

LOWERING THE BAR OR SETTING THE STANDARD?

DEUTSCHE TELEKOM'S U.S. LABOR PRACTICES

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PREFACE

During my years of service in the U.S. House of Representatives, I saw the remarkable drive and promise of American businesses and workers. Along with my House colleagues, I championed the view that a level playing field is fundamental in crafting public policy solutions that both advance the interests of America's workers and help our business sector responsibly engage in the global economy. The important research documented in this report highlights some of the key questions we face as a nation in a competitive 21st century economy. Do we reward those who play by the rules, or those who skirt the rules for their own gain? Do we encourage partnerships that bring workers' voices to the table and protect their rights, or allow companies to violate the letter and the spirit of our labor laws in pursuit of short-term gain?

In 2000, my colleagues on the House Subcommittee on Telecommunications, Trade and Consumer Protection heard testimony in support of the German telecommunications company Deutsche Telekom's proposed acquisition of VoiceStream Communications. Deutsche Telekom was commended for its strong labor-management partnership and the company's leadership on workers' rights. Unfortunately, as this report makes clear, Deutsche Telekom chose to operate under a different set of rules once on our shores.

The findings outlined in *Lowering the Bar or Setting the Standard?* present glaring evidence of how our nation's broken labor law system creates perverse incentives—actually deterring the productive business model followed by international corporations like Deutsche Telekom that prosper in their home countries in part by doing the right thing. Our dysfunctional system is destroying the very American ideals of fairness and rewarding hard work. For the sake of all that America represents, we cannot let the American business model become “doing whatever you can get away with.” In such a race to the bottom, responsible businesses, citizens, and communities all lose.

There is no doubt that we live in a truly global economy providing unprecedented opportunity for innovation and entrepreneurship. Yet, we must be diligent that our labor laws catch up with our evolving and dynamic economy so that workers and their rights are not left behind. We have an opportunity to regain our standing as a shining beacon: labor rights are human rights and we will accept no less. This is both morally right and critical for our nation's stable long-term economic growth.



David Bonior
Former Majority Whip, U.S. House of Representatives
Chair, American Rights at Work Education Fund

INTRODUCTION

Deutsche Telekom's Corporate Double Standard Inspires a New Global Partnership for Workers

We're tired of the face of cooperation in Germany and the club of intolerance in the United States.

—Larry Cohen, President Communications Workers of America

In an unprecedented response to corporate globalization, telecommunications workers in the United States and Germany have united to demand a voice and a change. The partnership, known as TU, brings together the Communications Workers of America (CWA) and ver.di, Germany's largest union. TU is now engaged in a transatlantic fight for fair treatment and collective bargaining for workers at T-Mobile USA, a subsidiary of Germany's Deutsche Telekom (DT).

Since entering the U.S. market in 2001, T-Mobile USA has lowered its parent company's standards of decency by meeting labor organizers with hostile practices that contradict Deutsche Telekom's track record of corporate responsibility in Europe. Employees of T-Mobile USA simply seek the same access to union representation as workers enjoy at DT in Germany and at AT&T Mobility, another U.S. telecom giant. Instead of lifting American workers to the same level as its European employees, DT—via T-Mobile USA—has engaged in eight years of aggressive anti-unionism.

Simply put, T-Mobile USA has conducted a systematic campaign to prevent employees from exercising their

right to form a union. In doing so, the company is guilty of a blatant double standard in its labor practices:

- In Germany, Deutsche Telekom preaches and practices cooperation with unions and respect for workers' rights, but in the United States fights vigorously against unionization and violates workers' rights.
- DT's own Social Charter declares the company "in favor of cooperating with legitimate democratic employee representation in an open and trusting manner" throughout its operations,¹ but DT's U.S. subsidiary engages in conflict and promotes insecurity among its employees.
- Deutsche Telekom's German executives claim to uphold the labor principles of the United Nations Global Compact, which states that businesses should not "interfere in workers' decision to associate" or "try to influence their decision in any way."² But T-Mobile USA managers violate both principles with a systematic policy of union avoidance, dissuading employees from joining a union, and interfering with workers' rights.

The contrast between Deutsche Telekom's attitudes at home and abroad could not be more striking. In Germany, DT is a good corporate citizen, working effectively with unions, respecting the law, and upholding international conventions on labor rights. In the United States, low-road practices—fighting unions and workers' rights—are the rule.

DT's American practices also contrast sharply with those of AT&T, the largest telecom provider in the United States. AT&T has long maintained a cooperative relationship with its employees, respecting their rights to join a union without interference, resulting in 42,000 CWA-represented jobs in customer service, retail stores, and technical positions at AT&T Mobility. Deutsche Telekom cannot attribute its anti-union stance to competition, because AT&T Mobility is the principal competitor, using the same GSM technology and operating in all of T-Mobile USA's markets.

When it comes to applying good labor standards worldwide, DT lags far behind France Télécom (FT) and Tele-

fónica, the other large telecom multinationals based in Europe. Both FT and Telefónica have negotiated global framework agreements that commit management to "neither help nor hinder" when workers organize. DT's T-Mobile USA prefers to "hinder," doing everything possible to discourage its U.S. employees from joining a union.

This report outlines the shameful history of Deutsche Telekom in the United States, covering five topics:

- The context of the U.S. system of labor relations,
- The policy of conflict in the U.S. versus a culture of cooperation in Germany,
- The details of T-Mobile USA's systematic union avoidance campaign,
- The National Labor Relations Board (NLRB) investigations of company practices, and
- The workers' perspective on why they need independent representation at T-Mobile USA.

T-Mobile USA and the American System of Labor Relations

Unions Welcome Deutsche Telekom

When Deutsche Telekom was negotiating to purchase U.S.-based VoiceStream Wireless in 2000, the Communications Workers of America (CWA)—which represents telecom workers—joined with the U.S. Chamber of Commerce and the larger federation of unions, the AFL-CIO, to support the German company’s move into the U.S. market.³ In testimony before a House of Representatives committee, CWA President Morton Bahr, commended DT’s strong labor-management partnership and its unique corporate culture. Bahr explained,

[Deutsche Telekom] is a good employer and a good corporate citizen. It is a very positive example of a company that serves the public interest, one that has sustained a positive relationship with its union workforce.⁴

Bahr went on to praise Deutsche Telekom for recognizing “the rights of workers to form and join a union,” and argued that this should be more important in determining its ability to operate in the U.S. than whether or not it is partly owned by a foreign government.⁵ AFL-CIO President John Sweeney also praised DT’s enlightened practices, which were “in stark contrast” to those of U.S. firms “which actively fight workers’ efforts to improve their lives.”⁶

Union support of Deutsche Telekom’s entry into the U.S. market did not end there. Representatives from CWA met with White House officials and submitted a filing with the Federal Communications Commission (FCC) in favor of Deutsche Telekom, which said that American workers would “benefit from the fusion of U.S. technology and re-

sources with the democratic governing structures and respect for workers’ rights evident at DT.”⁷

The reasons for the unions’ strong support for a foreign-based corporation with which they had no direct links were simple: Deutsche Telekom had a history of working in partnership with ver.di, the German union that represents telecom workers, and DT was known for respecting workers’ rights in its home country. Of course, Deutsche Telekom is not unique in this respect. In Germany collective bargaining coverage is far higher than in the United States, and cooperation with unions and respect for workers’ rights is standard practice for large corporations—encouraged by labor and corporate law.⁸ CWA fully expected that Deutsche Telekom would extend its cooperative practices into its U.S. operations.

Partly as a result of union lobbying, Deutsche Telekom successfully completed its purchase of VoiceStream Wireless—later called T-Mobile USA—in May 2001.

Cooperation Pays Off

Recent academic studies have shown the positive benefits of constructive labor-management relations (often referred to in the United States as “high-performance work systems”), including lower employee turnover, higher productivity, better quality services, and more skilled, innovative, and committed workers, to name a few.⁹ In a study of the U.S. telecom industry, for example, three leading industrial relations scholars conclude that employee turnover—which raises labor costs and lowers firm performance—“is substantially lower in unionized workplaces than in nonunion workplaces.”¹⁰ A 2009 study concluded that the



type of adversarial labor policy pursued by T-Mobile USA is not “conducive to implementing and sustaining high performance work practices or achieving positive results.”¹¹

The International Labor Organization (ILO) also has recognized the benefits of cooperative labor relations and collective bargaining. “Sound collective bargaining,” the ILO says, “benefits both management and workers, and the peace and stability it promotes benefit society more generally.”¹² Deutsche Telekom and other German corporations reap the benefits of constructive labor-management relations.

