

Unlikely allies team up

Magna and CAW sign historic labour deal

By Lesley Young
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It was a stunning reversal in the labour relations world. After maintaining a mostly union-free workplace for more than 50 years, Aurora, Ont.-based automotive parts giant Magna International announced a peace agreement last month with the Canadian Auto Workers (CAW) that will facilitate unionization of 18,000 employees at 45 Magna plants in Ontario.

The agreement, known as the “Framework of Fairness Agreement” (FFA) is essentially a blueprint for a CAW-Magna national collective agreement containing innovative elements, according to labour relations experts, who could only speculate on the make-nice motives of Frank Stronach, Magna’s 75-year-old founder and chairman of the board of directors.

“Magna and the CAW share an important mutual goal, which is to bring about changes necessary to support the Canadian automotive industry in becoming more competitive in the global marketplace,” Magna spokesperson Tracy Fuerst told *Canadian HR Reporter*.

In a press release, Stronach said the “traditional, confrontational model of labour relations is unproductive and wastes energy that would be better focused on creating the conditions (that) would be fair to employees and would ensure that Magna remains competitive in the global automotive industry.

“Magna recognizes that the CAW has the ability to be an important ally in addressing the many competitive challenges our industry is facing, ensuring the needs of employees and society are balanced against the needs of our other stakeholders, namely customers, investors and other business partners.”

The Toronto-based CAW currently represents workers at three Magna plants in Ontario (two in Windsor, one in Mississauga).

In published reports, Stronach said he hopes to strike a similar deal with the handful of plants in the United States represented by the United Auto Workers, and he would go so far as to recommend all Canadian Magna employees vote in favour of representation by the CAW.

By encouraging unionization, Stronach is abdicating his responsibility to educate employees about potentially negative aspects of union membership, such as being subject to union rule, said John Mortimer, president of the Vancouver-based Canadian LabourWatch Association

“The Big Three (Ford, General Motors and Chrysler) are pressuring the Magnas of the world to unionize or lose business,” said Mortimer. “(Stronach) was under big pressure to do this. Unionized employers want to see non-unionized employers unionized.”

Gordon Sova, editor of *CLV Reports*, a sister publication to *Canadian HR Reporter* that covers labour issues, said Stronach's about-face, at least as it appeared to the public, is similar to Scrooge's philanthropic metamorphosis.

"The actual contents of the agreement strike me as very democratic," said Sova.

Innovative elements in the FFA, one year in the making, include allowing Magna employees to vote on the collective agreement and any future changes using secret-ballot votes, no right to strike, no right to lock-out provisions and a multi-faceted dispute-resolution process.

The FFA is unique in the industry, said Ron MacLeod, partner and labour relations consultant with consulting firm HRA in Charlottetown. The presence of a boilerplate collective agreement allows Magna employees to know what they are voting on rather than buying the promises of union organizers, he said. A complete collective agreement will be in place within a year's time on which many employees can base their vote. The entire voting process could take up to five years, MacLeod said.

"From Magna's perspective, this brings them a degree of certainty. With this approach, they are not likely to find themselves having to negotiate 45 different collective agreements, which takes time and money," he said. "Could you imagine the outcome? Magna could find itself in a three-year cycle, every month, having to negotiate collective agreements that could bring about a potential strike. Now that's really not good for business."

The secret-ballot certification process is particularly democratic, said MacLeod. Besides protecting employees from potential open-voting peer pressure, the secret ballot is an "assurance to employers that when a union decision or information comes to them, it is truly representative of the majority as opposed to union agenda," said Constance Robinson, also a labour relations consultant and partner with HRA.

"When you move away from a traditional industrial relations model and a purely adversarial model, then there has to be an element of trust, and that democratic process provides some assurance upon which a trusting relationship can be built," Robinson said.

MacLeod said he believes there had to be individuals involved in the FFA, possibly from the three unionized Magna plants, who have established degrees of trust.

"Without that I can't see how any employer or union would take this large a step forward," he said. "At the end of the day, collective bargaining is all about relationships. What makes it easier is if either party is willing to stick their neck out."

CAW president Buzz Hargrove said the three unionized Magna plants, which will have the opportunity to join the new collective agreement, contain elements of Magna's innovative HR practices, including its "employee charter," which pledges fairness and includes a toll-free hotline for employees with grievances.

Fuerst said the working relationship between Magna and the CAW will be based on the values and principles contained in the employee charter as well as the "Magna Corporate Constitution." Hargrove added that Magna's HR practices have been very successful to date, because "only three workplaces have had less than 1,000 people over the last 30 years, and it's been able to say to all its workers that they don't need a union. Now we want to become a part of that and work to improve the standard of living and job security and improve Magna.

"We are under enormous pressure. Japan's Toyota and Honda plants buy little if anything from traditional

North American manufacturers,” said Hargrove. “So we have to work together in terms of technology and work organization at the plants, and try to streamline and improve product quality and costs.”

Hargrove also believes that, together, Magna and CAW are more powerful lobbying the federal government over what he called unfair trading practices from Asian car manufacturers.

Another noteworthy aspect of the FFA, according to labour relations experts, is instead of strikes or lockouts, binding arbitration will be used to settle disputes. And for disciplinary and other disputes, a “concern resolution subcommittee” will replace the traditional union grievance procedure. For example, employees may be able to vote on whether another employee can be fired, which could pose some legal challenges, said Robinson, but is tantamount to offering choice between judge or jury.

“They are taking a bit of a gamble there in an attempt to put themselves apart from the pack,” said MacLeod. “The employer is able to say ‘We have a culture where employees have control over their destiny.’”

Robinson added the FFA “speaks to the fact that Magna is looking at staying competitive when the world is changing around them. The Big Three are struggling and Magna doesn’t want the same issues. They also want to be an employer of choice and just made a big splash that brands them that way.”

Lesley Young is a Toronto-based freelance writer.