

A COMPARATIVE ANALYSIS OF UNION-MANAGEMENT
COOPERATION AND PRODUCTIVITY IN
THE UNITED STATES AND IN JAPAN

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PREFACE

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CHAPTER I

THE PROBLEM, PURPOSE AND NATURE

For many years the increased productivity of American enterprise has been credited in large part to sound union-management cooperation. This cooperation has been based upon mutual understanding, and enlightened leadership in the union and in management.

This method has recently been introduced in Japan and many attempts have been made to use the United States system of union-management cooperation there. However, many difficulties still exist for it even though the study of successful union-management cooperation in the United States and the application of the method is available to Japan.

It was felt that possibly a study of the American system by a Japanese student interested in industry would prove enlightening and beneficial. At any rate, it was felt without a doubt that a visit to the United States, a degree earned in an American school, and experience in an American industrial firm could give an insight into the American process which could not be achieved in any other manner. This project is a part of such an over-all plan.

1. Importance of the study. The development of union-management cooperation has frequently been stressed as one of the most important aims of great productivity in

industrial plants.¹ However, in spite of the rather general recognition on the part of both union and management and the use of many techniques designed to aid in the attainment of these goals, the basic elements in achievement of union-management cooperation have been ambiguous and inadequate.² For this reason cooperation, especially in Japan, has often failed. It is hoped that these limitations may be eliminated by an analysis of successful American enterprise in union-management cooperation. In this study, an attempt will be made to show methods and techniques of which the above criticism cannot be made.

2. Purpose of the study. It is the purpose of this study for the development of American type of sound union-management cooperation in Japanese industry (1) to clarify the problem, purpose and nature; (2) to seek the relationship between industrial psychology and the success of cooperation; (3) to analyze the possibility of cooperation in specific aspects of managerial functions; (4) to find out the factors which are considered in starting and achieving cooperation; (5) to show how to organize the machinery; and

¹L. A. Wood, Union-Management Cooperation on the Railroads (New Haven: Yale University Press, 1931), p. 87.

²Robert Babin, Human Relations in Administration (New York: Prentice-Hall, Inc., 1951), p. 315.

(6) to discuss ways which it may be possible to bring union-management cooperation into Japanese industry.

3. Limitation of the study. The area of the study is limited to union-management cooperation in the United States and it does not involve political and legislative concerns to cooperation nor does it discuss cooperation regarding productivity in the common interest of labor and management in industrial plants.

When a company or a union considers the possibility of labor-management cooperation, it must know why cooperation is started. In general, it is the purpose and intent of the parties that union-management cooperation will promote and improve industrial and economic relations between the employees and management.³

It is generally interpreted that the development of industrial and economic relationships follows the form of seeking their common objective in their common interests.⁴

From this interpretation, the common objective involves two intents: the development of (1) industrial and (2) economic relationships.

³Master Agreement between Continental Can Company, Inc. and United Steelworks of America, October 1, 1956 to September 30, 1959, p. 4.

⁴Ernest Dale, Great Productivity Through Labor-Management Cooperation (New York: American Management Association, 1949), p. 10.

(1) Industrial relationships: the primary meaning is that of the development of the kind of mutual confidence and respect that will permit the most complete recognition and appreciation of common interests of employees and management.

(2) Economic relationships: the secondary meaning is that of maximum expansion of mutual economic interests.

With the understanding of the meaning of cooperation, union and management may undertake collective action for the common benefit and well being of the employees in the bargaining unit and the owners of the business.

The arrangements of union-management cooperation vary mainly in the range of managerial functions in which unions and managements cooperate. Therefore, it is necessary to define cooperation before discussing it. Since it may involve the union, certain aspects of it can be best explained by showing how it differs from collective bargaining and other sorts of cooperation between employees and management in the characteristics, the degree used, and the machinery set up to facilitate it.

1. The characteristics of cooperation. Union-management cooperation is a means of more inclusive collaboration than that provided by the usual shop committees or Whitely councils⁵ or some of the employee representative plans. It

⁵ Dale Yoder, Manpower Economics and Labor Problems (New York: McGraw-Hill Book Company, 1950), p. 622.

is also a more inclusive cooperation than that provided by wartime labor-management committees.⁶ Moreover, union-management cooperation represents a long-term program under a definite partnership arrangement.⁷ It is worthy of note, as one of the fundamental distinctions between union-management cooperation and any sort of company unionism or employee representation, that employees have frequently taken the initiative in encouraging development of union-management cooperation.

Provisions of union-management cooperation are more extensive and detailed than usual collective agreements. The systems--involving regular joint conferences, encouragement of suggestions from employees, airing of grievances in open meetings and before representatives of labor and management, and reference of numerous personnel and other technical managerial problems to unions or to joint boards of arbitration for disposal--are all somewhat different from the formal stipulations of rights, privileges, and procedures for the settlements of disputes that are characteristic of most collective agreements.

⁶"Wartime Methods of Labour-Management Consultation in the United States and Great Britain," International Labour Review, vol. 52 (October, 1945), pp. 309-334.

⁷E. J. Lever and Francis Goodell, Labor-Management Cooperation (New York: Harper & Brothers, 1948), p. 18.

Kurt Braun points out that union-management cooperation in the specific meaning of the term is collaboration of employers and employees through the medium of a union.⁸ On the other hand, Robert Dubin defines union-management cooperation as involving a situation in which union and company together actively work to make production as efficient as possible.⁹

The highest degree of cooperation is reached where the parties expand the range of collaboration for their mutual benefit beyond the elementary matters of wages, hours, and condition of work. Such an advanced stage will not be reached as a rule until both parties have cooperated within a less comprehensive sphere. Thus, union-management cooperation is the realization of a disposition on the part of both union and management to work together to achieve any common objectives. Consequently, union-management cooperation suggests common objectives for common interests. However, collective bargaining, even though there is a common interest, really does not require a common purpose other than a achievement of agreement. More specifically, union-management cooperation

⁸Kurt Braun, Union-Management Cooperation (Washington, D. C.: The Brookings Institution, 1947), p. 5.

⁹Robert Dubin, "Union-Management Cooperation and Productivity" (Industrial and Labor Relations Review, vol. 2, (January, 1949), p. 193.

may be defined as collaboration of management and union on subjects extending beyond elementary matters between employer and employee relations.

The establishment of a spirit of cooperation does not mean that all conflicting interests have disappeared and that the parties are now guided by altruism rather than self-interest. Union and management constructively compromise because they are making an effort to understand and respect the problems of the other side, rather than because either side lacks the strength to get more.

2. Relation between collective bargaining and union-management cooperation. For the purpose of this study it is imperative to answer the question as to whether union-management cooperation and collective bargaining are two different and separate things. Collective bargaining differs from union-management cooperation. The former is merely a technique whereas the latter is an economic and social concept. "However, it is inseparable from collective bargaining because the latter is the only form in which management and labor can cooperate."¹⁰

In collective bargaining, the intention is to arrive at an agreement on matters which both parties have consented to discuss. Under collective bargaining either party may

¹⁰Braun, op. cit., pp. 21-22.

break off relationships if no agreement is reached.

Another important difference between collective bargaining and cooperation is that while cooperation entails "good faith" on the part of both union and management, the term is used in a more general sense than that set forth in the National Labor Relations Board definition.¹¹ In cooperation, "good faith" implies:

1. readiness to let either party present information, advice, comment, suggestions on matters of joint interest;
2. a careful examination of the subjects raised, by those best qualified to study them;
3. communication of the results of the study in an understandable manner, with as full a disclosure as possible to the employees who made the initial approach, to the union representative, or to the designated members of management;
4. explanation of the proposed action, in advance, so that the other party may have an opportunity to comment.

It is the mutual willingness to understand, respect, and possibly even support the specific interests of the other side which gives collective bargaining the character of union-management cooperation. Where such a willingness exists, the determination of the subjects of negotiations and agreements will be less a problem than it is in an atmosphere in which the parties are guided solely by the traditional concept of conflict. Expansion of the area of

¹¹Ernest Dale, Greater Productivity Through Labor-Management Cooperation (New York: American Management Association, 1949), p. 12.

collective bargaining is not the essence but only a concomitant of union-management cooperation.

An attempt to achieve union-management cooperation without collective bargaining is practically doomed to failure. Schemes of cooperation based on the principle of separating collective bargaining from union-management cooperation have failed.¹²

3. The degree of cooperation. On the basis of a survey concerning cooperation, Dubin concludes that the most common objective of union-management cooperation is increased productivity.¹³ However, there are different degrees of cooperation indicating differences in the nature of the contributions which the other side may make. There are four degrees of cooperation:¹⁴

a. Informational cooperation. Union and management merely cooperate in gathering information. In the simplest programs, management merely informs the union of managerial planning, so that union members and officers are, in effect, "on the inside" as regards prospective development.

¹²Kurt Braun, Union-Management Cooperation (Washington, D. C.: The Brooking Institution, 1947), p. 22.

¹³Robert Dubin, "Union-Management Cooperation and Productivity" Industrial and Labor Relations Review, vol. 2, No. 2 (January, 1949), p. 193.

¹⁴Ernest Dale, "Increasing Productivity through Labor-Management", Industrial and Labor Relations Review, vol. 3, No. 1 (October, 1949), pp. 33-34.

b. Advisory cooperation. Each side consults with the other. Management, while recognizing that certain decisions affect and are, therefore, of special interest to the union, consults it on these particular questions.

c. Constructive cooperation. Either side makes positive suggestions for improvement. Management seeks union assistance "in much the same fashion that it seeks the council of business consulting service."¹⁵

d. Joint determination. Union and management make the decision jointly. It is the highest degree of cooperation since both parties have equal voice in the decision. It is, however, a "limping" kind of cooperation, for it shades into collective bargaining.

Dubin insists that the basis of stable union-management relations lies in developing a system of joint consultation between company and union. Such a consultation is sharply distinguished from collective bargaining and the latter is dependent upon the use or threat of power by one or both sides. His meaning of consultation involves the first three of the four degrees of Dale's classification.¹⁶

4. The machinery of cooperation. The machinery of union-management cooperation has to be set up especially for the purpose of achieving such cooperation and is distinct from that of collective bargaining.

The machinery naturally rests on two bases: one on the management and the other on the labor side. Braun illustrates the case of the clothing industry.¹⁷

¹⁵Dubin, op. cit., pp. 195-196.

¹⁶Dubin, loc. cit.

¹⁷Braun, op. cit., p. 79.

"The foundation on the side of clothing management is the employers' association or group, or a federation of association, unless individual employers deal with the union directly. On the side of labor, the national union takes care of industry-wide issues, whereas joint boards represent all single local union together in the matters of market-wide significance. The foundation of the joint boards is to centralize and integrate labor's activities in a twofold manner. First, they are the central local agencies of organized labor for the purpose of doing business with other parties. Employers' associations and individual employers thus are afforded the advantage of having to deal with only one agency. Second, the joint boards coordinate and integrate the policies and activities of the individual local unions representing different craft or branches of the industry, as well as of the shop committees, shop chairmen, and other union representatives of the single local plants. The boards thus are a very important factor in union-management cooperation."

The methods of cooperation are manifold. The most tangible distinctive element in union-management cooperative arrangement lies in the joint union-management committees in industrial plants which have functions other than negotiations and grievances. These committees are somewhat similar to the development of Whitley councils or other forms of councils. Such committees vary greatly in size and in the numbers and proportions of employees they represent. Some are plant-wide; others are confined to a single department.

In the most common arrangement, committees are composed of equal numbers of representatives from the union and management. All shifts are included. Members generally elect co-chairmen, one unionist and one employer representative, who alternate in providing leadership in meetings of the group.

These committees generally hold meetings much more frequently and regularly than those on collective bargaining. The very regularity makes them practice cooperation with greater continuity and with greater success.

Outside experts hired jointly by union and management may be presented to committees. However, these outside experts, especially on production and efficiency, seem to have decreased. Slichter comments, "The outside expert is usually viewed with suspicion by the rank and file. Furthermore, his very presence dramatizes the process of change and thereby stimulates opposition to it and makes changes more difficult to accomplish."¹⁸ The union expert, therefore, has taken his place to a considerable extent. Two main types of union experts cooperate with management: industrial engineers in the employ of the union and experienced union officers.

Many agencies have been established, financed, and operated jointly by employers' associations and unions. Such agencies have been of greatest importance in cooperative activities in the clothing industry. Moreover, local employers and union representatives may have joint conferences.

¹⁸Sumner H. Slichter, Union Policies and Industrial Management (Washington, D. C.: The Brookings Institution, 1941), p. 570.

¹⁹Braun, op. cit., p. 80.

Such meetings are intended to discuss general policies, special industrial problems or controversies in a more or less formal manner. The personal contact of both leaders through such conferences has contributed considerably to the gradual disappearance of prejudice and misunderstanding which led to serious disputes. Consequently, management and union would secure many of the benefits from union-management cooperation with the full development of a comprehensive basis for cooperation, on both the national and local levels.

CHAPTER II

PSYCHOLOGICAL ANALYSIS OF PRODUCTIVITY AND MOTIVATIONS OF EMPLOYEES, MANAGEMENT AND UNION OFFICIALS

The purpose of this analysis is to study inter-actions between productivity and motivations of labor and management for successful union-management cooperation.

It is impossible to discuss industrial productivity through union-management cooperation without understanding of motivations of labor and management. The question of what productivity success of union-management cooperation derives from may be approached by the study of these ~~energy~~ motivations of labor and management. directed

I. MORALE AND PRODUCTIVITY

Morale and productivity are two important criteria of organizational effectiveness. Morale is defined as the sum total of all the "need satisfactions" which the employee gets from his employment experience.¹

Morale can best be understood in terms of the extent to which individual goals have become identified with group

¹C. E. Patterson, Morale, Production, and Supervision (Michigan: The Institute for Social Research of the University of Michigan, 1955), p. 20.

goals. The channeling of individual effort into the attainment of the group purpose is the dynamic side of morale. On the passive side, morale is a feeling of security and confidence in the group.²

Productivity is defined as the amount of productive work which the employee performs in his efforts to obtain these "need satisfactions."³ Consequently, the basis of both morale and productivity is derived from an individual or a group's "need satisfactions."

II. MOTIVATION

The psychology of motivation is concerned with the problems of energy mobilization and the focusing of energy on a specific goal. The energy which one exerts is directed to the "need satisfactions."⁴

1. Motivation of employees. It is important that management understand what employees want to accomplish. The thorough scientific investigation of employee motivation conducted by the Institute for Social Research of Michigan and American Management Association is introduced here.

²Ross Stagner, Psychology of Industrial Conflict (New York: John Wiley & Sons, Inc., 1956), p. 22.

³Patterson, loc. cit.

⁴Stagner, op. cit., pp. 89-90.

The Survey by the Institute for
Social Research of Michigan

The survey investigated the motivation of employee from the morale point of view. According to the survey, employee morale has two facets, the non-social and the social aspects. These two facets are called "basic" morale and "group" morale.⁵ Basic morale consists of three non-social "need satisfactions."

a. Intrinsic job satisfaction. An employee has intrinsic job satisfaction when he likes his work; finds it to be varied, important and challenging to his ability; and gets a sense of completion from it.

b. Pay and status satisfaction. The employee is satisfied with his pay and status when they meet his current needs for money and prestige and when prospects are good for advancement as these needs increase.

c. Company involvement satisfaction. The employee has company satisfaction when he likes his company and has a good opinion of its over-all objectives, policies, plans, standing and stability.

A high level of basic morale does not necessarily mean a high level of productivity, because pay and status

⁵C. E. Patterson, Morale, Production and Supervisor (Michigan: The Institute for Social Research of the University of Michigan, 1955), p. 25.

and company involvement are mainly affected by institutional measures, such as formal policies, pay scales, benefit plans, etc., and by the decisions of top management; and intrinsic job satisfaction is largely inherent in the content of the job itself.⁶ Although not directly related to maximum productivity, strong basic morale insures against anti-production attitudes in employees. It is also important in other ways. It reduces turnover and absenteeism; it provides a base for building high group morale, which does directly affect productivity.

Group morale is the sum total of all the social "need satisfactions" the employee gets from his relationships with the supervisor and the other members of his group. It consists of the three social "need satisfactions."

a. Sense of belonging. An employee has a sense of belonging when his own aims and ideals are identified with those of his group.

b. Sense of participation. He has a sense of participation when he has a voice in the making of decisions which affect him and his group.

c. Pride in group performance. He has pride in group performance when he has a high opinion of the team work, competence and achievement of his group.

