



The
41st
JOHN D.
REGISTER
LECTURE

SAY GOODBYE TO ALL THAT: EMERGING FROM TURBULENCE AT BOEING



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7:30 p.m. | Tahoma Room, Commencement Hall

Reception following lecture

Say Goodbye to All That: Emerging From Turbulence at Boeing

Background: Boeing's Transformation and America's New Social Contract

In the late 1990s, top Boeing and McDonnell Douglas executives made choices that fundamentally changed the identity and character of the Boeing Commercial Airplane (BCA). Faced with increased global competition and customer demand for planes that were more cost-efficient, Boeing Commercial, under the leadership of Chairman Phil Condit, merged with McDonnell Douglas in August of 1997. Despite the fact that it was Boeing that purchased McDonnell Douglas, it was dominant features of McDonnell Douglas' business strategy and organizational culture that prevailed after the merger. Boeing moved away from an engineering, family-like atmosphere headquartered in the Pacific Northwest, to a more extreme, short-term profit emphasis that eventually relocated from Seattle to Chicago. With time, this led to decisions that reflected a profoundly new way of doing business, and, more broadly, a new corporate culture, ethos, and identity.

To be fair, the entirety of Boeing's paradigmatic corporate shift cannot be pinned neatly or solely on the merger. Beginning in the late 1980s, top Boeing executives had recognized the need for better company responsiveness to global competition and the post-airline deregulation world, which resulted in airplane manufacturers having to become cost-conscious, some might argue, for the first time. Thousands of Boeing managers received trainings on competitiveness in 1994–95, and hundreds of workers, from front-line employees to top executives, toured Toyota's plants in Japan in order to witness world-class efficient production firsthand. It was, however, the merger with McDonnell Douglas that became the symbolic shorthand for Boeing's new organizational culture. In what has now become a rather infamous statement made in 1998, Harry Stonecipher (Boeing's president and COO, as well as a former McDonnell Douglas exec) cautioned employees to "quit behaving like a family and become more like a team. If you don't perform, you don't stay on the team." Living through the years surrounding this turbulent time of change was very difficult for many veteran employees. For many, morale plummeted, commitment to the organization fell, trust in top management's competence and ethics reached an all-time low, and physical, mental, and emotional health were negatively impacted.

A major reason Boeing's merger with McDonnell Douglas was so difficult for employees is that it threatened a much-loved and highly valued identity that had been a powerful driving force for why and how employees were engaged in their work and committed to the company. As described in *The Seattle Times*, "Under the family culture, beginning with Bill Boeing in 1916, bold aviators focused on grand visions of building ever better, faster, bigger aircraft. Management of the company was anchored on loyalty and promoting through the ranks."

Indeed, “Heritage Boeing” generated extreme pride in building an innovative, safe, quality product. Members of Boeing’s leadership told their workers—and the workers believed—that they were No. 1 in the world. The company was known for providing excellent pay and benefits, arguably among the best in the country for comparable jobs, and these incentives were viewed by workers as evidence that the company valued their skills and dedication to the organization. Top company leaders truly knew the products; they were first and foremost engineers with a passion for aircraft manufacturing and could be trusted to make competent decisions. Opportunities for growth and promotion were plentiful, and despite the cyclical nature of the industry and the accompanying mass layoffs, one could work at Boeing for life, as could members of one’s family. And even though the company employed thousands of workers, employees spoke warmly and even intimately of the “Boeing family.” They cultivated strong emotional ties with their co-workers, supervisors, and, indeed, the airplanes they built. These roots were deep, grounded in the Pacific Northwest, in Washington state, where the company was founded. Each of these methods for cultivating an engaged, committed workforce was actively dismantled or eroded following the merger with McDonnell Douglas.

This fundamentally “new” company, however, is no longer new, and company leaders have made clear that they do not intend to resurrect or return to a Heritage Boeing model. For well over 15 years now, a strong emphasis on shareholder value, increased attention to costs, and greater concern with profit has been made evident in dozens of decisions, some of which have been less than successful. For example, excessive outsourcing of the 787 Dreamliner and the opening of a second 787 assembly line in South Carolina, done to control costs and spread risk, led to massive problems, a three-year delay, and a blow to company pride. The company has also taken a more forceful attitude toward unions, using location of new programs as leverage, and within a few years the whole workforce will have been shifted from guaranteed pensions to 401K-type plans. Indeed, the dust has settled on the larger issue of company identity. As one executive is reported to have told the workforce, Boeing is no longer “your father’s company.” Prioritizing shareholder value—whatever its costs—is here to stay.