Even in Europe—where cooperative labor relations are the norm—DT’s practices stand out. DT upholds the 2000 United Nations (UN) Global Compact’s labor principles concerning freedom of association and the right of collective bargaining, and its own Social Charter. The company legitimately boasts of being a good corporate citizen¹³ and an “attractive employer.”¹⁴

DEUTSCHE TELEKOM'S TRANSNATIONAL COMMITMENTS

Social Charter

According to its Social Charter, Deutsche Telekom is “in favor of cooperating with legitimate democratic employee representations in an open and trusting manner” throughout its operations.

U.N. Global Compact

“The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.”

International Labor Organization

“In addition to being a right, freedom of association enables workers and employers to join together to protect better not only their own economic interests but also their civil freedoms such as the right to life, to security, to integrity, and to personal and collective freedom. As an integral part of democracy, this principle is crucial in order to realize all other fundamental principles and rights at work.”

Deutsche Telekom at Home and Abroad

Deutsche Telekom has chosen not to export its constructive and cooperative labor practices to the United States. Rather than raising the bar for American companies when it comes to labor-management cooperation, or even following the lead of U.S. companies that do respect fundamental labor rights, DT subsidiary T-Mobile USA has joined the ranks of corporations fighting against employees’ efforts to improve their conditions. DT has violated both the Global Compact’s core labor principles and its own Social Charter. At T-Mobile USA, workers attempting to form a union in the past eight years have been met with immediate, vigorous opposition. By embracing this adversarial approach to employment relations, Deutsche Telekom has tarnished its reputation as a good corporate citizen and threatened its business success, which, according to company officials, is based in part on its positive labor practices.¹⁵

Deutsche Telekom has not remained neutral during employee campaigns, as do some companies that believe in positive labor-management relations and partnership with unions. Quite the opposite: T-Mobile USA managers and supervisors have deliberately and systematically instilled fear in their workforce, engaging in repeated incidents of anti-union harassment and intimidation throughout the country. These incidents cannot simply be dismissed as the actions of a few rogue managers or supervisors at isolated workplaces, as T-Mobile USA has suggested in response to criticism of its behavior. Rather, they are part of a systematic policy of union avoidance coordinated by T-Mobile USA management at the highest levels, as revealed in evidence from a broad range of sources, including employee testimony, company manuals, emails, fliers, National Labor Relations Board rulings, and consultants and legal advisors.

Violating its Own Policies

In pursuing a systematic union avoidance strategy, T-Mobile USA is violating the company's own commitment to "position [it] as an attractive employer,"¹⁶ as well as its stated respect for the labor principles of the Global Compact. Principle 3 of the Global Compact, which is supported by the International Organization of Employers, states: "Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining." As the ILO explains,

In addition to being a right, freedom of association enables workers and employers to join together to protect better not only their own economic interests but also their civil freedoms such as the right to life, to security, to integrity, and to personal and collective freedom. As an integral part of democracy, this principle is crucial in order to realize all other fundamental principles and rights at work.¹⁷

Thus, employers should not "interfere in workers' decision to associate, try to influence their decision in any way, or discriminate against either those workers who choose to associate or those who act as their representatives."¹⁸ In no way can T-Mobile USA claim to have upheld these principles.

Deutsche Telekom is sinking to the lowest common denominator in its U.S. operations, and even learning anti-union lessons in this country to apply to its operations in other countries. Shortly after entering the U.S. market and recruiting anti-union consultants here, Deutsche Telekom hired an American-based union avoidance firm, The Burke Group, to defeat an effort by 6,500 workers in the United Kingdom to form a union.¹⁹ The Burke Group is one of the largest union avoidance firms in the U.S., and has been involved in hundreds of campaigns, many of which have resulted in allegations of unfair management practices.²⁰ Using consultants such as The Burke Group to fight employees' efforts to form a union is a common occurrence in the United States, but Deutsche Telekom is one of only a handful of corporations to use such firms in the United Kingdom. Deutsche Telekom explained its actions in this (somewhat contradictory) way: "We are not anti-union, but we do have issues with collective bargaining."²¹

The story of Deutsche Telekom in the United States has deep and disturbing significance. A company with good labor practices that cooperates with unions in its home country expands its operations to the United States. In the U.S., the company adopts aggressive anti-union practices, and then exports these activities to other countries.

If other corporations were to follow Deutsche Telekom's lead—learning and then exporting anti-union behavior—it would hurt not only U.S. workers, but also workers throughout the world.

Conflict Versus Cooperation: Deutsche Telekom in the United States



I don't think T-Mobile would have the boldness to act like that in Germany. First, there are laws to prevent it. Second, their image would suffer.

—Klaus Trenkel, member, ver.di negotiating team, T-Mobile

Deutsche Telekom and T-Mobile by the Numbers

- T-Mobile USA is the fourth largest wireless company in the United States and a subsidiary of Deutsche Telekom.
- DT employs more than 260,000 workers worldwide.
- Measured by revenue, DT is the top-ranked telecom company in Europe and one of the largest carriers in the world.
- DT's mobile operations make it one of the largest cellular telecom companies in the world, with over 100 million customers.
- T-Mobile controls 30 to 50 percent of the markets in most of the European countries in which it operates, and is the top-ranked telecommunications company in Europe measured both by revenue (over EUR 60 billion) and employees (260,000).²²

The United States represents a critical and increasingly important market for Deutsche Telekom. Outside of Germany, where DT has the largest share of mobile communications customers of any cellular company, the U.S. is the company's largest single market.

With 33 million customers, T-Mobile USA brings in a quarter of the total operating revenue for Deutsche Telekom.

- T-Mobile USA has 38,000 employees (half T-Mobile's workforce outside of Germany).
- T-Mobile USA's annual revenues were \$21.9 billion in 2008.
- T-Mobile USA controls 12 percent of the U.S. wireless market, and is especially strong among younger and lower-income customers.

Cooperation in Germany

Deutsche Telekom has a good relationship with unions in several countries outside of the United States. Its workers are unionized in Germany, Austria, Croatia, and Hungary—nations whose laws encourage labor-management cooperation and protect workers' rights. In Germany—under a very different national labor relations regime than exists in the United States—members of the German telecom union ver.di constitute half the appointments on the board of supervisors of Deutsche Telekom, which directly oversees the company's executive board.²³ Under Germany's system of co-determination and stake-

holder model of corporate governance, the supervisory board appoints—and can remove—members of the smaller management board, which makes decisions concerning the day-to-day running of the corporation. In addition to overseeing corporate decision-making at the highest levels, the union bargains over wages and benefits at the industry level. And at the level of the individual enterprise, Deutsche Telekom employees are represented through the works council. So all together, workers have effective independent representation at three distinct levels – supervisory board, industry, and enterprise.²⁴

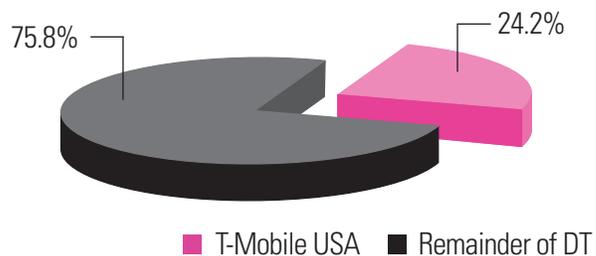
The cooperative relationship between Deutsche Telekom and ver.di benefits employees – who, through collective bargaining, received a 5.5 percent pay increase in 2008-2009 – and the company. Deutsche Telekom is highly profitable, with its unionized employees participating fully in the business success of the corporation. Deutsche Telekom’s top management has long appreciated what one leading scholar has called the “discreet charm of the German model” of employment relations.²⁵ Company officials praised the recent collective agreement for “providing a high level of planning security... which will also allow employees to participate in the company’s success.” And this appreciation of the benefits of cooperative labor relations extends to the highest levels of the corporation. “Close and good cooperation with the trade unions,” states Thomas Sattelberger, DT’s Chief Human Resource Officer, “is one of the pillars of successful employer policy.”²⁶ Other stakeholders in the corporation – such as consumers, suppliers, and shareholders – also benefit from this constructive and productive relationship.²⁷

Conflict in the United States

I think it is terrible that T-Mobile does not treat Americans the same as our German counterparts. We are all doing the same work.