⁶Ibid, p. 59.

In a sense, industrial job satisfaction has only slight relationship to productivity. By contrast, several studies agree that productivity is related to pride in work group and to satisfaction in the work.⁷

Groups which have high morale develop cohesiveness and solidarity and tend to establish and enforce their own standard of performance. These standards may be favorable or unfavorable to high productivity, depending upon the group's perception of management motives, attitudes and behavior. The importance of the group morale has been proved by the studies of Western Electric employees at the company's plant at Hawthorne, Illinois, over the period from 1927 to 1932.⁸

A similar survey of motivation of employees has been attempted by the American Management Association.⁹

According to this study, employee motivation consists of the five needs and productivity is the result of the accomplishment of these five "need satisfactions."

⁷Ross Stagner, Psychology of Industrial Conflict (New York: John Wiley & Sons, Inc., 1956), p. 231.

⁸Michael I. Jucius, Personnel Management (Homewood, Illinois: Richard D. Irwin, Inc., 1955), p. 620. F. J. Roethlisberger, Management and the Worker (Cambridge: Harvard University Press, 1939), p. 507.

⁹The Management Review. American Management Association. (August, 1957). Keith Davis, Human Relations in Business (New York: McGraw-Hill Book Company, Inc., 1957), pp. 37-44.

a. Physiological needs. These are the motivation at the lowest level. Man is a wanting animal--as soon as one of his needs is satisfied, another appears in its place. This process is unending until death.

b. Safety needs. When the physiological needs are reasonably satisfied, needs at the next higher level begin to dominate man's behavior. These are called safety needs; needs for protection against danger; threat and deprivation. These causes appear in:

- (1) Behavior which arouses uncertainty with respect to continued employment.
- (2) Behavior which reflects favoritism or discrimination.
- (3) Unpredictable administration of policy.

These can be powerful motivations of the safety needs in the employment relationship at every level, from worker to vice-president.

These two "need satisfactions" belong to basic morale implied by the study of University of Michigan.

c. Social needs. When man's physiological and safety needs are satisfied, he is no longer fearful about his physical welfare. Under these "need satisfactions," social needs become an important motivator of human behavior. Social needs consist of the four needs:

- (1) Sense of belonging.
- (2) Sense of association.
- (3) Sense of acceptance by his fellows.
- (4) Sense of giving and receiving friendship and love.

Management often assumes quite wrongly that these needs represent a threat to the organization. However, under proper conditions, a cohesive work group may be far more effective than an equal group of unorganized individuals.

When man's social needs to belong to the nature of human being--and perhaps his safety needs, too--are thus threatened, he becomes resistant, antagonistic and uncooperative. This behavior is a consequence, not a cause.

d. Egoistic needs. The egoistic needs consist of two kinds:

(1) The needs for self-esteem.

- (a) self-confidence
- (b) independence
- (c) achievement
- (d) competence
- (e) knowledge

(2) The needs for reputation.

- (a) status
- (b) recognition
- (c) appreciation
- (d) deserved respect of one's fellows

Man seeks indefinitely for "more" satisfaction of these needs. Stagner has emphasized that in short, each man demands "more" of what is needed to improve his ego status.¹⁰ However, they don't appear in any significant way

¹⁰Ross Stagner, Psychology of Industrial Conflict (New York: John Wiley & Sons, Inc., 1956), p. 116.

until physiological safety and social needs are all reasonably satisfied.

e. Self-fulfillment needs. These needs are at the highest level. These consist of the three needs for:

- (1) Realizing one's own potentialities.
- (2) Continued self-development.
- (3) Being creative in the broadest sense of that term.

Self-fulfillment is the typical manifestation of the ego status of the employee.

O. A. Ohman, Assistant to the President of the Standard Oil Company of Ohio, has expressed the significance of the self-fulfillment as follows:¹¹

Industrial discontent is the expression of a hunger for a work life that has meaning in terms of higher and more enduring spiritual values. The trend toward bigness and resulting loss of individuality contribute to our insecurity. The job is the life. For the individual the job is the center of life and its values must be in harmony with the rest of life.

A worker puts forth a given amount of productive effort in order to gain equivalent benefits for himself (e. g. self-development or self-fulfillment) and his family.

Summary. The attempt to know what kinds of goal objects will be perceived as potentially satisfying by the employee, has been studied and analyzed in the above-mentioned reports.

¹¹Harvard Business Review (May-June, 1955), p. 126.

It is the consistent opinion of psychologists that the potential desires of a worker consist of the two main motivations of economic needs involving biogenic or physiological needs and ego status.¹²

The most valued goal of all is the ego status. To cite the words of Stagner, "The ego becomes an object of perception of the self as a tool, which facilitates goal achievement. Thus, the self is a highly valued precept. Life itself is dearer than property."¹³

As a technique of achievement of the ego satisfaction, cooperation between labor and management is highly emphasized. It provides encouragement to labor to direct its creative energies toward productivity, gives the worker some voice in decision that affects them and provides significant opportunities for the satisfaction of social and egoistic needs.

2. Motivation of management. Another importance of motivation is provided by management. Systematic attempts to explore the management motivation was made by Hauser in 1927. His survey took the form of an interview with top management being asked questions primarily about company policy as regarded relations with employees.

¹²Stagner, loc. cit.

¹³Ibid., p. 116.

The results of the survey may be summarized as follows:¹⁴

a. Power. Hauser stresses particularly the ego motives, the strong wishes for power and authority, as important determinants of management policy.

b. Self-expression. A second form of ego motivation which Hauser estimated to be stronger than the financial for many managements was self-expression to "doing things my own way" irrespective of other people.

It may be that this indicates that management tends to hold to unimpaired management prerogatives and freedom essential to the meeting of management's responsibilities.

3. Relations between motivations of management and employees. In the analysis of employee motivation, the fact that both economic and ego goals are important determinations of behavior has been clarified. The employee's desires for security, for recognition, for power, and for self-expression are gratification of ego motives.

Managements likewise show evidence of striving for both financial and ego goals. These two may merge for the management, since he is obtaining ego satisfaction from his activities in planning, designing, directing and controlling

¹⁴J. D. Hauser, What the Employer Thinks (Cambridge: Harvard University Press, 1954), p. 93.

the behavior of large numbers of subordinates, and he also receives economic returns far above those of the production worker.

The evidence supports the view that motivations of employees and management are more similar chiefly in prestige and recognition. However, the main differences are in the courses of action perceived as offering the highest probability of gratification. The workers' experience and circumstances are weighted in security, whereas management is drawn to courses offering upward mobility, prestige, and status.

It is enlightening to recall a conversation of Samuel Gompers, long-time president of the American Federation of Labor, with a newspaper reporter. An interviewer asked him, "Mr. Gompers, what does labor really want?" Gompers replied, "More."¹⁵

This "more" can apply to money, prestige, security, recognition, self-expression, or any other form of ego expansion. While the level of aspiration typically set by the worker is far below that of management, the desire to move upward is important to him.

¹⁵Ross Stagner, Psychology of Industrial Conflict (New York: John Wiley & Sons, Inc., 1956), p. 147.

It is true that by increasing power over other workers' environment, the individual reduces the probability that he will suffer deprivation, threat, or injury. He protects his valued ego as well as his physical body. The particular form of striving which this ego motivation takes varies from time to time.

4. Motivation of union officer. Most of the systematic information available regarding psychological characteristics of union officials has been gathered by interview of Sayles and Trauss on the thorough study of seven local unions, with casual observations of thirteen more in 1953.¹⁶

a. Economic. The local union officers interviewed in the study received little or nothing in the way of financial return from their long hours of union activity.

b. Security. The union officials did get economic security in the form of superseniority.

c. Prestige. It seemed clear that one of the major returns to the union leader was in terms of higher prestige.

d. Achievement. Some principle of management motivation is similar to that of a union officer.

5. Comparison of management and union officer. There are different characteristics in functions of management and

¹⁶Stagner, op. cit., pp. 148-149.

union. The power of management is clearly concentrated in one man at the top and delegate downward. Furthermore, within a specified area, management is supposed to have freedom to make his own decision. The union is an institution in which power, theoretically at least, is concentrated at the bottom in the number who delegate it upward.¹⁷

This kind of logic suggested a comparative study of management and union leaders in terms of two motives: the desire for individual power and the desire for group acceptance and security.

For example, one picture has been shown as follows:

"The captions were 'held down' and protected. It was predicted that the managers would perceive this as interference with the man's freedom, whereas unionists would see it in terms of security."¹⁸

SUMMARY

The foregoing studies provide evidence that the basic motivations of employees, management and union officials are substantially similar. Economic rewards, power, self-expression,

¹⁷Ibid., pp. 23-24.

¹⁸Stagner, op. cit., p. 151.

praise, recognition and security are shown to be potent in mobilizing energy at all levels of the industrial organization.

It is possible to increase the effective energy level of the individual executive or worker by modifying the balance. At the executive level psychologists have been found effective in relieving hostilities and anxieties making it possible for men to cooperate with each other.

CHAPTER III

GROUP SUCCESS OF GOAL-SEEKING IN UNION-MANAGEMENT COOPERATION

Industrial relations between management and employees are profoundly affected by group attitudes. Both management and employees experience group pressures in the process of bargaining and in their normal activities.¹ To analyze these processes, the nature of group must be considered.

Management is a group of hired employees closely involved in the welfare of ownership. The pattern of union-management relationships will be established by the relationships between large corporations and large unions, both on a group basis.

The decision to consider primarily the interaction of organized workers with management is based upon a conviction that more and more workers will relate themselves to their employers through unions.²

We are chiefly interested in the basic characteristics of groups and how these basic characteristics relate to the functioning of the corporation and the union.

¹Ross Stagner, Psychology of Industrial Conflict (New York: John Wiley & Sons, Inc., 1956), p. 195.

²Ibid., p. 196.

1. Group as goal-seeking device. Stagner has defined a group as a collection of persons pursuing a "common" goal.³ Groups do not form unless there is some common need to make up the group. However, the majority of group formations relate to the achievement of "need satisfactions" on a rather long-term basis. Thus, the corporation is a device for increasing capital of the individual entrepreneur, making it possible for him to handle economic difficulties more efficiently and is a form of social group which exists over a long period of time.⁴ Profits, competitive success and power could be said to be more accessible by way of group action.

The management of the union is similar to the management of the corporation. The union is organized because of workers' need for group action to overcome the weakness of the individual worker against the group action of a corporate management. Thus, the union group also tends to be perpetuated over a long period.

Informal groups are more important than organized groups as a function in goal-seeking. Individuals promote their own ego by cooperation with an informal group. One of the great investigations with respect to the informal

³Ibid., p. 198.

⁴Stagner, op. cit., pp. 199-200.

group among workers is the famous Hawthorne study at the Western Electric Plant at Hawthorne, Illinois. Figure 1 illustrates the informal linkages found in a group of 14 workers (9 wiremen, 3 solders and 2 inspectors). These cliques maintained production norms, helped each other out on the job and defended themselves against supervisory pressures.

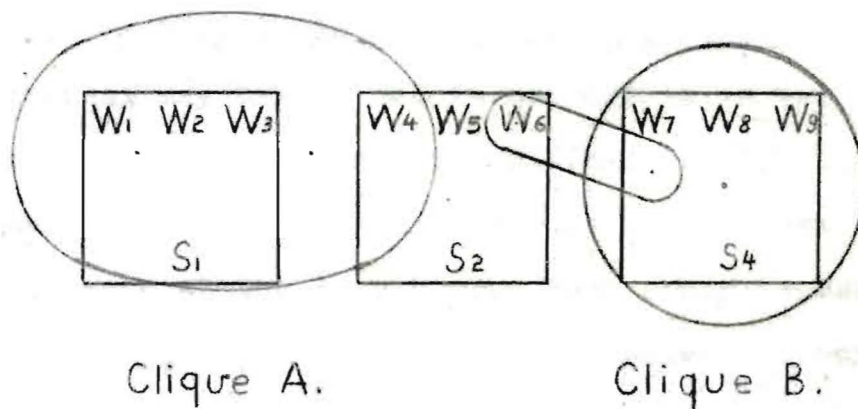


FIGURE 1

CLIQUEs IN THE BANK-WIRING ROOM (FROM
ROETHLISBERGER AND DICKSON, 1939,
FIG. 45, P. 509 HARVARD UNIVERSITY PRESS)

2. Group goals and individual motive. In general, the organization states goals and purposes. These derive from the conscious needs of individuals and represent rational attempts to achieve satisfaction for these motives. On the other hand, informal groups are likely to represent

unconscious needs. Informal groups represent social, not economic, motivation.⁵

The group is perceived as part of the person's ego, and maintenance of the group is an essential steady state, to be defended vigorously when it is threatened. In other words, the group member perceives his individual goals and those of the group as highly similar. Furthermore, group membership is a major security for the individual.

3. Membership in two groups--the position of foreman.

An individual may try to retain membership in two sub-groups. The foreman in industry sometimes finds himself in the position where he must function as a member of two groups: workers and management at the same time. Each group imposes certain expectations upon the foreman as its member. However, when he is at the point of intersection of two groups he may find that the task of conforming to the expectations of both groups is impossible. Here he is exposed to conflicts. The position of the foreman as a group member is shown in the Figure 2. Stagner mentioned that the foreman sometimes found himself in the position of a "marginal man," subject

⁵Stagner, op. cit., p. 205.

of conflicting pressures from workers and from management, but barred from many activities to which he is attracted.⁶

WORKERS DISTRUST OF FOREMAN. ↓

LAKE OF SOCIAL SKILL.

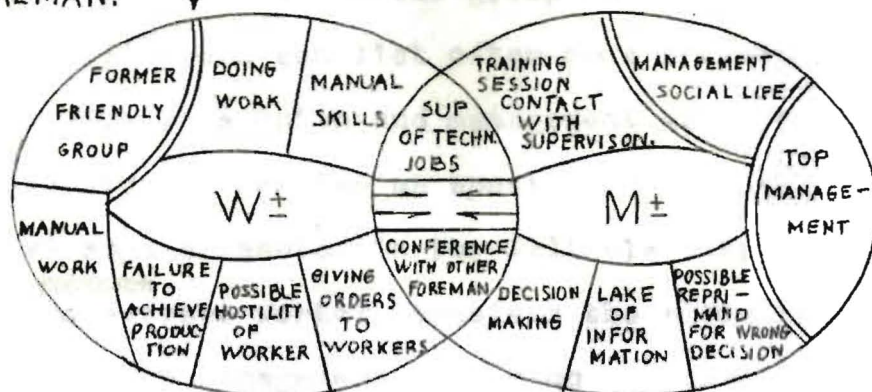


FIGURE 2

THE INTERSECTION OF TWO GROUPS (FROM ROSS STAGNER, 1956, FIG. 7.5, P. 222, PSYCHOLOGY OF INDUSTRIAL CONFLICT)

4. Dual allegiance to union and management. It is the problem given to union-management cooperation where the highest extent of dual allegiance, the highest parallel acceptance of both company and union by workers exists.

In comparing the Hemphill-Westie definition with attitudinal climate, which is defined as a phenomenon ranging from an atmosphere of conflict, hostility, suspicion, and rejection to the other extreme of cooperative attitudes, acceptance, and mutual confidence,⁷ the group as the whole

⁶Stagner, op. cit., p. 222.

⁷Ross Stagner, Psychology of Industrial Conflict (New York: John Wiley & Sons, Inc., 1956), p. 225.

union-management relationship becomes extremely important. There could, theoretically at least, be pleasantness and unity within the management group and within the union group, but hostility and conflict often come between them. One common view sees union and management as separate groups with a small area of overlap on specific functions. (Figure 3) The evidence presented in the Illinois City study suggests that the average worker perceives the situation as a whole. However, both management and union officers have shown some reluctance to adopt this view because of the amount of prestige and ego satisfaction available to the respective group leaders under different conditions.

