

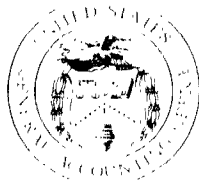
GAO

Report to the Honorable  
Mickey Edwards, House of  
Representatives

October 1989

# POSTAL SERVICE

## Improved Labor/ Management Relations at the Oklahoma City Post Office



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United States  
General Accounting Office  
Washington, D.C. 20548

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General Government Division

B-236333

October 27, 1989

The Honorable Mickey Edwards  
House of Representatives

Dear Mr. Edwards:

This report responds to your request that we evaluate working conditions at the United States Postal Service's (USPS) General Mail Facility in Oklahoma City. We agreed that we would describe (1) the general labor relations problems that occurred in Oklahoma City between 1986 and 1988, (2) the actions taken by USPS to improve labor relations, and (3) the impact of improvement efforts on the labor relations climate.

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## Results in Brief

According to both management and union officials, labor relations in Oklahoma City deteriorated into open conflict after two 1986 incidents widened an existing labor/management rift and brought labor relations problems to public attention. Management and union officials said that all cooperation and communication between them ceased from the fall of 1986 through the fall of 1987, and that supervisors and shop stewards contended with each other through indiscriminate use of disciplinary actions and grievances.

Joint management/union efforts to improve labor relations in the Oklahoma City area began in November 1987 with a series of meetings between Oklahoma City's top USPS managers and union officials and became more intensive with the appointment of a new division manager in February 1988.

Sharp declines in the numbers of grievances and disciplinary actions indicate that labor relations have improved. USPS records show that during fiscal year 1988, employee grievances declined about 30 percent from the 1,239 filed during 1987. The first 4 months of fiscal year 1989 exhibited a much sharper decline. A decline in disciplinary actions of 57 percent from 1988 is being maintained during the first half of 1989.

Union officials are concerned that hostilities might return whenever the current division manager leaves, but confirmed to us that the labor climate has improved.

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## Approach

We worked at the Oklahoma City General Mail Facility from September 8, 1988, through March 31, 1989. At the post office we

- talked to the division manager and his managers of human resources;
- interviewed postal managers and supervisors as well as presidents and/or vice presidents of local union organizations on past and current labor/management relations;
- reviewed (1) USPS records of employee grievances and discipline and (2) internal documents showing actions taken by postal officials to improve labor relations.

From your Oklahoma City office, we learned about employee concerns from complaint files and discussions with staff. Appendix I contains detailed information on the results of our review and its objectives, scope, and methodology. Our review objectives and results were discussed with the division manager and his top assistants, who agreed that the past and current labor climate, as described in this report, is accurate.

## Progress Made in Restoring Working Relations With Union Officials

According to Oklahoma City's Division Manager, relations between labor and management in the Oklahoma City area had been poor for at least 16 years and worsened in 1986, when new management tightened its control over the workforce by implementing stricter policies and practices.

Further deterioration was caused by two additional incidents that year. One was the August 1986 tragedy in which a postal employee killed 14 of his co-workers, wounded 6 others, and took his own life at one of the division's suburban post offices. The other was possible exposure of postal workers at Oklahoma City's General Mail Facility to a toxic chemical in September and October. In reaction to union allegations quoted in the news media, management cut off communications with union officials.

In November 1987, USPS implemented a labor relations improvement program, referred to as the Labor-Management Plan, in Oklahoma City. The plan is a joint effort by local parties (labor and management) to improve relations. Along with the Labor-Management Plan, local postal managers and officials representing two postal unions have agreed to change dispute resolution procedures to ease tensions between labor and management. Negotiations to reach the same objective are underway with a third union.

The current division manager, appointed in February 1988, has made improved communications and cooperation with union representatives

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his primary goal. Toward this end, he has instructed his managers to refrain from hostile acts against union representatives, supported an employee involvement program, and sought to assure that individuals selected for promotion have exhibited good human relations skills.

USPS records show that the number of fiscal year 1988 grievances filed by the unions with the Oklahoma City Division declined about 30 percent over the previous fiscal year, and fiscal year 1989 grievances as of January 13, 1989, have declined about 84 percent over the same period in fiscal year 1988. Likewise, grievances appealed to the regional level declined about 51 percent between fiscal years 1987 and 1988, and fiscal year 1989 grievance appeals as of January 13 have declined about 88 percent over the same period in fiscal year 1988. Disciplinary actions taken by supervisors also declined by about 57 percent between fiscal years 1987 and 1988.