—Anonymous T-Mobile USA employee

REVENUES AT T-MOBILE USA AND DEUTSCHE TELEKOM (2008)



The contrast between DT’s behavior in Germany and in the United States could not be starker, despite the company’s pronouncements that it respects workers’ rights throughout its subsidiaries. In 2003, Deutsche Telekom adopted its Social Charter, recognizing the “right to collective bargaining within the scope of national regulations and existing agreements.” DT, the Charter says, “declares itself in favor of cooperating with legitimate democratic employee representations in an open and trusting manner based on a constructive social dialog with the aim of achieving a fair balance of interests.”²⁸ In Germany, the company upholds these laudable principles, but in the United States does not. The global union federation, UNI Global Union (UNI), has complained that T-Mobile USA has expressed its opposition to unionization “in every imaginable form. This is in no way consistent with the Deutsche Telekom social charter and certainly it is inconsistent with the UN’s Global Compact.”²⁹

T-Mobile USA management has fought even the most cursory discussions of unionization among its American employees. In this respect, T-Mobile USA’s labor practices have been absolutely consistent: From its first year operating in the United States, the company has demonstrated an unwavering commitment to operating union-free, no matter what the wishes of its 38,000 American employees might be.

Part of the anti-union story is the company’s denial of access to any positive information about collective bargaining. The “no solicitation policy” in retail, for instance, is ostensibly in

A customer came into our store and said he was shopping for a phone for his wife. He then asked about any corporate discounts that were available, so we put him on speaker phone with the corporate discount department. He asked if there were any CWA discounts? None. AFL-CIO discounts? None. Any labor union discounts? Then the corporate discount department responded: "Those are called 'banana muffins,' sir. We are not allowed to use the word 'union' at all in our call centers or shops, so we call you banana muffins."

When he left the store I ran out to give him his receipt and then asked him for his business card. We are definitely open to a banana muffin with our coffee. But any time we go to management with our concerns or problems, we are told that we'll just be replaced with authorized reseller stores if we continue to give them any trouble.

—Anonymous T-Mobile USA employee

When a trade union is not present in one of the Group companies, the France Telecom Group shall adopt a neutral position designed neither to assist nor prevent the establishment of the union.

—France Telecom and UNI Global Union,
Worldwide Agreement on Fundamental
Labour Rights within the France
Telecom Group

place to prevent interference with customers. In reality, the assertion of private property rights, the detailing of security to call center gates, and the location of several call centers,

such as Tampa, in locations where there is no public access all serve to ensure that workers do not get any information about collective bargaining except for the negative information provided by management on a routine basis.

Why No Global Framework Agreement?

In recent years, global framework agreements between transnational corporations and global union federations have become an effective tool for protecting workers' core labor rights.³⁰ Under these frameworks, companies agree to certain labor-management standards throughout their operations and often refrain from influencing employees against forming a union. Global agreements are particularly important at transnational companies like DT, which have good labor practices in their home countries but poor records in some overseas operations. Several prominent telecommunications and other corporations have signed global agreements with UNI Global Union.³¹ Deutsche Telekom is not one of them.

Four years ago, it appeared that a global agreement between Deutsche Telekom and UNI was imminent. In May 2005, while speaking at the UNI Telecom World Meeting in Berlin, Deutsche Telekom CEO Kai-Uwe Ricke stated that the "time had come" for the company to sign a global agreement with UNI to protect labor rights throughout the Deutsche Telekom Group. In August 2005, UNI General Secretary Philip Jennings said that Ricke was confident that his company "will have a global agreement. So now we're just talking about the details." Jennings predicted that UNI would sign a global agreement with DT "by Thanksgiving," and that it would protect freedom of association in the United States and elsewhere: "There will be no intimidation; no bullying; and no firing of people that stand up and decide to join the union."³²

Four years later, Deutsche Telekom still has not signed a global agreement with UNI and its anti-union policy in the United States stands out as the single major obstacle in the path of such an agreement.

T-Mobile's Intensive Union Avoidance Campaign



Anti-Union from the Start

T-Mobile USA was quick to make clear its intentions in U.S. labor-management relations. Shortly after its acquisition by DT, VoiceStream distributed anti-union ads that, according to the National Labor Relations Board (NLRB), interfered with workers' rights.³³ T-Mobile USA's anti-union policies were further illustrated in a 2003 manual instructing managers on how to undermine employees' efforts to form a union. The manual was written specifically for T-Mobile USA by one of the nation's biggest and most well-known "union-avoidance" firms, Adams, Nash, Haskell & Sheridan (ANHS).³⁴

In U.S. labor relations, union avoidance is a thinly veiled code for unionbusting, an inelegant but much more accurate term. The United States is unique among developed democracies in having an entire industry—worth hundreds of millions of dollars per year—of consultants and law firms dedicated to helping employers thwart organizing efforts. Companies such as T-Mobile USA engage the

services of these consultants for one reason only: to operate union-free. ANHS and similar firms view the union representation process as a contest—or perhaps a military-style campaign—in which management must do everything possible to remain union-free. According to ANHS: "It's about WINNING." Someone is going to win the organizing campaign, say the consultants, "you or the union.... Our successful experience in hundreds of campaigns gives you the edge."³⁵

So, if an organizing campaign is a zero sum game, the company must use all the weapons at its disposal to make sure that it is victorious. ANHS comforts employers with the assurance that it has assisted hundreds of employers in thousands of engagements, always protecting the employers' rights to continue to manage...unobstructed by unions or other outside third parties that can destroy productivity, profitability, and the joy of the direct relationship between an employer and its employees.³⁶

Companies can win any organizing campaign, regardless of the wishes of their employees, but they should not underestimate the union “threat” warn the consultants, as if discussing a rodent infestation: “If you think you have a union problem, you do, and it’s worse than you think.”³⁷

Weapons of War: T-Mobile’s Anti-Union Materials

The 2003 Anti-Union Manual. A review of the contents of the ANHS manual offers an insight into the anti-union perceptions and practices of DT’s U.S. operations. The manual starts with assurances that it has been “thoroughly researched through such sources as the National Labor Relations Board,” but the contents represent a one-sided diatribe replete with half-truths and outright distortions about the role of unions and collective bargaining.³⁸ The manual vilifies unions and outlines in considerable detail a vigorous counterinsurgency strategy for managers to follow to ensure that T-Mobile USA remains union-free.

The authors suggest that unions are bloated, bureaucratic, money-hungry quasi-cults that cannot and will not protect the interests of employees and that union “bosses” do not understand or care about the real interests of employees. A union is “a business with a goal to make a profit” and to pay the inflated salaries of union executives, all the while forcing members to “take an oath” pledging absolute loyalty to the union.³⁹ Union constitutions are restrictive and punitive documents that limit employees’ freedom at the workplace in ways unknown to them. Unions force employees to strike without their consent, but cannot protect employees’ pay, benefits, or jobs during economic strikes. According to the manual, workers and their families will go without wages and benefits, they will be ineligible for unemployment insurance and other benefits, and will likely be replaced permanently during strikes.⁴⁰ Far from being an organization that enhances the voice of employees, as union organizers claim, unions are undemocratic in both their establishment and everyday practice. The process of choosing a union is undemocratic,

since only those who vote get to decide the outcome; and far from being “bottom-up,” member-controlled organizations, unions are controlled “from the top down.”⁴¹

Overall, the manual paints a picture of the union as an ineffective parasite that lives on employees’ dues, but delivers nothing in return. The union cannot make the company “agree to do anything it does not wish to, or pay any more than it is willing or able to.”⁴² Thus, unions will promise the moon, but deliver nothing; or worse, cost employees a bundle in dues money, restrict their freedoms on the job, possibly take them out on strikes they do not support at considerable risk to them and their families, and generally harm employees’ interests both individually and collectively.

The manual contains a powerful message for managers: “Preserving the union free privilege is an honor.”⁴³ Furthermore, it prepares managers for a union “game plan” involving confrontation, harassment, insubordination, falsehoods, and “guerilla tactics.”⁴⁴ Unionization is absolutely preventable, says ANHS, if managers respond in the “right” way, citing statistics demonstrating the chilling effect of employer campaigns, which significantly reduce the likelihood of employees forming a union.⁴⁵ Finally, the manual stresses the key role of local management and supervisors who must behave proactively because they “are in the best position to communicate... that unionization is not in the best interest of individual employees, the organization, or the community.”⁴⁶

The language employed throughout the manual evokes a war between managers and employees, and in this war managers are urged to “fortify [their] position” and “harden [their] target.”⁴⁷ This rhetoric encourages managers to take whatever steps are necessary to preserve T-Mobile USA’s union-free status. Managers and supervisors must, for example, engage in subtle forms of surveillance to detect the “early warning signals” of union activity, such as “any new cliques” among workers or an employee “getting more phone calls than usual.”⁴⁸

The manual comes close to encouraging illegal activity, as it stresses that supervisors “do not have individual liability for violations of [labor law] principles.”⁴⁹ Managers and supervisors will not be held responsible for breaking the law, according to the authors, but they will be held responsible for failing to communicate to employees the company’s anti-union message (and can be fired as a result). Only the most anti-union corporations in the country use this type of manual.⁵⁰

Like the employees who are the target of the anti-union campaign, frontline managers and supervisors are fed misinformation about unions and collective bargaining. This is an important tactic, because managers and supervisors are required to give their opinions to workers, but these “opinions” are themselves constructed by anti-union consultants.

