, the two parties were not able to reach any agreement on how to change the city carrier assignments.

In March 1994, the Postal Service and NALC had similar but independent efforts under way to study possible changes to the current city carrier system. A national NALC task force was reviewing how city routes can be restructured to better serve carriers, customers, and the Postal Service. Under consideration was a January 1992 suggestion by the NALC Vice President that NALC consider a route design similar to that used by rural carriers to better deal with changes in office functions and procedures that could threaten city carrier job opportunities. The Postal Service had also set up teams to study and propose alternatives to the current city carrier system. Thus, both the Postal Service and NALC are independently reviewing alternate approaches to the city carrier system, including examining the possibility of adopting the rural carrier approach. We found no efforts to coordinate and consolidate these two studies for addressing the common concerns.

Conclusions

The city carrier system, which has evolved over many decades, is in need of change. The Postal Service is now facing a changing and increasingly competitive environment and needs a more flexible city delivery system that can meet the competitive challenges. This new environment requires a

system that will offer a more self-managed work environment, is easier to manage, and encourages carriers to work at their highest performance levels. We recognize and support efforts of the Postal Service and NALC to review possible alternatives to the existing city carrier system. Unless significant changes are made, it will be difficult for the Postal Service to provide reliable and consistent mail delivery service in its major markets.

Postal Service Has Tried for Many Years to Change Workplace Environment

Since 1982, the Postal Service, unions, and management associations have tried a variety of ways to improve workfloor relations. However, commitment to improvement initiatives has been piecemeal, sporadic, and often short-lived across the organization, limiting their potential pay-off for all the parties. Although the initiatives have had some positive results, they have not changed underlying management values or systems affecting supervisor-employee relationships. National officials are not satisfied with the design and results of past efforts. Moreover, employees in all crafts and supervisors still have major concerns about their work environment.

As discussed in chapter 2, top Postal Service, union, and management association officials were building a National Leadership Team at the time of our review. However, the team had not reached agreement on an approach or plan for improving the situation at processing plants and post offices.

In light of (1) the Postal Service's goal of improving service to become more competitive, (2) the continuing workfloor problems in both mail processing and delivery operations, and (3) the limited success of past initiatives, we reviewed approaches followed by some other organizations that improved workfloor relations and customer service. The organizations had all adopted similar philosophies and approaches for addressing employee and labor relation problems similar to those we found at postal processing plants and post offices.

Limited Participation in Improvement Initiatives

The Postal Service's most comprehensive employee involvement initiative began in 1982 and is still under way 12 years later. This initiative emerged from contract negotiations in 1981 and was supposed to end or alleviate the adversarial relationship on the workfloor. In announcing the initiative in October 1981, then Postmaster General William Bolger said:

> "I have taken a first step in a redirection of postal philosophy, away from the traditional, authoritarian style of management and toward an increasing worker involvement in finding solutions to problems of the work place."

Since that time, the employee involvement effort and a number of additional initiatives have been pursued. Basically, these initiatives were designed to (1) encourage participation of employees and management in problem solving, (2) provide monetary incentives for managers and employees to work together, and (3) establish alternatives to existing contract rules for resolving workfloor conflicts. Although many of these

initiatives were similar in purpose, participation in them generally followed the jurisdictions of the unions and management associations. (See table 6.1.)

Table 6.1: Initiatives for Improving Workfloor Relations

	Union and management association						
Initiatives	**APWU**	**NALC**	**NPMHU**	**NRLCA**	**NAPS**	**NAPUS**	**League**
Employee-management participation plans							
Employee Involvement (EI)		X					
Quality of Working Life (QWL)			X				
Quality of Working Life and Employee Involvement (QWL/EI)				X			
Management by Participation (MBP)					X	X	X
Monetary incentives for working together							
Striving for Excellence Together (SET)			X	X	X	X	X
Alternatives for handling employee discipline and resolving management-employee disputes							
Modified Article 15 (Grievances)	X	X	X				
Modified Article 16 (Discipline)	X	X	X				
Labor and Management Partners (LAMPS)	X						
Union Management Pairs (UMPS)		X					
No Time Off in Lieu of Suspension (NO-TOL)			X				
Letters in Lieu of Suspension to Emphasize Needed Improvement (LISTEN)		X					
Programs to identify and overcome obstacles to good relations							
Labor Management Plan	X	X	X				
Participative Management Plan					X	X	X

Source: U.S. Postal Service.

Appendix II provides more detailed information on the above initiatives.

Participation in the initiatives shown in table 6.1 remained essentially the same through 1993. APWU, representing about 50 percent of all craft employees, has never participated in Employee Involvement (EI) or Quality of Working Life (QWL) because the union leadership sees these initiatives as an effort by management to bypass the union and work directly with employees that APWU represents.

In 1990, former Postmaster General Anthony Frank began the Striving for Excellence (SET) program to give craft employees an additional monetary incentive for working effectively together to achieve excellence in the Postal Service. NALC and APWU, which represent 85 percent of all craft employees, chose not to participate because union leaders believed that such pay would replace negotiated wage increases and also encourage competition among employees.

The alternatives for administering discipline and resolving disputes were developed as early as 1985, and some alternatives resulted from contract negotiations in 1987. The modification of articles 15 and 16 of national contracts and related local initiatives provided local management and unions more responsibility for dealing with workplace conflicts. For example, article 16 allowed supervisors to discipline employees in some situations after one prior discussion with them. The article was modified to specify circumstances in which supervisors must hold two prediscipline talks with employees.

The labor management plan was developed jointly by NALC, APWU, Mail Handlers, and headquarters labor relations staff to change the labor-management and supervisor-employee relationships. The plan began in sites where the relationship between union and management had become dysfunctional—creating serious or crisis situations at plants and post offices, e.g., postal facilities in Oklahoma City, OK, and the Indianapolis Post Office, IN.[1] The plan includes (1) involvement of postal labor relations specialists, national and regional management and union counterparts, and local union officials, managers, and employees; (2) data-gathering through individual interviews with labor and management representatives to assess positive and negative factors in the labor-management climate; (3) focus group meetings to share with local labor and management officials the results of the interviews; (4) joint exercises to improve communication and trust; and (5) goal-setting and monitoring of progress against goals after 1 year. The plan was designed to improve the long-term labor-management relationship.

The participative management plan was developed jointly by the three management associations and headquarters labor relations staff. The goal of the plan is to overcome commonly encountered obstacles to a better

[1]We issued two reports commenting on the severity of the labor-management relations problems in both Oklahoma City and Indianapolis. See Postal Service: Improved Labor/Management Relations at the Oklahoma City Post Office (GAO/GGD-90-02, Oct. 27, 1989); and Postal Service: Employee-Management Relations at the Indianapolis Post Office Are Strained (GAO/GGD-90-63, April 16, 1990).

management relationship. It has the same processes as the labor-management plan.

As table 6.1 shows, the rural carriers' union did not participate in the discipline and dispute resolution initiatives but did participate in EI/QWL and SET. In chapter 5 we discussed the different relationship that rural carriers have with supervisors and their performance incentives—as well as their more favorable opinions overall—which are different from the incentives employees in the other three crafts have.

In May 1993, the MBP National Joint Steering Committee announced that the restructuring of the Postal Service and the new emphasis on participative relationships had "eclipsed the need for a formally structured Management by Participation process as it [had] previously existed under the former organizational structure." To replace MBP, the Committee urged the Postal Service to establish leadership teams, composed of representatives from management, unions, and management associations, in every customer service district and processing plant in the country. Committee members believed that leadership teams would promote increased quality involvement in key business issues and provide more comprehensive resolutions to business problems. At the time of our review, the Postal Service was pursuing the objective of forming leadership teams in 85 performance clusters.

Local Union and Management Officials Often Not Committed to Initiatives

At the plant and post office level, participation was optional for all of the initiatives we reviewed except for the SET program, which required no specific implementation action by local management, employees, or unions. Management and unions at the national and local levels said that in many cases the initiatives were used for political gains, lacked sufficient commitment of resources to implement the initiatives, and were abandoned because of a loss of interest or lack of budget. For example, a management official at the Cincinnati District said that the local NALC president used union participation in EI as a "bargaining chip." A postal headquarters official responsible for administering union contracts said that national union leadership instructed city carriers to temporarily withdraw from EI to show disagreement with management on a carrier route issue.

Local union leaders sometimes cited specific instances when, in their view, management did not support EI team projects. For example, two of the three EI teams at Grand Central Station in New York City, NY,

disbanded because the team members did not feel they had the authority or management commitment needed to do their projects. Mail Handlers officials said that managers at the Cincinnati, OH, general mail processing plant "shot down" all of the local QWL teams' suggestions. NALC officials at the Waldorf and Clinton, MD, post offices in the Southern Maryland District said that employees lost interest in EI because few suggestions were implemented, and attending EI meetings only increased employees' workhours. At the time of our visit, there were no QWL or EI projects under way at any of these Southern Maryland locations.

The headquarters labor relations official responsible for administering union contracts for many years said that the discipline and dispute resolution alternatives also suffered from a lack of sustained management and staff resource commitment at the national and local levels. Further, he said that the labor management plan was attempted at only 49 facilities, in part because national union presidents either disliked the joint training required to successfully develop and implement the plan or did not otherwise support the effort. He said that the lack of sufficient headquarters resources also precluded labor relations specialists from continuing to work with local managers, union leaders, and employees as needed, resulting in some benefits being "undone" where the plan had been implemented.

We visited three field postal facilities at Oklahoma City, OK, Indianapolis, IN, and Denver, CO, that had implemented the labor-management plan. According to the union leaders at these facilities, management interest in pursuing the labor-management plan was short-lived at all three facilities. A local APWU official in Oklahoma City told us that the plan worked because of headquarters involvement and emphasis, but it had no real lasting beneficial effects because headquarters did not follow through. An NALC official in Indianapolis said that the plan there had failed because of a lack of the management commitment needed to make it work.

We heard similar comments at the Denver Bulk Mail Center. The grievance rate at the Center dropped from 1,235 grievances per 100 employees from fiscal year 1991 before the plan was implemented, to 342 grievances per 100 employees in fiscal year 1992, after the plan was implemented. However, the grievance rate increased in fiscal year 1993 after management changed at the facility, and a conflict developed between the APWU local and the plant manager. This resulted in the APWU local not attending the plan meetings. According to Area Postal management

officials, APWU and Center management relations have improved and the grievance rate has dropped subsequent to our work at the Center.

A headquarters labor relations officials said that the labor management plan had been implemented at only a few sites since 1990 because of resource constraints and lack of national union leadership support. One official added that there was no permanent staffing dedicated to plan implementation and follow-up. Staff who were involved worked on an ad hoc basis and had other, often unrelated, assignments.

Although the SET program is designed to encourage teamwork, its effects on participating employees were not clear. A Postal Service survey of 62 of its human resource managers in 1993 indicated that employees did not see the link between the SET payments, individual behavior, and organizational performance. While finding SET to be conceptually sound, those surveyed believed that it had not changed behavior because it had not been well-communicated to employees.

Initiatives Have Had Some Positive Results

When local management, unions, and employees were committed to improvement initiatives, the results were often positive. At the national level, we were told that EI/QWL helped to develop mutual trust and cooperation, change management styles, and increase an awareness that quality of worklife is just as important as the "bottom line." The national presidents of NALC and NRLCA said that EI/QWL teams have gone from dealing with "housekeeping" issues to tackling more substantive issues. They cited several "successful" EI/QWL projects, including

- some self-directed work sites for city carriers, and
- procurement of right-hand drive vehicles for rural carriers.

Management and union officials at processing plants and post offices that we visited also believed that EI/QWL efforts were beneficial. For example, managers and union officials at the Carmel Post Office, NY, said that EI meetings improved communications and the attitudes of employees and union stewards. The Denver Postmaster and the local NALC president said that they were committed to the EI process, and they credited EI with improving communications and labor-management relations. They cited as a good outcome an EI project—called the Customer Service Management Program—done by a team at the Bear Valley Post Office, CO. They said this project reduced friction between carriers and supervisors and improved morale and trust at that location. Similarly, Mail Handlers

representatives for the San Francisco, CA, general mail processing plant said that QWL had opened lines of communication and had improved operations. Our review of the QWL files corroborated their statements. For example, we found a method developed by a QWL team to separate films from other mail, which minimized damage to films processed on sorting equipment at the plant.