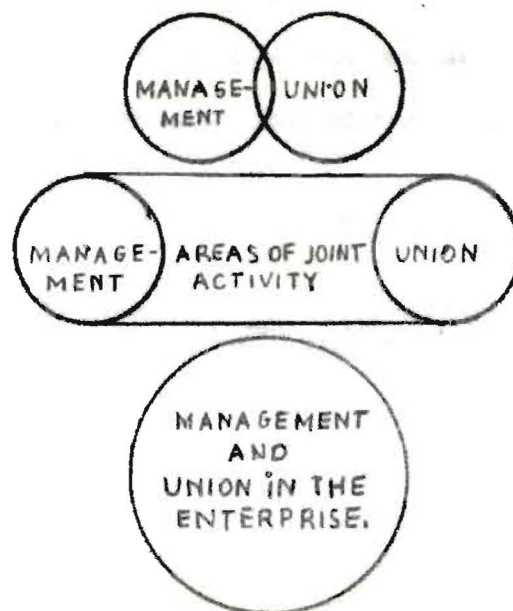


FIGURE 3

THREE VIEWS OF THE UNION-MANAGEMENT RELATIONSHIP
 (FROM LABOR-MANAGEMENT RELATIONS IN ILLINOIS
CITY, VOL. 1, PP. 136-138)

From a sociological point of view, there are two different theories for the degree of union-management cooperation represented by the concepts of Cole, who is a guild socialist in England and those of Craig who is a follower of Cole.

By the Cole theory, co-responsibility is an ideal concept in union-management cooperation. A minority stands by him; however, a majority of people support Craig's theory in which democracy exists no longer in the situation of co-responsibility but instead in totalitarianism. For this reason, he stresses the fact that a condition in which freedom of mutual criticism between union and management are conducted is the fundamentalism of democracy. The view that regards union and management as separate groups is common from both psychological and sociological points of view.⁸

⁸Keizo Fujibayashi, The Increase of Productivity and Industrial Relations (Tokyo: Daiyamondo-sha, 1957), p. 20.

CHAPTER IV

UNION-MANAGEMENT COOPERATION IN JOB EVALUATION

In this chapter some of the specific aspects of cooperation which are difficult to be accepted but primarily important for productivity will be pointed out. The major facts revealed by the survey data on the extent to which cooperation is accepted will show where the difficulty in the development of cooperation lies and will also indicate the method which provides an impetus in the success of cooperation.

The setting of a price on human service is one of the most complex tasks. The process when accomplished successfully involves the finest arts of administration, sound judgment of economic conditions, and sensitive, mutual understanding of the attitudes and interests of all parties affected by the determination. In industry the knowledge of the process of wage settlement (involved in strikes over wages in the post-war period) seems to lag far behind the knowledge of other essential economic and industrial processes.

Today the best achievement of job evaluation appears to be done through participation of the union. Such job evaluation stresses the relative contribution of the worker in the specific task performed. Neither element can be isolated from the other. Both are means of assessing the

value of services rendered. The challenge of wise leadership among all parties to wage determination is to find that combination of elements which will produce mutually satisfactory wage rates with a minimum of disturbance to efficient production.

I. THE REASON FOR LABOR'S DISPUTES IN JOB EVALUATION

The union often chooses a challenge to management's unilateral job evaluation or management's application of a bilaterally-determined classification. This is because labor is fearful of wage cuts, the closing off of promotional prospects, the abolition of historical positions and differentials, job dilution, and the introduction of labor-saving devices. Lew Highfield of the UAW, William Gomberg of the ILGWU, and Boris Shishkin, economist of the AFL, stress that it is necessary to add a "balancing factor" in job evaluation to take account of stability of employment, and prospects for advancement.¹

II. THE BENEFIT FROM LABOR COOPERATION

A carefully established and well administered job evaluation program under union-management cooperation provides

¹Ernest Dale, Greater Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), p. 33.

the structural base for an important personnel objective in any company; that is, the opportunity for the individual employee to increase his earnings commensurate with his increasing worth to the organization. Job evaluation contributes to this opportunity in two ways: through a rate range for single jobs and through a definite coordination of the rate structure with wage incentives and promotional sequences.

III. REQUISITE IN THE INSTALLATION OF COOPERATION

In the unilateral action of management in job evaluation, the union is often inclined to be suspicious of company motives as to whether the plan threatens the status of the union or the security of its members. Thus most managements have recognized the need to reassure their employees.

1. The purpose and method. Employee cooperation for job evaluation with management is to be expected. Some explanation of the purpose and method of the program will prove helpful. Explanations may be oral or written, or both. A committee sponsored by union and management is helpful in explaining the reasons for job evaluation, allaying employee's fears and suspicions and securing whole-hearted employee cooperation.

For example, in case study number three of Princeton University,² the evidence of the acceptance of company's program by employees appears to be an announcement of explicit purposes based on wage equities and method depending upon no individual rate cut as a result of the installation of the job evaluation plan. Employee faith in the job evaluation plan was strong in spite of the temporary existence of the phrase "job de-valuation, not evaluation!" as a slogan of rejection of the job evaluation plan.

2. Extent of participation of management and union.

The participation of management and the union must be recognized as primary importance in the whole-hearted acceptance of a job evaluation plan.

a. Participation of management. Cooperation of middle management as well as the union is essential in the development and acceptance of a sound job evaluation program. Companies which had installed job evaluation with a maximum use of company staff or consultants and a minimum use of their supervisors and middle executives found administration especially difficult.³

²Helen Baker and John M. True, The Operation of Job Evaluation (Princeton, N. J.: Princeton University, 1947), p. 104.

³Baker, op. cit., p. 25.

In most of the companies, foremen had been assigned responsibility for writing job descriptions or for reviewing those written by the employees for the job analysis. Executives, such as department heads and superintendents, have helped in working out the program as a whole and in determining job rates. Their assistance has sometimes been secured only by individual consultation and at other times through membership rating committees. Higher executives more frequently have participated through participation in an executive advisory committee.⁴

It seems that comprehensive cooperation of top and middle management and direct supervisors at all levels is one of the important bases of the successful program's installation and administration of the joint studies of job evaluation.

b. Participation of union. Union participation has ranged from complete joint development of a program, through observations in rating committee meetings, to union review of job descriptions and rates after they had been set unilaterally.

A number of companies, while others have failed in joint development, have set up joint committees for

⁴Ibid.

installation and later used these committees as the backbone of the administration. A majority of companies favored unilateral development with submission of job descriptions and rates to the union for approval or revision through collective bargaining.⁵ Participation in installation seems to be essential to union acceptance of a plan and to an understanding approach toward the continuing use of job evaluation in rate setting through collective bargaining.

3. Extent of training in job evaluation of supervisors, employees and union representatives. One of the difficulties of cooperation exists in the problem of the lack of competence in job evaluation on both sides: employees, union stewards and foremen. A majority of unions provide their own experienced officials, or the special institution such as the Stabilization Department.⁶

Media used to acquaint foremen and rank-and-file with the purpose and the method of a new job evaluation plan have included: (1) talks at group meetings by joint committee members; (2) articles in employee magazines; (3) department conference; (4) foremen conferences; (5) special job evaluation manuals or handbooks for foremen and employees issued

⁵Baker, op. cit., p. 26.

⁶Kurt Braun, Union-Management Cooperation (Washington, D. C.: The Brookings Institution, 1947), pp. 105-107.

jointly by the union and management; and (6) a letter from the chief executive to everyone affected by the plan.⁷

The printed material usually gives the objectives of the plan and explains how classification and rates are determined. The joint committees stress the importance of "eye appeal" in the descriptive handbooks and the use of slide-films and other visual aids in group meetings. Evidence seems to suggest that the problem lies not in the choice of these media but in the failure to encourage questions and thorough discussion in the first place and to make a continuing effort to keep everyone concerned with wage determination fully informed as the program develops.

IV. METHODS OF COOPERATION

The major method of cooperation provides for the settlement of procedures and conducting of administration. The illustrations of the two different evidences is to be provided.

In some of the oldest companies which employ approximately 1700 wage employees and which had been troubled by the heavy

⁷Helen Baker and John M. True, The Operation of Job Evaluation (Princeton, N. J.: Princeton University, 1947), p. 27.

burden of grievances resulting from rate inequalities, joint actions under union suggestion late in 1942 were successfully taken.⁸

1. Case Study No. 1.

a. Organization. A joint committee was appointed consisting of two management representatives both with job evaluation experience under the former plan and two union representatives.

b. Procedures. The management representatives set up a key scale consisting of 30 classifications with three-cent intervals. These classifications were submitted to the union and its approval was obtained after some compromise. The joint committee next selected 100 key jobs representing the entire range of the scale and, on the basis of the existing job descriptions, put each job into its proper classification. Each job was considered as a whole but since it had been prepared for use in a factor comparison system, the old factors were found to be helpful in reaching a decision. In order to speed the process, any job about which the committee could not reach an agreement was laid aside and considered later. As soon as an agreement was reached on the key job, the joint committee paired off--one management man and one union man; they classified all jobs

⁸Ibid., pp. 102-107.

in the mill department by department. In this process, the foreman and union shop steward of the department under consideration were made temporary members of the joint committee.

c. Administration. The administration of the plan follows much the same procedure as that used in its installation. As a result of the installation, a substantial increase in total payroll was allowed and no rates were decreased.

Foremen or superintendents (depending on the size of the department) are responsible for reporting changes in job content; or the union through its shop stewards may submit grievances based on an alleged change in job content. The joint committee reconsiders the job in question and if no agreement is reached, the rate proposed by the company is temporarily installed until the union files a formal grievance. No immediate provision has been made for a periodic review of job descriptions or classifications. This is very important. Management representatives believe that the program may require periodic review, at least every two or three years. The key fact of success of the cooperative plan seems to be in the "continuing" administration of the plan.

d. Result. Both the company and the union were satisfied with these joint actions.

(1) Company. Management representatives interviewed were very well satisfied with the results obtained from the new system. Some of the advantages in the new plan were listed as follows:

- (a) Simplification in technique resulting in great saving in the time necessary to install and maintain the plan.
- (b) Reduction in total number of rates from approximately 75 to 30.
- (c) Union acceptance and cooperation. Union members of the joint committee now defend the system to their fellow employees.
- (d) The system was easily explained and understood by employees and hence allayed their suspicion.
- (e) Reduction in wage inequity grievances. Only one such grievance was submitted in the first year of operation.

(2) The Union. Neither the local officers of the union nor their international officers were favorably disposed toward job evaluation in general. In the installation, because of the success of their organizing campaign based on the "job de-valuation" theme, it was difficult for the union to obtain employee approval of the plan. Final approval was eventually obtained only after the plan was explained to the members of the union at a mass meeting. However, once the plan was installed, the union seemed well satisfied with its operation. Part of this satisfaction is as follows:

- (a) The substantial pay increase of employees is a result of its installation.
- (b) Remarkable reduction in grievances and the more systematic rate structure is another result.

However, the union does not see the plan continuing indefinitely without encountering some difficulty. The officers feel that increased occupational rate by the new plan will eventually be forgotten and some of their members will then demand another increase for certain occupations.

2. Case Study No. 2. Another illuminating experience is that of the United States Steel Corporation and the United Steelworkers of America.⁹ The joint program begun in February, 1945, was to eliminate wage inequities increased as a result of the acquisition of new plants, technological changes, and so on.

a. Yardsticks in procedures. It proceeded on the basis of yardstick laid down by the National War Labor Board.

(1) The study began with the development of a simple and precise form of job description. The companies prepared a description of each of some 1,150 bench mark jobs. Members of the union committee checked each of the proposed

⁹Ernest Dale, Great Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), pp. 34-37.

bench mark descriptions, acquiring in this way first-hand experience; at the same time they were teaching local union members about the process. Approximately 97 per cent of the descriptions were satisfactory as submitted. The remainder were adjusted by mutual agreement.

(2) The companies then prepared a description for each of the remaining jobs. In each department, the grievance committeeman reviewed each description with the worker on the job, meeting from time to time with the department superintendent for review and approval of any changes. In case of disagreement between these two, the over-all joint committee resolved the difference.

(3) Job classifications had already been developed by the company and embodied in a job classification manual, which was modified in joint union-management deliberation. The classification system was applied at each plant level through local joint committees and only in comparatively few jobs over-all did the joint committee make the final decision.

(4) A test application of the classification procedure was satisfactorily carried out and in an agreement concluded in October, 1945, the results were accepted. Standard hourly wage scales for the various classifications were put into effect in February, 1947. Informational

material given to each employee on the new wage rate plan was reviewed by the joint plant committee before distribution.

(5) Arrangements were made for continuous review and adjustments as conditions change. This is an important point, often overlooked by those engaged in job evaluation. What is needed is the development of a curve of wage rates which can be adjusted without causing too much disturbance.

b. Result. At the U. S. Steel Corporation, substantial progress has been made in eliminating wage inequities for 160,000 employees in 50 subsidiary plants, classifying 25,000 jobs into 30 major classifications. Both the union and management took incredible advantages from these joint rate settings.

(1) Advantages to management. On the results of the joint job evaluation, the comment by R. Conrad Cooper, Vice-President of the U. S. Steel Corporation, is of interest¹⁰

"The standard hourly wage scales are in effect. Rates for all non-incentive jobs are converted to the scale rates with out-of-line differentials applying to less than 7 per cent. Incentive rates are yet to be converted to the scale rates, the standard hourly rates^{do} not operate as minimum guarantees

¹⁰Dale, op. cit., p. 36.

on incentive jobs and no incentive worker can receive less than the rate of a fair day's pay."

Another report of management is that there has been a sharp reduction of grievances alleging a wage inequity, and in wage disputes and work stoppages.

(2) Advantages to the union. Clinton S. Golden, former Vice-President of the Steelworkers, summarized the accomplishments by saying:¹¹

"The union and management technicians worked together for over two years on what is probably the largest and most comprehensive joint effort ever engaged in by a union and industrial management. They worked together harmoniously and completed a highly complex and difficult task to the mutual satisfaction of their respective principals. That this joint effort on the part of union and management representatives has been a valuable and informal 'educational' experience is readily admitted by the participants. In the process of checking descriptions with thousands of men on the jobs described, union representatives and members have learned much about management procedures and practices. For the first time, a large number of employees of a large corporation have had an opportunity to penetrate and understand what previously had been to them some of the mysterious procedures of management. Perhaps, the most valuable by-product of this effort was the fact that union and management technicians came to know and understand each other better as a result of this intimate and long association."

c. Reasons for success. Through review of two case studies, the success of joint study is the reason why both parties aimed at a lasting solution and why they were long

¹¹Dale, op. cit., pp. 36-37.

and thorough in preparing the basis of their program. In case of the U. S. Steel Corporation, the preliminary work on the subject had taken more than ten years, including two years of intensive negotiation. The basic principle involved is as follows:¹²

- (1) Simplicity and conciseness in the job descriptions and in the general procedures.
- (2) The classifying of jobs on the basis of the manual of job classification.
- (3) The reduction of job classification to the smallest practical number by grouping jobs having substantially equivalent content.
- (4) The reduction of an out-of-line wage rate by way of not reducing wages of present workers.
- (5) Continuous administration.
- (6) The factor comparison plan instead of the point plan.

V. DIFFICULTY

The difficulty of labor cooperation is always related to the technique of management. The better the technique, the less the difficulty is. The main objection of the union

¹²Dale, op. cit., p. 37.

to participation in job evaluation is related to an inherent fear that any management technique to determine wages "by formula" would limit collective bargaining. Some union official stated that the method of job evaluation tends to reduce complex "human" factors to mere mathematical formulae, to limit the area of bargaining and to becloud the real issues.¹³ In other words, it is the conflict between desirable flexibility in adjustment to conditions other than specific factors and an equally desirable consistency of rate relationships according to job content. In cooperation, management thus must recognize the human and economic realities of a given situation and must depend to some extent upon the opinion of line executives, supervisors, and union officials such as stewards, who know conditions at first hand. Hence, joint plans would develop a workable compromise between the consistent application of a logical system and the adaptation to situations in which non-systematic factors are controlling.

¹³Helen Baker and John M. True, The Operation of Job Evaluation (Princeton, N. J.: Princeton University, 1947), p. 74.

CHAPTER V

UNION-MANAGEMENT COOPERATION IN WORK MEASUREMENT

The next complex task to job evaluation is the measurement of human performance. It is inseparably bound up with the many personal factors affecting human action. The human action is greatly affected physiologically, psychologically and sociologically in the process. For these reasons, no one can absolutely define the rate at what is to be normal. Some scientific method may offer maximum reliance on the measurement of human performance.

The "human equation" cannot be ignored.¹ Not only are the various "human equation" factors involved in the determination of human performance, but these same factors must be understood by the persons directing and using work measurement.