The 2008 Anti-Union Memo. T-Mobile USA claims it no longer uses the ANHS manual. So what has changed concerning T-Mobile USA’s attitude to unions and collective bargaining? Has it turned over a new leaf? Not according to the evidence.

A confidential 2008 Human Resources memo suggests that, if anything, T-Mobile USA’s anti-union hostility may have intensified in recent years. Entitled “T-Mobile, Stick Together,” the memo instructs managers on how to deal with employees’ efforts to form a union, citing the same lies contained in the 2003 manual, and recommending the same strategies and tactics for undermining organizing campaigns. Claiming that employees “are not interested in the union,” are “confused by many of its claims,” and “are annoyed by the interference”—without providing any evidence to substantiate those claims—the memo gives managers detailed talking points to dissuade workers from trying to organize. But of course, if workers were so uninterested in forming a union, why would management need to be so proactive in discouraging them?

Indicating the clandestine nature of T-Mobile USA’s union avoidance program, this 2008 memo is marked for the attention of: “Front-line managers only. Please do not print, post or distribute.”

The memo encourages managers to “visit your learning plan for web-based training on this topic.”⁵¹

The specific directives to managers include:

- Inform employees that it is preferable “to engage in direct, one-to-one communication, rather than through a third party representative.”
- Remind employees of their “superior benefit package without having to pay union dues or be subject to the many other obligations of union membership.”
- Tell employees that “collective bargaining could result in the loss of certain benefits.”
- Remind employees that “thousands of workers in the telecommunications industry who are represented by unions have been laid off.”⁵²

These highlighted themes, which play on fears of economic insecurity, are the same themes recited in practically every anti-union campaign. Even T-Mobile USA Vice President Joe Mallahan called the memo both “goofy” and “inappropriate.” In fact, according to The Seattle Times, he thought it was a fake until the Company’s chief personnel officer confirmed it was real.⁵³

Other Anti-Union Materials. T-Mobile has distributed other materials stressing the same themes. Several fliers tell employees that they should be fearful of collective bargaining. One flier stressing the “risks of collective bargaining” warns “there is absolutely no law” preventing the company from offering lower wages and benefits than what employees currently have nor against the union accepting this: “It happens all the time.”⁵⁴ In reality, of course, this is rarely the outcome of collective bargaining.

Another flier urging employees to “protect your benefits” states that the union “might trade off some of your current benefits in order to get a Union Shop or Dues Check-Off Clause.” It concludes: “Are you willing to put any of your current benefits up for grabs?”⁵⁵

Exploiting fears of strikes and unemployment, management suggests that employees ask organizers: “If the union calls me out on strike, and the company hires a permanent replacement to take my job, will the CWA find me another job so I can still pay my bills and support my family?”⁵⁶ While it may be legal, this material is clearly designed to instill fear in T-Mobile USA employees and intimidate them against forming a union.

Evidently, T-Mobile USA is content to follow the low-road practices of anti-union corporations in the U.S.⁵⁷ Whatever other benefits they may enjoy, T-Mobile USA employees clearly do not work for a company that respects in any meaningful sense their right to choose a union and engage in collective bargaining.

Anti-Unionism “Benefits” Employees?

In an attempt to justify use of the materials discussed above, T-Mobile USA has claimed that it is important for employees to have the “benefit” of management’s perspective on unions and collective bargaining. This is a standard refrain of anti-union corporations: they are not interfering with employees, but rather “educating” them on the issues.

Here’s what passes for good management at T-Mobile:

When the union is outside with signs and is handing out leaflets, the “good managers” tell us that if we stop to take a leaflet or even look in the direction of the union people, we are risking our jobs. And they say they are telling us this because they care about us. We want to say: If you really care about us, then you should be telling us to take as many leaflets as we can.

—Anonymous T-Mobile USA employee

T-Mobile USA claims that anti-union materials explain to managers “what is lawful and unlawful... so that managers have the information necessary to abide by the law.” This is another standard refrain: by educating managers on what actions they can and cannot take, union avoidance materials will actually lower the incidence of unfair management practices.⁵⁸ But in reality, aggressive anti-union campaigns using materials such as these and run by outside consultants almost always result in more allegations of unfair practices.⁵⁹

T-Mobile’s Union Avoidance Specialists

External Union Avoidance Specialists. There are few actions in U.S. labor relations that so clearly signal a firm’s determination to operate union-free as its decision to engage the services of union avoidance consultants and law firms. In addition to commissioning the training manual developed by Adams, Nash, Haskell & Sheridan, T-Mobile USA has, since 2001, enlisted the services of an attorney skilled in union avoidance to represent it before the National Labor Relations Board. Peter D. Conrad, counsel for the international law firm Proskauer Rose, specializes in defending employers against charges and activities ranging from “straightforward discharge for union activity” to “union avoidance and corporate campaigns (defending employers against organizational activity in its many forms).”⁶⁰

Internal Union Avoidance Specialists. T-Mobile USA has advertised for and hired internal human resource specialists and managers with union avoidance experience. In 2005, on at least 10 separate occasions, T-Mobile posted ads for “Human Resources Staff” based in Texas, Colorado, Florida, and Pennsylvania who had expertise and experience in union avoidance. T-Mobile posted so many of these ads that UNI Global Union complained that it was “having to write to Deutsche Telekom over the same issue on almost a daily basis.... This is by no means an oversight but clearly

shows T-Mobile USA's anti-union policies."⁶¹ Under "Essential Duties and Responsibilities," the ads include the requirements:

- Assists on appropriate interventions for the purpose of maintaining a productive and union-free environment, and
- Assists in developing continuous training on [union avoidance].

Not only did the ads seek managers and HR specialists with union avoidance experience, they equated a "union-free environment" with a "productive environment." This is a clear indication of the company's anti-union prejudice, but one that is contradicted by empirical research.⁶² T-Mobile USA ran the ads even after saying that they had been removed and would not be used again, claiming that it had "used an old template in error."⁶³

These are not isolated incidents. Another T-Mobile human resource manager, Luis E. Sample, who works in the

greater Atlanta area and whose job is to "provide advice/counsel to senior management staff and employees regarding employee relations matters," boasts a background in union avoidance. Sample states that his previous work experience includes "developing union avoidance strategies" as a regional human resource manager at Delta airlines and "union avoidance" activities while working as a regional manager for United Airlines, both based in Latin America.⁶⁴

Armed with an extensive battalion of external and internal union avoidance attorneys, consultants, human resource specialists and managers, T-Mobile USA has demonstrated that it is committed to operating union-free and is unafraid of acting on that policy. These are not the actions of a typical transnational corporation, but are akin to those of the most anti-union corporations in the country. Firms that respect their employees' rights to form unions do not recruit HR specialists and managers with experience in unionbusting.

The NLRB Exposes T-Mobile USA's Anti-Union Intimidation



The first time the union was outside our call center, nothing happened. But the very next day, we were told not to take the literature. And then a few days later, we had a focus group meeting with the call center director. They were called focus group meetings and the focus was on the union and why unions aren't good.

In the meetings we were told to keep going, not to stop, not to take any literature. They told us we were not to talk to the union people. And they told us not to sign anything, because that might bring the union in if we did that. Every time (every time!) the union was out there, we would get a heads up that they were there and a reminder not to take any literature...

But one time I stopped and took the literature, because I wanted the union, and I wanted to find out more. Then my team manager told me to take the literature to HR and tell them I only took it because I was waiting for traffic to pass and the union had handed it in the window to me. She told me to do this because she didn't want me to get in trouble for it and she knew that people were getting fired for taking literature, and she didn't want anything to happen to me.

I decided not to take it into HR after all, because I was actually for it and didn't want to give it up.

—Anonymous T-Mobile USA employee

On several occasions, T-Mobile USA's practices have landed it in trouble with the National Labor Relations Board.