Most management, union, and management association officials we interviewed at headquarters and field locations believed the alternatives for discipline and dispute resolution were useful. A headquarters labor relations official told us that the modified procedures "legitimized" concerns over workfloor relations, forced supervisors and employees to pay attention to discipline and labor-management relations, provided for communications training, and pushed labor and management to work together. According to the national presidents of NAPUS and the League, the modified procedures did what needed to be done more expeditiously and at a lower cost.

Two analyses done by the Postal Service showed that alternative procedures improved the resolution of workfloor disputes.

- A 1990 analysis by postal headquarters showed that 17 out of the total 22 offices using one alternative procedure sent fewer cases to arbitration. The decrease among the 17 offices ranged from about 33 percent to 100 percent and averaged 71 percent.
- A 1991 analysis of the Labor and Management Partners (LAMPS) program by Central Michigan APWU officials and Lansing, MI, postal officials showed that the number of arbitration cases generated from the local postal facility dropped after LAMPS began. During fiscal year 1988, before LAMPS was used, the Lansing facility sent 31 cases to arbitration. LAMPS was implemented, and over the next 28 months the facility sent two cases to arbitration. The Lansing Postmaster and the local APWU president reported at a national conference in 1992 that LAMPS had eliminated the backlog of grievances, achieved dollar savings, improved productivity, and enhanced relations and communications on the workroom floor.

Headquarters labor relations officials said that the labor management plan improved relations in the facilities where it was implemented. Our work at postal facilities in three locations—Oklahoma City, OK, Indianapolis, IN, and Denver, CO—corroborated that view. A plan was developed for the Oklahoma City post office between 1988 to 1990 by management, NALC, APWU, and the Mail Handlers and for the Indianapolis postal facilities

between 1989 to 1990 with management and NALC. Union and management officials at both locations said that the plan built trust and improved relations between management and union officials. In 1992, the Denver Bulk Mail Center developed a plan to improve relations between APWU and management. Both union and management officials in Denver said that short-term goals were met and labor-management relations improved.

A headquarters official responsible for management association relations said that MBP had improved overall relations between the Postal Service and the three management associations. All three management association national presidents agreed with this assessment. The three associations established the MBP National Joint Steering Committee, which created an awards program in 1991 to recognize outstanding initiatives developed locally. The 1992 National MBP Award winners included a cross-functional MBP work team in Albany, NY, that developed new procedures for reporting and correcting missent mail; three task groups in Columbia, SC, that created innovative procedures to identify delivery problems and increase productivity scores; and a Charlotte, NC, MBP task force that worked with local EI and QWL work teams to pilot a revised carrier route plan.

Other Initiatives Undertaken to Improve Cooperation and Joint Problem Solving

The initiatives identified in table 6.1 and discussed above were designed to change conditions and working relations on the workroom floor. In addition to those efforts, the Postal Service and unions had other agreements to promote cooperation and joint problem-solving, including the following:

- Joint Labor-Management Committees: These committees were formed at the national, local, and intermediary levels of the Postal Service as early as 1971. As a result of the 1990 contract negotiations, NALC and APWU jointly agreed with the Postal Service to establish 13 national committees to consider matters of mutual concern.[2] The Postal Service and the Mail Handlers also chartered seven national joint committees, such as the Joint National Education and Training Fund Committee and the National Clean Air Committee.
- Violence in the Workplace Committee: This national committee first met in 1991 following the shootings at Royal Oak, MI, and included members from the Postal Service, the management associations, and three of the four national postal unions. The committee's purpose is to deal with

[2]Some of the committees, such as the National Joint Labor-Management Safety Committee, were formed before the 1990 negotiations. Others, such as the National Employee Assistance Program Committee, were added as a result of the 1990 negotiations.

violence and stress in postal workplaces. APWU did not participate because it thought that the Postal Service used the meetings to "disseminate platitudes about cooperation." The committee issued two statements deploring violence in the Postal Service. The committee also developed a plan to form similar committees at the local level.

- Joint Management-Union Training: The Postal Service and the unions have developed and delivered several joint training programs. For example, the Postal Service jointly sponsored training programs with APWU for transitional employees and with NALC and NRLCA on implementation of automation.

At the national level, management and unions had taken and were considering other steps to deal with workplace conflicts through grievance, arbitration, and mediation procedures. In 1989, the Postal Service and NALC formally agreed to limit the number of grievances appealed to step 3. Similarly, in 1993, APWU and the Postal Service agreed to place a short-term moratorium on arbitration proceedings in order to resolve a sizable backlog of grievances.

At the time of our review, the Postal Service was working with APWU, NALC, and the three management associations to develop other means, such as the use of mediation, to minimize the arbitration and administrative hearings backlog. In addition, a joint task force was reviewing the discipline procedures to find new methods, such as counseling and education, to correct unacceptable behaviors.

Initiatives Have Not Changed Underlying Values and Systems

As indicated above, past and ongoing efforts to deal with union-management and employee-supervisor relations have focused to a large extent on resolving conflicts rather than preventing them. The labor-management plan did attempt to prevent conflicts by asking management, unions, and employees to (1) identify obstacles to good labor-management relations and (2) make a commitment to overcome them. However, the plan was limited primarily to problem locations. The various attempts to improve the discipline-grievance-arbitration-resolution process may have helped to heal wounds but have not prevented the infliction of wounds in the first place.

Relations between management and unions and between supervisors and employees continue to be adversarial at many processing plants and post offices, and grievances continue to mount. The 1992 and 1993 employee opinion surveys showed that widespread dissatisfaction existed in two

dimensions relating to supervisor-employee relations—performance management and reward/recognition. Employees rated these dimensions lower than the other 10 dimensions. There were no significant differences between employees participating and not participating in the EI/QWL initiatives. Moreover, their responses to most questions in these two dimensions were more negative in 1993 than in 1992, as table 6.2 shows.

Table 6.2: Employees Rated Performance Management and Reward/Recognition the Same or Worse in 1993 Than 1992

Dimension and question (response category)[a]	Percent of favorable responses 1993	Percent of favorable responses 1992	Better or worse in 1993 than 1992[b]	Percentage point change
Performance management				
Poor performance is usually not tolerated. (strongly agree/agree)	22	27	Worse	5
Many supervisors have given up trying to discipline employees. (strongly disagree/disagree)	30	37	Worse	7
It is nearly impossible to fire an employee who should be terminated. (strongly disagree/disagree)	20	24	Worse	4
In my area, some people do most of the work while others do just enough to get by. (strongly disagree/disagree)	15	16	No substantial difference	1
Recognition and reward				
When things go well on the job, how OFTEN is your contribution recognized? (always/frequently)	14	13	No substantial difference	1
Pay should be based more on performance than it is at present. (strongly agree/agree)	56	52	Worse	4
Performing well just gets you extra work. (strongly disagree/disagree)	16	18	No substantial difference	2
I get rewarded for high levels of performance. (strongly agree/agree)	12	13	No substantial difference	1
Work groups are rewarded for cooperating with each other. (strongly agree/agree)	10	10	No substantial difference	0

[a]Some of the survey questions were phrased in a positive manner (e.g., "..treating employees with respect and dignity as individuals"), and others were phrased in a negative manner ("I have personally experienced sexual discrimination..."). A favorable response may be agreement with positive statements or disagreement with negative statements. The favorable response category is shown under the question.

[b]Changes from 1992 to 1993 greater than 2 percentage points were classified as "better" or "worse." If the change was 2 percentage points or less, it was classified as "no substantial difference."

Source: 1993 U.S. Postal Service Employee Opinion Survey National Results.

National officials said that past initiatives have not addressed some basic problems in the workforce. For example, the former Postal Service Vice President for Quality cited two major shortcomings of EI/QWL initiatives: (1) the initiatives did not have top-level management involvement but rather were for the employees in the field, and (2) they were not done to meet business needs but rather primarily to improve relations and worklife quality. The national NAPS President called two alternative procedures to resolve workfloor disputes "monuments to our failure."

No Plan Exists for Implementing National Initiatives at Field Level

The National Leadership Team, consisting of top Postal Service, union, and management association officials, has not developed and agreed to a plan for implementing recent national initiatives, such as holding joint meetings and revising employee pay and recognition systems, at performance cluster and workfloor levels. Although the National Leadership Team was meeting regularly, similar meetings that included union and management association representatives generally were not being held at performance cluster levels. Furthermore, the NALC President told his national business agents not to participate in meetings at the performance cluster level. He said that "cluster groups are doing things better handled by the EI process."

APWU has participated in few past initiatives. Postmaster General Runyon recently took additional steps in an effort to obtain the participation and commitment of the APWU President. In November 1993, the Postmaster General and APWU President Moe Biller signed a joint memorandum of understanding on labor-management cooperation. The agreement says that "the APWU and the Postal Service hereby reaffirm their commitment to and support for labor-management cooperation at all levels of the organization" and "approve the concept of joint meetings among all organizations." The statement also acknowledges that the competitive environment requires management and the union to jointly pursue strategies that emphasize improving employee working conditions and satisfying the customer in terms of both service and costs.

The agreement to cooperate was a "quid pro quo" for another joint agreement signed at the same time. Under this agreement, the Postal Service agreed that it will no longer pursue contracting out for certain clerical services (keying address data) associated with the automation program. Instead, the Postal Service will keep the work in-house. The agreement reflects the view that the benefits of union cooperation, which

APWU expects will result in the Postal Service creating about 20,000 jobs,[3] will offset part of the $4.3 billion in labor costs the Postal Service originally expected to save from contracting out such services.[4]

Some national initiatives that were implemented by postal management and certain craft employees would need to be pursued as part of the collective bargaining process. For example, changes in systems for paying craft employees would be decided by postal management and the unions in negotiations to be held before current contracts expire. The contracts with APWU and NALC expire in November 1994. In May 1993, the Postal Service and NRLCA agreed to extend their contract for another 2 years. In November 1993, the Postal Service and the Mail Handlers also agreed to extend their contract for another year.

Historically, a problem in contract negotiations has been the gradual fragmentation and growing discord among the four major craft unions. In earlier years, the unions negotiated as a unified bargaining committee, the Council of American Postal Employees. This arrangement broke down in 1978 when the rural letter carriers union decided to go its own way because of disagreement with NALC. The mail handlers union followed suit in 1981. APWU and NALC have continued to bargain together as the Joint Bargaining Committee, but they have been at odds since the last contract, and each union has publicly criticized agreements signed with management by the other side. In August 1994, the President of NALC announced that it would not bargain jointly with APWU during the upcoming contract negotiations.

Experience thus far indicates that the Postal Service and the leadership of the unions and management associations may be unable to develop the relationships necessary to deal with workroom problems without some outside intervention. This intervention could come in the form of assistance by parties outside the Post Service, such as the Federal Mediation and Conciliation Service (FMCS), which was created as an independent agency in the executive branch for the purpose of assisting labor and management in the resolution of their differences. As discussed below, the Tennessee Valley Authority, an independent government corporation, used such outside assistance, including some new techniques

[3]The Postal Service did not provide us with an official estimate of the number of in-house employees necessary to staff remote barcoding systems. The 20,000 number was provided by APWU.

[4]An arbitrator ruled in May 1993 that the keying work had to be offered to current employees first before it was contracted out. The parties then negotiated an agreement under which the work will be done in-house with 30 percent postal career workhours and 70 percent transitional employee workhours.

for conducting negotiations and reaching bilateral agreement, to overcome a serious labor management problem in 1992.

To date, the Postal Service National Leadership Team has not involved FMCS or other such organizations in developing new relationships and learning new negotiation techniques at the national or performance cluster levels.

Approaches of Some Other Organizations for Building a Committed Workforce

We reviewed approaches followed by some other organizations that addressed labor-management situations similar to those we found in the Postal Service. That is, the organizations were facing increasing competition and loss of market share, relations between management and unions were acrimonious, and employees lacked commitment to and satisfaction with their jobs.

Organizations Made a Sustained Top-Level Commitment to Desired Values and Beliefs

We earlier reported[5] on how some private sector companies, such as Ford, AT&T, and Motorola, were attempting to change their cultures. According to several experts we interviewed, an organization's decision to change its culture is generally triggered by a specific event, such as international competition, a severe budget reduction, or a change in the world situation. The experts generally agreed that a culture change is a long-term effort that takes at least 5 to 10 years to complete. Officials of the nine companies we reviewed believed that there are two key techniques of prime importance to successful culture change:

- Top management must be totally committed to the change in both words and actions.
- Organizations must provide training that promotes and develops skills related to their desired values and beliefs.