The changes at Boeing are in many ways quite typical of what has been happening at many large companies in the United States, as they, too, have accelerated their outsourcing and global footprints, become leaner by rationalizing design and production processes and cost cutting, and by single-mindedly narrowing their focus to shareholder returns (Rubin, 1996; Kochan & Shulman, 2007). As Rubin plainly observed, the broad-scale industrial restructuring sweeping the nation in the last 20 years often included investing in mergers rather than production, weakening union power via tactics such as relocation to right-to-work states, sending work overseas, and implementing technological innovations—all changes Boeing undertook. And as this process unfolded across corporate America, the postwar employment “social contract”

between workers and management, which had been waning in the previous decades, became radically redefined. Although it had been an implicit contract, it was widely understood by American workers that hard work and good performance would be rewarded with a living wage, good benefits, job security, and even meaningful work. Companies, too, would benefit from this arrangement in the form of a stable, well-trained workforce that generated profits. In its place, however, evolved a new normative standard: maximize shareholder returns.

The Employee Perspective on This New Social Contract

The focus of our research since 1996 has been to study the impact of this transformation and resulting organizational culture and ethos from a perspective that is often overlooked: the point of view of the employee. Drawing upon our large, 10-year (1997–2006), longitudinally collected survey data, we traced the work attitudes, well-being, and health of several thousand Boeing employees who were representative of all ages, tenures, job types, and educational levels. Although it comes as no surprise that “change is difficult,” our ability to compare employees who stayed versus left the company, as well as to examine the responses between groups of employees who experienced different contexts or incidents (such as layoff notices) helped us to understand for whom, and under which types of circumstances, outcomes were especially deleterious or long-lasting. Following this effort, we returned to the company in 2011, and in the past three years have interviewed more than 85 retired, long-term, and newly hired employees, in addition to conducting another large-scale survey in the summer of 2013. We began the interviews by asking about one’s work history and career progression, but then moved to questions about co-workers and supervisors, company culture and commitment, expectations and aspirations, and the meaning and significance of their work. We asked them to consider if and how these things had changed over time, and, in so doing, captured for many how they saw their work in light of Boeing’s changed workplace ethos and, more broadly, the current economic environment and business strategies Boeing and U.S. companies have adopted in recent years. Working from transcripts of these one- to two-hour conversations, we identified motifs that collectively paint a picture that captures both the diversity and commonness of workers’ experiences at not only Boeing but many organizations across the United States that have experienced comparable changes.

In this talk, we will give an overview of what we learned about the initial impacts of living through the time of rapid change, as well as how employees—both those who lived through the period of transformation and those who are new to the company—have adjusted to and regard these new workplace realities. Using both our quantitative and qualitative evidence, we will discuss the varied and long-term effects of workplace stress; the profound and deleterious effects of compromised trust in top leadership; the generational differences and similarities regarding such concepts as job involvement, company commitment, and union

attitudes; the shifting emotional attachments employees have to their work; the ways in which employees find meaning in their work; and the views workers have toward this new social contract. As we argue, these changes at Boeing are but an example of what has occurred in countless other companies; thus, we will also consider what these shifts mean for workers, organizations, and the future of work more broadly.

Leon Grunberg and Sarah Moore

Leon Grunberg is professor emeritus of sociology in the Department of Sociology and Anthropology at University of Puget Sound. For more than 30 years, he has studied the operations of large and mid-size organizations, focusing especially on the effects of their actions on employee behavior and attitudes. His research has examined activities of multinational companies, the impact of management-employee relations on productivity and safety, the promise and reality of participatory workplaces in the U.S.A., and the effects of corporate restructuring on the attitudes and well-being of employees. While at Puget Sound, Grunberg taught courses on social stratification, work and organizations, and international political economy. He was honored for his teaching with the President's Excellence in Teaching Award in 2001, and served as department chair for a total of 13 years.