Postal and union officials confirmed that relations between them improved in 1988. Although they credited the Labor-Management Plan and modified grievance procedures with benefiting labor relations, they mostly attributed better relations to the management style of the current division manager. According to union officials, some mid-level managers do not share the division manager's philosophy of cooperation, and they expressed apprehension that the previous hostile labor climate could return without his continued attention and leadership. They said that 1988 has been a "grace period" and that they are watching the division manager for continued evidence of his commitment to change.

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## Conclusions

Oklahoma City's Division Manager is currently meeting his primary goal of improved labor relations. However, the status is fragile and labor relations problems similar to those in the past could return if the environment established by the division manager is not maintained.

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## Comments of the Postmaster General

By letter dated September 12, 1989, the Postmaster General said that this report in a broad sense correctly characterizes the history of labor relations in the Oklahoma City Post Office, the actions taken to improve labor relations, and the generally favorable results. (See app. II.) He pointed out that several of the procedural changes that are indicated as having contributed to deteriorating labor relations in 1986 and early 1987 (see pp. 9 and 10) were made simply to bring Oklahoma City into compliance with previously unenforced postal regulations.

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The Postmaster General noted that improvement of the labor climate at Oklahoma City is a joint responsibility of local management and local labor, and that success will depend on their continuing joint effort. He assured us that local postal management does its part.

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As arranged with your office, we plan no further distribution of this report until 30 days from its date unless you publicly release its contents earlier. At that time we will send copies to the Postmaster General; the Regional Postmaster General, Southern Division; and Oklahoma City's Division Manager and union officials. We will also send copies to other interested parties upon request.

The major contributors to this report are listed in appendix III. If you have any questions concerning this report, please call me on 275-8676.

Sincerely yours,



L. Nye Stevens  
Director, Government Business  
Operations Issues



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## Abbreviations

APWU	American Postal Workers Union
NALC	National Association of Letter Carriers
UMPS	Union/Management Pairs
USPS	United States Postal Service

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# Progress Made in Restoring Working Relations With Local Union Officials

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During 1986 and 1987, labor/management relations in USPS' Oklahoma City Division deteriorated to a point where the division manager and union officials were not speaking with one another. Supervisors and union shop stewards had abandoned efforts to resolve disputes and resorted to disciplinary and grievance processes to harass each other. Union charges of bad faith and mismanagement were aired in the local media, and an increasing number of employee complaints directed to Congressman Mickey Edwards' office prompted him to ask the Postal Service to investigate employee allegations. Following a January 1988 response from the Postmaster General that he considered unsatisfactory, the Congressman requested that we review labor relations problems in the Oklahoma City area.

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## Objectives, Scope, and Methodology

As discussed with Congressman Edwards' office, the objectives of our review were to describe (1) the labor relations climate at the Oklahoma City Post Office, (2) the actions taken by USPS officials to improve labor relations, and (3) the impact of improvement efforts on labor relations.

To describe the labor relations problems, we interviewed the Special Assistant to the Senior Assistant Postmaster General for the Human Resources Group at USPS headquarters, the Oklahoma City Division Manager, and his Field Director of Human Resources and Manager of Labor Relations.

We also interviewed presidents and/or vice presidents for three of four local unions: the National Association of Letter Carriers (NALC); the American Postal Workers Union (APWU); and the National Post Office Mailhandlers, Watchmen, Messengers, and Group Leaders (Mailhandlers). We did not contact the rural letter carriers' union because no problems were reported concerning its members.

For employees' perspectives on labor relations problems, we relied on what union officials told us, information obtained from employee complaint files provided by Congressman Edwards' staff, and discussions with employees who asked to talk to us. We also reviewed labor relations administrative files for fiscal years 1987 and 1988 and documents describing actions taken to improve labor relations.

To assess the labor relations climate, we used, as indicators, changes from year to year in the number of employee grievances and in the number of disciplinary actions shown in USPS records. We did not verify the accuracy of these records. USPS headquarters and Oklahoma City

officials agreed that these are valid indicators. We supplemented our analyses by asking Oklahoma City postal and union officials to assess the cause of changes in the climate. Our work was done from September 1988 to March 1989 and in accordance with generally accepted government auditing standards.