2001 Action. In December 2001, the NLRB took action against VoiceStream (now T-Mobile USA) after the company posted anti-union ads. In the settlement, management promised that it would not threaten union supporters with reprisals, interrogate them about union activities, suggest that workers would be forced to quit due to union activities, or otherwise interfere with their rights.⁶⁵

2006 Complaint. Twice in early 2006, management at a call center in Allentown, PA, directed private security guards to intervene when union organizers were distributing fliers outside the main entrance of the workplace. The company-controlled security guards illegally prevented employees from accepting the union fliers and illegally recorded the license plate numbers of those employees who did accept them. The impact of these actions was to intimidate union supporters, as was their intent. The coercive surveillance practices of the guards, the NLRB ruled, violated the National Labor Relations Act:

[T]he employer... on more than one occasion violated Section 8(a)(1) of the Act by interfering with the rights of employees to communicate with the Union representatives by telling individuals who stopped their vehicles not to take the Union handbill.... [On another occasion] also in violation of Section 8(a)(1) of the Act, a guard stationed near the main entrance on two or more occasions recorded the license plate numbers of vehicles driven by individuals that stopped to take the leaflets.⁶⁶

T-Mobile USA's anti-union activities in Allentown did not end there. Two years later, the union found that management was still using guards and security cameras to intimidate pro-union employees. Incidents of anti-union intimidation have reportedly created a "culture of fear" at T-Mobile USA retail stores throughout Pennsylvania.

2008 Complaint. In 2008, the NLRB again found fault with T-Mobile USA, as a result of an anti-union memo sent to managers. With a subject heading of "Reporting Union Activity," a human resource manager in Oregon told managers to inform employees that anyone who hears about any kind of union activity at any time must report it immediately to HR:

As per my call/voicemail, please cascade to your team the following: Any Union activity must be reported to HR and the MM [market manager].... In the absence of the RSM [senior manager], the RSR [sales rep] must routinely notify the MM... the same day of the activity, including activity in the evening.⁶⁷

Despite the fact that the memo addresses "union activity" alone, T-Mobile USA denied that it was singling out the issue, insisting that it was simply enforcing a blanket policy against solicitation by third parties in work areas. The fact that the email referred exclusively to union activity was a mistake on the part of one manager in one location that had subsequently been rectified, claimed the company. "Please be assured," management wrote to the CWA, "T-Mobile USA has no such policy [requiring employees to report union activity to their managers]."⁶⁸

The CWA believes that the same illegal memo was sent to managers in Pennsylvania and elsewhere, and its message is consistent with other company materials. A flier designed for managers, titled "Signs of Union Activity," refers to employee reports of union activity as "a condition red indicator of problems,"⁶⁹ while another urges supervisors to contact HR "immediately if you hear of union organizing efforts."⁷⁰

The National Labor Relations Board rejected T-Mobile USA's explanation for the memo, finding that, by encouraging employees to report union activity to management, the company had once again violated workers' rights. The NLRB settlement mandated that the company post notices in work areas stating that employees are protected in

their efforts to form a union and do not have to report to management about their union activities or anything they observe about their coworkers.⁷¹ T-Mobile USA agreed to the settlement and posted the required notices, though this type of settlement is unlikely to serve as a deterrent against similar anti-union behavior in the future.

Not Guilty as Charged? Despite the fact that the NLRB has found meritorious several complaints of illegal behavior against the company, T-Mobile USA has disingenuously claimed that the Labor Board has never issued a ruling stating that it has violated the law.⁷² This is true, of course, only because T-Mobile USA agreed to settlements with the NLRB prior to the issuing of such a ruling. The company has continued to claim that the Allentown security guards who illegally intimidated and videotaped pro-union workers “were not T-Mobile employees” even after

the NLRB found that the company “was responsible for the guards’ conduct. . . . [Management] exerted sufficient control over the guards to render the guards as its agents.”⁷³

In an incredible reversal of the facts, and without a shred of evidence, T-Mobile USA’s “Chief People Officer” accused union organizers of “intimidating” and “harassing” employees at the Allentown call center, shortly before the NLRB found that security guards had intimidated pro-union employees.⁷⁴ Deliberate misrepresentations such as this—designed to confuse the issues and divert attention away from the company’s illegal actions—are commonplace in anti-union campaigns. Rather than set a positive example in its labor practices by upholding the law, T-Mobile USA has followed the lead of some of the worst corporate actors in this country.

Why Workers Want and Need a Voice

Why have Deutsche Telekom's American workers at T-Mobile USA attempted to form a union, despite the company's insistence that they are well treated, rewarded better than their counterparts at unionized companies, and that employees have no genuine interest in having an independent voice at work? In interviews conducted with current and former T-Mobile USA employees in Pennsylvania, Florida, Colorado, New Mexico, and California, several key concerns emerge over working conditions and management practices.⁷⁵

Fear and Organizing

Workers have roundly criticized what one Allentown-based employee called the "culture of fear" that management has created around the issues of unionization and collective bargaining. "We have to be secretive," he explains, "like spies."⁷⁶ Another employee elaborated on this culture of fear: "We are basically left to fear for our jobs on a daily basis, or just quit.... In the past [some workers] tried to contact a union and were then fired. [I'm afraid] this is what will happen to me."⁷⁷

When faced with organizing activity, T-Mobile USA wastes no time in launching its anti-union campaign. One employee described management's immediate response at the first sign of union activity outside the workplace:

Yeah, the first day the union was in the front, everyone was in a panic. The whole leadership was in a panic. They pulled in each team separately just to tell them not to join the union, 'Why do you need a union?' They were downplaying, finding all the negatives about it.... Just kind of downgrade them. The first day, they pulled everyone out and had a big meeting. Supervisors or managers were called from their day off to come talk to us.



Here's the truth about T-Mobile and those "Best Place to Work" surveys: We get an email from our team coach saying, "It's time to complete your employee satisfaction survey, which is conducted by an independent third party. Here is your password." And then, if we haven't completed the survey right away, we get another email from our coach saying, "This is a reminder to complete your survey. We see you haven't completed it yet. Here again is your password. Please complete your survey immediately."

So it's pretty clear to all of us that there is no way this is anonymous, since T-Mobile is tracking whether we have or haven't completed our survey, and they are giving us the password... Since we don't want to lose our jobs, we put down what we think they want us to put down.

Bottom line: it's an entirely fictitious and false survey, which doesn't reflect how any of us really feel about being at T-Mobile.

—Anonymous T-Mobile USA employee

Each individual team met. 'The union won't prevent you from losing your job – if you're going to lose your job you are going to lose it anyway. So why have it there? It's not something you should trust. We have an open door policy; you can come talk to us anytime about any problem you have with us. You won't have that anymore.' It was trying to find all the negatives.

People got scared. People who were like on the verge, of course, they didn't want to have anything to do with [the union] at this point.⁷⁸

Several employees commented on the key role of supervisors in the anti-union campaign:

Our supervisors are like programmed machines. And of course, I can understand why. They are afraid of losing their jobs and will do anything to keep it... They counter anything a rep says about the union. Their job is damage control: 'Oh, it's going to cut off our open door policy. How you will no longer be able to walk into HR or walk up to a supervisor and bring up an issue. Now there will be a middle man, you'll have to go through the union in order to talk to HR.' So, you know, that's how they do it. Nothing positive.⁷⁹

Captive audience meetings stress the same themes as T-Mobile's campaign literature:

They immediately pulled us off the phones. Each manager in three departments pulled their department off the phones, which is something I have never seen done. If the union were not a big deal, then why would you guys need to take such an action? They said [if employees form a union] we would lose some of the benefits that we have.... They were painting the picture that maybe you could lose things like a tuition reimbursement.⁸⁰

In some cases, these meetings produce the desired results: employees were either dissuaded from forming a union or too scared to discuss it anymore:

I work on the retail side of T-Mobile, and it has been slowly getting worse by the day here. I am turning to the union because we feel like we have no other option here. We are basically left to fear for our jobs on a daily basis, or just quit.

I would really appreciate if you kept my name anonymous for fear of total repercussion from our Divisional Director. In the past, reps tried to contact a union and then were fired for silly reasons, and this is what will happen to me. I will say that all the stores in our district feel exactly the same, and that I have been contacted by reps from the majority of those stores, and we all need the union to please help us right away!

—Anonymous T-Mobile USA employee

For some, it worked. Our management team started speaking negatively about the union, and people... started not responding to the union, they wouldn't take a flier and they wouldn't speak to the union rep outside. They wouldn't have anything to do with it, not even have a discussion about the pros and cons of having a union; they didn't want to hear it. It worked.⁸¹

Other employees recounted similar stories about management's pressure tactics.