In recent years, work measurement has jointly been conducted under mutual understanding and confidence with tact, sincerity and fairness of both the time study men and experienced union officials for a comparatively objective method of determining a "fair day's work."² A joint committee

¹Delamar W. Karger and Franklin H. Bayha, Engineered Work Measurement (New York: The Industrial Press, 1957), p. 10.

²Adam Abruzzi, Work, Workers, and Work Measurement (New York: Columbia University Press, 1956), p. 16.

also frequently provides for the review of time studies when workers question the accuracy to time allowance.

I. THE GENERAL EXPERIENCES OF COOPERATION BY THE
CONVENTIONAL WAY OF A STOP-WATCH SYSTEM

In general, labor cooperation in the conventional way of work measurement has brought great benefits to both sides. However, they each have come across difficulties for the achievement of cooperation in the processes. The advantages and disadvantages are pointed out in Dale's survey on the experiments of the rate setting through the American Management Association as follows:³

1. The success of cooperation. The union participation in work measurement brought out intangible benefits to management regardless of difficulty involved in stop-watch system itself.

a. Management view.

(1) The area of dispute was reduced, merely by virtue of the fact that all concerned knew what time study was and what it could not do.

(2) Standards were accepted more readily and the number of grievances reduced where there was widespread knowledge of time study and time study stewards helped to handle complaints.

³Ernest Dale, Greater Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), pp. 44-47

(3) Labor participation induced employees to exert a more honest effort.

(4) Management engineering practices were frequently improved.

b. Labor view.

(1) Union members and officials obtained an improved knowledge of time study.

(2) Greater confidence in standards were generated.

(3) Participation in setting the technical criteria of time measurement and in analyzing and interpreting the data was of help in conserving gains from collective bargaining.

2. The failure of cooperation. The lack of the mutual understanding between union and management and the shortcoming of stop-watch system itself caused the failure of the joint studies of work measurement.

a. Management view.

(1) Labor went beyond the boundaries prescribed.

(2) Labor participation in time study necessitated delaying important changes, and was in itself a "time-consuming procedure," especially if the union steward had to check frequently with employees, foremen, company time study men

and plant management. In one company, as many as 25 per cent of the rates were challenged by union time study stewards.⁴

In seasonal industries this was a serious difficulty. Trouble of this sort usually arose in the initial stages of labor participation.

(3) Labor's participation was purely opportunistic.

(4) If union time study stewards did a professional job, their pay would be inadequate.

b. Labor view.

(1) If the membership did not approve of the rates, it would become discontented with union leadership.

(2) Participation would mean too much extra work for union officials.

Many case histories have shown that the difficulties of labor participation considered it to be an invasion of management prerogative. On the other hand, the majority of unions who opposed it felt that they had little faith in fairness and accuracy of time study procedure. As a result of non-participation, all activities began to operate on a defensible basis when a plant introduces time study. For

⁴William Gomberg, "Pattern of Tomorrow's Collective Bargaining," Personnel Series No. 103 (New York: American Management Association, 1946), p. 36.

these reasons some effective work measurement program must be established for participation to make the program satisfactory to both sides.

II. THE IDEAL CONCEPTS CONSIDERED FOR THE SUCCESSFUL JOINT WORK MEASUREMENT

For labor cooperation in work measurement, it is important to formulate a set of aims and ideals that could be the basis for a technique satisfactory to all concerned. The danger of over-elaboration is as great as that of over-simplification. The ideal criteria for work measurement are as follows:⁵

1. The approach and usage of a system must be professional in the best sense of that term.
2. The system must be based on sound concepts with heavy reliance on the fields of physiology and psychology.
3. The desirability of validating the data both by the developers and independent efforts is self evident.
4. Some form of training control will insure that misuse of a system through partial or improper understanding will not engender a repetition of the "efficiency expert" era. Such training should be available by means of testing, continuing publication of new data, interchange of data between practitioners, and the circulation of practitioners'

⁵Karger, op. cit., pp. 35-38.

application experiences with the system. Such training control is hard to achieve. The independent agency separable from the information and data sources should work mainly on a level of professional endorsement. It should certify the adequacy of the training courses and the knowledge of trainees to allow interested parties to ascertain the competence of practitioners seeking to apply the system to their own operations.

5. The working form of the system must be practical to make it adaptable to the solution of many types of work-study problems. It must be applicable to a wide range of variation in work content, industrial practices, and workers' skills. For the actual application, reliable data must be based on an industrial sample of sufficient scope, range and size to permit valid conclusions.

6. The system should be easy to use.

7. The system should be universal. Acceptance must be broad, not confined to limits of special industries and geographical boundaries.

8. Actual work situations are dynamic, changing with the times and new technologies.

Many of these ideals are difficult to obtain fully in human situations. These standards, however, do provide a gauge which could be used to measure any given system. No

existing system is likely to meet all of these criteria. It is, however, necessary to select the system that involves these criteria more sufficiently. Here is emphasis of the application of work sampling in which union cooperation would successfully be conducted. Under no circumstances is it advisable that another method is subsidized or one system is abandoned for another if satisfactory results are obtained from it.

III. METHODS OF COOPERATION: CASE STUDY OF JOINT UNION-MANAGEMENT STUDY THROUGH WORK SAMPLING TO DETERMINE MACHINE-SHOP ALLOWANCES

The evidence of cooperation by the form of methods-time measurement has been clarified by Robert E. Heiland and Wallace J. Richardson who are registered professional engineers of the Department of Industrial Engineering in Lehigh University, Bethlehem, Pennsylvania, and who have testified the validity of work sampling through the experiences of hundreds of companies. Here is one of the case studies in which joint union-management research has been conducted for the determination of time allowances. A brief review of this study follows:⁶

⁶Robert E. Heiland and Wallace J. Richardson, Work Sampling (New York: McGraw-Hill Book Company, Inc., 1957), pp. 200-207.

1. The problem. A 350-man plant manufactured bearings for the automotive industry. Production workers were on incentive pay. Standards had been set by stop-watch time study. Certain allowances which were "built in" to the standards had been questioned by the union. These allowances had been set while the studies were being taken. Also, several eight-hour production studies had been made to check allowances. At the time of contract renewal, the union held that the allowances were inadequate. Union representatives stated that the allowances for tool attention, material handling, and inspection had been set under substantially different conditions than now existed. This question of allowances was the only remaining hinderance to the renewal of the existing contract.

2. Background of the problem. Union-management relations in this plant were, on the whole, good. The basic reason of the dispute was that the allowances had become almost traditional. However, requirements of quality of product had been tightened, and batches of work had to be more carefully segregated. Tool and die attention had become of greater importance. Finally, because of an increasing number of new products, the time-study men had been unable to give enough attention to some of the allowances. Both sides agreed that repetitive and machine-controlled elements of the standards were satisfactory. Rather than submit the

problem to arbitration, the union and management decided to conduct a joint Work Sampling study. If the results of the study were acceptable, they would be used as a basis for settling allowances in the standards.

The company was organized in a conventional line and staff type organization. The methods and time-study department reported to the production manager. This group consisted of nine time-study men who set rates, two college-trained industrial engineers who worked on methods, and a head of department who had little formal education. The head of the department was an excellent "shop man," who was widely respected in the plant.

The union was a local of a large international union which was organized traditionally with union officers and shop stewards. In addition, there were four time-study stewards who had been trained in summer schools conducted by the union and a state university.

The staff of the international union had been participating in the renewal negotiations. It was suggested that a college professor be employed as technical advisor. This was agreed to by both sides. It was further decided that each side would take its own study, and that conditions of observation would be standardized so that the two studies should agree. Neither side would be bound in advance by the

study in the event of significant differences in results. A $\pm 2\sigma_p$ limit (two standard deviation to find 95 per cent confidence limit within which succeeding values of p in per cent should fall) was agreed upon as constituting significance.

3. The reason for the application of work sampling.

Work sampling was used in this case for the following reasons.

- a. There would be no use of a stop watch or leveling techniques requiring exercise of judgment.
- b. The results could be objectively tested for reliability.
- c. The study would be relatively inexpensive.
- d. The allowances in question could be measured directly.

Basically, the union was not committing itself to the present method of setting rates. Nor was management submitting as an issue the machine-paced and repetitive parts of the existing standards. The use of Work Sampling avoided many of the "matters of principle" over which rate disputes arise.

4. Organization for work sampling.

Two plant time-study men and two union time-study stewards were designated to make the observations. They all were familiar with Work Sampling, although none had had experience in it. The college instructor trained all observers in sessions at which a union staff man and the head of the methods and time-study department were present. Several rounds of practice

observations were made, and four three-hour sessions comprised the formal training. It was agreed that all matters of procedure would be handled in similar sessions as the study was made.

5. Selection of categories. Because of the nature of the study, categories were selected in such a way that all irregularly occurring work for which allowances were given would be classified into separate categories. This led to quite a large number of categories which were as follows:

- 01 Operating machine (hand paced)
- 10 Operating machine, machine paced, operator idle
- 11 Operating machine, machine paced, operator gauging
- 12 Operating machine, machine paced, operator cleaning parts
- 13 Operating machine, machine paced, operator getting stock
- 14 Operating machine, machine paced, other than above
- 20 Gauging parts
- 30 Handling stock
- 40 Delay, talk with supervisor
- 41 Delay, set up machine
- 42 Delay, cleanup
- 43 Delay, talk with inspector
- 50 Tool attention, at grinders
- 51 Tool attention, at tool at machine
- 52 Tool attention, resetting tool at machine
- 60 Personal
- 70 Absent from floor (assumed personal)
- 80 Idle, wait for material
- 81 Idle, wait for instructions
- 82 Idle, wait for maintenance
- 83 Idle, wait for inspection
- 84 Idle, no work available
- 90 Other activity

6. Collection of observations. It was decided to collect a total of six thousand observations in each study. Time-study men and union stewards collected data independently of each other. A table of random numbers was used, different times being drawn for each group. Eight rounds of observations per day were made. Observers were excused from other duties. A group of operators was observed who were felt to be typical. From 75 to 80 men comprised the group. The study extended over a two-week period.

The collection of data proceeded without incident. All employees had been informed of the study. A careful record was kept of production and other information necessary to establish whether or not the two-week period was indeed typical of plant operations. No specific cost data were made available. It had been calculated that six thousand readings would be sufficient to give proper reliability to the study.

7. Results. The results of the study follow. As shown in Table 1, the categories are listed, followed by the per cent observations in each, recorded by the union stewards and by the time-study men.

The expected results were substituted in the formula $\sigma_{\bar{p}} = \sqrt{\frac{\bar{p}(1-\bar{p})}{N}}$ for the standard deviation of \bar{p} for the given sample size N in order to derive probability of sample \bar{p}

TABLE 1 PERCENTAGE OF DIFFERENT OBSERVATIONS
BY CATEGORY⁷

Category	% Stewards	% Time Study Men
01 Operating machine, hand paced.....	39.1	38.8
10 Operating machine, machine paced, operator idle.....	14.2	14.7
11 Operating machine, machine paced, operator gauging.....	1.3	1.1
12 Operating machine, machine paced, operator cleaning parts.....	2.1	2.5
13 Operating machine, machine paced, operator getting stock.....	1.1	0.9
14 Operating machine, machine paced, other than 10-13.....	3.5	3.4
20 Gauging parts.....	2.0	2.3
30 Handling stock.....	4.2	4.2
40 Delay, talk with supervisor.....	0.6	0.8
41 Delay, set up machine.....	4.0	3.8
42 Delay, cleanup.....	0.9	1.1
43 Delay, talk with inspector.....	0.2	0.2
50 Tool attention, at grinders.....	2.5	2.3
51 Tool attention, at tool crib.....	2.7	3.1
52 Tool attention, resetting tool, at machine.....	2.5	2.7
60 Personal.....	1.9	1.6
70 Absent from floor (assumed personal).....	2.9	3.1
80 Idle, wait for material.....	1.0	0.8
81 Idle, wait for instructions.....	0.8	0.7
82 Idle, wait for maintenance.....	0.7	0.9
83 Idle, wait for inspection.....	0.2	0.2
84 Idle, no work available.....	8.8	9.2
90 Other activity.....	1.9	1.6
	100.0	100.0

⁷ Ibid., p. 205.

value, and to use 95 per cent confidence limits for $\bar{p} \pm 2\sigma$. The \bar{p} (read "p bar") represents the average value of sample p values.

The first test which was applied to the result was to see if the differences between the two sets of values could have occurred by chance alone. In other words, were there any systematic errors of observation which would have resulted in two different "populations" of data? The largest difference occurred in category 10, "Operating Machine, Machine Paced, Operator Idle." This category might be held suspect in any event, because it involved one union member's evaluation of another as being idle. In any event, it was assumed that the true \bar{p} was 0.145, or midway between the two values obtained. Solving the equation

$$2\sigma_{\bar{p}} = 2 \sqrt{\frac{\bar{p}(1-\bar{p})}{N}} = 2 \sqrt{\frac{0.145(0.855)}{6,000}} = 0.009$$

Thus, it can be seen that using the average of the two proportions observed, or either one as "correct," the difference between the two proportions could have occurred by chance, since it has been shown that the variations could occur as often as nine times out of a thousand by pure chance.

Production records were checked, and the two weeks which had been studied seemed to be typical of over-all operation. No particularly unusual shop conditions had existed, and there seemed to be no reason to believe that

the Work Sampling could not be used as the basis for discussion. Both the union and management agreed that the objective of the study had been met.

As might be expected, management was shocked by the amount of nonproductive time. However, no one denied that the conditions existed. Further, the results were checked with the totals of the "actual hours" charged to the various time cards and found to be in agreement. In doing this, incidentally, the value of a large number of categories was demonstrated; it was possible to reassure management that their timekeeping system was satisfactory.

The union felt that the results of the study supported their claim that present allowances were inadequate. For example, "Tool Attention" which was observed to be about 8 per cent of the time, had been receiving an allowance of 3 per cent. No allowance at all had been given for the various "idle" categories because the operators were supposed to punch out when no work was available.

Further discussion of detailed results is not in order here. Perhaps the most pertinent comment of all was that of one member of the union bargaining committee who suggested that management should (1) thank the union for making such a study necessary and (2) hang their collective heads in shame for not doing Work Sampling themselves at an earlier time. As the union man said, management learned about their own operations "the hard way."

When bargaining was resumed, the question of allowances was disposed of very quickly. The allowance for tool attention was increased from 3 to 8 per cent. Other allowances were allowed to remain the same. These were a 5 per cent personal allowance and a 2 per cent "miscellaneous" allowance. In the collective bargaining, the union agreed to hold off demands for the payment of average earnings when no work was available. Both sides went on record as recommending similar Work Sampling studies in the event of similar disputes in the future.

Management instituted a thorough study of scheduling practice and of dispatching procedures. On the whole, they felt that there had been too little attention given to these areas. One very satisfactory aspect of the study made itself felt in the weeks following the study. Production increased more than enough to pay for the increased labor cost of the new contract. Management felt that this was due to the union's better understanding of management's problems and to the betterment in morale resulting from joint effort in getting facts from which to make decisions affecting the entire plant. This in itself was very profitable.

In summary, neither side gave up special "prerogative." No one was committed in advance and an objective measure of agreement was used. In collective bargaining, as in plant

management, operating on the basis of fact seemed to pay off. Particularly in wage-incentive problems, however, the "facts" are sometimes hard to come by. This was one case where Work Sampling provided them.

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CHAPTER VI

UNION-MANAGEMENT COOPERATION IN EMPLOYEE SUGGESTION SYSTEM

The most widely accepted means of employee participation in productivity lies in the employee suggestion system. The benefit from it to management is tremendous.¹ But instead of taking advantage of this system, many large companies have not succeeded in realizing the potential, because the suggestions are rejected without sufficient investigation or are inadequately rewarded. In order to assure the success of the suggestion plan, union participation must be carefully planned in advance. The union participation will prove to employees that their suggestions are adequately considered in a fair and impartial manner and the employee will come to gain confidence in the plan. Its value to the joint committees is significant in obtaining the expression of employee's attitude toward the program, and in developing the employee's view regarding individual suggestion which may not be brought to light by the regular investigation.