Other techniques considered important by the companies in changing cultures were designed to make the desired values and beliefs a way of life for everyone in the organization. These techniques included distributing a written statement of the values and beliefs; offering rewards, incentives, and promotions to encourage behavior that reinforces the beliefs; holding company gatherings to discuss the beliefs; and using systems and processes to support the values.

[5]Organizational Culture: Techniques Companies Use to Perpetuate or Change Beliefs and Values (GAO/NSIAD-92-105, Feb. 1992).

In unionized organizations that we reviewed, the commitment to change, including the adoption of new values and beliefs, was made by both management and unions. This commitment was expressed in the form of a partnership approach to achieving organizational goals and documented in a long-term agreement in writing between management and the unions. For example, we earlier reported[6] that to resolve a difficult labor-management situation, the Tennessee Valley Authority (TVA) and unions representing TVA employees signed agreements of mutual cooperation and trust that are to run up to 20 years. Subsequently, Representative Jim Cooper announced that he no longer planned to introduce legislation to deal with the situation.

TVA and unions representing TVA employees developed the long-term agreements with the assistance of the Department of Labor and FMCS. In addition, the parties to the development of the agreements and the periodic collective bargaining at TVA receive training on "win-win" or interest-based bargaining. TVA reported that this had proven to be a highly successful approach in dealing with issues important to both labor and management. It is based on the key principles of separating personalities and personal issues from the problem; focusing on interests, not positions; generating a variety of possible options before deciding what to do; and evaluating the result on the basis of objective criteria.

More recently, a partnership approach to labor-management relations has been recommended by panels created at the highest levels of the federal government. The National Performance Review, headed by Vice President Al Gore, recommended in September 1993 establishing a National Partnership Council to transform adversarial union-management interaction into a partnership for reinvention and change. President Clinton created the Council by executive order in October 1993. In January 1994, the Council, which included representatives of the three largest federal employee unions and various federal agencies, delivered its report and recommendations to make labor-management partnership a reality in the federal government.

In March 1993, at the direction of the President, the Secretaries of Labor and Commerce created a blue-ribbon panel headed by Dr. John Dunlop, former Secretary of Labor, to examine the current state of labor-management relations in the private sector and determine whether there are methods of improving productivity through labor-management

[6]Labor-Management Relations: Tennessee Valley Authority Situation Needs To Improve (GAO/GGD-91-129, Sept. 26 1991).

cooperation and employee participation. The panel issued an interim report in May 1994.

Ford and Saturn Approach to Transforming Values and Beliefs Into Reality

We obtained information on efforts to transform a labor-management partnership and new values and beliefs into reality by visiting the Ford Motor Car Company and the Saturn Corporation, a division of General Motors (GM). We selected these two unionized companies because our research indicated that they had turned around acrimonious labor-management relationships and established new approaches on the factory floor for building quality products.

We found that these companies succeeded in improving labor-management relationships, and their corporate performance, by, among other actions, making a long-term commitment to changing their traditional beliefs and practices. Saturn has made extensive use of employee empowerment and labor-management partnerships, while Ford's employee involvement program is more traditional. However, at both Ford and Saturn, union and management officials formed partnerships and changed the way they interacted with each other. Management at both plants, together with the United Auto Workers (UAW), authorized increased operational flexibility in work units, changed the way work was organized, and introduced new systems to emphasize employee empowerment. They also negotiated pay systems that base a certain percentage of pay on corporate performance.

Summarized below are some of the key components of the approaches followed at Ford and Saturn, based on our discussions with company officials in Dearborn, MI, and Springhill, TN; a review of various written materials they provided; and our observations during our plant tours.

Union and Management Work Together as Full Partners

Unions at both Ford and Saturn participated fully with management in business decisions. This participation ranged from daily information sharing to joint strategic planning. At Ford, union leaders were briefed on a regular basis, through the "Mutual Growth Forums," on the company's financial and competitive status and its plans for new product lines or discontinuance of old products.

At Saturn, all strategic, tactical, and operational decisions were made jointly by Saturn management and UAW Local 1853. This partnership relationship began with the formation of a GM-UAW Study Center in 1984 to review a new type of relationship and approach to the operation of the

Saturn project. The "Group of 99," comprising 99 UAW members, GM managers, and staff personnel from 55 plants in 17 GM Divisions, jointly developed and designed the plant and selected the new workforce.

Similarly, at both plants, the union leaders were convinced of the long-term value of employee empowerment and provided active support and leadership to make it work through communication, trust, and working together. At Saturn, the union took an active role in conflict resolution and implemented a "consultation" process, which used counseling, guidance, and review to make the process constructive rather than disciplinary. This involvement did not replace the union's legal responsibility to represent the interests of employees. Nor did it diminish management's role of providing necessary resources, providing fiduciary oversight, and having the ultimate say in hiring, promotion, and "de-selection" of employees.

Recognition of Need for Workplace Flexibility

Although their approaches were different, both Ford and Saturn and the respective UAW locals recognized the need for workplace flexibility. At Ford, the local parties were encouraged by both Ford management and UAW to modify the national contract to allow for increased flexibility in production. For example, the parties can, and often have, negotiated "Modern Operating Concepts" (MOC) agreements, which allow workers to cross crafts to do the work more efficiently. For instance, electricians can do their own welding at some locations. At Ford's Nashville, TN, glass plant, the parties have given management more authority to assign overtime. Ford officials told us that many plants operate under MOC agreements, and most have reported greater efficiency as a result.

The labor agreement at Saturn is 27 pages long compared to 400 pages in the GM-UAW agreement and has no fixed expiration date. It does not contain rigid workrules but rather guiding principles by which the parties are to operate. The contract provides for one job classification of operating technician and six additional classifications of skilled trades members. Promotions are to be based on knowledge and skills, not seniority. Peer evaluations, along with contributions to the group, are also to be considered.

Work Teams Organized and Empowered to Control the Products

In response to increased international competition, both Ford and Saturn introduced new concepts for organizing work. The concepts emphasize employee empowerment and teamwork. At Ford, employees form problem-solving teams to meet business needs. One such team, made up of engineers and assembly employees, built the prototype for the Taurus.

Together, they were able to identify and correct potential problems and make improvements at an early stage of the manufacturing process.

At Saturn, instead of assembly line work directed by first-line supervisors, the entire Saturn operation is done through self-managed work units. Workers who build the cars at Saturn are all operating technicians ("op techs"), and all are salaried employees. They work in units consisting of 8 to 18 workers who are responsible for accomplishing a specific number of tasks. The units have broad latitude and responsibility for all aspects of the work, including ordering supplies, performing repairs and maintenance, developing and delivering training, resolving conflicts, keeping records, and setting member work schedules. Each unit is run largely by its members as a small business, complete with a budget. When a new employee is needed, team members interview prospective employees and then choose the person with whom they will be working. There are no foremen or first-line supervisors; team decisions are made by consensus. A "work unit counselor" is responsible for managing daily production schedules, managing conflict between team members, and communicating the team's needs to the work unit's "module advisor" who is responsible for several work units. The counselor is elected by the team and serves a 3-year term.

Compensation Partially Based on Corporate Performance

Both Ford and Saturn have compensation systems under which a part of employees' pay is based on corporate performance. Ford has profit-sharing plans, whereby the company sets aside a portion of the annual net profits to be distributed to the employees. At Saturn, the compensation system includes a risk-reward component mandating that up to 20 percent of an employee's salary will depend on the fulfillment of several goals, among them the achievement of specific productivity targets.

At Saturn, employees operate under a system of self-accountability for results, which is supported by union and management. Members of the work unit are provided an incentive to meet unit goals, standards, and budgets because they share together in the unit's success or failure. Peers and work unit counselors identify and counsel members not doing their assigned share of the work according to standards. Counselors and union leaders together follow clear-cut, simple steps for dealing with substandard performance of any member and, if necessary, removing members from work units.

Conclusions

There have been numerous attempts to improve the work environment and enhance labor-management relations at the Postal Service. Although the initiatives have produced positive outcomes, they have not changed underlying values and systems that have perpetuated the hostile work environment and adversarial labor-management relations. Lasting improvements can only be realized if management, union, and management association leaders at all levels of the Postal Service are committed to changing their traditional practices. They can learn from the experiences of some other organizations in (1) developing a union-management partnership; (2) modifying national agreements to allow for workplace flexibility; (3) empowering employees through work teams; and (4) linking pay, in part, to organizational and unit performance.

U.S. Postal Service's Corporate Vision Statement

PURPOSE
To provide every household and business across the United States with the ability to communicate and conduct business with each other and the world through prompt, reliable, secure, and economical services for the collection, transmission, and delivery of messages and merchandise.

VISION
Our postal products will be recognized as the best value in America.

We will evolve into a premier provider of 21st century postal communications.

We will be the most effective and productive service in the federal government and markets that we serve.

GUIDING PRINCIPLES
The Postal Service is committed to:

- ***People*** - Diversity is valued; everyone must be treated with dignity and respect. Training and information must be provided to employees. Preparation strengthens teamwork and participation in decision making which are essential to customer and job satisfaction.
- ***Customers*** - We will achieve the highest possible levels of satisfaction with every service encounter. Customer satisfaction is essential to the health and growth of our business.
- ***Excellence*** - We stand for continuous improvement, positive change and making breakthroughs in what we do and how we work. Each of us will bring our finest efforts to bear on each task and each endeavor, all the while looking for better, easier, faster, and simpler ways to serve our customers, achieve our goals, and improve our performance.
- ***Integrity*** - We will be worthy of the trust given us by the American people. We will act with integrity in every encounter and relationship with postal customers, business partners, and each other.
- ***Community Responsibility*** - We will build upon our legacy of more than 200 years of service to the nation by meeting the changing needs of the communities we serve into the next century.

Initiatives for Improving Workfloor Relations

Employee-Management Participation

Employee Involvement/Quality of Working Life

The Employee Involvement/Quality of Working Life (EI/QWL) initiatives were undertaken to make the organizational culture less autocratic and more participative. Although similar in philosophy and structure, a separate EI/QWL process was established for each of the three participating unions.

Through EI/QWL, the Postal Service and the unions hoped to (1) redirect postal management away from the traditional authoritarian practices toward a style that would encourage employee involvement and (2) enhance the dignity of postal employees by providing them with a chance for self-fulfillment in their work. Postal Service leadership expected the EI/QWL effort to have far-reaching effects, as indicated by the following statement by then Senior Assistant Postmaster General Carl Ulsaker in 1982:

> "Improved job satisfaction and the sense of self-fulfillment that come with being a member of the team will increase employees' enthusiasm and interest in their work. The adversarial relationship between labor and management will diminish. The we-they or win-lose syndrome changes to teamwork and win-win. Grievances and EEO complaints go down because resentment against authority diminishes. Error frequency and unscheduled absenteeism reduce because employees become interested in their work."

He said that profitability and service would improve through a combination of increased labor productivity and reduced absenteeism, discipline, and grievance-handling time.

Management by Participation

Similar in purpose to EI/QWL, the Management by Participation (MBP) initiative is a process for disseminating participative management concepts to supervisors, managers, and postmasters. Through MBP, the Postal Service and the three management associations hope to foster a more participative environment and develop realistic solutions to business problems.

Striving for Excellence Together

The Postal Service's basic pay structure for craft employees goes back to policies established in the 1800s, under which wage rates periodically are negotiated by the unions, and a variety of wage schedules exist for the different jobs in each craft. All employees with the same seniority in a particular job are to receive the same basic pay throughout the Postal Service. The Striving for Excellence Together (SET) added a new dimension to the pay system.

The purpose of the SET program is to convince craft employees and their managers that everyone pulling together is essentially a better idea than everyone pulling in different directions. The concept relies heavily on group interaction and peer pressure to prevent shirking of job duties. Under SET, each participating employee's payment is based on a combination of three measures: the Postal Service's national financial performance, the relative ranking of the 85 performance clusters in the Customer Service Index (CSI), and the performance cluster's improvement in CSI scores over time.

Alternative Discipline and Dispute Resolution Procedures

Modified 15 and 16

The basic procedures for administering discipline and resolving workplace disputes are set forth in negotiated union-management contracts. Two changes to those procedures are referred to as Modified 15 and Modified 16, which were developed by two national task forces—one composed of APWU, NALC, and Postal Service representatives; and one composed of Mail Handlers and Postal Service representatives. The modified procedures are intended to (1) improve the resolution of workplace disputes and (2) encourage communications to correct work-related problems.