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### **Years of Labor Tensions Culminated in Endemic Strife**

According to the current division manager, Oklahoma City's labor/management relations have been poor for at least 16 years. During 1986 and 1987, new managers made work rules more strict and supervisors, as stated in an internal memorandum signed by the prior division manager, added to the tension with increased use of discipline and interference in legitimate union activities. In addition, two unusual and volatile incidents—a shooting at one of the Oklahoma City Division's post offices and a potential chemical exposure at Oklahoma City's General Mail Facility—caused an open breach in relations and focused media attention on management/labor problems.

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### **Management Changes Affect Labor Relations**

In June 1986, USPS restructured its field organizations and transferred a manager from Atlanta to head the newly created Oklahoma City Division. Three other top positions affecting labor relations were also filled with people not previously employed at the Oklahoma City Post Office. The division manager brought with him a director of city operations who had served under him in Atlanta, an employee from the Tulsa area was promoted to field director for human resources, and an employee from the Dallas area was selected as manager of labor relations.

The field director for human resources said the division manager believed that Oklahoma City's workforce was poorly managed and made operational changes intended to improve productivity. For example, letter carriers became agitated when the division manager instructed supervisors to reduce the amount of assistance and overtime available to letter carriers, to reflect a decline in workload; the number of delivery stops and volume of mail had declined along with Oklahoma's economy.

During the fall of 1986 and the spring of 1987, labor relations deteriorated as management continued to implement changes that tightened its control over the workforce. For example:

- A November 1986 memorandum instructed supervisors to make discipline progressively more severe by combining the current offense with

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unlike prior offenses rather than considering only like prior offenses,<sup>1</sup> and

- A December 1986 internal memorandum instructed supervisors to stop letting employees charge annual leave when they were late for work without good cause. Supervisors were told to charge the employee absent without leave so that discipline for unscheduled absences could be sustained.

According to a December 1986 memorandum signed by the division manager, supervisors were also contributing to labor relations problems by (1) being reluctant to confront employees whose performance was poor and imposing discipline when frank communication of performance expectations would be more effective and less disruptive; (2) taking employee grievances personally and retaliating by unwarranted interference with steward activity and denials of legitimate union requests; and (3) generating additional employee grievances through ignorance of contract provisions.

According to the field director for human resources, the division manager appointed in 1986 also believed that the latitude previously granted to stewards in performing their union duties had contributed to a poorly managed workforce and had allowed them to greatly influence supervisors' actions. In March 1987, management

- announced that, in addition to clocking total time spent on union duties, stewards would be required to manually record the time they entered and departed a unit and have each unit supervisor initial the record; and
- withdrew its permission for an APWU official to travel to and from union offices across the street from the post office despite a 1985 agreement permitting this travel.

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**Two Incidents Focus Media  
Attention on Labor  
Relations Problems**

Labor relations in the Oklahoma City area erupted into open hostility in August 1986 after an employee killed 14 co-workers, wounded 6 others, and took his own life at the Edmond, Oklahoma, Post Office.<sup>2</sup> When the local president of the NALC told the media that a harsh management style in Edmond had contributed to the tragedy, the public allegation led the division manager to stop all communication with the union.

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<sup>1</sup>Under provisions of current collective bargaining agreement(s) all past infractions, whatever the nature of the offense, may be considered in a subsequent disciplinary action if less than 2 years have gone by since the last disciplinary action.

<sup>2</sup>The Edmond Post Office reports to the Oklahoma City Division.

Labor relations deteriorated further in March 1987 after employees at the Oklahoma City's General Mail Facility were notified that they might have been exposed to a toxic chemical. Although some workers had physical reactions to the chemical in September and October 1986, postal officials did not inform all employees working in the facility of the possible exposure and risks until March 1987. This decision and workers' fears about the effects of exposure further damaged management's credibility with union leaders.

By the spring of 1987 labor relations in the Oklahoma City Division had deteriorated into what both sides said was a management/union "war." Postal and union officials said that communication and cooperation ceased, supervisors issued discipline indiscriminately, and stewards resorted to filing grievances without attempting to resolve disputes informally. According to the current division manager, Oklahoma City's problems were unique, because (1) relations had broken down with three unions rather than just one; (2) media attention from the Edmond tragedy and the chemical incident led to a public airing of differences; and (3) union officials encouraged their members to contact Congressman Edwards' office.

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## **USPS Actions to Improve Labor Relations in Oklahoma City**

In an effort to improve the work environment in Oklahoma City, USPS (1) implemented a labor relations improvement program for the Oklahoma City Division in November 1987 and (2) selected, in February 1988, a person with good labor relations skills as a replacement for the division manager. Following the appointment of the new division manager, communications with local union officials improved, new grievance procedures were established, and joint training of supervisors and union shop stewards was started.