Outsourcing

Another concern for T-Mobile USA workers is fear over job outsourcing. It appears that the company has a significant sourcing arrangement with Convergys Corporation. Call center workers have discovered that, instead of being sourced domestically, billing for the so-called "FlexPay" program is

being handled by agents in Canada, the Philippines, or—in the case of Spanish language calls—Colombia and Mexico. The FlexPay program is “a paid-in-advance billed service that makes T-Mobile . . . available to credit-challenged customers.”⁸² T-Mobile USA workers trained some of the employees in these countries who have now taken their jobs.

Workers have repeatedly expressed confusion over which calls are outsourced, and what the protocol is. It appears that calls from customers participating in the company’s FlexPay program make up a majority of the outsourced calls, suggesting a two-tiered system of customer service – U.S. workers for the post-paid customers (those with long-term contracts) and lower-wage non-U.S. workers for the pre-paid customers. Thus, the company’s outsourcing policy may be hurting consumers as well as workers. Customers have complained about the quality of service in the FlexPay program, while employees express grave concern about the security of their jobs, especially in today’s perilous economic climate.⁸³

Wages

Despite the company’s claims about its superlative terms of employment,⁸⁴ many employees are concerned about wages and lack of transparency in wage scales. At one call center, T-Mobile USA apparently offered an attractive starting wage. However, it appears that no job candidates fit the precise job requirements, so starting workers were paid significantly less. Thus, the company could claim to offer high wages without actually paying them.

At the other end of the wage spectrum, cell technicians tend to be among the highest paid non-managerial workers. T-Mobile USA cell technicians tell us that the company has three job titles: Level 1 at \$16-\$17; Level 2 at \$18-\$22; and Level 3 at \$23-\$28 per hour. Yet all three levels at T-Mobile USA perform the same work, so that the only difference among levels appears to be management discretion in assigning work. In contrast, top of scale at AT&T Mobility is \$33 an hour.

The wage situation at T-Mobile USA is likely to deteriorate in the future. In January 2009, President and CEO Robert Dotson announced that employees would not get an annual wage increase this year, insisting that the company must “stay scrappy” and “be lean and mean while growing the business.”⁸⁵ But Dotson’s insistence on the need to “stay scrappy” seems to be contradicted by T-Mobile USA’s actual performance. In 2008, the company enjoyed a profit increase of 6 to 7 percent, and its American operations were responsible for one-quarter of Deutsche Telekom’s entire revenues.

Deutsche Telekom makes more profit out of its average American worker than it does out of its average German worker. T-Mobile USA workers are almost one-third cheaper than their German counterparts – \$62,000 per employee versus \$88,000 per employee (wages and taxes combined). Meanwhile, T-Mobile USA workers generate 43 percent more revenue per employee per year than their German counterparts, which translates into \$142,000 per American employee versus \$99,000 per German employee per year.⁸⁶ Despite this success, T-Mobile USA tells its employees that they need to be “lean and mean” and systematically denies them the right to bargain with management over wages, benefits and respect on the job.

Lack of Transparency in Wages

We need [a union] so bad. . . . My hourly wage is nowhere near competitive. Two miles away [at] AT&T, I would be making 2-6 dollars more an hour...We need change!

—Anonymous T-Mobile USA sales representative

Employees complain about a lack of transparency in T-Mobile USA’s wage structure. Workers do not understand the criteria on which wages are based. The company has no set wage structure, with Human Resources alone

determining workers' starting pay. Employees with longer job tenures do not necessarily earn higher wages than new hires. Seniority, explains one long-term employee, "has little or no meaning" when it comes to pay, promotion, or scheduling at T-Mobile.⁸⁷

Employees cannot gauge how their own wage fits into the larger wage structure of the company because they are forbidden from discussing rates with their co-workers. "It's against company policy to know what other people make," said a retention representative from Florida. "You aren't supposed to ask."⁸⁸ Workers do ask, of course, but are powerless to complain to management because learning wage information violates company policy. In one particularly ironic incident, a long-term call center employee discovered that a recent hire was earning an identical wage. She protested to Human Resources, but instead of being offered a raise she was reprimanded for "going against company policy by even knowing that information."⁸⁹

Seeking Uniform Work Conditions and Management Practices

Employees have expressed concern about a broad range of arbitrary and unfair forms of treatment. Many T-Mobile USA workers complain about an inconsistent "zero tolerance for customer mistreatment" policy, an unfair bonus system, and a general disregard for employees' welfare. Management displays little loyalty to workers and is constantly seeking to reduce costs, replacing more expensive, "tenured" employees with newer hires. T-Mobile USA workers are most frustrated by what one representative called "a lack of uniformity" in work conditions and management practices. What workers seek is the kind of predictability and fairness that is provided by a union contract.

Zero Tolerance on Customer Mistreatment. T-Mobile USA workers have reported arbitrary and unfair treatment at the hands of managers and supervisors. When they are the victims of such treatment, workers have no recourse to a grievance procedure, unlike their counterparts at union-

Every day when I go into work, I never know when I swipe my card to get in that I will in fact be able to get inside the door. . . . Right now, my stats are good, and I am doing well. But the requirements constantly change, and the way we are evaluated varies from coach to coach. So tomorrow – or at the next realignment – I may no longer meet the requirements I met yesterday. It's all so arbitrary. We are all in a constant state of fear over losing our jobs.

—Anonymous T-Mobile USA worker

ized telecom firms. One area of concern is management's interpretation and enforcement of a zero tolerance policy on "customer mistreatment." While workers acknowledge the importance of treating customers respectfully, and service representatives often state they enjoy solving problems for people, they are dismayed by the organization's policy of firing workers on the spot for anything that management labels "customer mistreatment." This policy, employees complain, fails to take into consideration that even good workers sometimes have bad days. Nor does the zero tolerance policy make sense when the company tells workers that they have a right not to be mistreated by customers. One employee explained:

There were people I thought were amazing reps. One day they were there, and the next day they were gone. Like in any other job, you have a bad day. You talk back to a customer. They don't wait until the next day, they tell you to finish up the call and pack up your stuff. The fear of this happening to you is nerve wracking, especially if you are being screamed at on the phone and called the lowest thing on the earth, and they tell you that you don't have to take abuse from the customer. They tell you that, but then you can lose your job. Zero tolerance—it doesn't matter if you've been there two months or 12 years, it's all the same.⁹⁰

Another worker stressed the sense of insecurity that goes hand-in-hand with this zero tolerance policy: "It makes you realize that your job is just a phone call away. If you have problems at home, leave them in the parking lot. Your job is not guaranteed."⁹¹

What Constitutes Mistreatment? Employees also complain about a lack of clarity concerning what constitutes customer mistreatment. Yelling at a customer is obviously considered mistreatment, but so too can be failing to express sufficient sympathy for a disgruntled customer. One worker described being reprimanded for not expressing enough sympathy for a customer who had gone over his calling minutes and ended up with a higher-than-usual bill. Though he expressed sympathy, he apparently did not express this often enough during the call. Had he been failing to meet his "stats," the employee believes he would have been fired:

Someone is telling me... about their life and their high bill, and I said, 'I'm sorry about that.' And then they went on for another 20 minutes and I didn't say, 'I'm sorry' a second time. They treated this as a customer mistreat. But I said it! I wasn't showing a lack of concern; what the customer was asking for was unreasonable.... If I had been someone with past issues, someone that the stats aren't there for, they can get rid of them.⁹²

As a result of supervisors' inconsistent handling of alleged cases of customer mistreatment, workers are constantly on "pins and needles."⁹³ Veteran employees say that this problem has grown worse over the past couple of years. When asked why he thought T-Mobile USA had adopted a harsher policy on customer mistreatment cases, one six-year employee replied that the company was trying to get rid of employees who were not meeting their sales quotas and using its zero tolerance policy to achieve this.⁹⁴

Zero Tolerance as a Cost-Cutting Measure? Several employees believe that management manipulates the cus-

tomers' mistreatment policy in order to reduce costs and maintain sales quotas. At the Ft. Lauderdale, FL, call center, according to one employee, a representative was fired because a customer rated him low. Employees say this is a common practice. They speak about being "one call away" from losing their jobs, even if they have worked and excelled at the company for many years. The Ft. Lauderdale-based employee earned the low rating by following company policy. A customer had wanted a free phone without signing a cell phone contract. In accordance with company policy, the T-Mobile USA representative refused his request and because of this the customer rated him low:

One person I know was terminated because the customer wanted a free Sidekick without a contract. And we don't do that. We aren't going to give you a free Sidekick without renewing your contract for at least two years. We can possibly give you a free Sidekick, but not without [a] contract. And so... he upheld the policy. And because he didn't give the customer what he wanted, and management wants to maintain their high customer ratings, they let him go.⁹⁵

Several workers believe that T-Mobile USA has adopted a stricter policy on customer "mistreats" because it wants to get rid of more expensive, "tenured" employees and replace them with cheaper new hires who are less likely to complain. As one employee explained:

They are always hiring... It's easier to get in someone new and pay them less. New people in, try to get the old people out, because they're cheaper... It's easier with new people, because they don't know how it's been. The old people, they understand that the new policy is not fair. It's easier to get new people, versus old people who know it's unfair.⁹⁶

Other employees believe that management is rating employees' performance more harshly in general in order to get rid of more expensive employees:

[Tougher ratings by supervisors] was their way of weeding out the veterans, and bringing in younger kids. I was in the top 10 percent in terms of pay. I was making \$14.75 an hour. New kids hired make \$9.50 an hour. And they are paid a lot less to do six times as much as they used to. There used to [be you could] ‘challenge’ the rating. Now you can go to your manager but they can’t change things. It goes in your file, and it stays.⁹⁷

Another employee criticized the arbitrary and unfair nature of the rating system:

Coaches [supervisors] rated you on things like, did you keep the customer happy, did you stay on your time limit, and [a] little bit of up selling.... And then they started rating us worse. And you got all different ratings depending on your coach. Depending on the coach, it was good, another coach, it was great, another coach, it was lousy. There was no consistency whatsoever.

