

The Wisconsin Regional Training Partnership: A National Model for Regional Modernization Efforts?

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This paper reports on an effort now underway in southeastern Wisconsin to establish a labor market board for the regional labor market of the greater Milwaukee metro region.¹ The board, called the Wisconsin Regional Training Partnership (WRTP), features a variety of institutional innovations in areas of national policy concern—primarily in training, manufacturing modernization, and labor market service delivery—that warrant its examination as a national model for improving the U.S. performance in these areas. The WRTP is bottomed on unusually dense and active cooperation between individual firm managers and labor representatives, among firms, and between the private sector and the state. Its development suggests the emergence and utility of a more *spatially defined* industrial relations system with clearer *public regulatory* functions in which wage norms and power sharing within firms are increasingly driven by concern for ensuring an *effective institutional supply* of inputs for economic upgrading, including the maintenance of learning capacity within the regulatory institutions themselves.

The paper has three parts: (1) a bare-bones overview of the WRTP's core activities and structure, (2) notice of its relevance to current national policy debates, and (3) some speculation on future directions.²

Overview of the WRTP

The WRTP engages in two broad sorts of activities: one-stop shopping for labor market services and the organization of sectoral training consortia.

Labor market service coordination is achieved primarily through the WRTP's HIRE (Help in Re-Employment) subsidiary, which aims to service displaced or threatened-with-displacement workers. Closely coordinated with "early warning" systems in place in the leading unionized plants in the Milwaukee metro area and with local social service agencies and funders

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(both state agencies and such private organizations as United Way), HIRE provides comprehensive assessment and job search assistance to displaced workers, eases their transition into training programs, and provides referral and counseling on eligibility for various public and private assistance programs. Funding is provided largely through JTPA grants with some direct supplemental assistance from the state. The involvement of the United Way and other private service agencies provides a multiplier on these public efforts.³

More interesting for our purposes are the sectoral organizing efforts. Under the terms of its organizational charter,⁴ the WRTP is dedicated to creating a series of sectoral training consortia, the first of which, the Wisconsin Manufacturing Training Consortium (WMTC), is now well advanced. Concentrated heavily in metro Milwaukee's metalworking industry,⁵ founding members of the WMTC include many of the largest and most advanced manufacturing firms in the region—including such well-known firms as A.C. Rochester, Allen-Bradley, Harley-Davidson, Harnischfeger, Johnson Controls, and Waukesha Engine.⁶ Production workers at most member firms belong to the IAM, UAW, USA, UE, UPIU, or other industrial unions also represented in the governance of the effort.

The basic idea of the sectoral training consortia is to overcome free-rider problems in the provision of broad and advanced training by organizing a critical mass of lead firms to jointly commit to shared standards on training effort, standards, and administration. An auxiliary idea, regarded by all parties as essential to success, is to move the control of training away from the "core of entrepreneurial control" toward full jointness in decision making. These goals are reflected in the structure and activities of the WMTC. Member firms stipulate to benchmarking a certain percentage of payroll to the training of frontline workers; to training according to regional skills standards that they and their labor counterparts devise;⁷ to making access to the increased pool of training dollars available to any worker who wants it; to establish a workplace learning center at each production site to provide assessment, counseling, and delivery of training services;⁸ to governing this center, as well as their increased human capital budget generally, through a joint labor-management committee with at least 50% of the membership comprised of independently selected worker representatives; and, increasingly, to conform internal compensation practices to workers' position in the skill hierarchy defined on a suprafirm basis.⁹ Unions stipulate to competency testing in the ascertainment of skill and to greater flexibility in tying wage compensation to demonstrated competencies.¹⁰