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## **Labor Relations Improvement Program**

A labor relations improvement initiative (Labor-Management Plan), developed in conjunction with national union leadership, has been implemented within the Oklahoma City Division.

The plan seeks improved labor/management relations through greater trust, improved communication, and dispute resolution. A long-term commitment to improve the labor/management climate is required. Such a commitment was made by management and two unions (NALC and Mailhandlers) in November 1987 and by the APWU in January 1988.

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**New Grievance Procedures**

To reduce the number of grievances appealed beyond the supervisory level, the NALC and the Mailhandlers have agreed to use a modified dispute resolution system.

Before its modification, the grievance system sought resolution of an employee's complaint with the immediate supervisor (Step 1), the local Labor Relations Office (Step 2), and the Regional Labor Relations Office (Step 3). If these steps did not resolve the grievance, it was referred to outside arbitration.

The modified dispute resolution process adopted by the NALC is called Union/Management Pairs (UMPS). Under this process, the shop steward seeks resolution of disputes over contractual issues with (1) the immediate supervisor, (2) a superintendent, and (3) the facility manager or postmaster. If the parties cannot resolve the dispute, a two-person UMPS team consisting of one management representative and one union representative resolves the case. If the UMPS team cannot agree on a resolution, the case is referred to the Field Director, Human Resources, and the regional Administrative Assistant for the NALC. If the disagreement is not settled at that point, the original grievance system is applied. The same steps apply for disciplinary issues; however, the supervisor is responsible for initiating the process before disciplining the employee.

The modified process chosen by the Mailhandlers is called Modified Article 15. The union now seeks resolution of an employee's grievance with the immediate supervisor (Step 1), a designated mid-level manager (Step 1A), and a six-person grievance committee (Step 2) before appealing to outside arbitration.

Although the APWU has considered alternative dispute resolution procedures, turnover in the office of the local president has delayed implementation of a new system. According to the current local union president, the APWU intends to implement some form of the Modified Article 15 system. In September 1989, the Postmaster General advised us that turnover in the Union's office has made improvement efforts more difficult and that the local union is under trusteeship, supervised by the national APWU.

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**Communications With  
Union Officials  
Reestablished**

The current division manager believes that the way he carries out his leadership responsibilities is the key to improving Oklahoma City's labor relations. He said his task is to create an atmosphere of trust and mutual respect between managers and union representatives, and he believes

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that he is accomplishing this by promoting a participatory, people-oriented management philosophy.

According to the division manager, he has reestablished communications with union officials and instructed his directors to work cooperatively with union representatives to solve problems as they arise. He has appointed directors in city operations, field operations, and marketing and communications whom he believes share his philosophy. He said he reviews promotions above first-tier supervisor to ensure that the individuals selected have exhibited good human relations skills. He also said he has informed his staff that he will not tolerate hostile acts against union representatives and, as a member of a joint steering committee, he is actively supporting participation in a workplace improvement program called Employee Involvement/Quality of Work Life Program.

Union officials expressed varied opinions on whether the division manager's actions have improved working conditions. While all agreed that labor relations have improved, they also believe that some of the division manager's staff continue to exhibit uncooperative attitudes. However, officials of all three unions said they thought the division manager would be willing to discuss any of their concerns.

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**Training Provided in  
Discipline and Grievance  
Processes**

In September 1988, Oklahoma City's labor relations manager provided the first joint training of supervisors and union stewards. The training subjects included attendance control, discipline, grievance processing, and scheduling.

According to the Director, Human Resources, USPS and NALC officials have agreed to provide additional joint training of stewards and supervisors in several other areas of administration and management. A starting date had not been scheduled at the completion of our field work in March 1989.

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**Labor Relations Have  
Improved in Oklahoma  
City**

Declines in the numbers of grievances appealed above Step 1 of the grievance process indicate that labor relations have improved in Oklahoma City. Union officials confirm that labor relations improved in 1988 and 1989. Declines in the number of disciplinary actions taken by supervisors also indicate a better labor relations climate.

## Fewer Grievances

Step 2 grievances declined from 1,239 in fiscal year 1987 to 866 in fiscal year 1988—a reduction of about 30 percent. Postal officials expect further declines in fiscal year 1989, with use of modified dispute resolution processes. As of January 13, 1989, the unions had appealed only 60 grievances to Step 2 of the process, which is a decline of about 84 percent from the same period in fiscal year 1988.