It is invariably necessary to precede the inauguration of joint suggestion committees with a campaign of publicity,

¹Ernest Dale, Greater Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), p. 62.

the publication of manual to both management and labor, and an educational program that will teach employees how to prepare quality suggestions.²

I. PREREQUISITE PRIOR TO JOINT SUGGESTION COMMITTEES

For the full development of joint committees as administrative machinery some careful planning must be made. There is the emphasis on three major points:

1. Complete cooperation of three parties: top management, supervisors and labor. Top management must have a sincere desire to install a mechanism to insure employees' attention for their ideas and for some form of adequate reward for adopted suggestions. Supervisors, especially foremen, are essential to the activities of the effective suggestion program. They must give all their rank and file workers the complete story of the plan before it is put into operation. They must also give aid in preparing suggestions to the employees who can present "orally" what they would hesitate to put on paper.³ However, there is the tendency

²Richard N. Owens, Management of Industrial Enterprises (Homewood, Illinois: Richard D. Irwin, Inc.; 1953), p. 507.

³P. A. Denz, Ideas from Employees (New York: Funk & Wagnalls Company, 1948), p. 16. Ernest Dale, Great Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), p. 64. Keith Davis, Human Relations in Business (New York: McGraw-Hill Book Company, Inc., 1957), p. 302.

of the average foreman to resent employee suggestions. This difficulty is overcome by the kind of higher-management support which gives a foreman credit for a higher suggestion rate in his department and which can do much to convince that all employees can have good ideas.⁴

The union must be willing to cooperate with all the activities of the program. The most important role of the union is to convince employees that their suggestions will be considered carefully and labor saving suggestions will not result in layoffs. All employees must contribute to full support and cooperation of the activities of the suggestion plan.

2. A systematic routine and procedure for handling suggestions in joint committee meetings. To enable the joint committee to function efficiently in a minimum amount of meeting time, some machinery supplemental to the joint committee is needed. Without such machinery the joint committee will waste an utterly prohibitive amount of time and effort in handling hundreds of suggestions, so the installation of a suggestion office is a necessary part of the program.

The joint committee chairman usually has the ultimate responsibility to insure careful and complete investigation

⁴Keith Davis, Human Relations in Business (New York: McGraw-Hill Book Company, Inc., 1957), p. 302.

of each suggestion before the joint committee meetings. However, the actual responsible man for each investigation to its conclusion is the committee secretary who, under the direction of the committee chairman, has a general knowledge of the company's business and operations, especially in the plant. His conduct of an investigation requires him to assemble facts and figures from proper sources, to discuss suggestions with employees whenever possible, to assist them in securing any needed additional data, and to assist supervisors in making sketches or referring to drawings or records when necessary. He must be capable of being diplomatic in his personal contact with persons who are making suggestions and of securing the cooperation and confidence of supervisors upon whom he must often call for action, opinion or help during an investigation.⁵

His major functions are investigation, record and report. However, a carefully planned process system in the suggestion office is pointed out:⁶

- a. Time-stamping of suggestions when they come into the office.
- b. An adequate filing system.
- c. An accurate suggestion indexing system.
- d. Acknowledgement of suggestions.
- e. Suggestion investigations.
- f. Suggestion action.

⁵Denz, op. cit., p. 38.

⁶Ibid., pp. 31-35.

- g. Employee contact.
- h. Closing the file.
- i. Docket system.
- j. Awards.
- k. Announcing results.
- l. Publicity.

3. Adequate rewards. Fairness and adequacy of awards are important to the success of the suggestion plan. The General Motors plan, which is reviewed below, is one of the most carefully worked out and most successful of all plans.⁷

Under the General Motors plan, the employee whose suggestion is adopted is granted a reward in the form of U. S. Savings Bonds and Stamps. Foremen and other supervisory employees are not eligible under the GM plan, nor are employees whose regular duties belong to engineering, processing, tool designing, and production planning. The award is given equal to the value of the saving material and/or labor for a certain period. Five major classes of the award are given as follows:

Class A: Suggestions which relate to the employee's own job and which result in a saving of material and/or labor in current use, and resulting in increased production above the standard established for the job at the time the suggestion was made. The minimum award: the savings on material and/or labor over a period of two months. Maximum award: \$950, payable in U. S. Savings Bonds and Stamps.

⁷Ibid., pp. 47-48.

Class B: Suggestions which result in a saving, as outlined in Class A, of materials and/or labor in current use on the employee's own job, and, in addition, result in a saving by other employees on duplicate operations on the same or other shifts. The award: (1) the savings over a period of two months on his own operation, plus (2) the savings over a period of one month by other employees on the same operation. Maximum award: \$950, payable in U. S. Savings Bonds and Stamps.

Class C: Suggestions which result in improving the quality of production, which improve safety conditions, or which relate to matters not directly concerned with a productive operation. The awards range from \$7.50 to \$23.75 and are payable in U. S. Savings Bonds and/or Stamps. The specific amount is determined by the committee according to its judgment in each case.

Class D: Suggestions which result in a saving, as outlined in Class A, of material and/or labor in current use, on other than the employee's own job. The minimum award: 50% of the savings over a period of two months. Maximum award: \$950, payable in U. S. Savings Bonds and/or Stamps.

Class E: Suggestions which do not come within the classification of A, B, or D, and are not adequately compensated under Class C, award is given upon the recommendation of the suggestion committee.

II. THE METHODS TO DEVELOP THE JOINT SUGGESTION COMMITTEES

The joint suggestion committee should consist of an equal number of representatives from management and the union. The representatives from management should be executives representing all departments, with the head of the office staff as chairman. The representatives from the union should be a local and general chairman of the unions and appointed union members from all the shifts.⁸

Frequency of meetings can be determined by the volume of ideas submitted, but intervals between sessions should never be too long. Attendance at these meetings should be the responsibility of the committee members to management and employees.⁹

All suggestions submitted guarantee careful and prompt considerations. The major functions of the committee may be summarized:¹⁰

1. Review of all suggestions from data developed in prior investigation by the suggestion office.
2. Determine awards for adopted suggestions.

⁸Ernest Dale, Greater Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), pp. 64-65.

⁹Denz, op. cit., p. 31.

¹⁰Ibid.

3. Rejection of those suggestions which cannot be used profitably.

4. Recommendation of further investigation whenever the idea warrants further study and consideration.

Management of the Illinois Central Railroad where the joint suggestion committees have been applied successfully cites improvement as follows:

There has been increased interest on the part of employees and members of the various labor organizations because of the approval given the participation by their general chairman. Almost uniformly local and general chairmen of the unions have cooperated. They solicit and review suggestions affecting their crafts and help to properly evaluate the benefits and arrive at proper awards.... Because employees' suggestions are reviewed on the ground and in the shop jointly by company foremen and union chairmen, employees more readily accept valuation, although no great difficulty was experienced before the changeover.¹¹

The main success of the joint committees is due to the active participation of top management on the committees and the constructive administration of the joint committees.

SUMMARY

The union participation in the suggestion program results in developing employee confidence by convincing the employees that their suggestions have been considered in a fair and impartial manner.

¹¹Dale, op. cit., p. 65.

The suggestions submitted by employees are of great benefit to management. First of all, the well-established suggestion program improves human relations with management by making the employee feel that he is an integral part of the company. Second, the program reduces manufacturing cost in order to compete better in a competitive market. Third, the suggestions give management the opportunity to educate the employee in the problems of management and to give a two-way channel of communication between management and employees. Last, adequate rewards to employees for worthwhile ideas keep up the quality of employees to the maximum of their value.

Job evaluation, time measurement, and the suggestion system are the basic elements of sound industrial relations which make it easy to develop a program for increased productivity, but are hardly ever accomplished. One of the successful methods to develop them successfully is to utilize union-management cooperation. Elaborate education and training in the organization of cooperation must be provided for labor and management simultaneously. Emphasis on better machinery and an improved method for preparation before cooperation is sought has also been discussed. Thus, the results of the joint studies above mentioned give more equity and fairness for job evaluation, time measurement, and the suggestion system. Both management and labor will gain mutual

understanding and confidence in each other, and will become more interested in the plant as a whole. It would greatly reduce the labor efforts at obstruction such as restriction of output, opposition to reduced crews, resistance to changes in methods and processes, inflexibility in transfers, slow-downs, "feather-bedding," seniority abuses, exaggerated and unnecessary grievances, creation of difficult situations, jurisdictional disputes and work stoppages and strikes. In other words, there would be greater improvement in better personal efforts such as: less wasted time and material, more punctuality and better attendance, faster service in the tool crib, better care and conditioning of the tools, better quality, better working conditions and surroundings conducive to improved morale, and better attitude of labor such as quicker understanding of changes, easier acceptance of the results, less resistance and a better knowledge of and acceptance of management's point of view and the problems of the company.

These cooperative forms are not limited to the three different kinds of joint studies, but also enter into the areas of accident prevention, reduction of waste, aid to marginal firms, technological changes, apprenticeship training and quality improvement, joint stabilization of minimum labor costs and financial advice and assistance to employers.

In short, the best way to get rid of the restrictive practices of labor is to give labor specific responsibilities, because by the fulfilment of these responsibilities, they will achieve commensurate status.

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CHAPTER VII

MANAGEMENT SECURITY

The initiation of union-management cooperation does not come into force until the mutual interests of union and management are determined. Security means "confidence of safety" of "freedom from an unfounded assumption of fear or uncertainty."¹ Security is potential energy which mobilizes industrial societies. Conflict will continue constantly if union and management threaten the security of the group seeking different goals, such as security of union and efficiency in management.²

Security is maintained through the attempts of the mutual understanding and recognition of the problem situation on the part of each group. Under a condition of mutual confidence there no longer exists the conflict between union and management, instead a cooperative form of behavior is generated between them. Such cooperation offers a powerful and indispensable instrument for the realization of the limitless productive resources that already have made the living standards of the United States of America the highest in the world.

¹Webster's New International Dictionary (Springfield, Mass.: G. & C. Merriam Company, 1951), p. 2263.

²Ross Stagner, Psychology of Industrial Conflict (New York: John Wiley & Sons, Inc., 1956), p. 145.

Management security is of primary importance in the initiation of extensive union-management cooperation, but it requires sympathetic union support to assure its continuity.

Management security is gained in maintaining and developing the following four management objectives which are commonly recognized in the professional literature.³

- A. The economic welfare of the company.
- B. Relations with its own employees.
- C. Freedom of the right to manage.
- D. Businesslike, responsible relations.

These four objectives must be recognized and insured by the union in the initiation of cooperation.

I. THE ECONOMIC WELFARE OF THE COMPANY

The first objective of industrial relations is the economic welfare of the company. It means the building and maintaining of the competitive position of the company through the union participation.

1. The competitive position of the company.

Managements and unions of the various firms must compete to meet the needs and desires of consumers. The union may insist upon, and management may agree to, a certain level of wages, but the consumer has the last "say." It is necessary,

³E. J. Lever and Francis Goodell, Labor-Management Cooperation (New York: Harper & Brothers, 1948), p. 56.

therefore, for union leadership to place some faith in management's judgment as to what wage scale and other labor cost provision will best promote a thriving, growing business.⁴

Today management's concept of cheap labor, as well as the speed-up, has been changed so that it no longer exists. Management realizes that more efficient, skilled and adequately paid workers, using modern machines and mechanical power, produce more at less cost per unit than low-paid hand workers with primitive tools.⁵

The chief concern of management for productivity efficiency is the modernization of the industry by scientific methods and technological changes. This calls for union cooperation. Management understands that it is impossible to achieve high productivity without recognizing the safeguard of workers against their loss. Thus, management and union would be confronted with the complex task of making the most of improved productivity without reductions in wage earnings and working force which would defeat the ultimate purpose of the union.⁶ In return, management and labor would be able to

⁴Charles R. Sligh, Jr., What Management Expects of Organized Labor (New York: National Association of Manufacturers, 1955), p. 15.

⁵Lever and Goodell, op. cit., p. 15.

⁶Kurt Braun, Union-Management Cooperation (Washington, D. C.: The Brookings Institution, 1947), p. 163.

develop cooperative schemes of technological improvement which benefit both parties. Such cooperative schemes have really been practiced. The leading clothing unions which had fought against mechanization and technological progress for many years has changed their policy from opposition to bargaining about the conditions under which new machines might be introduced. Improvements in managerial efficiency and production techniques were thus suitable means for accomplishing their objective.⁷

Consequently, the company will be able to turn out goods more competitively priced with higher wages to the workers, and the security of workers will be protected as the result of the introduction of technological improvement under cooperative schemes.

2. Union ability to contribute. Important to union-management cooperation is management understanding of the union's ability to utilize the factors of production in a more efficient manner than by mere union participation in the introduction of technological improvement. Today the union believes that no union officer is regarded as adequately prepared unless he knows such about management. The national union often attempts to give educational aid to the local and national officers and to send them to special classes in summer schools provided by the union.

⁷Ibid., p. 162.

a. Union contribution as to productive efficiency.

Some unions provide a special department for production efficiency. In the case of the International Ladies' Garment Workers' Union, it emphasized managerial efficiency as the chief basis of competition in the market, and then established in 1941 a "Management Engineering Department" of its own under the directorship of a professional industrial engineer. It intended to protect workers from lower wages which could be introduced to offset high production costs caused by inefficiency in management. The activity of the department has been described as follows:⁸

This department renders assistance in efforts to improve manufacturing techniques and operating methods. Furthermore, it furnishes aid in training shop members and committees in time-study practices. It also serves as a central clearing agency for information on the level of "fair piece rates" and on manufacturing techniques and production systems, under which these rates are paid. The department has taken up relations with the professional agencies in its field and gives services to local unions. In joint request from a management and the union concerned, staff members of the department have studied such problems as incentive plans, production difficulties, plant lay-out, machine loads, direct labor costs under different systems of production, methods of setting piece rates and elimination of friction between production workers, and have made recommendations with respect to them.

In addition to such short-term projects, the department collects data on methods of operation, work standards and rates, and new developments and trends in the women's clothing industry.

⁸Ibid., p. 173-4.

The services of the department are made easily available to manufacturers in the development of efficiency in production. Each summer, the department assigns one or two of its staff members to the University of Wisconsin Summer School for workers in order to study new scientific techniques and innovations in management engineering.⁹

The attempts of union-management cooperation such as writing in of the efficiency clause and the creation of the Management Engineering Department are so unconventional that their introduction shocked members of management and labor. The efforts of the union to eliminate the misunderstanding on both sides and the misgiving of these cooperations are explained as follows:¹⁰

Julius Hochman, general manager of the New York Joint Board of the Dressmakers' Union, who suggested the efficiency clause, when a new collective agreement was negotiated in 1941, was compelled to issue a four-page "Explanation to Our Membership" to tell the workers that his idea was not a betrayal as the Daily Worker had called it. He set forth that in the interest of the workers the union had to see to it that the employees did their jobs better, since otherwise the whole industry would go to ruin and the workers would be without a livelihood.

Organized management, too, hesitated to accept the efficiency clause and its concomitants, but after some weeks of negotiations all employers' associations, with one exception, agreed to the new policy.

⁹Ibid., p. 174.

¹⁰Ibid., p. 173-4.

Union-Management cooperation, regarding sales promotion beyond the field of production efficiency, also greatly contribute to efficiency. Since expansion of production will result in overproduction unless there is a corresponding demand for the product, sales practices, price policies, and methods of increasing the demand for clothing also have become a point of mutual concern to unions and management in several sectors of industry.¹¹ Other cooperative efforts are educational effort and financial aid to management.

In return, such union efforts for the economic welfare of industry greatly contributes to gain management's confidence in the union. The potential value of labor's contributions and the possible effect on labor's own attitude are pertinent factors.

II. RELATIONS WITH ITS OWN EMPLOYEES

Individual liberty of employees is essential for well developed employee-management relations. The management accepts unionism on behalf of both its employees and the company. However, unions do not always give first place to the interests of the workers in the individual enterprise.

¹¹Ibid., p. 178.

Industry expects the union to emphasize and respect the individual liberty of employees in the activities:¹²

1. The individual employee has the inalienable right to join or not to join a labor union. Thus, the leader of union has to refrain from efforts to coerce the employee into the union against his will.

2. The union should cease its unremitting efforts to remove or circumvent the legal protection of the right of individual liberty of workers which are contained in the law.

3. The union should have a democratic structure by which a union member has a real voice in all measures affecting his welfare. His voice should be listened to by the leader of the union and be fully considered before the calling of a strike. His right of dissent should be protected and selfish officials removed by the rank-and-file.

4. A union member should not be required to submerge his personal interests unduly or altogether in the interests of the group. Every individual employee is entitled to advance as far and as fast as his abilities will take him, and he should not be held down by group interest such as the overly rigid seniority rules and other forms.