The modified procedure increases the opportunity for grievance resolution at a lower level. Under the modified procedure, the union seeks resolution of an employee's grievance with the immediate supervisor (step 1), a designated mid-level manager, (step 1A), and a six-person union-management grievance committee (step 2) before appealing to outside arbitration.

Similarly, the discipline procedure was modified to improve communication and reduce conflict between supervisors and employees. The procedure requires two predisciplinary discussions for minor offenses before formal disciplinary action is taken. Previously, contract procedure required one discussion between supervisors and employees before disciplinary action was taken.

Locally Developed Alternatives

Along with modifying articles 15 and 16, the contracts negotiated in 1987 by the Postal Service and APWU and NALC permitted local management and union leaders to develop dispute resolution procedures. We reviewed four such procedures, which are described briefly below.

- Labor and Management Partners (LAMPS): Under this procedure, APWU shop stewards seek resolution of disputes over contractual issues with (1) the immediate supervisor and (2) a general supervisor or postmaster. If the parties cannot resolve the dispute, a two-person LAMPS team consisting of a management representative and a union representative attempts to resolve the case. If the LAMPS team cannot agree on a resolution, the case is to be referred to a labor relations field director and the craft director in APWU. If the disagreement is not settled at that point, the regular grievance system is to be applied. With discipline, the procedure calls for a predisciplinary meeting between the steward and the supervisor. If no agreement is reached, the LAMPS team is to be called. If the disagreement is still not settled, the case is to be processed in accordance with the regular grievance procedure.
- Union-Management Pairs (UMPS): Under this procedure, the shop steward seeks resolution of disputes over contractual issues with the immediate supervisor. If the parties cannot resolve the dispute, a two-person UMPS team consisting of a management representative and a union representative attempts to resolve it. If the UMPS team cannot agree on a resolution, the case is to be referred to the human resources field director and the area/regional Administrative Assistant for NALC. If the dispute remains unresolved, it is to be referred to the NALC business agent and the district manager or postmaster. If the disagreement is still not settled at that point, the regular grievance arbitration system is to be applied.
- No Time Off in Lieu of Suspension Letters (No-Tol): This is a "paper-discipline" procedure used for mail handlers. It is used to promote resolution of problems through discussions to forestall the need for any form of discipline. If formal discipline is warranted, No-Tol letters are to be used instead of time-off suspensions.

- Letters In Lieu of Suspension To Emphasize Needed Improvement (LISTEN): This procedure, used by postal management and NALC, is similar to the mail handlers' No-Tol procedure. It encourages discussion to correct work-related problems before formal discipline is resorted to. If discussing deficiencies is not successful, then LISTEN letters are to be used in lieu of time off suspensions.

Programs to Overcome Obstacles to Good Relations

Labor-Management Plan

Postal headquarters labor relations staff, NALC, APWU, and the Mail Handlers jointly developed and promoted the labor-management plan concept to identify and overcome commonly encountered obstacles to good labor-management relations. According to postal officials, the plan concept has generally been used after relations and employee discontent became very difficult or reached crisis situations.

The development of a plan for a particular location is to include employee interviews and focus group sessions, joint exercises to improve communication and trust, joint labor-management meetings to set improvement goal, and evaluation of progress against the goals. The plan requires a strong commitment from both management and the unions.

Participative Management Plan

The participative management plan was jointly developed by the Postal Service, NAPS, NAPUS, and the League to assist supervisors and managers to overcome commonly encountered obstacles to a better management relationship. The development of a plan for a particular location is to include confidential interviews and focus groups, exercises to establish a working dialogue and build trust, meetings to set improvement goals, and evaluation of progress against the goals. The plan requires sustained commitment from both officials of the management associations and senior managers to improving postal management relations.

Comments From the U.S. Postal Service

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

MARVIN RUNYON
POSTMASTER GENERAL CEO

UNITED STATES POSTAL SERVICE

August 2, 1994

Mr. J. William Gadsby
Director, Government Business
Operations Issues
United States General Accounting Office
Washington, DC 20548-0001

Dear Mr. Gadsby:

Thank you for providing us an opportunity to comment on the draft report entitled, U.S. POSTAL SERVICE: Labor-Management Problems Persist on the Workroom Floor.

See comment 1.

Your staff is to be commended for the amount of hard work that they put into documenting the state of labor-management relations in the Postal Service. We recognize that the report is the result of more than two years of fact-gathering, interviewing and analysis. The report clearly represents a significant commitment of GAO's time and staff resources. Given that investment, we had expected the report to give a comprehensive and objective assessment of the labor-management climate in the Postal Service. While the report for the most part presents an accurate description of labor-management problems in our post offices and large mail processing facilities, it does not go far enough. It is disappointing that GAO passed up an excellent opportunity to examine the root causes of those problems and instead emphasized the negative side of the labor-management climate, relying on overused terms such as "paramilitary" and "adversarial." By failing to report any conclusions that go deeper than merely restating that we have an authoritarian and confrontational culture and by virtually ignoring the many improvements and initiatives underway, the report loses much of its credibility.

See comments 1 and 2.

An example of the report's emphasis on the negative can be found in the reference to the shootings that have occurred in Postal Service facilities in the past ten years that claimed the lives of 34 postal workers. While the facts given concerning these tragedies are painfully true, the report is wrong in assuming without support or analysis a link between them and our corporate culture. Moreover, during those same ten years, we have become less autocratic as an organization with the advent of numerous programs that foster employee participation. Unfortunately, the report does not pay much attention to them.

See comment 3.

Another example of a built-in negative bias is the fact that of the seven mail processing plants that GAO staff visited, six of them were in the bottom half of all plants in terms of employee dissatisfaction with management. Even though GAO knew that the sample was not representative, they nevertheless made generalizations about the labor-management conditions in all plants.

See comment 4.

Similarly, employees' comments that were taken from the Employee Opinion Surveys are used inappropriately to support the report's findings. Such comments, by their very nature, are the reactions of one person at a particular point in time. They should not be taken as representing a consensus of all or even most employees' views.

See comment 5.

GAO staff reviewed the results of the surveys but chose to comment only briefly on the improvement in the scores. We found it disheartening that the improvements in certain key categories dealing with work climate were downplayed to the point of seeming insignificant.

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Despite its negative tone, the report does acknowledge that we have recognized the need for changes in our corporate culture and that significantly improved labor-management relations are crucial to our competitiveness in a dynamic communications marketplace. We have been addressing these problems for a number of years using a variety of approaches. As the report notes, one of my first actions to begin bridging the gap between postal management and the unions and management associations was to establish a National Leadership Team. Meeting together, any matters affecting the Postal Service are openly considered by all. As a result of these and other efforts, we are making substantial progress toward improving relations both at the national level and on the workroom floor.

For example, the 1993 Memorandum of Understanding with the APWU has spawned numerous labor-management committees at the local level whose primary purpose is to address and resolve a host of workroom floor issues. We hope that the momentum generated by this new spirit of cooperation with the APWU will serve as a valuable precedent with the other unions and management associations on work-related issues.

Another example of our desire to make changes in our culture is the institution of the already-mentioned annual Employee Opinion Surveys. The main reason we conduct the surveys is to find out in a systematic and measurable way what employees think about various aspects of the organization, including the labor-management climate. The improvement in scores on the second survey encourages us that while relations between employees and managers are by no means perfect, they are getting better. No one expects improvements in leaps and bounds, but even small improvements are welcome and reflect a lot of hard work on both sides.

We are in complete agreement with the report's major conclusion that unions and management associations at all levels must share with us the responsibility for resolving the problems that remain. As long experience shows, it requires the willing cooperation of all parties to resolve issues - whether the forum is contract negotiations or grievance arbitrations. Over the years, the failure to reach agreement in negotiations or arbitrations has often been heavily influenced by internal and external union politics. It is our firm belief that if a spirit of mutual cooperation between management and labor can be fostered as the report recommends, the frequent need in the past for third-party intervention to settle disputes will prove to be much less needed in the future.

See comment 1.

We accept the report's recommendations. They are very ambitious and need to be to resolve problems of such long-standing. Many of the recommendations have already been addressed in previous negotiations with the unions or with the Leadership Team. We are more than willing to continue to work closely and cooperatively with the unions' and associations' leadership at all levels. Only by such cooperation can we develop and implement the envisioned framework of agreements that will allow innovative local approaches and experiments to be tested and duplicated elsewhere if successful. We are also willing to explore with the unions those recommendations that need to be implemented through the collective bargaining process.

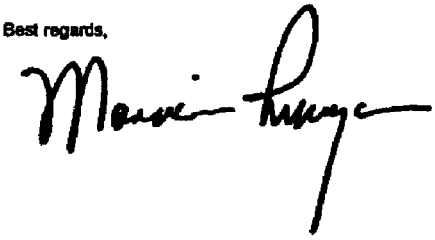
See comment 6.

In accepting the recommendations, we must also express a note of caution. An arbitrary and in our view, unnecessary, one-year time limit for developing the basic agreements may simply not be enough time to do the job properly, given the scope and variety of situations that need to be considered. Moreover, we would hope that the Congress would not act in haste to impose a legislative remedy. In light of the efforts already underway, it would be especially unfortunate to change the collective bargaining framework of the Postal Reorganization Act on the basis of situations that postal management and labor are already empowered to resolve and, in fact, are actively and cooperatively resolving.

We appreciate the opportunity to review the report and provide you with our comments. It is our hope that the report will serve as a catalyst to further accelerate improvements in the labor-management climate of the Postal Service.

If you wish to discuss any of these comments, my staff is available at your convenience.

Best regards,



The following responses are keyed by number to specific parts of the Postal Service's letter dated August 2, 1994.

1. We recognize that improving labor-management relations in the Postal Service is a difficult long-term task and agree that the Postal Service has many initiatives underway that address its labor management problems. Our work was directed at examining the root causes of these problems. We did this, in part, by interviewing over 475 Postal Service supervisors, managers, national and local postal labor leaders, and national management association leaders. We reviewed grievance and arbitration data to help us better understand and document the nature and causes of workplace problems identified through those interviews. We buttressed this work by analyzing the 1992 and 1993 results of the Postal Service employee opinion surveys to further identify factors causing workforce dissatisfaction. This work supports the conclusion that the organizational culture of the Postal Service is a major cause of its poor labor-management relations.

Our work also points to a number of Postal Service policies and practices that have contributed to the problems. We believe that these policies and practices reflect current values that should be changed in an effort to encourage, facilitate, and reward more productive relations. For example, on the delivery side, we discuss the structure of relationships between mail carriers and the Postal Service that, in our opinion, explains in large measure the tense and confrontational relationships that exist between supervisors and city carriers in contrast to the relationships between supervisors and rural carriers. In mail processing plants, we identify other Postal Service practices that need reexaming such as tying supervisors' incentive systems to numerical goals. We note that later in his letter, the Postmaster General accepts our recommendations, characterizes them as ambitious, and says that they need to be ambitious to resolve problems of such long standing.

We discuss in volume I and in chapter 2 of volume II numerous steps that the Postmaster General has taken to change the culture of the organization. We have expanded this discussion in response to the Postal Service's concerns that our report pays too little attention to these efforts. However, given the entrenched nature of labor-management dissention that we found remaining on the workroom floor, we think it is unrealistic to expect that harmony can be achieved overnight. Changing the corporate culture will continue to be a time-consuming and difficult task that will require unions and management to work more collegially to avoid falling

into their traditional adversarial roles. These traditional roles and the resulting corporate culture have significantly impeded the Postal Service's efforts to improve delivery service and cut costs.

The adversarial nature of labor management relations in the Postal Service is reflected in the terms used by a range of employees, both union and management, during interviews with us to describe management style and the labor-management climate in postal facilities. Those terms included "paramilitary," "autocratic," and "adversarial." We therefore used these terms to characterize the corporate culture as viewed by the employees. The former Postmaster General on his departure from the Postal Service said that one of his regrets was his inability to overhaul the corporate culture, which he said "seems to have a paramilitary character." The current Postmaster General has used "autocratic" and "authoritarian" in characterizing the management style in the Postal Service and has said that employees need more authority to do their jobs. Because of the Postal Service's concern with the use of the term "paramilitary" to describe its culture, we have substituted "autocratic" for "paramilitary" throughout our text.