Table I.1: Declines in Step 2 Grievances

	FY 1987	FY 1988	Decline (percent)	FY 1989 <sup>a</sup> (as of 1/13/89)
NALC	343	181	47	0
Mailhandlers	198	135	32	1
APWU	687	532	23	57
Other	11	18	(64)	2
<b>Total</b>	<b>1,239</b>	<b>866</b>	<b>30</b>	<b>60</b>

<sup>a</sup>USPS fiscal year 1989 began September 24, 1988.

Step 2 grievances for the NALC and the Mailhandlers declined, in part, through use of the new procedures, which are resolving more grievances below Step 2 of the process. However, Step 2 grievances also declined for the APWU, which had not implemented new procedures.

A decline in the number of grievances appealed to USPS' Southern Region (Step 3) also indicates improved labor relations in Oklahoma City. Step 3 grievances fell from 1,088 in fiscal year 1987 to 537 in fiscal year 1988, or about 51 percent. As of January 13, 1989, the unions had appealed only 32 grievances to Step 3, which is about an 88-percent decline from the same period in fiscal year 1988.

## Less Discipline

Better relations between supervisors and employees are also indicated by a decline in supervisors' disciplinary actions. Supervisors issued 536 disciplinary actions in fiscal year 1987 but only 229 disciplinary actions in fiscal year 1988, which is a decline of about 57 percent.

Table I.2: Discipline Actions Taken by Oklahoma City Supervisors

	FY 1987	FY 1988	Decline (percent)	FY 1989 (as of 3/30/89)
Letters of Warning	395	130	67	51
Suspensions	105	73	30	22
Removals	36	26	28	28
<b>Total Actions</b>	<b>536</b>	<b>229</b>	<b>57</b>	<b>101</b>

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Union officials confirmed that labor relations in Oklahoma City have improved, and attribute this improvement to the division manager's management style. Representatives for two of the three unions also said that they had seen positive changes in working conditions. For example, they said that supervisors were treating employees with more respect and concern. One official also said promotions had been denied to some individuals because they displayed poor human relations skills.

However, union officials said that problems still exist and expressed concern that without more systemic changes, hostilities could resurface when the current division manager leaves. Union officials said that improvements are still needed in several areas, such as information flow to top managers; equitable treatment by supervisors in administering discipline; equitable treatment in limited/light duty assignments, promotions, and training; supervisory training; and workers compensation processing.



# Postmaster General's Comments on a Draft of This Report



THE POSTMASTER GENERAL  
Washington, D.C. 20260-0010

September 12, 1989

Dear Mr. Fogel:

This refers to your draft report entitled Improved Labor/Management Relations at the Oklahoma City Post Office.

The report in a broad sense correctly characterizes the history of labor relations in the Oklahoma City Post Office, the actions taken to improve labor relations and the generally favorable results.

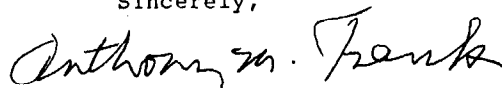
It should be pointed out that several of the procedural changes that are indicated as having contributed to deteriorating labor relations in 1986 and early 1987 were made simply to bring Oklahoma City into compliance with previously unenforced postal regulations.

Turnover in the office of president of the APWU local, which the report briefly touches upon, has been a problem and has made improvement efforts more difficult. The local is now under trusteeship, supervised by the national APWU.

Although the report's focus is on postal management, improvement of the labor climate at Oklahoma City is a joint responsibility of both local management and local labor. Both have jointly agreed to effect an improvement. Success will depend on their continuing joint effort. The Postal Service will ensure that local management does its part.

Thank you for the opportunity to comment on your report.

Sincerely,

  
Anthony M. Frank

Mr. Richard L. Fogel  
Assistant Comptroller General  
United States General  
Accounting Office  
Washington, D.C. 20548-0001

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# Major Contributors to This Report

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**General Government  
Division, Washington  
D.C.**

**Willis L. Elmore, Assistant Director, Government Business Operations  
Issues**

---

**Kansas City Regional  
Office**

**David L. Jones, Regional Manager  
Gary L. Billen, Assistant Regional Manager  
Patricia M. Crown, Evaluator-in-Charge  
Karl G. Neybert, Evaluator**

---

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