TABLE 1
WRTP Charter Members

Firm	Product Market	Employment
AC Rochester	catalytic converters	1200
Allen-Bradley	automation controls, components, systems	4000
Carlson Tool and Mfg.	custom die casting dies & plastic molds	85
Delco Electronics	microcomputers, guidance systems	2400
Electrotek	circuits boards	200
Garden Way	lawn & garden equipment	400
GE Medical Systems	medical equipment	3800
Harley-Davidson	motorcycle engines	1600
Harnischfeger	mining & construction machinery	2468
Johnson Controls-Systems	temperature & other bldg. control devices	3387
Johnson Controls-Battery	automotive & industrial batteries	—
MagneTek	drives, drive systems	400
Master Lock	locks, padlocks, lockers	1450
Motor Castings	iron castings	230
Navistar	iron castings	425
PM Plastics	custom plastic parts & products	125
PPG Industry	protective coatings & resins	600
Stroh Die Casting	zinc & aluminum castings	200
Waukesha Engine	engines, generators	900

The WRTP effectively institutionalizes a new bargain in labor-management relations. The critical elements of this bargain are (1) compensation is increasingly tied to demonstrated competencies; (2) competencies are defined on a sectoral and regional (rather than firm) basis through dynamic benchmarking of firm best practice in the regional labor market; (3) worker access to training and the definition of skill clusters is such that any motivated worker is able to move from any point in the skill set to any other through a series of incremental moves; (4) management of frontline work-force training and skills standards is truly joint. From this bargain, management gains a better-trained work force inside the firm, a better-trained pool of labor outside it, and greater flexibility in work-force deployment. Workers gain security and greater possibilities for internal promotion and external portability. Both sides gain real partners in managing economic uncertainty and industrial upgrading.

Governance of the WRTP is tripartite (four representatives each from labor and business, five representatives of area technical colleges, PICs, and the state Department of Industry, Labor, and Human Relations [DILHR]); governance of the WMTC is bipartite (six representatives each from labor and business, with "technical liaisons" to the area technical colleges). Funding for substantive activities is provided almost exclusively by member firms who are now spending several million dollars annually on

training under the terms of the agreement. Funding for the executive staff of the organization has been provided largely through the Wisconsin AFL-CIO but has recently gained public support from the state.

Policy Relevance

The WRTP and its subsidiary organizations exhibit distinctive institutional and programmatic features of national policy interest. These include close and formalized working relations among private firms and unions and between government and industry; joint labor-management governance in the human capital budgets of unionized and unrepresented firms; on-site facilities for accessible, confidential education and assessment services provided by technical colleges; joint development of sectoral skills standards; use of such standards by firms in hiring decisions and administering internal labor markets; future work-force programs combining classroom and workplace-based instruction for disadvantaged workers and youth; and consolidation of labor market service delivery within the region.

Somewhat more specifically, current national policy discussion shows considerable interest in the following:

- Redefining the delivery of training and other labor market services in ways that are simultaneously more attentive to customer needs and more capable of driving customer preferences in the right direction (i.e., toward high-performance work organization, higher productivity and wages, etc.). This entails (a) restructuring delivery mechanisms to conform less closely to preexistent juridical boundaries or program mandates than to functionally defined regional economies and labor markets, (b) permitting tradeoffs across and packaging of different services by providers within those markets, and (c) doing these things in a way that explicitly encourages appropriate economic upgrading. The WRTP does all these things. It lowers cost of access to a variety of programs and permits packaging and tradeoffs across established services. Unlike most "one-stops," however, it also conditions receipt of these benefits on participation in an ambitious scheme of upgrading.

- Increasing private support for incumbent and entry-worker training. Even when employers want better-trained workers, however, they only increase their investment if the danger of free-riding (one firm's trainee becoming another firm's asset without compensation) is diminished. Comparative experience instructs that there are basically two ways of doing this. One strategy, best developed in Japan, is to assure workers of long-term employment and to assure employers that it will be accepted. With workers kept within particular firms, each management is assured of payback to

training investments. Another strategy, best developed in continental Europe, is to compel (either through state or private associative action) a sufficiently large share of firms to train broadly so that each becomes effectively indifferent to the free mobility of workers between internal and external labor markets. As the European case makes clear, however, the "what's-good-for-the-hive-is-good-for-the-bee" approach requires extrafirm institutional supports. The requisite kind are largely lacking in the U.S., but a familiar speculation in U.S. training discussion has been that those might be generated on a regional basis through consortial efforts of the sort here described. The WRTP experience suggests that this speculation is not aimless. Having launched an ambitious initiative in the durable goods sector (the WMTC), moreover, WRTP anticipates replicating this model in other sectors in the near future.