2. Violent episodes at Postal Service facilities prompted the request for this review. While some employees said that the autocratic management style practiced in postal facilities has led to a tense and confrontational environment between supervisors and employees, it was not our intention to link violence to the corporate culture, and we have clarified this point in the introduction to our report. We point out in chapter 6 that the Postal Service, unions, and management associations have signed two statements to deal with violence in the Postal Service. In their statements they pledged to "make the workroom floor a safer, more harmonious, as well as a more productive workplace."

3. We judgmentally selected the plants to visit with the primary aim of providing both geographic coverage and a mix in the sizes of the plants. The fact that most of these plants had labor-management problems is not the basis of our conclusion that the problems were nationwide. That conclusion is based on interviews with headquarters and national officials, employee opinion survey results, and grievance-arbitration data. The primary purpose of the site visits was to help us identify the causes of the problems, and we therefore selected sites where problems existed.

4. Similarly, our findings were based not on the individual comments in employee opinion surveys but on an array of data sources, including (1) the 1992 and 1993 servicewide employee opinion surveys; (2) the grievance-arbitration data files; and (3) extensive interviews with over 475 union, management, and management association officials, both at the national and local level.

We cited individual employees' comments only to illustrate the nature of the problems identified from interviews, grievance and arbitration data, and employee opinion survey results. We agree with the Postal Service that comments from an individual should not be taken as representing a consensus of all employees' views.

5. We recognize in chapter 3, volume II, that there was some improvement overall in employee responses between 1992 and 1993 in 9 of the 12 survey performance dimensions. This improvement was encouraging given the major reorganization and downsizing that took place when the 1993 survey was administered, and we noted this in volume I after receiving the Postal Service's comments. It is to the Service's credit that it solicits employee opinions about various aspects of the organization, including the labor-management climate, and plans to continue administering this survey annually.

6. Mail delivery is a national issue. A collective bargaining structure has been established by law for resolving Postal Service labor-management issues. If that structure does not work, the American people will eventually look to Congress for a resolution. Accordingly, we suggested in our draft report that Congress monitor the progress being made and after 1 year consider whether a reexamination of the structure may be warranted. Our intent was twofold: (1) to provide a greater incentive to Postal Service labor and management for reaching closure on the issues; and (2) to provide Congress with the information it will need to consider whether and, if so, when, it may wish to intervene. As discussed above, we recognize the long-term nature and difficulty of changing a corporate culture. Given this and the Postal Service's concern with the 1-year time frame, we modified our suggestion in the final report to provide for a 2-year threshold.

Comments From the American Postal Workers Union, AFL-CIO

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

American Postal Workers Union, AFL-CIO
1300 L Street, NW, Washington, DC 20005

Moe Biller, President
(202) 842-4246

July 22, 1994

Charles A. Bowsher
Comptroller General of the United States
Washington, D.C. 20548

Re: Comments of APWU on Draft Report U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor

National Executive Board

Moe Biller
President

William Burrus
Executive Vice President

Douglas C. Holbrook
Secretary-Treasurer

Thomas A. Neill
Industrial Relations Director

Robert I. Tunstall
Director, Clerk Division

James W. Lingberg
Director, Maintenance Division

Donald A. Ross
Director, MVS Division

George H. McKeithen
Director, SDM Division

Regional Coordinators

James F. Williams
Central Region

Philip C. Flemming, Jr.
Eastern Region

Elizabeth "Liz" Powell
Northeast Region

Archie Salisbury
Southern Region

Rayfell R. Moore
Western Region

Dear Comptroller General Bowsher:

Enclosed are the detailed comments of the American Postal Workers Union, AFL-CIO ("APWU") on the above-captioned report. A condensed summary of the APWU's comments follows.

See comment 1.

-- While there are certainly problems in the relationship between the Postal Service and the APWU, it is important that we not lose sight of the substantial achievements of the Postal Service -- both employees represented by the APWU and postal management -- in carrying out the intent of Congress in the Postal Reorganization Act of 1970 ("PRA"). GAO correctly acknowledged this in the draft Report. However, some of the fundamental aspects of the 1970 reforms was Congress' resolve to get out of the business of managing the postal establishment, the prohibition of political influence in its affairs, and the substitution of free collective bargaining, modeled on the private sector, for the federal statutory personnel system. Accordingly, the APWU, with respect, submits that GAO went beyond its charter in recommending specific changes in collective bargaining agreements, coupled with suggestions for congressional action to amend the PRA to "remove barriers to cooperation" if the parties fail to take GAO's advice. The wisdom of the PRA was the recognition that the parties have to work out their differences for themselves, taking into account the unique characteristics and history of this industry.

Unfortunately one aim of reorganization has not been realized, namely, continuity in leadership at the top.

Charles Bowsher, Comptroller General
July 22, 1994
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There has been a too-frequent succession of Postmasters General since 1970. Hopefully this reform will also come to pass.

See comment 2.

-- A key recommendation of GAO is that the parties enter into a "framework agreement" to alleviate adversarial relationships and to foster cooperation between management and labor. There already exists such a "framework agreement" between the APWU and the Postal Service to create a positive, cooperative relationship, namely the November 2, 1993, Memorandum on Labor-Management Cooperation. In the agreement the parties

> ... reaffirm their commitment and support for labor-management cooperation at all levels of the organization to ensure a productive labor relations climate which should result in a better working environment for employees and to ensure the continued viability and success of the Postal Service.

This agreement employs standard labor relations techniques such as joint committees to address all aspects of postal operations. Issues for joint cooperation are not limited to "improving working conditions"; the agenda for "joint strategies" extends to "satisfying the customer in terms of service and costs" and "the financial performance of the organization and community-related activities." This is true empowerment, as contrasted with the failed and discredited Employee Involvement programs. The traditional methods have not failed; rather, because of an authoritarian management style which Postmaster General Runyon is committed to change, these techniques have not yet been tried. The APWU submits that GAO should withhold judgment on the ability of the parties to cooperate until the principles outlined in the Cooperation Memorandum "cascade" (in GAO's words) to the field.

See comment 3.

-- Despite difficulties, the parties have been able to reach agreements on major issues. The most significant in recent times is the agreement to restore Remote Bar Code System operations to postal employees. This agreement represents a vote of confidence in the superior productivity of postal employees on the part of Postmaster General Runyon, who had the fortitude to overrule the postal bureaucracy's decision to contract out this work to contractors employing low-paid, part-time, non-union workers. A significant feature of the RBCS agreement is the many joint committees established to deal with such thorny issues as productivity, employee performance, ergonomics and training.

See comment 4.

-- GAO contends that the parties seem to be unable to reach negotiated National Agreements without resort to interest arbitration. The reasons for the APWU's resort to interest arbitration in recent negotiations has been the Postal Service's

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unacceptable regressive demands. In the private sector, the real motivator for agreement is the prospect of a strike. While we believe that GAO has exaggerated the number of national agreements which have had to be resolved in interest arbitration, if GAO intends to recommend legislative enactments designed to enhance the likelihood of voluntary agreements, it should recommend giving postal workers the right to strike. Without the right to strike there is no genuine, free collective bargaining. In addition, the PRA should be amended to permit the negotiation of union security agreements such as an agency shop.

See comment 5.

-- The APWU takes strong exception to GAO's heavy reliance on the Employee Opinion Surveys to gauge employee sentiment concerning their working conditions. Such direct dealing with employees and bypassing of their statutory representative, particularly in anticipation of collective bargaining, is flatly prohibited by the National Labor Relations Act. Instead, the democratic processes of free trade unions should be the vehicle for presenting the views of employees, as they are in the APWU.

See comment 6.

-- GAO suggests that the workforce is demoralized because supervisors have allegedly given up on trying to discipline poor performers, laying the cause at the feet of unions for reflexively filing grievances. GAO makes no mention of the fact that unions owe employees a duty of fair representation which compels them to advocate employees' interests and, in the absence of probative contrary evidence, to give them the benefit of the doubt. It is certainly not true that the Postal Service fails to issue discipline, as the grievance and arbitration docket demonstrates. GAO itself proffered that employees believe they are unfairly disciplined for alleged attendance infractions and that attendance cases make up a major part of the grievance docket. Supervisors are offering unsubstantial excuses for not doing their jobs because the unions are doing their job in representing employees.

See comment 7.

-- The grievance backlog, while regrettable, is a symptom of the authoritarian management culture within the Service. Another source of frustration-induced grievance filing and labor-management conflict is the fact that local management frequently refuses to bargain with APWU Locals concerning local working conditions, taking the narrowest possible view of its obligations to negotiate under the NLRA. It is also the APWU's experience that management's representatives are often given only limited authority to resolve grievances. Finally, in both discipline and contract grievances, it is too frequently the case that the Postal Service withholds relevant information from the Union, forcing it to continue grievances in the absence of such information. It is the APWU's hope and expectation that labor-management tensions will lessen as the principles in the Cooperation Memorandum are implemented in the

Charles Bowsher, Comptroller General
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field, with a corresponding decrease in the grievance docket.

See comment 8.

-- Further problems come about because of the low status accorded to the labor relations function in the management structure and the unwieldy separation of customer services and mail processing, which frequently results in an inability to make coordinated decisions in the labor relations area. The recent refinement of the reorganized management structure creating unified area vice presidents should be brought down at least to the district level.

The American Postal Workers Union, AFL-CIO, appreciates this opportunity to comment on the draft report and trusts that its comments will help GAO produce the most accurate and useful report possible.

Sincerely,

Moe Biller

Moe Biller
President

MB:mjm
Enclosures
cc. Senator Carl Levin
Senator David Pryor
Postmaster General Marvin Runyon

Comments of the American Postal Workers Union, AFL-CIO, on GAO's Draft Report: U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor

July 22, 1994

The American Postal Workers Union, AFL-CIO ("APWU") represents over 334,000 employees of the U.S. Postal Service in the clerk, maintenance, motor vehicle service and special delivery messenger crafts in post offices, processing and mail distribution plants and customer services facilities, and in the Postal Data Centers, Operating Services, Mail Equipment Shops and Material Distribution Centers, nationwide. The APWU provides the following comments to the June 1994 draft report of the U.S. General Accounting Office entitled U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor. While they do not purport to be comprehensive, we trust that they will be useful.

1. The Postal Reorganization Act of 1970, 39 U.S.C. 101 et seq. ("PRA") was an historic revision in the way the Nation's postal establishment conducted its affairs since the time of the American Revolution. Up to that time the Post Office Department was an executive agency, the Postmaster General sat in the President's cabinet, Congress was deeply involved in every detail of postal operations -- finances, rates, transportation, personnel, etc. -- and the Post Office was part and parcel of the political process. The result was chronic deficits, an outmoded physical plant, and a totally demoralized workforce. An intolerable situation exploded with the strike of 1970, which was ended in an agreement between the postal unions and the Nixon Administration which included support for agreed-upon legislation which became the

PRA. The PRA made several important reforms to make the Postal Service independent of the political process, to be operated like a major business in the private sector. Principal among them were the substitution of independent private-sector collective bargaining for a congressionally-mandated personnel system (PRA Chapter 12) and a prohibition on the use of political influence in Postal Service affairs (PRA § 1002). GAO observed (Vol. 1 p. 3):

> During its 23 years as an independent government establishment, the Postal Service has accomplished many of the goals Congress set forth in the 1970 act. It has modernized its operations, improved compensation of postal employees, foregone the direct taxpayer subsidies that previously supported its operations, and maintained universal service -- service for the same price delivered anywhere in the country.

Indeed, in recent OBRAs, the Postal Service has been made to subsidize the federal deficit by congressional enactments mandating ever more payments to the Treasury (see, e.g., Vol. 2, p. 41 n. 6), undermining postal finances and demoralizing the workforce which has seen its extraordinary efforts result in raids on the Postal Service's budget.

2. We provide this brief review of the PRA because the APWU is deeply troubled by those parts in GAO's report which make recommendations for collective bargaining (national negotiations will begin on August 31, 1994) and suggest congressional revisions to the PRA "to remove barriers to cooperation" if a framework agreement incorporating some of GAO's proposals is not signed within one year (Vol. 1 p. 33). The APWU believes that GAO -- an agency of Congress -- should not insinuate itself into the functioning of free and independent trade unions, interfere with

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collective bargaining or reinject politics into the operations of a Postal Service which is supposed to be independent of the political process. For example, GAO complains that the National Agreement contains "restrictive workrules" (Vol. 1, p. 3) and proposes that the compensation system be changed to provide a performance-based pay system and to provide for other incentives for "good work." (Vol. 1, pp. 26-29). We submit that such interference in the collective bargaining process is improper and contrary to the intent of the PRA.

