

From Subjects to Citizens

BY MARJORIE KELLY

The role of employees (and the union) in governance at Saturn Corp.



Are employees part of the corporation? If they are—and of course they are—then why don't they have a say in governance? Subconsciously, employees are seen not as citizens but as subjects of the corporation. They're subject to the laws of the realm, but have no voice in making those laws. It's interesting how rarely we think about this. What's perhaps more interesting is imagining how it might change—and studying places where it's beginning to change.

One of those places is GM's Saturn Corp. Down at its Spring Hill, Tenn. factory (the one with the dancing workers in the TV ads), something pretty radical has been going on for 13 years. It's joint governance by labor and management—with worker representatives all the way up to first vice president. Saturn's on my radar screen these days because of the recent fracas down there. Employees in March had a chance to chuck the whole experiment—self-managed teams, no time clocks, no supervisors, consensus decision-making—and go back to old-fashioned “me-boss-you-employee” management. Two-thirds voted to keep the Saturn way. And they did so, despite the fact their pay took a big hit last year, when Saturn sales slumped 10 percent.

While other GM employees get straight hourly wages, Saturn employees have 12 percent of pay at risk—earned if they hit goals. They also get a higher level of profit-sharing. In 1995 and 1996 they earned \$5,000 more than comparable GM employees, but in 1997 they earned \$4,000 less. Combined with a fear of layoffs, that led a few disgruntled employees to lobby for a switch to the standard UAW-GM contract. On March 11, the employee referendum voted them down.

I asked Greg Martin, manager of corporate communications at Saturn: If management had to vote to renew the contract, would they? “Overwhelmingly,” he said. So the honeymoon may be over in Tennessee, but it looks like the marriage will last.

That's more impressive than it seems. Note that it's not only *employees* involved in decision making at Saturn, it's a *union*. Let that sink in. There in the grip of the largest manufacturer in America, Saturn managers are learning to govern side by side with a *union*—the Arch Nemesis of Business. “The union is involved in budgeting, pricing, product design, marketing, and sourcing,” Mike Bennett, manufacturing advisor of UAW Local 1853 at Saturn, told me. “And this is not management consulting with the union and then making the decision. This is people sitting down and reaching consensus on the best decision.”

Like I said, there's something pretty radical going

on. It's an experiment in corporate democracy not unlike the larger American experiment that began in 1776. And the Saturn experiment is hitting some of the same unexpected bumps in the road: like the need for an institutionalized opposition party. And the need for conflict, when everyone wants harmony.

In *The Idea of a Party System*, historian Richard Hofstadter reminds us that the two-party system we take for granted was developed only slowly, and with great reluctance. Our Founding Fathers “did not believe in political parties as such, scorned those that they were conscious of as historical models, had a keen terror of party spirit and its evil consequences, and yet, almost as soon as their national government was in operation, found it necessary to establish parties.” They retained the beliefs of pre-democratic England of the 1700s, where the idea of a formed opposition to the king “was tainted with disloyalty, subversion, or treason.” Their ideal of governance was unity. Yet when institutionalized opposition was eventually accepted, Hofstadter says, it “marked a net gain in the sophistication of political thought.” It was “something new in the history of the world.” And a boon to democracy.

People need to disagree. In large societies like nations, or major corporations, they need to disagree in institutionalized ways. This is an extremely difficult truth to accept. Like our forefathers, most business people think of the presence of an opposition party, a union, as a sign of disloyalty. Maybe it's not. Maybe it's a way to begin really listening to people who perceive the world differently, a way to make visible a group that is invisible. Maybe a functioning union is in fact a net gain.

Saturn's Greg Martin sees it that way. “In the last two to three years, we've achieved world-class changeovers,” he said. In most places a changeover, when the production line is reconfigured for a new model, can take weeks. “We do it in the space of four feet,” he said. “The '98 model comes right behind the '97 model. It's seamless.”

That's not to say that people dance every day away in Spring Hill. Bennett worries GM is swallowing Saturn; his proposal to spin it off as a separate company was turned down. Workers suggested two years ago that Saturn start selling a sport utility vehicle, and GM is finally considering it—but not until 2002. Joint governance isn't trouble-free, nor should it be. Constant unanimity is the goal of pre-democratic societies, where only the fellow at the top has an opinion, and everyone else smiles and agrees.

Saturn has embarked on a more challenging form of decision-making—something even our forefathers had difficulty with: accepting the opposition party as a permanent partner in governance. It's rougher terrain, but ultimately, I suspect, it's where we must go. ❧

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