- Developing competency-based sectoral skill standards. These promise a reduction in employer search costs, greater security for workers in unstable employment relations, and a means of regulating (without heavy "command and control" bureaucracies) the performance of both public and private training providers. Unless employers are committed to using such standards in their own hiring and internal promotion, however, the standards are close to meaningless. And employers will not use the standards unless they help create them. At the same time, any regime of employer-generated standards risks obvious devolutions from the public interest in upgrading and the worker interest in protected capacities for mobility. The WRTP suggests one solution to this problem—joint determination among a cluster of leading firms and unions, as assisted but certainly not led by public training providers.

- Improving the "school-to-work" transition in U.S. labor markets through increasing the workplace-based component of secondary and early postsecondary instruction. A problem with most current proposals, however, is their inattention to the universe into which new labor market entrants are transiting. Unless firms already have significant capacities and incentives to provide training and are doing so already with their incumbent work force, it is most unlikely that "youth apprenticeship" or "tech prep" systems with a workplace-based instruction component will reach adequate scale. The WRTP is developing pilot projects under more favorable conditions of intrafirm and incumbent worker training innovation. In effect, it has organized the incumbent worker training system, and having done so, its member firms are better prepared than disorganized ones to accept, direct, monitor, and actually deliver effective training to entry workers.

• More generally, moving U.S. labor relations beyond the present system of “job control” unionism and management hostility to collective worker voice. Most observers of contemporary U.S. industrial relations recognize that the system is not working well for workers or the general economy. Most also recognize that unions or other worker organizations, if they are to advance the living standards of their members, need to get more deeply involved in securing productivity, and that management, if it wants the cooperation and loyalty of workers in securing firm goals, needs to strike a new bargain on the internal labor market in sharing the fruits of firm success. And most know that securing the wage and productivity-enhancing measures needed for this new bargain is currently baffled in the U.S. by the fact that no individual firm or agreement negotiated within an individual firm can do this on their own. The WRTP is an innovative example of interfirm, interunion, and union/nonunion cooperation in providing skills and securing a skills-based system of compensation in an environment in which the boundaries of the individual firm are permeable and not robust. It presents an instance of a “virtual hiring hall” and “virtual apprenticeship” corresponding to the rise of the “virtual firm” and points toward the more spatially defined, firm-indifferent labor relations system likely needed to meet compensation and productivity concerns in the global economy of heavily decentralized firms.

What's Next?

Business, labor, and public-sector principals in the WRTP see it moving in three directions in the future:

1. Consolidation of the existing training consortium and its extension to smaller firms in metalworking. Initial recruitment to the WMTC was deliberately targeted on large and advanced firms first—both because they would more likely recognize the need for an advanced training system, and because they would have the power (via supplier certification programs and other means) to organize the smaller firms themselves. The charter firm members and unions now wish to extend the reach of the effort to smaller firms. Firm managers see this as an obvious way to improve the quality of their local supplier base. Labor sees it as a natural foundation for, in effect, “sectoral bargaining” with a pattern agreement (on training and on wages) applied to all area firms in the sector. All this would apply both to the incumbent worker and emerging entry-worker or “youth” component of the project.

2. Extension of the model sectorally to other industries in the Milwaukee area and extension of it spatially¹¹ to other regions of the state. The former

will likely involve efforts aimed at the hospitality industry and public sector. The latter will be a large political project, but one which enjoys broad support. This support is evident within Wisconsin labor but comes as well from DILHR and even from a Republican governor perhaps better known nationally for his promotion of private school vouchers and welfare reform—all of which now see the WRTP as a model for labor market service delivery and human capital system consolidation within Wisconsin generally.

3. Extension of the model into technology diffusion and manufacturing modernization efforts. While the WRTP has thus far focused principally on the human capital aspects of industrial upgrading, the close working relations among firms, across unions, and between the private sector and the state, and the limits of a “human capital only” approach (well recognized by members) underwrite enthusiasm for getting more directly and actively into manufacturing modernization of the whole of the regional manufacturing base. Members of the WRTP recently decided to enter the next round of NIST competition for a manufacturing technology center, outreach centers, and other aspects of the emerging modernization infrastructure—aiming to establish the first U.S. manufacturing extension and modernization service in the country in which labor and business were genuinely joint partners.