Without doubt there are problems in the Postal Service, including labor-management relations. The APWU submits, however, that the statute which has "accomplished many of the goals [of] Congress" envisions a regime in which the parties work out problems for themselves.

See comments 2 and 3.

3. Despite difficulties, significant progress has been made and much more progress is on the horizon. For example:

-- Very many agreements have been reached by the APWU and the Postal Service on a wide range of issues. Foremost in recent times is the landmark Remote Bar Code System agreement which is not only a vote of confidence in the superior productivity of career postal workers -- a concrete example of "commitment to employees" -- but also embodies labor-management cooperation on a myriad of issues in implementing the program. Thus, for example, the agreement establishes 10 joint Union-management committees to work out the details of implementation of the agreement and to deal with the following issues: staffing, scheduling, ergonomics, training,

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productivity, employee performance, safety, data, career opportunities, and minimizing administrative costs. The work of these committees is not limited to headquarters but extends to the local RBCS sites. A copy of the basic agreement is attached.

-- There already exists a "framework agreement" between the APWU and the Postal Service to create a positive, cooperative relationship, namely the November 2, 1993, Memorandum on Labor-Management Cooperation. A copy is annexed for your reference. In the agreement the parties

> ... reaffirm their commitment and support for labor-management cooperation at all levels of the organization to ensure a productive labor relations climate which should result in a better working environment for employees and to ensure the continued viability and success of the Postal Service.

This agreement employs traditional labor relations techniques such as joint committees to address all aspects of postal operations. Issues for joint cooperation are not limited to "improving working conditions"; the agenda for "joint strategies" extends to "satisfying the customer in terms of service and costs" and "the financial performance of the organization and community-related activities." GAO, in its enthusiasm for recent "partnership" fads and fashions, paid too little attention to this agreement and gave insufficient credit to the parties for this achievement. The agreement is just now being implemented in the field.[1]

[1] The draft Report erroneously quotes President Moe Biller as saying that he participates in meetings of the National Leadership Team only "for information and input" (Vol. 2 p. 43). In fact, President Biller attends these meetings and fully participates. However, it is the APWU's understanding that the purpose of involving union presidents in the National Leadership Team meetings

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Unfortunately, some postal managers, indoctrinated in the failed, discredited, and profoundly un-empowering EI/QWL ideology of dealing directly with employees and bypassing their statutory representative, have been slow to adapt to the "back-to-the-future" concept of joint labor-management committees for addressing both employee and management concerns.

See comment 4.

-- GAO grossly exaggerated the number of national agreements which have had to be resolved in interest arbitration. The APWU had been involved in 37 sets of national negotiations with the Postal Service in various bargaining units, only 6 of which resulted in interest arbitration. GAO also fails to note that in almost all interest arbitrations the issues which were submitted were narrow and limited, the parties having resolved all other issues on their own. For example, in the 1984 APWU-NALC-USPS proceedings, the only issue for interest arbitration was wages. Consider, too, that in every interest arbitration involving the APWU the parties agreed to an alternative, streamlined dispute resolution procedure to substitute for the cumbersome procedures provided in PRA § 1207.

4. There is a straightforward explanation for the parties' occasional failure to consummate collective bargaining agreements, namely, basic differences in the interests of workers and their employer and unacceptably regressive demands by management in bargaining. GAO correctly listed "improved compensation of postal employees" among the Postal Service's achievements in meeting

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is to give them information and to receive their input.

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congressional goals, yet incessantly in collective bargaining since the first several contracts in the 1970s the Postal Service has attacked the pay and benefits of postal employees and demanded take-backs in many areas, including:

-- In 1984 and 1990, wages -- indeed, despite having reached a voluntary labor agreement in 1987, the Postal Service turned around in 1990 and claimed that postal employees were overpaid and, according to its economic expert, had been overpaid since 1970.

-- In 1990, benefits, most significantly, health benefits.

-- In 1978 and 1990, reductions in COLA and job security, particularly the no-layoff clause which historically was part of the quid-pro-quo for management's free hand in instituting automation.

-- In 1990, a new, non-career, no-benefit work force. Despite having not presented a proposal in open collective bargaining, the Postal Service demanded and won from the Interest Arbitration Panel a transitional employee classification with no health insurance, life insurance or retirement benefits, and limited contractual rights. This is the demand which GAO benignly labeled "flexibility in hiring practices" (Vol. 1, p. 11). No self-respecting union should be asked to consent to such a condition and the APWU will be bargaining hard in 1994 to attempt to close the gap between transitional and career employees.

-- In 1990, massive contracting out of core mail processing functions in the RBCS program. In a scheme hatched in 1987 and uncovered in the RBCS arbitration hearings, the Postal Service from

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the outset had determined to contract out the data entry work of the RBCS to low-paid, non-union, part-time contract employees. This is the first time in the history of the parties' relationship that the Postal Service "went for the jugular" and instituted raw labor competition. The Postal Service adamantly refused even to consider the APWU's proposal to keep that work in-house; indeed, it never even made a proposal for what it would take to not contract out RBCS. The APWU had to undergo a long and hard-fought year-long arbitration (in which it eventually prevailed) to demonstrate that RBCS work was new work created by technology, which had to be offered to postal employees under the automation clause of the National Agreement. Management then gave the award the narrowest possible interpretation and tried to continue with its contracting out. All this deeply soured relations until new leadership at the top, Postmaster General Runyon, overruled his bureaucracy and made an agreement with the Union to restore this work to postal employees. (Contrary to GAO's report of 80,000 jobs resulting from the agreement (Vol. 2, p. 165), the Postal Service projects approximately 18,000 will be needed to process the expected RBCS volume. Because some employees will be part-time, we anticipate that RBCS will provide just over 20,000 jobs.)

See comment 10.

5. It is simply incorrect to say that the APWU has not given "worklife issues ... the attention needed in contract negotiations ..." (Vol. 1 p. 11). For example:

See comment 11.

-- Safety and health issues have been the subject of APWU proposals in every set of negotiations.

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-- The Union has consistently proposed improving and extending the Employee Assistance Program. (GAO reported that employees are skeptical about the effectiveness of EAP (Vol. 2, p. 98). Only in 1988 did the Postal Service agree to extend the EAP program beyond mere alcohol abuse. It was not until the 1990 National Agreement that the Postal Service agreed to make the unions partners in a complete redesign of EAP.

-- The Union made child care proposals in 1984, 1987 and 1990 negotiations. GAO reported that child care concerns are among the principal causes of employee stress (Vol. 2, pp. 96, 98). Agreement to conduct a study was reached in 1987 but none was done during the term of that contract. In 1990, the Postal Service funded a task force which has, at last, conducted several careful studies. A report and recommendations addressing a comprehensive Dependent Care Program (including elder care) will be presented to the union presidents and the Postal Service in August 1994 (see Vol. 2, p. 97 n. 7).

-- Regularly since 1978, when the Postal Service closed down its Employee Development Centers, the APWU has proposed self-development training, with no agreement by the Postal Service.

See comment 12.

-- GAO gives insufficient credit to the APWU for having achieved some measure of self-directed work, a concept with which the APWU agrees wholeheartedly. The crew chief concept is now being implemented. GAO brushes this aside, stating that the program empowers only the crew chief, not the employees (Vol. 1, pp. 15-16). In fact, when one of their own is leading the crew in

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its tasks, a sense of teamwork results, and the parties have taken a step away from the autocratic culture within management condemned by GAO. Similarly, the RBCS agreement creates Remote Encoding Centers ("RECs") with the flattest possible hierarchy, employing a lead operator to take on many administrative tasks. This holds down costs, creates a sense of teamwork, and provides job enrichment and upward mobility for regular operators. GAO mentions the RBCS agreement (Vol. 2, p. 165), but makes no mention of this aspect of the program in the REC sites.

See comment 4.

6. However, we agree that one aspect of the PRA creates an obstacle to reaching agreement on labor contracts, namely, the denial of a fundamental human right -- the right to strike. The prospect of a strike (or a union's perceived inability to win a strike) is the sort of pressure which compels agreements in the private sector. If GAO intends to recommend legislative changes designed to enhance the likelihood of voluntary agreements, it should recommend legislative changes giving postal workers the right to strike. This is the most effective measure imaginable to make voluntary agreements the norm in this industry. Without the right to strike there is no genuine, free collective bargaining.

See comment 13.

There are several other ways in which the PRA creates a somewhat artificial model of private-sector collective bargaining. One is the provision for consultation rights for management associations. The Postal Service is thus forced to deal with another constituency which, by law in the private sector, is totally loyal to and controlled by management. Indeed, we know of

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no private sector employer which must defend its personnel actions involving supervisors and managers as the Postal Service must before the Merit Systems Protection Board. GAO noted, for example, that the National Association of Postal Supervisors opposed the crew chief proposal (Vol. 2, p. 113) and can be expected to oppose any other "teamwork" measures which impinge on the supervisory hierarchy. GAO may not appreciate the fact that consultation rights are not the same thing as collective bargaining, but on the other hand, it is the APWU's experience that the Postal Service pays too much regard to the views of management associations. We note, too, that Postmaster General Runyon's reorganization, of which GAO approved (Vol. 1, pp. 25-26) is in danger of being wrecked by the litigation efforts of affected supervisors and managers before the MSPB. In addition, the GAO report complains that the APWU allegedly files too many grievances, an issue we address below. We note here simply that the PRA prohibits union security agreements (e.g., an agency shop), 39 U.S.C. 1209(c), which, if it were permitted, would provide postal unions with the financial security to make decisions on individual grievances free from the concern that the disappointed grievant will quit the union and cut off dues payments. Were GAO to suggest remedial statutory measures, repeal of the anti-union security provision would be beneficial.

See comment 5.

7. Continuing on the subject of collective bargaining, the APWU takes strong exception to GAO's heavy reliance on the Employee Opinion Surveys ("EOSs") to gauge employee sentiment concerning

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their working conditions. Such direct dealing with employees and bypassing of their statutory representative, particularly in anticipation of collective bargaining, is flatly prohibited by the National Labor Relations Act. See, e.g., Harris-Teeter Super Markets, Inc., 310 NLRB 216, 217 (1993). Instead, the democratic processes of free trade unions should be the vehicle for presenting the views of employees, as they are in the APWU. The law makes it clear that those who choose not to participate in their organization forfeit the right to speak on their working conditions. We would point out that the APWU's bargaining stance over the years has been endorsed by the membership in the most dramatic way possible -- by the voluntary membership and payment of dues of 80% of bargaining unit employees. It is as improper for GAO to rely on EOS responses to recommend changes in collective bargaining agreements (see Vol. 1, pp. 15-16, 27) as it is for management to present proposals in bargaining originating in its unilateral poll of employee sentiment.

8. GAO suggests that the workforce is demoralized because supervisors have allegedly given up on trying to discipline poor performers, laying the cause at the feet of unions for reflexively filing grievances (see Vol. 1, p. 16; Vol.2, p. 104). GAO makes no mention of the fact that unions owe employees a duty of fair representation which compels them to advocate employees' interests and, in the absence of probative contrary evidence, to give them the benefit of the doubt. See, e.g., Bowen v. U.S. Postal Service, 459 U.S. 212 (1983). It is certainly not true that the Postal

See comment 6.

Service fails to issue discipline, as the grievance and arbitration docket demonstrates. GAO itself proffered that employees believe they are unfairly disciplined for alleged attendance infractions and that attendance cases make up a major part of the grievance docket (Vol. 1, pp. 13-14; Vol. 2, pp. 90-91, 96, 105).[2] The APWU submits that supervisors are offering unsubstantial excuses for not doing their jobs because the unions are doing their job in representing employees. It is also the APWU's experience that management's representatives at all steps are often given only limited authority to resolve grievances, contrary to the specific mandate of the National Agreement. Finally, in both discipline and contract grievances, it is too frequently the case that the Postal Service withholds relevant information from the Union, forcing it to continue grievances in the absence of such information. The National Labor Relations Board and the courts of appeals have found the Postal Service guilty of violating the NLRA in a long list of decisions.[3]

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[2] We made the point earlier that EOSs should not be used to gauge employee sentiment. One reason is that they are subject to manipulation. Consider the fact that in the 1992 EOS "45 percent of processing employees reported that they had been disciplined for using sick leave when they were legitimately ill" (Vol. 2, p. 90) but in the 1993 EOS the Postal Service took this question off the survey. Id., n. 6.