In return, management will feel more confidence in the union if the union attempts to bring loyalty of employees

¹²Charles R. Sligh, Jr., What Management Expects of Organized Labor (New York: National Association of Manufacturers, 1955), p. 15.

to the company as well as to their personal benefits through the developing and promoting of individual liberty of employees.

III. THE FREEDOM OF RIGHTS TO MANAGE

The freedom of the right to manage is the golden rule of free enterprise and it should not be violated by any means of labor practices. Today many a responsibility of one of the parties becomes the joint responsibility of both the union and management. However, one of the great fears of management is whether union cooperation encroaches upon the fundamental rights of management. Such fear is caused by two reasons: One is the misinterpretation by both parties of the concept of responsibility and authority; and the other is the exclusion of management to the rights of management.

1. The meanings of responsibility's and authority's concepts. The argument of management in the initiation of cooperation or a basic conflict in the administration of joint committees concerns the matters of responsibility and authority.

Because responsibility and authority have different meanings in the different levels of organization, both union and management are confusing the differences of the meanings. The characteristics of joint committees are similar to those of the board of directors. Davis defines the differences of

responsibility and authority between executive and trusteeship on the board of directors as follows:¹³

The trusteeship level in a corporation is the board of directors. Its responsibility is to provide guiding policy and to represent the interests of stockholders and other groups. It is not generally "executive" in nature, meaning that it does not day by day decide, direct, and "execute" the firm's activities. The president is generally the top executive level in the company. The executive environment is one of single, direct, and forceful action whereas the trusteeship environment is one of group action, caution, and compromise of different interests.

Exactly the same principle of trusteeship is applied in the committee system. Or the responsibility and authority of the committees are to provide guiding policy towards increased productivity and to represent the common interests of labor and management. Its environment is one of group performance, criticism, and compromise of different interests.

The stage for conflict between union and management will continue unless each understands the nature of the other and unless management which is playing two roles as committee members and executives in the company are flexible enough to change from one to the other. Furthermore, authority must be equally delegated with duties and responsibilities.

Under the understanding of these principles of authority and responsibility by the union and management, both parties may enjoy joint responsibility of both.

¹³Keith Davis, Human Relations in Business (New York: McGraw-Hill Book Company, Inc., 1957), p. 69.

2. New philosophy regarding the rights of management.

The general opposition of management to the joint clause often requested in union contracts causes the boundless uncertainty of management as to whether the joint union-management cooperation will prove the opening gate for furthering an invasion of the prerogatives of management. Today unionism, most of management believe, has become so powerful that any concession by management will lead to further demands by unions. Dale interestingly explains about it, "give them (unions) an inch and they take a mile."¹⁴

Such fear of management was felt especially in industry where the company did not experience the extensive cooperation in which management shares the right of management with the union.

The cause of the nation's biggest strike issue of steel industries in 1959 was in regard to the sharing of the rights of management. James C. Phelps, assistant to the vice-president for industrial relations of Bethlehem Steel Co., has said, "To the extent that management's sphere of action is not limited by a union agreement, its rights are unimpaired by the contract."¹⁵

¹⁴Ernest Dale, Great Productivity through Labor-Management (New York: American Management Association, 1949), p. 96.

¹⁵"Basic Strike Issue," Nation's Business (August, 1959), p. 51.

Should "Management's Prerogatives" be the exclusive rights of management that cannot be touched by the union today when the union is so powerful? The problem of "Management's Prerogatives" becomes less important when union and management achieve genuine cooperation with each other. Once the parties begin to discuss their problems freely any "fence around the rights and responsibilities of management on the one hand and the unions on the other" is broken down.¹⁶ The truth of this fact has been proved through the long experience of extensive union-management cooperation in the clothing industry as follows:¹⁷

They (clothing manufacturers) have lost more of their "management prerogatives" than employers in other industries who--voluntarily or under statutory compulsion--bargain on a less extensive scope. In return, they have gained a considerable amount of good will on the part of the unions and workers. If, on the one hand, the employer can no longer do business without, or with but little, in regard to his workers' specific interest, the union, on the other hand, cannot and does not pursue policies which give no consideration to the industry's interests. Labor has become more industry-minded and has a greater incentive to concern itself with improving efficiency and productivity. In working for their own ends, unions bear in mind the close interdependence of the welfare of the workers and that of their employers. Participation in shaping policies of individual enterprises and of their industry as a whole has given them a strong sense of responsibility for the progress of the industry.

¹⁶Kurt Braun, Union-Management Cooperation (Washington, D. C.: The Brookings Institution, 1947), p. 249.

¹⁷Ibid.

Consequently, with the growth of mutual understanding, the responsibilities of one of the parties today may well become the joint responsibility of both parties tomorrow.

IV. BUSINESSLIKE AND RESPONSIBLE RELATIONS

Management inclines to refuse any sort of socialism. All parties to industrial relations should be businesslike and responsible. Today management feels suspicious of the union's entrance into (or interest in) socialism because of the fact that monopoly unionism of an irresponsible nature has developed a new federation which enables it to control the entire labor supply of an industry, has vast funds and manpower and means of communication at the disposal, and thus enables it to seize political control of the country to the greatest possible extent.¹⁸ Such strong concentrated power may enable the union to exercise effective control over either or both political parties.

However, George Meany, President of AFL-CIO emphasizes that the new federation has not any intention of setting up a "labor party." Meany also stresses that the capital needs of a free economy are just as important to organized labor

¹⁸"Union Leaders Move into Government," Nation's Business, (October, 1959), p. 39.

as they are to management.¹⁹ But could the question be answered by such disavowals?

The current union is more likely to be merely a public service organization to wage war on the entire society in order to maximize its leverage at the bargaining table than to be a pure labor organization for reformist aim, and its "free" collective bargaining is used without regard to the consequence to the community of the bargaining agent's decision. Thus, the industry is inclined to view the monopoly of unionism as intended socialism in the potential.

The brief studies of the history of unionism in England is of value for management to know; it is the tomorrow of unionism in the United States. Unless sound unionism is protected, the United States will go as the British industry has. At first unionism in England was purely an instrument for collective bargaining between employer and employee, then it moved to a labor party based upon Fabian Socialism. Flynn concludes that socialization takes the following procedures:²⁰

What the radical labor politicians wanted was the officers, the funds, the educational machinery of the unions. And this propaganda apparatus they proceeded to use upon their own members. The members of the

¹⁹Charles R. Sligh, Jr., What Management Expects of Organized Labor (New York: National Association of Manufacturers, 1955), p. 17.

²⁰John T. Flynn, The Road Ahead (New York: The Committee for Constitutional Government, Inc., 1949), pp. 82-83.

unions take little part in union affairs. They expect their leaders to fight for them for higher pay, shorter hours and better working conditions. If the leaders do this job energetically and successfully, the members are satisfied. The leaders have been able to bring to bear upon the minds of their members a vigorous propaganda pressure for all sorts of other blessings which are to come, not from the bosses, but from a benevolent government.

This immense, powerful, well-financed propaganda apparatus of the unions is the first goal of the Socialist Planners. The father of Fabian Socialism, G. D. H. Cole, says, "They hoped that if they could get the trade unions to collaborate with them...the rest of what they wanted would speedily follow."²¹

The chief emphasis of Fabian Socialism is aimed at welfare and reform measure in the direction of the Welfare State. None of these welfare matters is called socialism. The plan of the movement of Fabian Socialism is briefly summarized by Flynn as follows:²²

1. The first feature was the Fabian Society itself, which became the political planning machine that made the plans, was the training school for Socialist leaders, schooled speakers and writers and leaders, directed the national educational program and acted as the general staff of the movement.
2. The Fabians began by advocating not a Socialist State but a Welfare State as the prologue.

²¹G. D. H. Cole, British Working Class Politics, 1832-1914, (London: 1914), p. 96.

²²sligh, op. cit., pp. 14-15.

3. They resolved to offer their program in small successive sections--by means of gradualism, as it came to be known.

4. They decided against total State ownership of land and industry. They proposed State ownership of the great basic functions--credit, electric power, transportation and basic metals. The balance of the economic system would be left in private hands, but operated under plans made by the State.

5. They held they must capture the mind of the working class and to that end must take over the apparatus--that is, the officialdom--of the labor unions.

6. They decided to form a political arm--a party--which later became the British Labor Party.

7. They decided to begin by cooperating with the Liberal Party, which corresponded to our Democratic Party, until their own Labor Party acquired strength enough to displace it.

8. They agreed they must penetrate and capture the instruments of public opinion and information--the writers, the churchmen and the schools.

Today some leaders of American unions are captured by socialists. For example, Samuel Gompers, President of AFL, has applied the original British concept of the union into AFL. Walter Reuther, President of UAW, who saw communism in action in Russia, believes that planning is one way to avoid the succession of booms and busts for the automobile industry. "Planning" means submitting the entire industry to a Socialist Planned Economy.²³

²³Ibid., pp. 86-7.

The main struggle of the steel industry over 1959-60 was related to the strong opposition of management concerning the work-rule provision demanded by the union. It is quite natural that management would oppose such union demands when management fears labor control of the steel industry and when the socialists are generally inclined to the socialization of basic industries.

In return, if the union has no intention of socialism, it should refrain from discouragement of capital formation which helps industry survive and which sustains its growth of the industry, by the attempts of the union to seek higher wages and fringe benefits which the economy cannot safely absorb.²⁴ It should also refrain from keeping its political activities out of labor-management relations, and from gaining by endless union monopolization what cannot be justified economically.²⁵ These recognitions of the union, the balance of powers and the statesmanship of the union, afford two great forces to build and strengthen the extensive union-management cooperation.

²⁴Johns Bugas, "Industrial Relations 1975," Vital Speeches (August 15, 1957), p. 631.

²⁵Charles R. Sligh, Jr., What Management Expects of Organized Labor (New York: National Association of Manufacturers, 1955), p. 19.

CHAPTER VIII

UNION SECURITY

The integrity of unionism which is indispensable for joint union-management cooperation has been discussed in the previous chapter. Today the union has greatly changed and grown in nature. The most important single factor affecting the growth of the union is the security of the union. Regardless of the saying that management's attitude toward the union is substantially influential to unionism, it depends upon the degree of management acceptance of the union as coexisting institutions, upon its conduct of bargaining and upon the substance of the bargains made with unions.

In general, the union is more constructive and more cooperative with management if the institutional needs of the union are met. Most unions accept the concept of free enterprise under which management and union have to have a high sense of responsibility, not only to their stockholders, but to their employees and society. Management and union are jointly responsible to them.

The sense of the responsibility of the union for them does not exist without the recognizing of the union security by management. Its security includes organizational security and the security of the union officers.

I. ORGANIZATIONAL SECURITY

The first concern of the union is for its own security. The freedom of the unionization of workers and the right of the organized labor should not be invaded by management. All resources are mobilized to defend the union when management refuses to deal with the union, or when management seeks in various ways to undermine union's position. The union is severely protective of itself against encroachments by rival unions, and tries to prevent its position from being weakened by management discrimination, and to prevent a relaxing of the interest and support of the members.¹ Thus, management should refrain from its irresponsible denial of unionism simply because of political institutions, or refrain from the attempt of company unionization. A genuine fear of the unions for cooperation is caused by the fact that cooperation may mean an attempt to exclude the union, to reduce its influence by suspected company unionization to train union members in management ideologies and to force concessions unfavorable to the union.²

¹Richard N. Owens, Management of Industrial Enterprises (Homewood, Illinois: Richard D. Irwin, Inc., 1953), p. 430.

²Ernest Dale, Great Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), pp. 102-3.

Consequently, the development of the security of the union is a genuine acceptance of organized labor on the part of management and its sincere attempt to convince the union that there is no thought of undermining it through the union-management cooperation.

II. THE SECURITY OF THE UNION OFFICERS

Management should recognize the union officers as a constructive force. Many unions reported that they had offered cooperation as to increased productivity to management, but their offers had not been accepted. These failures of their proposals caused the most reactionary, selfish, and profit-minded elements of the industry.³ Management should carefully study unions' proposals on the basis of reliance and judge them on the basis of their economic soundness, and should refrain from embarrassing union officers.⁴ These are all sources for the success of the committee which directly responds to the loyalty of the membership and the maintenance of the membership as the security of the union officers.

The collaboration of the union officers themselves to the success of the committee also yield the security of the officers. To do so, the membership should be thoroughly informed of the committee's work at each step with full facts,

³Ibid., p. 106.

⁴J. S. Bugas, "Industrial Relations--1957," Vital Speeches (August 1, 1957), p. 635.

and the union representatives of the committee should report frequently to shop stewards and educate them to pass the information on to the rank and file. Furthermore, the chance of success in a major new project should be thoroughly studied in advance before the committee explains it to the rank and file, and the matter should rest upon a membership vote. Some turnover of the committee members could be given to aid in spreading experience and so to reduce suspicion.⁵

Consequently, the essence of the security of the union officers is the sincere attitudes of both union and management to supply adequate information and data, to consider the proposals of each side with care and to give sufficient time.

III. THE CONSEQUENCE OF PHILOSOPHY BETWEEN LOCAL AND NATIONAL UNION

Intra- and inter-union disputes may make cooperation difficult. Several well-functioned committees have been obliged to be disbanded because cooperation was not in accordance with the national policy.⁶

The local union usually has to have the national approval or face discipline and expulsion if the local union

⁵Dale, loc. cit.

⁶Ibid., p. 108.

cooperates independently from the national union. Such approval may not be difficult to obtain. However, cooperation may be withdrawn at any time if the national officers begin to fear changes of "collaboration" or decide the local is losing its militancy in consequence.⁷

The issues of opposition by the national union for the joint union-management cooperation may be due to any one of the following causes:⁸

(a) Basic revolutionary philosophy; (b) a policy of industry-wide disputes; (c) the fear of losing control over the local union which may become "too loyal" to the employer; (d) the fear of intra-union disputes between cooperation and non-cooperation locals or members within the local; (e) the fear of rival unions (e.g. "absolute unwillingness on the part of John L. Lewis' union to participate because it was Phil Murray's idea"); (f) the absence of a competent staff at the national office to control cooperation and carry it out properly; (g) the feeling that the union must insist on a degree of cooperation which many firms will not grant.

The favorable and unfavorable aspects of control by the national may be accentuated by the trend toward closer and stronger concentration of control into the hands of top leaders. Thus, the role of shifting centers of power in cooperation needs to be taken into account.

⁷Ibid.

⁸Ibid., p. 109.

CHAPTER IX

UNION-MANAGEMENT COMMUNICATION

A system for transmitting and receiving information up and down through all levels is a basic requirement for any organization that hopes for union-management cooperation. The union and management have experienced inadequate information between them or failure to make each other understand the other's point of view. Improved communications tend to improve union-management understanding and relations. In turn, good union-management relations are a helpful background to the most satisfactory development of in-plant communications.

Good union-management relations result in the recognition of the fact by both parties that good intra-company and intra-union communications are important. Furthermore, an attitude toward transmitting information is another factor of it. The attitude of mutual trust and confidence is basically important. Such mutual confidence may not exist if top management is unwilling to share information with the union officers or if either side is unwilling to listen with respect to the other.

In the case of Johnson & Johnson and Local 630 of Textile Workers Union of America, these officers met weekly with company officers on an extremely friendly basis. Moreover, the door of the chairman of the board was always open to the

union representatives. Management was willing to cooperate with union representatives at the national level insofar as their questions involved the Johnson & Johnson plants organized by the Textile Workers.¹

The employee is conscious of being a member of both the union and of the company organization. As the focal point of communications from both sides, the workers strongly desire information that has the approval of both parties. On a number of subjects they are often likely to be able to secure accurate information from either the foreman or the steward.² This joint communication on a cooperative bi-lateral basis seems outstandingly desirable to the rank and file.

I. THE METHODS OF DEVELOPING JOINT UNION-MANAGEMENT COMMUNICATION

The objectives of the joint union-management communication is to create improved efficiency of the organization. The joint communication makes a much closer coordination of management's and union's informational programs. The Johnson & Johnson study showed that the union's statement was not

¹Helen Baker, John W. Ballantine and John M. True, Transmitting Information through Management and Union Channels (Princeton: Princeton University, 1949), p. 61.

²Ibid.

in accord with the company's policy.³ Thus, more extensive communication is indispensable to the efficiency of the company.