APPENDIX

WMTC Training and Certification Model

Certificate	Skill Level	Occupations	Competencies
Introductory manufacturing certificate	Traditional basic skills	All occupational clusters	Computing, listening, problem-solving, reading, speaking, team-building, writing
Intermediate manufacturing certificate	Basic occupational skills	All occupational clusters	Work teams, statistic process control, troubleshooting, computer literacy, etc.
Advanced manufacturing certificate	Technical occupational skills	Machining, electronics, welding, etc.	Parts programming, preventive maintenance, etc.

Endnotes

¹Following local convention, we define Milwaukee metro region as the area covered by Milwaukee, Ozaukee, Washington, and Waukesha counties. The population of the region is 1.5 million, with approximately 180,000 employed in manufacturing.

²Space does not permit review of the history of how the WRTP got started, or organizing difficulties along the way. Suffice it here simply to assert that while the conditions in Milwaukee were in various ways favorable to the emergence of the institution, we do not judge them uniquely so—i.e., we judge the model indeed to be replicable in other metropolitan labor markets.

³In part inspired by the HIRE experience and in larger measure moved by the same pressures that have led other states to do the same, Wisconsin has sought to consolidate job search, training referral, and other assistance in its growing network of “job centers.” These are expected to get a big boost from the Clinton administration’s program initiatives in one-stop shopping. It is possible, though at present not likely, that HIRE will be superseded by these state-led efforts. More likely, it will continue to function as a center, albeit integrated into the developing state network—perhaps with special responsibility for coordinating dislocated worker one-stop shopping in the Milwaukee area.

⁴See “Wisconsin Regional Training Partnership—Organizational Charter” on file with author.

⁵Given their importance in the regional economy within the universe of metalworking, we are particularly interested in the following sectors (Standard Industrial Classification number given in parentheses): foundries (332), engines and turbines (351), farm machinery (352), construction and related equipment (353), metalworking machinery (354), general industry machinery (356), miscellaneous industrial and commercial machinery (359), electrical industrial apparatus (362), and motor vehicles (371).

⁶The concentration on large firms, while not exclusive, was deliberate. The thought was that if the large firms could be organized, the lesser ones could be made to follow—through supplier certification and other programs enforced by the large purchasers from them.

⁷The standard-setting process builds on the Wisconsin Educational Skills Analysis (WESA) instrument and process, which is strongly oriented toward getting organization-wide consensus on skills needed for production tasks. Technical colleges collaborate with joint steering committees in this skill specification process in providing confidential interviews and observations of workers and in actual testing and other assessment. This heavily (or relatively) “worker-centered” approach improves the quality of information used for contextualized workplace curricula and performance-based assessments and promotes mutual agreement on occupational qualification requirements. The WMTC is currently in the process of creating three manufacturing certificates as occupational clusters/pillars in what is envisioned as an essentially modular skills system (see Appendix).

⁸Here the WMTC builds on a more general emerging Wisconsin model of workplace education—now present in close to 100 firms—based on local partnerships between management, labor, and technical colleges. In both unionized and unrepresented firms, joint steering committees design and administer a “workplace education center.” As neutral third parties, local technical colleges provide confidential assessment, counseling, training and certification services. The on-site delivery of comprehensive services improves accessibility and personalizes training. Computer-assisted and video-based instruction facilitates self-paced learning on an open entry/open exit basis. A network of peer advisors publicizes the program among fellow workers and carries their concerns back to the steering committee.

⁹Unlike the other elements in the agreement, the points about compensation are not stipulated to formally, though they are *de facto* increasingly operative and understood as norms.

¹⁰Technical assistance to the project is provided by the Center on Wisconsin Strategy (COWS), a research and policy center directed by the author. The final structure of the WMTC conforms closely to that recommended by COWS at the beginning of its negotiation. See Joel Rogers and Wolfgang Streeck, “Recommendations for Action” (COWS December 1991), on file with the author.

¹¹And, again, quasi-judicially.