[3] The following is a partial list of NLRB cases involving the APWU finding violations, omitting the very large number of cases settled after charges have been filed or complaints issued: 309 NLRB No. 36 (1992); 308 NLRB No. 78 (1992); 307 NLRB No. 170 (1992), enf'd, No. 92-2358 (4th Cir. 1994); 307 NLRB No. 63 (1992); 305 NLRB No. 154 (1992); 303 NLRB No. 79 (1991); 301 NLRB No. 104 (1991), enf'd mem. No. 91-3432 (3d Cir. 1992); 289 NLRB No. 123 (1988), enf'd, 888 F.2d 1568 (11th Cir. 1989); 280 NLRB No. 80 (1986), enf'd, 841 F.2d 141 (6th Cir. 1988). In 1993 and 1994, the

Furthermore, we can readily agree with GAO that the propensity of supervisors to manage "by the numbers" and an autocratic management style contribute greatly to employees' sense of frustration and, consequently, to the number of grievances in the system (Vol. 1, pp. 13, 17-18). GAO notes that Postmaster General Runyon has taken steps to change management's attitudes and that there has been insufficient time to evaluate the success of such measures (Vol. , pp. 25-26). We would add to this analysis the fact that local management frequently refuses to bargain with APWU Locals concerning local working conditions, taking the narrowest possible view of its obligations to negotiate under the NLRA. This view has already been condemned by the NLRB. See, e.g., U.S. Postal Service, 302 NLRB No. 117 (1991). As early as 1974 the investigation of the Senate Committee on Post Office and Civil Service reported: "Numerous complaints were heard that local postmasters would not sit down with local union leaders to negotiate on working conditions, work schedules, and other matters which were very important to rank-and-file members." Investigation of the Postal Service, S. Rep. 93-727, 93d Cong., 2d Sess. 46 (March 7, 1974). Twenty years later, the situation in many facilities has not changed. GAO should recommend that the Postal Service truly negotiate with local postal unions on matters affecting employees on the workroom floor.

APWU, the Postal Service, and the General Counsel of the NLRB entered into two significant nationwide settlement agreements which, if complied with, should help alleviate this source of problems.

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9. In the same vein, GAO cites the backlog of contract grievances (Vol. 2, pp. 54-60), frequently involving overtime and improper craft assignments in addition to attendance-related discipline (Vol. 2, p. 86). At the outset, we observe that the grievance procedure is by its nature reactive -- the Union has no other contractual way to protest violations. The answer to the grievance backlog is for supervisors to stop violating the contract. (GAO cites EOS results showing that 52% of employees believed that supervisors violated union contracts (Vol. 2, p. 63).) In addition, as noted above, we find that managers are simply unwilling to resolve disputes at the earliest possible stage. For instance, GAO reports that management sustains grievances less than 1% of the time at Step 3 in the last year for which statistics were reported (Vol. 2, p. 56). However, arbitrators either overturn or substantially modify management decisions in approximately half of all APWU grievances. These data graphically illustrate that postal management is frequently closed-minded to the Union's complaints, adding to the Union's and the membership's sense of exasperation.

Another factor contributing to the grievance backlog is the low status the Postal Service accords to its labor relations functions and the inability of labor relations executives to get operations managers to follow their directives. We note, for example, that the management organizational chart (Vol. 2, Fig. 1-1. p. 19) does not even display the labor relations function. These executives are chosen by and report to customer services in

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field operations, even though they deal with issues in both branches. Indeed, the dual management structure itself creates immense problems in negotiating and carrying out a unified labor policy in the field. Postmaster General Runyon has taken a step in the right direction in the recent establishment of area vice presidents responsible for both mail processing and customer services. The APWU recommends that this unified structure be extended at least to the district level.

Repeated grievances on the same issue (see Vol. 2, p. 87) are frequently the product of resistance on the part of operations officials. A salutary recommendation would be for the Postal Service to take effective measures to ensure that the decisions of its labor relations officials are carried out by those in charge of operations.

See comment 7.

10. The APWU contests GAO's assertion that there is an excess of "restrictive workrules" in the Postal Service (Vol. 1, p. 3). The "rules" in the National Agreement are nothing compared with the volumes of personnel rules applicable to federal agencies generally and with the Post Office Department prior to reorganization. They have the superior virtue of having been negotiated by the parties themselves to meet their own needs. This is precisely what the PRA contemplated when it made federal personnel laws generally inapplicable to the Postal Service (PRA § 410(a)). Personnel rules are certainly necessary for an employer the size of the Postal Service. And the rules which do exist can hardly be characterized as "restrictive" as compared with other industries in the private

See comment 9.

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sector. For example:

-- There are no restrictions to the introduction of labor-saving automation; rather, Article 4 requires procedures to accommodate those affected by automation and guarantees that new jobs created by technological change be offered to postal employees. The Postal Service has wide authority to reassign excess employees and there is no "bumping" as in many other industries. Article 12 provides methods to carry out "the primary principle in effecting reassignments ... that dislocation and inconvenience to employees in the regular work force shall be kept to a minimum, consistent with the needs of the service." The APWU has a record second to none of cooperating in the introduction of automation. The Bar Code Automation Program has targeted a reduction of 100,000 work-years of employment. From April 1989 through July 1992 (just prior to the early retirement incentive program) APWU bargaining units experienced a net reduction of 33,988 employees. The introduction of the latest bar code technology will continue to have a heavy impact on postal employees at least through 1997. Yet, compared with the agony experienced in other industries when revolutionary technology has been introduced, and despite the serious dislocations which postal automation has caused employees, the process has gone relatively smoothly in large part because of the cooperative attitude of the APWU.

-- While there are disputes over craft jurisdiction, as GAO notes (Vol. 2, p. 88), they are rather inevitable when more than one union represents employees in craft units. A recent

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development, not mentioned by GAO, is that such disputes are now being resolved through joint processes. Furthermore, cross-craft assignments are in fact permitted by the National Agreement when they are necessary to make maximum productive utilization of employees, yet another favorable contrast with other industries with craft bargaining units.

-- Indeed many grievances have resulted from the over-use of overtime in the Postal Service, a persistent problem which GAO acknowledges is a problem affecting the level of stress and demoralization of employees (Vol. 1, p. 14; Vol. 2, pp. 42, 95). But here, too, management has wide latitude in compelling employees to work overtime, being required to pay various premiums at certain points and to resort to an overtime-desired list. These "restrictions" are in fact salutary and reflect a public policy restricting hours (as in the Fair Labor Standards Act) and of protecting the safety and well-being of employees.

See comment 14.

-- GAO's blanket statement that employee promotions are based on seniority (Vol. 2, p. 108) is simply incorrect. Some promotions are awarded to the "senior qualified" bidder and others go to the "best qualified" individual. In all circumstances, the person seeking the promotion must be qualified. Certainly no union can be faulted for trying to institute a system of objectivity and fairness in choosing among many who seek advancement. Seniority is a universally recognized method of making such choices -- indeed, it is the operative principle in both the legislative and judicial branches of government.

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Fundamentally, the "workrules" in the National Agreement reflect the judgment of the parties themselves as to the needs and desires of workers, developed over many years and based on their own experience. As we said above, all provisions of the National Agreement are the product of negotiations on proposals developed by the APWU in a most democratic manner. The terms of all APWU negotiated National Agreements have been ratified by the membership. We submit that outsiders should hesitate to judge or criticize any of the articles.

11. We suggest that it is a serious mistake to try to transplant programs like those at Saturn and Ford Motor Company into other industries. Every industry is different and these models are not even prevalent in the entire automobile manufacturing industry. It is not even a verified fact that these experiments are successful in the long term or have accounted for whatever corporate success or lack thereof in either company. As we said earlier, the APWU has offered its own model of cooperative relations which should result in improved financial performance and customer satisfaction, based on traditional labor relations. We submit that the traditional methods have not failed in the Postal Service. Rather, on account of the authoritarian and paramilitary management culture which Postmaster General Runyon is committed to change, traditional methods to date have not really been tried. Those charged with evaluating labor-management relations in the Postal Service should withhold judgment until the new "old" methods have had a chance to work.

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MEMORANDUM FOR APWU NATIONAL, STATE, AND LOCAL UNION OFFICIALS
AREA MANAGERS, CUSTOMER SERVICES
AREA MANAGERS, PROCESSING AND DISTRIBUTION
DISTRICT MANAGERS, CUSTOMER SERVICES
PLANT MANAGERS, PROCESSING AND DISTRIBUTION

SUBJECT: Labor-Management Cooperation

The amicable resolution of our differences regarding the deployment of RBCS marks a milestone in the relationship between the Postal Service and the American Postal Workers Union, AFL-CIO.

Although we have established a pattern of resolving more disputes through voluntary agreement than through litigation, none has had the significance of this agreement. Not only were the substantive issues of major concern to each of us, but the agreement recognizes that we cannot anticipate and provide for all future contingencies. We must establish a relationship built on mutual trust and a determination to explore and resolve issues jointly. This agreement embraces these principles.

In order to build on this momentum and improve our relationships throughout the Postal Service, we set forth the following principles of mutual commitment:

1. The APWU and the Postal Service hereby reaffirm their commitment to and support for labor-management cooperation at all levels of the organization to ensure a productive labor relations climate which should result in a better working environment for employees and to ensure the continued viability and success of the Postal Service.

2. The parties recognize that this commitment and support shall be manifested by cooperative dealings between management and the Union leadership which serves as the spokesperson for the employees whom they represent.

3. The parties recognize that the Postal Service operates in a competitive environment and understand that each Postal Service product is subject to volume diversion. Therefore, it is imperative that management and the Union jointly pursue strategies which emphasize improving employee working conditions and satisfying the customer in terms of service and costs. A more cooperative approach in dealings between management and APWU officials is encouraged on all issues in order to build a more efficient Postal Service.

4. The Postal Service recognizes the value of Union involvement in the decision making process and respects the right of the APWU to represent bargaining unit employees. In this regard, the Postal Service will work with and through the national, regional, and local Union leadership, rather than directly with employees on issues which affect working conditions and will seek ways of improving customer service, increasing revenue, and reducing postal costs. Management also recognizes the value of union input and a cooperative approach on issues that will affect working conditions and Postal Service policies. The parties affirm their intent to jointly discuss such issues prior to the development of such plans or policies.

5. The APWU and the Postal Service approve the concept of joint meetings among all organizations on issues of interest to all employees, but which are not directly related to wages, hours or working conditions, such as customer service, the financial performance of the organization and community-related activities. In this regard, the APWU will participate in joint efforts with management and other employee organizations to address these and other similar issues of mutual interest.

6. On matters directly affecting wages, hours or working conditions, the Postal Service and the APWU recognize that separate labor-management meetings involving only the affected Union or Unions are necessary. The parties are encouraged to discuss, explore, and resolve these issues, provided neither party shall attempt to change or vary the terms or provisions of the National Agreement.

Moe Biller
President
American Postal Workers Union, AFL-CIO
Dated: 11/2/93

Marvin Runyon
Postmaster General/CEO
U.S. Postal Service
Dated: 11/2/1993

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MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO

Re: RBCS

In full and complete settlement of all issues related to the implementation of RBCS, the APWU and the Postal Service agree to the following principles:

1. The Postal Service recognizes the value of postal employment in the fulfillment of its automation program and the APWU recognizes the value of cooperation with the Postal Service in the implementation of the automation program.

2. The parties agree that the RBCS keying position is a Data Conversion Operator, PS-4, clerk craft. In addition, the parties agree to utilize the concept of Group Leader - Data Conversion Operator, PS-5, clerk craft, in the RBCS keying sites.

3. The parties will develop the details of an orderly transition of RBCS to postal operations by means of a Joint Task Force on RBCS Implementation which is referenced in paragraph 10 of this Memorandum of Understanding. One of the purposes of the Task Force is to protect service during the transition. The Postal Service is committed to performing all RBCS work with postal employees (career and noncareer) as quickly as operationally possible. The current 25 RBCS contract sites and the 2 EAP sites will be converted to postal operations at the earliest possible date. However, the parties recognize that during the transition phase and in order to maintain service at an existing contract site, there may be unavoidable delays in converting a contract site to a postal operation. Only in such circumstances may the Postal Service extend particular contracts beyond the initial contract term. In no case may such contract extensions continue beyond December 31, 1996. Should the union believe that any contract extension violates the principles in this paragraph, the APWU may immediately proceed to arbitration with priority scheduling.