However, there is the limitation of the joint communication because of the failure of department heads and supervisors to understand and reflect top management's policy on collective bargaining, and there is confusion as to the responsibilities of foreman and shop stewards in keeping the employee informed. A fundamental obstacle was the different objectives of union and management; the union was dissatisfied with the information received from management when bargaining was conducted at a level below that at which policy was determined.⁴

These conditions may be improved by recognition and clarification of the roles of both parties in keeping employees well informed, but only limited communication is practical. The following consideration is necessary for the achievement of even a limited communication:⁵

1. The total framework within which communications are carried on must be taken into account. These are the organization and objectives of both the company and the

³Ibid., p. 19.

⁴Ibid., p. 128.

⁵Ibid., pp. 128-130.

union; the type and education of individuals predominating in the group; the ability of supervisors and shop stewards; and company and union relationship.

2. Management's acceptance of the importance of the union in communications with employees is an essential element.

3. The union must be willing and able to fulfil its responsibility as a major channel of information.

4. The first-line representatives of union and management must be well informed and willing and able to transmit information. The foreman and the steward are an important link in the channel of communications. It is extremely important for the improvement of communications in the shop that they clearly understand the basic aims of their respective organizations, and of their responsibility in interpreting these aims.

5. Recognition of the common interest as well as the duality in management and union communications is important.

It is evident that substantial efforts can be developed only along with a complete recognition of the dual and independent functions of both parties. This is the real success of strengthening improved communications.

II. THE TECHNIQUES OF SUCCESSFUL JOINT COMMUNICATION

Well planned methods of communication keep the organization functioning smoothly. Certain problems are

likely to be faced by any group in developing satisfactory procedures. The following aspects of techniques are considerable:⁶

1. The selection for each specific subject of the most effective media or channels.

It is primarily necessary to give information repeatedly through several media for each specific subject in order to keep many of the workers informed accurately. These media include written forms, pictographs, movies, or the vocal form of personal explanation of supervisor, steward, or both. Personal channels are far better than printed media in matters.

2. The need to write or speak in terms understood by the group.

3. The need to present broad subjects in terms of the personal interest of the individual supervisor, steward, or worker.

4. The value of participation in gaining understanding.

Information moving upward or downward should be in the form of written messages, or personal statements with full discussion. Then resulting action would respond to understanding.

⁶Ibid., pp. 131-138.

Employee knowledge of union objectives has a high correlation with attendance at meetings. Small attendance at union meetings suggests that workers need more than the opportunity to participate. They need to be convinced that participation offers more in personal satisfaction than it costs in effort expended.⁷

It is very important to have carefully planned methods of communications in order that the recipient may understand what he is being told.

⁷Ibid., p. 133.

CHAPTER X

THE FAIR DISTRIBUTION OF GAINS

The development of successful union-management cooperation establishes distinct relationships between the effort and the reward by which labor is stimulated to yield continuous cooperation in productivity. One of the main failures of cooperation is ambiguous statements or no statements regarding the "fair" distribution of gains which would be expected by cooperation.

The purpose of the study in this chapter provides not only for a possible solution to a more equitable income distribution, but also for building a cornerstone in the extensive union-management cooperation. The basic problem of the "fair" distribution of the gains concerns what part of the gains that accrue from increased productivity, should go to labor and what part to management. Obviously, there is no absolute standard for a "fair" distribution. The share may be fixed most reasonably with understanding at the collective bargaining or special union-management negotiation. However, the subject of the "fair" distribution will have to involve not only increased productivity, but sales increase often derived from increased productivity. The application on the sharing for both increased productivity and the increase of sales is to reach the culmination of the extensive union-management cooperation.

I. PREREQUISITES TO "PAIR" DISTRIBUTION OF GAINS

The accomplishment of the satisfactory fair distribution gains requires certain basis in advance:

1. Management should pay a fair wage under the job evaluation and time measurement system already mention in the chapter IV and V.

2. Management should have the confidence and trust of its workers. It is difficult for the principle of the fair distribution to be installed and it has little chance of success if introduced in an environment of mutual distrust and intolerance.

3. Employee communication and education and participation on a large scale should be offered sufficiently. One of the main causes of employee apathy and dissatisfaction for the current distribution of the gains results in the fact that the workers are not informed about the principle of fair distribution. With the full understanding of this principle, the employee is then more likely to accept with grace the non-sharing periods or years when there is neither increased productivity nor sales increase. The absence of these sharings rather serves as an incentive to operate efficiently during the next period.¹

¹Edwin B. Flippo, Profit Sharing in American Business (Columbus, Ohio: The Ohio State University, 1954), p. 128

4. It is important to understand in advance that the purpose of the fair distribution of gains is intended to establish a broader and more general type of incentive in contrast to the specific individual and group incentives so effectively created by an incentive wage system. Thus, higher productivity is to be achieved through the adoption of both the fair distribution of gains and incentive wages.

Furthermore, the method of incentive wages should be group incentive rather than individual if it is available. The basic reasons for applying the group incentive plan are as follows:² (1) efficient administration such as saving in accounting, crediting, and inspection by the utilization of group incentive; (2) team work; (3) the community of interest and mutual benefit; and (4) self-disciplining.

5. The type of supervision should be the consultive supervision, or democratic, in order to increase both employee morale and productivity.

There is some difference between consultive and democratic supervision. In consultive supervision the leader brings problems to the group for their decision under his guidance. This gives a greater shift of decision-making

²R. H. Landes, "Application of Group Incentives," Planning and Administering Effective Incentives (New York: American Management Association, 1947, pp. 14-15.

responsibility to the group. It is limited to be applied at a present time.³

The careful consideration of these five factors may contribute to a smoother and a more complete achievement of the purpose of the fair distribution of gains.

II. THE EQUITABLE SHARING OF INCREASED PRODUCTIVITY

Idealistically, the distribution of the gains of increased productivity should take the form of equitable sharing which is commonly admitted as the direct reward closely related to the labor effort involved in cooperation.

1. The equitable method of distribution. The finding of an equitable method of distribution to the group concerned is the great difficulty in sharing the gains of increased productivity, because the increase in productivity is produced by the intricately interwoven process of both improved managerial methods and labor contribution.

An accurate and reliable formula to measure increased productivity must be set up. An accurate formula is generally complicated and difficult to understand, but the simple formula is often inaccurate and thus unsatisfactory on the ground of

³Keith Davis, Human Relations in Business (New York: McGraw-Hill Book Company, Inc., 1957), p. 299.

inequity and unfairness. A formula which is a compromise between the two extremes should be designed to gain labor's support.

To insure the accuracy and reliability of the formula, necessary and full data should be furnished by the accounting system of the firm. The validity of the data may be obtained by measuring the changes in productivity accurately.⁴

2. The method of sharing. The most common method of sharing the gains of increased productivity is to take this factor into account during collective bargaining negotiations and increase wages in proportion to the increase in productivity, resulting from union-management cooperation.⁵

A certain proportion of the increased productivity is to be set aside for such fringe benefits as these: (1) supplement unemployment compensation including technological changes; (2) funds for retirement pensions, sickness or disability allowances, or vacation. In practice, such sharings are too small to cover these benefits adequately, therefore these sharings are reinvested to expansion or improvement of company in order to maintain or increase job security.⁶

⁴Ernest Dale, Greater Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), p. 117.

⁵Ibid., p. 116.

⁶Ibid., p. 117.

The method of the Pollak Steel Company, Marion, Ohio, of sharing increased productivity took the form of sharing in labor cost reductions. A carefully thought-out method of the sharing was reported as follows:⁷

1. The standard time required to produce and ship one net ton of steel was calculated over a period of five years.

2. For each period of four weeks the actual time required to produce and ship one net ton of steel was calculated.

3. The difference between 1 and 2 was multiplied by a standard based wage rate per hour.

4. Of the total amount of money saved, one-half was set aside for the employees and divided by the total number of hours worked; the other half was retained by the company.

5. The result was the number of cents per hour to be added to earnings in accordance with total number of hours worked.

⁷Ibid., p. 118.

Example: (Not Actual)

Standard time of one net ton of steel.....	20	hours
Actual time.....	18	"
Total number of hours worked in four weeks.....	36,000	"
Total number of hours saved.....	4,000	"
Total cost of hours saved (average hourly wage		
rate--\$1.00 an hour).....	\$4,000	
Employees' share 50%.....	\$2,000	
Hourly rate increase $\frac{\$2,000}{36,000}$	\$.05 $\frac{1}{2}$	an hour

Under the Pollak Steel Plan the extra earnings for 12 months from March, 1947, to February, 1948, amounted to 6.6 cents per hour.

III. THE FAIR DISTRIBUTION OF SALES INCREASE

A popular method to assure a more fair distribution to labor is through the sharing of the gains of sales increase linked to the increased productivity. The sharing usually takes the form of profit sharing. In recent years it was intended not only as the method of indirect reward for labor participation, but also as the method of improving employee's benefit plans.

The importance of profit sharing compared with the sharing of increased productivity is in the recognition of an individual value with the company rather than mere physical share of labor efforts in the latter. Thus, in profit sharing, the minds and attitudes of employees are

regarded as of equal importance with company, if not greater, in accomplishing the specified objective of an organization with maximum economy and effectiveness.⁸

1. The method of the profit sharing. The profit sharing plan is divided into three basic types of plans: (1) cash or current distribution, (2) trustee or deferred distribution, and (3) a combination of current and deferred distribution.⁹ There are advantages and disadvantages among these types of the plans.

However, the method of profit sharing might well take the type of security plans, as the deferred distribution plan type, that would yield benefits for their employees supplementary to those under the governmental systems. The range in the per capita amounts distributed by the profit sharing is relatively narrow, the company's tax is rising, and the government system for the security benefits such as pensions under the Social Security Act and the unemployment compensation benefits under many state laws are inadequate.¹⁰ This type of the plan is also quite effective even during non-profit periods.¹¹

⁸Edwin B. Flippe, Profit Sharing in American Business (Columbus, Ohio: The Ohio State University, 1954), p. 1.

⁹Ibid., p. 20.

¹⁰William M. Fox, Readings in Personnel Management (New York: Henry Holt and Company, 1957), p. 103.

¹¹Flippe, op. cit., p. 129.

Most industrial pension schemes must now be revised to adjust them to and effectively make them supplementary to the national retirement legislation. Thus, the share of the profit should be met currently in the first instance to strengthen the financial basis of these schemes. As the next step a share of the best years can be used to the advantage to employees if paid into the fund or if not necessary to liberalize their benefits. In fact, the most effective final provision in this direction would be the use of profit sharing to subsidize employees' savings.

Sears' stock-ownership profit-sharing plan, which has been in existence since 1916, is a highly successful and well-established profit-sharing plan with a record of the longest survival of the plan and the largest numbers of the participants of the plans now in existence. The Sears' plan is a deferred plan and the profits are invested with employee contributions for the purpose of retirement.

The plan has piled up a fund valued at more than \$350 million, of which the company has contributed some 45 per cent and the employees 15 per cent. The balance includes interest, dividends, and an appreciation of \$118 million in the market value of the Sears stock in the fund. The average investment balance for each participant in the fund accounts for \$608 in cash plus fifty-two shares of stock worth some

\$2,700 in 1956. The higher the seniority of the employee is, the more he has to his credit: for example, a bookkeeper with thirty years' service who has put in \$3,000, has withdrawn \$5,000 for personal use, and still has \$4,000 in cash and \$38,000 worth of stock.¹²

The method of the Sears' profit-sharing plan is summarized as follows:¹³

a. Eligibility

All full-time employees with 1 year's continuous service who deposit 5% of their salary to a maximum of \$500 per year are eligible.

b. Determination of amount available for distribution.

The company contributes 5% of combined net profits before deduction for any dividends or for federal income taxes. The fund is invested in capital stock of the company, but trustees have the privilege of investing in other securities.

c. Basis of apportionment.

The share of the profits is credited to the depositor's accounts in proportion to the employee deposits and length of service. Depositors are divided into 4 groups:

¹²Fox, loc. cit.

¹³The Savings and Profit Sharing Pension Fund of Sears, Roebuck and Co. Employees, June 16, 1953.

Group A: less than 5 years' service, share prorated according to deposits of previous year; Group B: 5-10 years' service, share prorated according to twice deposits of previous year; Group C: 10-15 years' service, share prorated according to three times deposits of previous year; and Group D: 15 or more years' service, over 50 years of age, share prorated according to four times deposits of previous year.

d. Form and frequency of payment.

Company payments are deposited in the fund annually. The entire amount to the credit of a depositor may be withdrawn after 5 years' service. If a depositor has not completed 5 years' continuous service, he may withdraw only the amount he has deposited, plus 5% interest per annum compounded semiannually. However, if a depositor dies or if his service is terminated neither of his own volition nor because of unsatisfactory work, he or his beneficiary receives the money and securities credited to his account.

e. Administrative agent.

The fund is managed by two agents: the board of trustees and advisory council. The board of trustees consists of five delegates. These trustees are appointed by the board of directors. The advisory council consists of nineteen delegates: ten to be elected from and by retail store employees; five from and by mail-order store employees;

one from and by the Chicago Parent Organization employees;
one from and by the New York Parent Organization employees;
and one from and by Allstate Insurance Company employees.

The advisory council holds regular semi-annual meetings with the board of trustees. At other times meetings of the council may be called by the board of trustees.

2. The consequence of the profit sharing with the union. The union has combated the profit sharing as an anti-union strategem. One of the big problems is whether or not the plan should be included in the union agreement. In this respect, management's traditional attitude toward this has been one of opposition because it feels that profits are not bargainable, and that collective bargaining would lead to a union invasion of such areas as sales policies, executive salaries, and financial policies, all of which directly affect profit and the profit share.¹⁴

On the other hand, there is some evidence that the union would like to make the subject bargainable. The late William Green, former President of the AFL voiced in testimony before a Senate Committee in 1938:

It follows that we are equally unwilling to see the scope of collective bargaining narrowed so that profit sharing or any other new provision affecting work relationship must mean an extension of collective

¹⁴Edwin B. Flippe, Profit Sharing in American Business (Columbus, Ohio: The Ohio State University, 1954), pp. 97-98.

bargaining to the new field. All the terms and conditions of payment for work should be determined through joint conference of representatives of management and workers concerned and carried to mutual agreement upon issues discussed.¹⁵

However, employee profit-sharing plans and labor unionization is not incompatible. Less than one-tenth of the 140 unionized companies recently surveyed by the Ohio State University reported no union agreements. Almost one-fourth do include either mention or detailed descriptions of the employee profit-sharing plan in the written agreement.¹⁶ Three-fifths report approval and cooperation if the plan is referred to in the contract, indicating some measure of joint discussion. Almost four-fifths report "recognition-approval-cooperation" of the union if the plan is included and spelled out in detail, implying full discussion and bargaining over its content.¹⁷

Consequently, the inclusion of the subject in the contract would lead to a more favorable union attitude toward the profit-sharing plan. The administration of a profit-sharing plan during a non-profit period would also be affected by the presence of the union.

¹⁵U.S. Senate, "Survey of Experiences in Profit Sharing and Possibilities of Incentive Taxation," Hearings, Subcommittee of Committee on Finance, 75th Congress (Washington, D.C.: Government Printing Office, 1938), p. 105.

¹⁶Flippo, op. cit., p. 98.

¹⁷Ibid., p. 100.

SUMMARY

The potentialities of cooperation and the chances of success are to develop the four basic elements above mentioned: the security of management, the security of the union, joint educational communication and the equal sharing of gains simultaneously. For these purposes each one should not be undermined or disregarded, but should be a recourse to generate and increase mutual confidence and understanding between labor and management. As a result, it is felt that labor and management would be able to develop and strengthen extensive union-management cooperation for the purpose of the promotion and improvement of industrial and economic relationships between labor and management to the maximum.

CHAPTER XI

THE STRUCTURE OF THE COMMITTEE

The most tangible and distinctive element in the union-management cooperation arrangement is the cooperative committee. The committee provides for creative thinking by labor and management which is the foundation of great productivity. Interaction between the two groups of labor and management in the committee accelerates creativity in several ways. The committee members build up enthusiasm for each other, competition between labor and management provides further motivation, and group pressures in the committee develop a "permissive environment."¹ In return, the committee provides a more successful performance in the decisions reached which is the common goal of both labor and management.²

The committee is a specific type of group in which members have equal formal authority with regard to the problem at hand.³ The successful committee might well consist both of departmental and plant-wide committees. This

¹Keith Davis, Human Relations in Business (New York: McGraw-Hill Book Company, Inc., 1957), p. 278.