I would come off calls thinking I was extremely competent, and I would get a [low rating]. The coach would say, “You didn’t offer this, you didn’t do that.” It got to the point where nothing you did was ever good enough. Their explanation to us was that this is what the customer wanted. But I know this isn’t the case. Customers don’t care if we ask them how their day is going.⁹⁸

Bonus Scheme Problems. Several workers complained about the implementation of T-Mobile USA’s bonus scheme. Employees depend on bonuses or “incentives”—which in call centers are tied to their ability to secure contracts or sell new services or merchandise—to supplement their basic wages. But the requirements for earning a bonus, and the amount of the bonus, varies from team to team and can depend on the skill of the team’s supervisor at securing bonus funds. Call center representatives have repeatedly expressed frustration about the lack of a consistent policy on bonuses. According to one employee:

The bonuses are on one week, and off the next week. Right now, they are saying the bonuses are gone. When I was hired, they said they give them every quarter. Now, the company is not doing very well and they are taking the bonuses away.⁹⁹

Another representative commented on the key role of supervisors: “Depending on what kind of supervisor you get, you can still get bonuses. Everyone has their little tricks, depending on how long the supervisor has been there.”¹⁰⁰

In order to earn a bonus, workers must reach a constantly moving target that the company alters in order to serve its financial needs:

They change the bonus structure every month. You have a quarterly bonus, but if the company doesn’t meet its numbers they don’t pay you. Or they will switch out some of the numbers so that it’s hard to get. I won’t say impossible, but it’s hard. They’ll make it harder and harder to get, to minimize how many people meet it.¹⁰¹

Another employee complained that bonuses were becoming harder and harder to get:

Bonuses have always been based on quality. About two years ago, it was much easier to get bonus. Your bonus was significantly more. With the changes, it was much, much harder to bonus. It was still based on quality, but also on things like handle time.... you had less time to do things on the call. It makes it that much more difficult to bonus.¹⁰²

Workers complain most about the lack of consistency in the bonus system, as this makes it hard for them to budget when they are confused over how much money they will earn in a given pay period. Customer representatives would generally receive commissions if a customer took out a new contract, but T-Mobile USA generally reclaims the commission if the customer deactivates the service within a certain period (180 days) or if the com-

pany deems it deactivated through lack of use (90 consecutive days of non-use).¹⁰³ Several workers reported that they had first taken positions at T-Mobile because of its bonus system but that they had quickly grown disillusioned with the unfair and arbitrary nature of the system.

Fear as a Management Tactic. Employees also complain about a more general lack of “fair” treatment and disregard for employees’ welfare. Several workers commented on management’s use of fear as a tactic to motivate employees. According to one long-term employee:

Before, you weren’t afraid if you didn’t make your numbers. The number one tactic they are using now is fear. If you don’t reach this, if you don’t reach that... there will be consequences. There would be next steps before, but they wouldn’t hold it over your head, it wouldn’t be a motivating factor. That’s not what pushed you to perform. What pushed you to perform was positive motivation. They put an excitement in you for performing. Now it’s just fear.¹⁰⁴

Another employee expanded on management’s use of fear and insecurity:

Supervisors were telling us, “If you can’t be successful at T-Mobile, we can help you to be successful somewhere else.” This is an actual quote. The execs got word of it and they stopped saying it, those words, but the practice itself, the attitude, is still there. They may not say it, but they still act it out: “If you don’t meet your stats, we will help you to be successful somewhere else.”¹⁰⁵

Other employees reported hearing similar comments from supervisors and managers.

Working Time, Scheduling, and Workload. Long working hours, inflexible and unfair scheduling, increasing workloads, and improper payment for hours worked are also concerns for employees. In 2003, T-Mobile USA paid almost \$4.8 million in back wages to more than 20,000

employees at 13 call centers throughout the country. It agreed to the settlement after the Labor Department found that the company had violated the Fair Labor Standards Act by failing to pay its call center employees for the time spent on work-related activities prior to the start of their shifts.¹⁰⁶

Employees also complain about inflexible scheduling and long working hours. One worker stated the company had become much less flexible on scheduling:

On the last team... there were fewer and fewer [reps who had been there a long time]... I had been there longest. On the previous team, there was only one other person who was there longer than me. She left because they weren’t willing to make any adjustments to her schedule. She had to choose between kids and her job. It used to be that there was a lot of flexibility. If you had school, or day care issues, you could adjust your schedule. It used to be easy to do this. But they are trying to get people out of there, and they aren’t flexible anymore.¹⁰⁷

Longer-term workers complain that, in contrast with unionized workers, they have no preference when it comes to shift or vacation scheduling. One worker explained:

Whenever you get your new schedule, seniority has nothing to do with it. It’s all by your rating or your handling time. Seniority should have some role. Those of us who have been there four, five, six years, and we have a bad quarter, then, we get pushed down. And those who have been there for four, five, six months get the best shifts. This isn’t fair. We’ve busted our butts. There needs to be seniority.¹⁰⁸

Non-union T-Mobile USA employees work longer hours than do their unionized counterparts at Deutsche Telekom (40 hours per week versus 38 hours). And workers are being asked to do more in the hours that they do work. One employee explained:

The constant changes... asking more and more of us. Our workload... when I first started we just did customer service. Now we do customer service, technical support, some collections work. And they weren't paying us for it.¹⁰⁹

I decided to work part time, because . . . I had to work until 2:00 a.m., and I was afraid, as a woman by herself, to be leaving work at two o'clock in the morning. . . . T-Mobile allowed me to work part time - until 12 midnight—but then they said I wasn't meeting my performance goals and recommended that I change back to a full work week. . . . The goals weren't prorated, so at 30 hours a week, my goals were the same as if I worked 40 hours a week. It was impossible. . . . It won't be much longer before they tell me I'm terminated - after 13 years of being a good and loyal employee.

—Anonymous T-Mobile USA employee

What Do T-Mobile Workers Want?

Most problems concerning working conditions and management practices can be attributed to the lack of a union contract. Because they have no union representation, T-Mobile USA workers have:

- No collective bargaining agreement,
- No real job security,
- No protections against arbitrary and unfair treatment, and
- No guarantees against continued outsourcing of their jobs.

This insecurity at the workplace contrasts starkly with the conditions of their unionized Deutsche Telekom counterparts in Germany, who have legally binding collective agreements, meaningful job security, protections against unfair treatment, and guarantees against outsourcing written into their employment contracts at least until the end of 2010. In the latest round of negotiations between ver.di and DT, for example, workers won a 5.5 percent pay increase, backdated to June 2008, and the amount of outsourced work was reduced by the equivalent of about 6,400 jobs.¹¹⁰

Conclusion

We believe that through this new union, we will contribute to working conditions for workers in both countries. Management must get used to the idea that we are representing the interests not only of German workers but of American workers as well. This is the right response to globalization.

—Lothar Schröder, Member of the Federal Executive, ver.di - United Services Union

The solidarity demonstrated by Deutsche Telekom workers on both sides of the Atlantic who have united in the new organization known as TU is a breakthrough in labor relations. TU is telling American workers' stories in an effort to stop senseless corporate attacks on those who want to organize—and to build bargaining power for the next steps. The message to DT's management is simple: Workers in all your operations will fight to protect their rights and support each other.