Sarah Moore is professor and chair of the Department of Psychology at University of Puget Sound. Since joining the faculty in 1993, her research has focused on the effects of work-related stressors, work attitudes, and work performance. Moore has also investigated work-home integration and conflict, the unique work stressors experienced by managerial women, and generational work differences and similarities. She teaches courses in statistics, research methods, psychological measurement, and industrial-organizational psychology; she received the Thomas A. Davis Teaching Award on three occasions and served as associate dean of faculty from 2007 to 2013.

Since 1996 Grunberg and Moore have collaborated on a long-term study at Boeing Commercial, twice receiving funding from the National Institutes of Health to investigate the health and well-being effects of organizational change. Together, they have published more than two dozen articles, made numerous presentations at professional conferences, and involved many students in their data collection, analysis, and publication. Recent co-authored articles by Moore and Grunberg include, "Navigating Through Turbulence at Boeing: Implications for Employees, Companies, and Governments" (2013, *Revue Francaise de Gestion*); *Generational Differences in Workplace Expectations: A Comparison of Production and Professional Workers* (2014, *Current Psychology*); and "The Relationship between Work and Home: Examination of White and Blue-Collar Generational Differences in a Large U.S. Organization" (2014, *Psychology: Scientific Research*). Together with colleagues Edward Greenberg and Pat Sikora (University of Colorado, Boulder), Grunberg and Moore published a book under Yale University Press in 2010 titled, *Turbulence: Boeing and the State of American Workers and Managers*. They are currently working on a second book that describes the varied ways in which both veteran and new employees engage and find meaning in their work in Boeing's post-merger organizational culture.

John D. Regester Faculty Lectureship

THE JOHN D. REGESTER FACULTY LECTURESHIP was established in 1965 to honor the service of John. D. Regester, Ph.D., who joined the Puget Sound faculty in 1924. Regester taught philosophy throughout his career, served as dean of the university, and later was made first dean of the Graduate School.

Under the terms of the lectureship, the address is to be given by a member of the university who exemplifies the qualities of scholarship and intellectual integrity which professors and students have long associated with Regester.

The lecture series is a means of honoring members of the university faculty through an opportunity for them to address the university community on a subject of particular interest to the lecturer. The John D. Regester Lectures are both a recognition of the scholarship and accomplishments of the lecturer and an opportunity for the faculty to develop ideas further and explore them with colleagues and the public. The lectures provide a showcase where students and faculty members can witness their colleagues in the role of productive scholars.

2013–Andy Rex, physics

2012–George S. Tomlin, occupational therapy

2011–Nancy Bristow, history and
African American studies

2010–David Lupher, classics

2009–Suzanne Holland, religion

2008–David Tinsley, German

2007–D. Wade Hands, economics

2006–A. Susan Owen,
communication studies

2005–Mott T. Greene, history

2004–Doug Edwards, religion

2003–Rob Beezer, mathematics

2001–Geoff Proehl, communication
and theatre arts

2000–Helen (Ili) Nagy, art

2000–James Evans, physics

1999–Geoffrey Block, music

1998–Denise L. Despres, English

1997–William Breitenbach, history

1995–Alan S. Thorndike, physics

1993–George M. Guilmet,
comparative sociology

1991–Michael Veseth, economics

1989–Kenneth Rousslang, chemistry

1987–Terry A. Cooney, history

1985–Beverly K. Pierson, biology

1983–Douglas M. Branson, law

1981–Michael J. Curley, English

1980–Esperanza Gurza, foreign languages

1979–Francis L. Cousens, English

1978–Delmar N. Langbauer, religion

1977–Jeffrey S. Bland, chemistry

1976–Esther B. Wagner, English

1975–Richard E. Hodges, education

1974–Theodore L. Harris, education

1973–Z. Frank Danes, physics

1972–Frank N. Peterson, sociology

1971–Robert G. Albertson, religion

1970–John W. Prins, business

1969–Leroy Ostransky, music

1968–Gordon D. Alcorn, biology

1967–John D. Regester, philosophy

1966–Harold P. Simonson, English

1965–John B. Magee, religion



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