4. The clerical staffing of the RBCS sites will be accomplished by utilizing the ratio of 30 percent career work hours to 70 percent Transitional Employee work hours (work hours do not include leave hours). The ratio of career work hours to Transitional Employee work hours in RBCS sites is limited to those activities that are related to RBCS operations, which also includes other activities such as administrative support. This ratio of career work hours to Transitional Employee work hours in RBCS sites is a national percentage. The Postal Service is committed to ensuring that the conditions of this provision are met on an ongoing basis.

   The parties recognize that volume and work hours will fluctuate during the course of a fiscal year. It is unlikely that work hour projections will precisely match actual experience. Therefore, there will be a need to monitor work hours and adjust the work hours and/or complement to assure that the national work hour percentages are achieved on average over each fiscal year. The following procedures will be utilized to monitor and adjust work hours/complement to comply with this agreement:

   a. The Postal Service will make the initial projections for volume and work hours in the RBCS operations. Also, the Postal Service will project the career complement at each keying site. The career complement system-wide must be sufficient to work thirty percent of the projected work hours.

b. Commencing with the first accounting period after the start-up of Postal RBCS operations, the parties will meet at least once each accounting period to review actual experience and revised projections. The parties will agree upon any necessary adjustments to the planned career complement work hours.

c. After the first year of Postal RBCS operations, the Postal Service will make work hour and career complement projections by fiscal year. The parties will meet at least quarterly to review actual experience and revised projections. The parties will agree upon any necessary adjustments to the planned career complement work hours.

d. After completion of the first twenty-four months of Postal RBCS operations, the parties will meet to review the actual experience in relation to achieving the agreed upon percentages of thirty percent career work hours and seventy percent Transitional Employee work hours.

If the experience shows difficulty in keeping within a one percent career workhour variance, the parties will resolve the difference and consider appropriate adjustments, such as lump sum payments to identified affected employees and/or other complement adjustment options.

Adjustments in work hours and/or complement are intended to quickly recover any deviation from plan, in order that at the end of the fiscal year, the agreed upon work hour percentages are achieved.

5. The parties recognize that the Transitional Employee complement provides the Postal Service with additional flexibility. It is the intent of the parties that the career workforce, up to the agreed upon percentage, will occupy full-time duty assignments to the extent that there exists 8 hours of work within 9 or 10 consecutive hours, as appropriate.

6. The lock-in period for Data Conversion Operators will be 365 days. The parties agree that each RBCS site will complete the twelve (12) week production ramp-up period before the lock-in period will begin for the full-time Data Conversion Operators in RBCS sites.

7. The Postal Service retains the right to determine the location of the RBCS sites, as well as the right to determine which images are processed at each such RBCS site. A RBCS site processing images for an installation other than the installation in which the RBCS site is situated will be considered an independent installation for purposes of the application of the National Agreement.

8. Consistent with applicable law, the parties will establish procedures which will provide RBCS Transitional Employees with RBCS career opportunities.

9. Employees will be required to qualify for RBCS keying at a rate of 7,150 keystrokes per hour at an accuracy rate of 96 percent. Employees will be expected to maintain the performance and accuracy rates required for qualification, which the parties agree is a fair day's work. There shall be no production standards unless one is promulgated pursuant to Article 34. The parties will jointly work to develop methods of maintaining the throughput and accuracy rates for the system, the training program for qualifying employees as keyers and a system for monitoring performance. The parties will review the keying rate of 7,150 keystrokes per hour and accuracy rates and adjust as appropriate, prior to the implementation of Remote Computer Read.

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10. The parties agree to establish a Joint Task Force to address issues of mutual concern with respect to RBCS implementation. The Joint Task Force on RBCS Implementation will meet to discuss and agree on certain matters, including but not limited to the following topics:

    a. Ergonomics - Ergonomic concerns related to work stations and operational methods shall be jointly addressed through a consultative process. The Joint Task Force will make its initial recommendations to the parties concerning operational methods within 90 days of the date of this Memorandum of Understanding. Thereafter, the Joint Task Force will address either party's continuing concerns.

    b. Group Leader–Data Conversion Operator, PS-5, clerk craft - Prior to the activation of the next 22 RBCS sites, the parties will negotiate the details of such staffing.

    c. Application of Transitional Employee Memoranda of Understanding - Within 30 days of the date of this Memorandum of Understanding, the parties will meet and agree upon which portions of the existing Transitional Employee Memoranda of Understanding shall be applicable to the RBCS Transitional Employees.

    d. Career Opportunities for Transitional Employees - The procedures necessary to provide career opportunities for RBCS Transitional Employees will be completed no later than 120 days of the date of this Memorandum of Understanding.

    e. Information Tracking - The Postal Service will share performance tracking information on RBCS operations with the APWU.

    f. Interaction of a Separate RBCS Site with Other Postal Installations - Prior to the first RBCS site completing its twelve (12) week production ramp-up, the parties shall agree to a procedure for RBCS site career employees to be able to move into an installation or installations in a geographical area contiguous to the RBCS site, after the 365 day lock-in period has been completed. Prior to activation of a Postal RBCS site, the parties shall resolve all issues related to Article 30 of the National Agreement with respect to such RBCS site.

    The parties intend to form sub-committees to address these matters and, unless otherwise indicated, report to the Joint Task Force within ninety days of the date of this Memorandum of Understanding. Failure of the parties to reach agreement on any Joint Task Force matters shall not delay the activation of any RBCS site.

11. The parties agree that the terms of this Memorandum of Understanding and any other agreements which the parties enter as a result of the activities and recommendations of the Joint Task Force on RBCS Implementation shall not be raised during the 1994 National Negotiations or during any related interest arbitration proceedings.

Moe Biller
President
American Postal Workers Union, AFL-CIO
Dated: 11/2/93

Joseph J. Mahon, Jr.
Vice President
Labor Relations
U.S. Postal Service
Dated: 11/2/93

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The following are GAO's comments on the letter dated July 22, 1994, from the American Postal Workers Union.

GAO Comments

1. We are not recommending specific changes to the collective bargaining agreements. We do recognize that changes may be necessary in these agreements in order to implement the framework agreement suggested (see p. 17, vol. I). We also recognize that the parties have to work out their differences for themselves (see pp. 16 and 17, vol. I). We believe that there are different ways "to work out the differences" between labor and management, and we are advocating a top-down, partnership approach, such as that used by the United Auto Workers with Ford and Saturn. We have revised the matter for congressional consideration to allow more time for labor and management to develop the framework agreement.

2. Although the agreement entered into by the Postal Service and APWU to foster cooperation between management and labor is a positive action and was part of another joint agreement to keep remote barcoding work in-house, not all of the key players (unions, management associations, and Postal Service) are parties to the agreement. Rather, only the Postal Service and APWU signed the agreement. Moreover, it does not identify any actions that will be taken to improve conditions on the workroom floor. We do agree with APWU that the agreement should not be limited to improving working conditions but rather should include joint strategies to improving customer satisfaction and organizational performance.

3. We recognize in the report that APWU and the Postmaster General signed an agreement to stop contracting out remote barcoding work and restore these jobs to postal employees. (see ch. 6, vol. II).

4. We revised the text to clarify the number and reasons for interest arbitration. The right to strike and union security were policy issues decided in the Postal Reorganization Act of 1970 and were not considered in this report. As agreed with the requesters, our review was to focus primarily on labor-management relations problems on the workroom floor. However, we agree that Congress may want to reexamine the provisions in the 1970 Postal Reorganization Act relating to these and other issues, given that the Postal Service is now operating in a market environment very different from the one 23 years ago.

5. In order to gauge employees' sentiment concerning their working conditions, we used a broad array of sources. Employee opinion survey

data, testimonial evidence from hundreds of interviews with union and management representatives, and the grievance/arbitration data all corroborated the state of labor relations in the Postal Service as described in our report. The results of our review are consistent with prior studies on postal labor-management relations. In order to respond to the congressional request, we determined that it was necessary to obtain the views of employees directly, much like the unions and postal management do. To have limited our work to interviewing only union officials about employees' views on working conditions would have severely impaired our independence and violated governmental auditing standards. Further, we do not believe that our use in this report of information obtained from the employee opinion survey is in any way inappropriate or inconsistent with the National Labor Relations Act because the act governs only the relationships between employers, employees, and labor organizations.

6. We recognize the fact that unions owe employees a duty of fair representation. However, this duty does not compel the union to take every case to arbitration. On the basis of National Labor Relations Board precedents and court cases, the union is accorded considerable discretion in the handling of grievances, as long as it acts in good faith, is nondiscriminatory, and has a rational basis for making a decision.

7. We listed several possible causes for the grievance backlog in volume II—including authoritarian management style and local management refusal to settle cases (see ch. 3, vol. II).

8. We did not evaluate the Postal Service's organizational design and therefore cannot comment on the status afforded to the labor relations function or the problems associated with the dual management structure.

9. We deleted the term "restrictive."

10. We revised the text to reflect that APWU anticipates that the remote barcoding agreement will provide just over 20,000 jobs. The Postal Service did not provide us with an official estimate of the number of employees necessary to staff the remote barcoding systems. However, on the basis of available data, we estimate that the remote barcoding systems will require about 46,000 workyears when completed (35,300 transitional and 11,300 career workyears).

11. We recognize that safety and health issues have been the subject of contract negotiations and have revised the text in volume I to reflect this fact.

12. In volume II, chapter 4, we devoted a section to self-managed work units and stated that APWU proposed the concept. We did not comment on the remote encoding centers because these centers were not activated at the time we completed our review.

13. The propriety and legal basis of management association representation were outside the scope of our work.

14. We have revised our report to say "generally based on seniority, not performance."

15. We are not suggesting that the Postal Service import or transplant programs like those at Saturn and Ford Motor Company. However, we endorse the principles and values that those programs are based on, and we are recommending that the Postal Service, the unions, and management associations design their framework agreement on similar principles and values (see pp. 17 and 18, vol. I).

Comments From the National Rural Letter Carriers' Association

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July 14, 1994

Mr. J. William Gadsby
Director, Government Business
Operations Issues
United States General Accounting Office
Washington, D. C. 20548

Ref: Draft Report - U. S. Postal Service: Labor-Management Problems Persist on the Workroom Floor

Dear Mr. Gadsby:

As requested in your letter of June 6, 1994, the Officers of the National Rural Letter Carriers' Association reviewed the above-referenced draft report. We do not feel that any changes and/or corrections need to be made to the section pertaining to the rural letter carrier craft.

We thank you for the opportunity to be a part of your final report.

With kindest regards.

Sincerely yours,

William R. Brown, Jr.
President

WRB:mlb

Enclosure

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Related GAO Products

Postal Service: Role in a Competitive Communications Environment (GAO/T-GGD-94-162, May 24, 1994).

Employee-Management Relations at the Indianapolis Post Office Are Strained (GAO/GGD-90-63, April 16, 1990).

Improved Labor/Management Relations at the Oklahoma City Post Office (GAO/GGD-90-02, Oct. 19, 1989).

U.S. Postal Service: How the Postal Service Dealt with the Edmond, Oklahoma, Tragedy (GAO/GGD-88-78, June 1988).

Labor-Management Relations and Customer Services at Simi Valley, CA, Post Office (GAO/GGD-88-44, March 3, 1988).

Employee-Management Relations at the Evansville, Indiana, Post Office (GAO/GGD-87-23, Dec. 24, 1986).

Labor Relations—Employee Management Relations at the Alhambra, CA, Post Office (GAO/GGD-86-40, April 7, 1986).

Labor-Management Unrest at the Salt Lake City Post Office (GAO/GGD-83-41, Feb. 11, 1983).

Management/Employee Relations Problems at the Bennetsville, South Carolina, Post Office (GAO/GGD-82-35, Jan. 18, 1982).

Employee Concerns about Working Conditions at the San Antonio, Texas, Post Office (GAO/GGD-81-62, March 30, 1981).

Management/Employee Relations Problems at Evansville, Indiana Post Office (GAO/GGD-81-37, February 19, 1981).

Improved Grievance/Arbitration (GAO/GGD-80-12, Nov. 28, 1979).

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