Responding to Environmental Change in Longshoring: Four North American Experiences

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In longshoring, technological change, expanding competition among ports, and the development of lower cost work forces induced a major restructuring of dock operations. This paper focuses on collective bargaining responses to environmental change and the interplay between those responses, government intervention, the law, and market forces. Four coastal regions in the United States and Canada are studied to gain a broad perspective in two jurisdictions with somewhat differing approaches to government intervention and labor law. Market pressures have become a dominant force, altering the need for and nature of government intervention, and accommodation to change seems most appropriate in today's highly competitive marketplace.

I. Introduction

Being important to economic performance and having union bastions, longshoring has long enjoyed a high public profile. In the past three decades, technological change (e.g., mechanization and containerization) and global market expansion stimulated greater competition among ports for cargoes, while recession in the early 1980s triggered the emergence and spread of lower cost work forces. These developments unleashed intense competitive pressures which eroded the longstanding captive markets of individual ports, thereby causing a restructuring of dock operations and threatening union work rules and jobs.

If employers seek to adapt to change, unions can elect to resist or accommodate change. This paper focuses on collective-bargaining strategies, as reflected in responses to environmental change, and the interplay between those strategies, government intervention, the law, and market forces. Four coastal regions in the United States and Canada are studied to gain a broad perspective in two jurisdictions with somewhat differing approaches to government intervention and labor law.

Government intervention and the law are critical, since they may alter the balance of power and, in turn, the parties' abilities to respond to market signals. It is concluded that market forces have grown to dominate the new environment, altering the need for and nature of government intervention, and that accommodation to change seems most appropriate in today's highly competitive marketplace.
II. Responses to Environmental Change

Environmental change can require that firms alter their business plans and restructure their operations. Operational restructuring often focuses on ameliorating contractual constraints, including benefit schemes and work rules, to lower labor costs. By limiting work assignments, crew or gang sizes, and the types of work procedures that can be used, union work rules typically promote excess employment. Such restrictive work practices can fetter managerial responsiveness to market developments, such as technological change or the entrance of competitors. Should competitors have lower cost work forces, be they union or nonunion, there, logically, will be a greater incentive for management to seek relief from such contractual restrictions (Kochan and Katz, 1986).

If management has engaged in "environmental scanning," it typically will be the initiator and primary agent for such a restructuring (Kochan et al., 1984). To achieve a realignment consistent with perceived market signals, management and other change agents (e.g., unions, governments, and the public) will seek to "structure the situation" to produce the desired results. This normally involves: (1) demonstrating an actual or potential performance gap, (2) playing on worst fears — especially of economic suicide for failing to respond to market threats, and (3) providing incentives to effect the desired restructuring (Walton and McKersie, 1965). The challenge is to respond to environmental change before, rather than after, a serious performance gap has emerged (Fry and Killing, 1989).

Carefully structuring negotiations can be particularly important in an industry considered essential to economic performance, since governments will be more inclined to intervene in labor disputes (Rehmus, 1990). The propensity to intervene and impose terms and conditions of employment will vary across both jurisdictions and the political parties forming governments (Arthurs, 1970). Neither the union nor management may wish to lose control of negotiations through government intervention.

Should union resistance impede management from achieving desired restructuring goals at the bargaining table, at least two avenues will be considered or pursued: (1) eliciting government aid, as in favorable legislation or government-supplied intervention, and (2) legal challenges, including rights arbitration. Similarly, if a union decides to resist a managerial initiative to restructure, it will consider or pursue these same courses of action (Weiler, 1980).

Government intervention, as well as statutory and case law, can alter the balance of power, thereby influencing the parties' abilities to respond to market signals. Intense market pressures can elicit government intervention to reinforce market signals — especially if the parties seem to be incapable of responding to them and there appears to be a detrimental effect on the economy. Considerable competition can provide management with enough leverage to enforce the desired restructuring and may curtail, if not eliminate, the need for government intervention, as unions become reluctant to engage in strikes (Kochan and Katz, 1986).