Ver.di, in solidarity from Germany, has criticized T-Mobile USA's "obvious anti-union behavior" in the United States. The head of the union's telecom and IT sector explained:

We are not accustomed to [such anti-union] practices in labor-management relations at Deutsche Telekom in Germany and can by no means accept them; we have already called on central corporate management a number of times to prompt T-Mobile management in the United States to change their behavior accordingly.¹¹¹

Momentum is building, as critics beyond the labor community weigh in. For example, responding to T-Mobile USA's aggressive behavior, Senator John F. Kerry of Massachusetts wrote to the CEO of Deutsche Telekom requesting an explanation "as to why the company's approach to labor rights is different in Germany than in the United States."¹¹²

In response to this criticism, T-Mobile USA said only: "We understand that employees have the right to seek union representation, and we certainly respect that."¹¹³ Management has insisted that it is "extremely clear" on one point: "T-Mobile USA has and will abide by both the letter and spirit of the National Labor Relations Act."¹¹⁴ Anti-union literature has never denied that employees have the right to form a union, the company claims, but simply explains to managers which actions are lawful and which are not. Unfortunately, the National Labor Relations Board has, on several occasions, found that the company has failed to abide by the letter of the law, while its systematic union avoidance policy clearly fails to abide by the spirit of the law.

As Senator Kerry, ver.di, and others have emphasized, Deutsche Telekom's anti-unionism in the United States stands in stark contrast with the company's respect for labor rights in Germany. It violates the labor principles of the UN Global Charter, as well as DT's own Social Charter. Instead of setting a high standard in its U.S. labor practices, T-Mobile USA has:

- Stated forcefully and repeatedly its opposition to employee efforts to form a union and bargain collectively.
- Trained first-line managers and supervisors to communicate a powerful anti-union message to employees, and to act upon the slightest indication of union activity.
- Illegally instructed employees to report any "code magenta evidence" of union activity at the workplace.
- Held group and one-on-one "captive audience meetings," while refusing the union the right of reply and denying employees the opportunity to receive information on unions and collective bargaining—other than that provided by the company—at stores and call centers.
- Used private security guards to engage in the illegal intimidation and surveillance of union supporters.
- Created, in the words of one employee, a "climate of fear" concerning issues of unionization.

But even in the face of aggressive anti-union behavior, T-Mobile USA's workers and TU, the union that seeks to represent them, remain hopeful that the company will follow a different path. In 2006, CWA's president, Larry Cohen, wrote to Deutsche Telekom's CEO:

We continue to hope that DT will work with us as you did when we actively supported the original VoiceStream acquisition.¹¹⁵

CWA played a pivotal role in enabling Deutsche Telekom to enter the U.S. wireless market precisely because the company had a long history of respecting workers' rights and cooperating with unions. We hope that Deutsche Telekom will heed Cohen's advice, and support workers' efforts to improve their lives in the United States, just as it has for many years in Germany. In this way, Deutsche Telekom could then prevent further damage to its reputation and reap the rich benefits of a constructive labor-management partnership.

ENDNOTES

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- ³ The joining of labor unions with the Chamber of Commerce was a rare instance of cooperation between the two groups.
- ⁴ Statement by Morton Bahr, President, Communications Workers of America, to the House Telecommunications Subcommittee, September 7, 2000.
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- ⁶ *Daily Labor Report*, "Labor, Business Groups United In Opposition to Hollings Foreign Telecom Ownership Rider," October 10, 2000.
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- ⁸ See, for example, Lowell Turner, *Fighting for Partnership: Labor and Politics in Unified Germany* (Cornell University Press, 1998).
- ⁹ See, for example, Eileen Applebaum, Thomas Bailey, Peter Berg, and Arne L. Kalleberg, *Manufacturing Advantage: Why High Performance Work Systems Pay Off* (Cornell University Press, 2000); Peter Cappelli and David Neumark, "Do High-Performance Work Practices Improve Establishment-Level Outcomes?" *Industrial and Labor Relations Review* 54:4 (July, 2001), pp. 737-775.
- ¹⁰ Rosemary Batt, Alex Colvin, and Jeffrey Keefe, "Employee Voice, Human Resource Practices, and Quit Rates: Evidence from the Telecommunications Industry," *Industrial and Labor Relations Review*, 55:4 (July 2002), pp. 573-594.
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- ¹⁷ ILO, *The Labor Principles of the United Nations Global Compact*, p. 23, emphasis added.
- ¹⁸ *Ibid*, emphasis added.
- ¹⁹ Quoted in "T-Mobile Brings In US Union Buster," *London Evening Standard*, April 27, 2003.
- ²⁰ See, for example, John Logan, "The Fine Art of Union-Busting," *New Labor Forum* (2004); John Logan, "The Union Avoidance Industry in the United States," *British Journal of Industrial Relations*, 44:4 (December 2006), pp. 651-675.
- ²¹ Quoted in "T-Mobile Brings In US Union Buster," *London Evening Standard*, April 27, 2003.
- ²² T-Mobile International provides cellular service in the United Kingdom, Austria, the Netherlands and several Eastern European countries, including Poland, Hungary, Croatia and Slovakia.
- ²³ Virginia Doellgast, "National Industrial Relations and Local Bargaining Power in the US and German Telecommunications Industries," *European Journal of Industrial Relations*, 14:3 (2008), pp. 265-287.
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- ³¹ UNI Global Union has negotiated agreements with three telecommunications companies - France Telecom, Telefonica, and Portugal Telecom. It has also signed agreements with Carrefour, Danske Bank, Falck, H&M, ISS, Quebecor, and Securitas.
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- ⁵⁸ Larry L. Myers, Senior Vice President, Human Resources, T-Mobile USA, Inc., letter to Senator John F. Kerry, March 20, 2009.
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- ⁶⁵ Michael C. Case, Compliance Officer, National Labor Relations Board, letter to Peter D. Conrad, Proskauer, Rose LLP, December 3, 2001.
- ⁶⁶ Dorothy L. Moore-Duncan, Regional Director, National Labor Relations Board, letter to Charles P. Burns, June 30, 2006.
- ⁶⁷ Maria Lopez Reyher, email to local managers, "Re: Reporting Union Activity," May 30, 2008.
- ⁶⁸ Larry Myers, Chief People Officer, T-Mobile USA, letter to Ed Sabol, Communications Workers of America, July 24, 2008.
- ⁶⁹ T-Mobile USA, "Signs of Union Activity" (no date). Other danger signs of union activity listed include "restrooms suddenly become a very popular place" and new employees "trying too hard to express enthusiasm for the company."
- ⁷⁰ T-Mobile USA flier, "Union Awareness Can and Cannot Do Lists" (no date).
- ⁷¹ The NLRB-required notice stated that T-Mobile "will not promulgate, maintain, or enforce rules that ask or require you to report to us about your co-workers' support for, or activities on behalf of, the Communications Workers of America, AFL-CIO or any other labor organization."
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- ⁷⁴ Manuel Sousa, Chief People Officer, T-Mobile USA, letter to Larry Cohen, Communications Workers of America, June 12, 2006.
- ⁷⁵ At least one current T-Mobile employee who had initially agreed to be interviewed later pulled out because of fear of management reprisals.
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- ⁷⁷ Quoted in "Two-Faced: Human Rights at Deutsche Telekom and T-Mobile USA" (Communications Workers of America, September 2009).
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- ⁷⁹ Interview with T-Mobile employee conducted by Teresa Sharpe, October 18, 2009.
- ⁸⁰ Interview with T-Mobile employee conducted by Teresa Sharpe, October 18, 2009.
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- ⁸³ Joe Mallahan, T-Mobile USA Vice President of Integrated Customer Experience, has overseen the FlexPay product. He provides a stunning endorsement of Convergys on the latter's website. [<http://www.convergys.com/customers/client-testimonials.php>].
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- ⁸⁸ Interview with T-Mobile employee conducted by Teresa Sharpe, October 10, 2009.
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- ⁹⁰ Interview with T-Mobile employee conducted by Teresa Sharpe, October 17, 2009.
- ⁹¹ Interview with T-Mobile employee conducted by Teresa Sharpe, October 10, 2009.

- ⁹² Interview with T-Mobile employee conducted by Teresa Sharpe, October 10, 2009.
- ⁹³ Interview with T-Mobile employee conducted by Teresa Sharpe, October 10, 2009.
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- ⁹⁷ Interview with T-Mobile employee conducted by Teresa Sharpe, October 30, 2009.
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American Rights at Work Education Fund conducts vital research, executes public education campaigns, and builds coalitions to help promote and guarantee the freedom of workers to organize unions and bargain collectively. The nonprofit organization works to advance the critical issues affecting America's working families by exposing the inadequacy of U.S. labor law and advocating for commonsense reforms.

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