

Labour Education and Training Research Network



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The Strategic Conception of Skills and Training in Construction Unions

by

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Introduction

In this paper I am going to touch on three themes. The first is an example of how construction unions have imbedded the control and delivery of training into a broader trade union strategy, although a strategy that is relevant, for the most part, only in the construction industry. The second is a comparison of what I will call the *strategic* conception of training in the construction unions with the *rights-based* conception that is predominant, to varying degrees, in the industrial and public sector wings of the labour movement. And finally, the third theme I will speak to, is the way in which apprenticeship reform in Ontario has taken dead aim at the construction unions and why it will be a model for conservative governments in other provinces.

Residential Construction and Local 183

Let me begin with an example. Approximately half of all construction work is in the residential sector. Except in Quebec, which has a unique system of regulating labour relations in the construction industry, residential construction is almost entirely non-union. There is, however, one striking exception: the Greater Toronto Area. Local 183 of the Labourers Union has succeeded in unionizing by far the greater proportion of residential construction in this, the largest market in Canada. What is important to understand is that *the union's strategy relied heavily on the use of training*.

In residential construction, there is relatively little in the way of proprietary technology or costly capital equipment. Labour costs account for about 30% of total construction costs. In other words, in the language of technical economics: there are no barriers to entry, there are very limited economies of scale and the industry is relatively labour intensive. Moreover, most new housing is pre-sold, that is to say, the price is fixed before construction begins. This means that increased costs cannot be passed through to the purchaser. Increased costs come straight out of the profit margin. No barriers to entry, limited economies of scale, relatively labour intensive and no room to increase prices: these are the classic characteristics of a non-union industry. And, as I said earlier, in almost all parts of the country, the residential construction sector is entirely, or almost entirely, non-union.

So how did Local 183 break out of the pattern. The key was the union's recognition that the quality of the labour force in the residential construction industry was generally characterized by highly fragmented skills, low efficiency and uneven quality of work. Indeed, poor quality of work in the residential sector is so widespread that most provinces have had to introduce some form of warranty programme to protect purchasers. Those of you who have been following the stories in B.C. about faulty construction of condominiums will know how serious a problem this can be.

Local 183 established its organizing presence in residential construction through traditional organizing tactics. They made their move during a housing boom. The union bargained wage increases that provided a significant premium - about 20% over the prevailing non-union wage

rates. Because of the boom conditions, profit margins for builders and for all of the sub-contractors had widened considerably. Contractors paid the wage premium to avoid a strike.

The longer run problem, however, was how to sustain the wage premium and, therefore, the attraction of being organized when boom conditions subsided, as they were bound to do. Essentially, this was about how to protect the unionized contractors from losing the market to non-union builders.

The key to the union's strategy was to use its highly developed capacity to deliver training to provide skilled labour to the unionized contractors. The returns to that training, in terms of productivity and quality of work, were considerable. The greater productivity and quality of work of the trained labour supplied through the union provided a durable basis for the wage premium that the union had negotiated. That wage premium, in turn, was the basis for further organizing, until the union achieved a dominant position in the residential construction labour market.

The capacity of the union to deliver training is the result of many years of investment. The Local's training centre, located just north of Toronto, is one of the largest, if not the largest, construction training centre in North America. The centre is financed through negotiated contributions to a training trust fund. During the period we are discussing, the union accessed HRDC training monies for the unemployed to cover the operating costs of delivering training. The basic course for residential construction workers ran for about thirty weeks. In addition, the union ran courses of shorter duration.

Strategic vs. Rights-based Conceptions of Training

I think it is important to compare what I have called the *strategic* conception of training in the construction unions to the *rights-based* conception that is prevalent in the industrial and public sector wings of the labour movement.

In the rights-based conception, the first and most fundamental principle is that workers have a right to training. The second, and equally fundamental principle, is that employers have an obligation to provide that training. If they will not do so voluntarily, then they should be compelled to do so through a payroll tax. The third principle is that training is not chiefly about meeting employers' needs, but about meeting workers' needs. In other words, training should be severed from concerns about competitiveness. And finally, the public sector - meaning, for the most part, the college system - should be the principal vehicle for delivering occupational training. Indeed, in the view of many public sector unions, the public sector should be the sole channel for delivering occupational training.

I ask you to contrast that *rights-based* view with the *strategic* - or if you prefer, *instrumentalist* - view of the construction unions.

First, from the perspective of the construction unions, the fundamental purpose of occupational training is to create a productivity advantage that will sustain a wage premium. Training, therefore, is intimately tied to concerns about market share, productivity and competitiveness. Indeed, considerable resources are devoted to analyzing contractors' skill requirements and developing curricula that meet the test of employability.

Second, the wider the margin of skills and productivity between the union and the non-union sector, the better. The last thing the construction unions would want to see is a statutory intervention that forced non-union contractors to get their act together. In other words, training is not seen as a right, but as a benefit from being unionized and as an instrument to expand the union's presence in a sector.

Third, control by the union over the delivery of training is absolutely critical. A government programme that delivered training through the community college system or through community-based trainers would hardly be consistent with the strategic conception of training. Indeed, it would undermine the use of training as a means to expand the reach of collective bargaining into a sector that had proven to be unorganizable for many decades.

Finally, from the perspective of construction unions, the issue of who pays is not central. Construction unions negotiate a total package with contractors. In most cases, the division of that package among wages, benefits, organizing funds, training funds, etc. is determined *by the union* not by negotiation.

I believe that the contrast between the strategic view of training, held by construction unions, and the rights-based view, which is predominant in the rest of the labour movement, needs to be brought into the open. In the view of training that is emerging in the labour movement, I see little room for taking account of the distinct conditions of the construction labour movement and its strategic conception of training.

Apprenticeship Reform

The last topic I want to comment on is the role of conservative models of apprenticeship reform in undermining the strategic use of training by construction unions.

There are broadly four themes in debates over apprenticeship. The first is whether apprenticeship should be essentially about the school-to-work transition, as it is in Europe, or whether it should be a means of re-entry into the training system for workers who have been in the labour force for a number of years. This, in fact, is what apprenticeship is in Canada. The average age of someone entering an apprenticeship in Canada is not 17, but rather 27. The first principle of conservative reform is to change the focus of apprenticeship from re-entry into the training system to school-to-work transition.

The second theme in debates on apprenticeship is whether it should be a distinct training model or whether it should be integrated into the broader college model of training. The current model is one in which training standards are established by provincial regulation, on the advice of an industry committee. Apprentices are overseen by a local apprenticeship committee. Apprenticeship counselling is undertaken by the provincial government. The role of the colleges is limited to supplying the classroom portion of apprenticeship training, which is usually about 8 weeks per year, depending on the trade and the jurisdiction. Certification is based on a provincial examination.

The colleges have generally made known their view that they regard apprenticeship as a dated approach to training that should give way to the broader college model. The college model is based on classroom instruction and the issuance of college-based certifications. If the on-the-job component is deemed valuable, the college answer to this is a co-op model, in which the off-term employment would be training-related. In political terms, the issue is who should control the administration of the apprenticeship system in the future - the government, as is currently the case, the colleges or some form of industry entity. It is only a matter of time, I believe, before colleges and the government work out a bargain for the transfer of administrative control over apprenticeship to the college system. The alternative - an industry-based model - holds little attraction to conservative governments and often flounders on equity problems with liberal or social democratic governments.

Related to the issue of administrative control, is the third issue - who should deliver training to apprentices. Increasingly, the construction unions have come to the conclusion that the apprenticeship system is jeopardized by college control of either administration or the delivery of training. Some trades have already moved down the path of direct delivery of training, either in whole or in part. In some provinces and in some trades, the union is the principal deliverer of training to unionized apprentices, while the colleges are the deliverer of training to non-union apprentices.

The final theme in the debate on reform is the structure of occupational certification. The current apprenticeship model is an all or nothing certification. Either you complete the apprenticeship and pass the qualification exam or you get no certification for any training that you did complete. Employers have criticized this model on the grounds that the completion of apprenticeship training requires a breadth of skill and a duration of training that is far in excess of what is required by most employers. The typical employer does not draw on the full set of skills that is learned by an apprentice. For example, in the residential construction industry a door and window contractor only needs a worker who is skilled in that aspect of carpentry work. That contractor does not need a fully qualified carpenter who is also skilled in the rest of the carpentry trade - framing a house, installing stairs, installing floor, finishing wood, etc.

The current model leads to a bifurcation of the construction labour market. On the one side are those workers who have completed a formal trade training programme and have the breadth of skills to do most of the tasks associated with their trade. Predominantly these workers are

represented by their craft union in the construction industry. On the other side are those workers who learned their skills through experience and who may have completed part of an apprenticeship. Their skills are fragmented and uneven. In the main, these workers are self-employed or work for non-union contractors. This bifurcation of the labour market has a productivity and efficiency difference built into it. The more skilled, union labour tends to be more productive and more efficient. This productivity and efficiency difference sustains, in part, the wage premium over the non-union work force. The wage premium, in the broader construction industry, is generally in the 30-40% range.

What the Ontario government is proposing, and what is likely to be a defining feature of conservative reform in other provinces, is that apprenticeship training be modularized and that certifications be given upon the completion of each module. What this means, of course, is that the non-union side of the industry will have the ability to access for its employees training only in the modules that are relevant to the needs of a particular contractor. The colleges, we can predict, will be enthusiastic supporters of this change.

In terms of the balance of economic power in the labour market, what this will do is fundamentally narrow the skill difference between the union contractors and the non-union contractors. The productivity and efficiency difference that underwrites the wage premium will be eroded. We will see segment after segment of the construction industry fall to non-union contractors.