²Martin Kriesberg, "Executives Evaluate Administrative Conferences," Advanced Management (March, 1950), p. 15.

³Davis, op. cit., p. 272.

chapter will show how to organize the committee effectively both on the departmental and on the plant-wide basis.

I. PREREQUISITE FOR INSTALLATION OF COMMITTEE

All the matters that are primarily vital must be thoroughly considered in the following points before beginning the job of organizing the committees:

1. Cooperation of top managements and top union officials. If the agreement to cooperate is reached by labor and management, top management and top union officials must inform all levels of both sides of the purpose and intent of cooperation, and secure their cooperation by convincing them of the feasibility of cooperation. Furthermore, management and union together must show the union members how closely their own welfare depends upon that of their employer and the industry. As a result, it becomes less difficult for their leaders to avoid aggressive policies, which are unwise in periods of bad business and at no time conducive to union-management cooperation.⁴

2. Cooperation of foremen and union stewards. One of the most essential elements of a successful cooperative committee is the willing and prompt cooperation by foremen and union stewards. The foreman is the shop production executive

⁴Kurt Braun, Union-Management Cooperation (Washington, D. C.: The Brookings Institution, 1947), pp. 52-53.

and the union steward is the shop morale executive. Without both leaderships the workers could not be made production-conscious. Any efficiency approach will have to be built around them.⁵ They must be convinced that by cooperation they will not lose their own authorities and positions but will be strengthened by it, because cooperation will provide for foremen and union stewards its constructive force. This can be done by including foremen and stewards in the meetings and by insuring that all recommendations are communicated to and discussed with the staffs.

Foremen and stewards are expected to lend their full support and cooperation to the activities of the committee. Their responsibilities to the committee are just the same as their duties to their own departments. Consequently, the aid and encouragement of foremen and stewards helping to improve the committee are the assets of extensive union-management cooperation.

3. Specific statement of purpose. A statement of purpose must be worked out to have definite policies regarding what areas and degrees of cooperation are desirable.⁶

⁵Ernest Dale, Great Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), p. 151.

⁶Ibid., p. 11.

The statement must also be elaborated in respect to the provisions of both the securities of the parties and the impartial machinery of arbitration for violations and disputes.

It is the keystone of the success of the committee that management understands that the chief function of the union is to protect its members and to win benefits for them. Good faith on the part of both parties is essential.

II. DEPARTMENTAL COMMITTEE

The purpose of the departmental committee is to improve departmental efficiency as a key of plant efficiency through cooperation between management and employees. The committee will help employees understand each other's functions and attitudes so that they will become more self-involved, more creative, and more responsible members.⁷ The committee might well intend to provide downward information and coordination when the departmental committee is integrated with the plant-wide committee discussed in the next chapter.

The committee consists of the representatives of management and the groups of employees. The management representatives usually include foremen and superintendents, especially in the larger companies, while in the smaller

⁷See Chapter II,

CHART 2. DEPARTMENTAL ORGANIZATION

Single-purpose committee organization on waste reduction at the Springfield, Mass., plant of the Westinghouse Electric Corporation (4,000 employees), reducing waste by departments, coordinated by divisional committee

DIVISIONAL COMMITTEES

Members: Superintendent, divisional chief inspector, chairmen of departmental committees, foremen and employee representatives.

Functions: Summary of progress made; review of interdepartmental problems.

Frequency of Meeting: Monthly.

DEPARTMENTAL COMMITTEES

Members: Chairman (foreman of the department); secretary (departmental inspector of waste); employee representatives from the department; employees concerned with the waste under discussion; visitors from the industrial relations department or the manager's office.

Functions: Study of the major causes of waste; formulating methods of eliminating waste.

Frequency of Meeting: Weekly or as often as seems necessary.

Source: Ernest Dale, Greater Productivity through Labor-Management Cooperation, New York: American Management Association, 1949

p. 141.

companies the director of industrial relations and the plant manager are added. On the labor side, hourly rated workers from one or several departments or divisions participate with union stewards.⁸

The success of the committee is related to a well-developed structure of the committee with properly qualified personnel from both management and labor.

1. Management representation:

a. The personnel or industrial relations manager

The personnel or industrial relations manager is quite often appointed as a man who is best able to promote employee relationships. There is some tendency for larger companies to prefer him to executives with a purely production approach.⁹

b. Foreman

The next important management representative in the committee is the foreman who is often given prominence in an attempt to restore his status in the company or at least to give him some human relations knowledge, especially in the large progressive company.¹⁰

⁸Ernest Dale, Greater Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), p. 140.

⁹Ibid., p. 141.

¹⁰Ibid., p. 142.

c. The superintendent

The superintendent is essential in the committee while the necessity of training the foreman's superior is recognized. He usually takes the part of an advisory role in production problems.

2. Labor representative:

a. Employees

All employees in the department may serve, or there may be representatives elected by the group.

b. Union steward

Union shop stewards, often elected, are the men who have a good knowledge of the shop and are able to get the support of their constituents.

III. PLANT-WIDE COMMITTEE

The plant-wide committee emphasizes the cooperative relationships between the representatives of labor and management in a large unit of organizations. The form of the plant-wide committee is manifold. However, there is generally a central committee in the large company, and in many cases a number of subcommittees are attached to it. The departmental committees are supplementary to the sub-committees or the central committee.

1. The functions of the central committee. Its functions are a general policy formulation and coordination

and supervision of the sub-committee and the departmental committee. It also investigates the proposals of the subcommittees and initiates new activities for them. The central committee has regular meetings with joint union-management representatives but meet separately from the regular committee meetings. Such a procedure is important to make possible consultation with experts, discussion with constituents, informal approaches to management, and greater freedom of discussion.¹¹

2. The functions of the subcommittees. Its functions are to deal with specific fields of activities concerned with particular plant problems. The subcommittees may function independently of the central committee if necessary. In smaller companies, the members of the central committee often form themselves into the subcommittee, but in the larger companies the members of the subcommittee are appointed by the central committee.¹²

3. The relationships between the central committee and the departmental committees. The chief importance of the relationships is to secure cooperation of both employee and union. The central committee representative frequently serves

¹¹Ibid., p. 143.

¹²Ibid., p. 143.

as a chairman in the departmental committee and plays the role of coordinator between the central and the departmental committees.¹³

4. The relations between the subcommittees and the departmental committees. The two types of the committees have different functions: one is specific and the other is general. They coordinate the problems which aid each other. However, the two committees similarly function in relation to the central committee. One, the members investigate all the factors in an assigned problem and develop a tentative solution. The other, they proceed to carry out the plan, reporting frequently to the central committee on their progress and recommending any amendments to the original plan.¹⁴

5. The constituents for the successful committee. It is extremely important to know of whom the constituents of the plant-wide committee should consist, because it is directly influential to the success of all the committees.

(1). Management representation:

- a. The personnel or industrial relations manager

The personnel or industrial relations manager occupies the most important position, especially in the larger companies because of his profession. However, he must be careful in

¹³Ibid., p. 145.

¹⁴Ibid.

CHART 3 PLANT-WIDE ORGANIZATION

Labor-management advisory committee as a central committee in equipment plant of 5,000 employees for the purpose of productive efficiency is representing six divisional committees as the subcommittees which hold 46 department production committees

LABOR-MANAGEMENT ADVISORY COMMITTEE

Management Members: Superintendent of production (co-chairman); assistant to plant manager; manager of industrial relations.

Labor Members: President of union local (co-chairman); vice presidents of local union from first and second shifts "Staff" services.

Functions: Supplies basic facts and considerations, initiates programs and makes recommendations on job evaluation, time study, communication, absenteeism, accident prevention, waste, training.

Frequency of Meetings: Once every two weeks.

SIX DIVISIONAL COMMITTEES

Each composed of a division superintendent and the chairmen (from labor and management) of the department committees of the division.

1 2 3 4 5 6

46 DEPARTMENT PRODUCTION COMMITTEES

Composed of foreman, union steward, inspector, production clerk and other as needed.

Source: Ernest Dale, Greater Productivity through Labor-Management Cooperation, New York: American Management Association, 1949
p. 143.

CHART 4 PLANT-WIDE ORGANIZATION

Multiple-purpose committee organization for increasing productivity at an instrument company (2,000 employees), showing subcommittees dealing with various aspects of productivity, coordinated by a central committee

CENTRAL COMMITTEE

Management Members:	Director of personnel (chairman), two divisional superintendents, quality control superintendent, process superintendent, time study engineer, methods engineer, chief accountant.
Labor Members:	President of union local (co-chairman), vice president of the local, chairman of local's executive board, business agent, inspector, production clerk, stock clerk, production (secretary).
Functions:	Study of reports from subcommittees, recommendations for action.
Frequency of Meetings:	Once a week.

SUBCOMMITTEES

Made up of one management and one labor member from the main committees; additional members added as needed

ABSENTEEISM • SUGGESTIONS • SPORTS • QUALITY • PUBLICITY • PRODUCTION
PLANT PAPER

Source: Ernest Dale, Greater Productivity through Labor-Management Cooperation, New York: American Management Association, 1949
p. 144.

handling the committee lest he should stress the issues of union relations and personnel relations, such as morale, absenteeism safety, and health, to the exclusion of direct production increase and should develop conflicting policies if he cannot make distinction between cooperation and collective bargaining issues.¹⁵

b. The superintendent

The superintendent can assure significant meetings by emphasizing the effect of the group's deliberations on production.

c. The plant manager and top officials

The plant manager and top officials are important members. The top management's participation in the committee dignifies the committee and shows management's faith in the cooperation with the union.

d. The foreman

The foreman is percentagewise only half as important as the departmental committee. He usually serves on an observer basis so that the supervisory status and the communication lines may be safeguarded and he may be trained in higher management. This practice eliminates the danger of circumventing the foreman and causing him to become resentful.

¹⁵Ibid., p. 146.

Thus, he will be better integrated, get a wider view and better understanding of higher management.¹⁶

Consequently, management is most frequently represented by the industrial relations manager, the plant superintendent and the plant manager in the dual capacity of members of the collective bargaining committee and the cooperation committee. However, these dual representations are not practicable until a high degree of union security exists.¹⁷

(1). Labor representation:

a. Top union leader

The union president and the vice president of the local are often represented, for in the plant-wide committee usually two top union officials are participating.

b. Union stewards and employees

Union stewards and employees are not represented in the plant-wide committee, but in the departmental committee.

In short, the union is willing to place its officials on the committee if a high degree of mutual trust exists between the two parties. However, the fear that collective bargaining will be mixed with cooperation has not always been avoided, but satisfactorily adjusted. The committees

¹⁶Ibid., p. 147

¹⁷Ibid.

whose membership included union officials from the collective bargaining committees did not differ greatly in the proportion of failures from those that did not.¹⁸

¹⁸Ibid., p. 148.

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CHAPTER XII

METHODS OF DEVELOPMENT OF THE ORGANIZATION

Once the structure of the organization is effectively set up, the next procedure in developing its structure is to plan and steer the organization adequately. The planning and steering directly concerns the continuity of the organization. For this reason, the significance of the study in this chapter is to show the method of development.

I. THE PLANNING OF THE COMMITTEE

The planning of the committee provides a certain foundation for the harmonious and smooth conduct of the committee in the maximum of efficiency. The subjects which should be considered by the planning committee are such questions as: How big should the committee be? How are the members selected? What should their term of office be? How should the meeting be prepared? How often should the committee meet? At what time and how long should the meeting be held? What should be the role of leadership? Who should be responsible for the committee?

1. The size of the committee. The size of the committee greatly affects the efficiency of the committee's administration. If it is too large, there is more argument and disagreement, and then disputes arise, but the larger committee is more

extensive if it is successful.¹ By Bales' research if the committee has more than seven members, the communication becomes centralized because the members lose adequate opportunity to communicate directly with each other. A meeting of five seems to be the preferred number for the particular task and the time limits.² On the other hand, Dale's research shows that most of the successful committees consist of between six and ten members.³ Similarly, in Red China, six to twelve persons make up the voluntary small study groups of every office, factory, shop, school, cooperative, commune, military or residential unit.⁴

In practice, the permissible size of the committee is a compromise between the need for a large number of representatives and the practicability of working with small groups. However, if it is necessary to have a larger committee to represent all relevant points of view, special effort must be required to insure good communication.

¹Ernest Dale, Greater Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), p. 157.

²Robert F. Bales, "In Conference," Harvard Business Review (March-April, 1954), p. 44.

³Dale, loc. cit.

⁴Harriet C. Mills, "Thought Reform: Ideological Remolding in China," The Atlantic, vol. 204, No. 6 (December, 1959), p. 72.

2. The selection of the committee members. Management representatives are always chosen by management. However, the method of the selection of labor representatives is different from the type of union relationships. If all employees of one plant belong to the same union, the union often nominates the representatives. If there are union and non-union members in a plant, representatives may be chosen on the basis of proportionate numerical strength. If there are many unions, each may send one representative or two unions may join in selecting one representative.⁵

Management may request the union to nominate the labor representatives who are acceptable to management. If it does so, the best procedure may be to have the union submit a list of candidates, and let management make the choice from that list. All employees should be entitled to nominate their own candidates. However, if qualified labor representatives are necessary, a similar procedure may be taken and thus employees may be able to elect the respective candidate from the list made by the union.⁶

3. The term of the committee. A proper term of the committee is essential for the continuity and safeguard of

⁵Dale, op. cit., p. 158.

⁶Ibid., pp. 158-159.

the committee. A short term is recommended to avoid difficulties with incompetent people and to insure achievement over a period of time, but an extension of the period of the committee is easy. In general, the term of the committee is a year; however, many committees have no definite term and no special method of filling vacancies, because flexibility is emphasized to give an opportunity for changing men who have exhausted their ideas and to give labor and management a chance to improve the quality of committee members.⁷

4. Preparation. A careful preparation before the committee meeting is vital for efficient work in the committee. The chairman should foresee that agreement on what action to take may be delayed if there is disagreement on assumptions. He should know in advance if it is wise to permit this delay or if it is preferable to hasten decisions. Therefore, it is important for him to go over and examine various proposals for a minimum of general assumptions. If he is insufficiently prepared, members may improvise factual evidence to excuse their exaggerated statements and biased unverified beliefs. The work of the committee is thus often increased if he permits inexcusable waste in money and time.⁸

⁷Ibid., p. 161.

⁸Frank Walser, The Art of Conference (New York: Harper & Brothers Publishers, 1934), p. 66.

(1). Preparing the outline of the discussion

Several days before the committee meeting the chairman should assign a problem to each committee member and let him submit his own outline of how the problem should be divided so as not to influence unduly the original thinking of the members. Such outlines should point equally to reasoning on the significance of the facts collected, so that each member may give particular attention to those facts of his own experience and have direct personal touch with the concrete situation discussed.⁹ In return, such thoroughness of the members' preparation may eliminate temperamental antagonisms and fundamental differences in assumption.

a. The principle of developing an outline.

To develop the basis of the approach to discussion, the following five steps should be followed in the complete process of writing an outline for discussion:¹⁰

- (a) Location and defining the problem
- (b) Exploring the problem
- (c) Examining suggested solutions
- (d) Choosing the best solution
- (e) Securing acceptance of the selected solution (considering possibility of acceptance during the committee meeting)

⁹Ibid., pp. 66-67.

¹⁰Henry Lee Ewbank and J. Jeffery Auer, Discussion and Debate (New York: Appleton-Century-Crofts, Inc., 1941), pp. 4-5.

The chairman may easily be able to lay out all the facts and aspects of the problem to be examined both to see its full scope at a glance and to know the successive steps of the examination.

b. Re-evaluation of outline.

Once an outline is completed, it should be reviewed and re-evaluated for testing a conviction resulting from the acceptance of a proposed solution. The following tests may be applied for the re-evaluation of an outline;¹¹

(a) Clarity.

A good conviction is unambiguous.

(b) Consistency with the facts.

A good conviction is founded on extensive and accurate observation. It is not contradicted by experience.

(c) Consistency with other beliefs.

There is a presumption against a belief that conflicts with other beliefs well certified by experience. Sometimes, however, it is the latter beliefs rather than the former that need to be revised.

(d) Utility.

A good conviction is often distinguished by its usefulness in suggesting further good convictions.

¹¹Columbia Associates in Philosophy, An Introduction to Reflective Thinking (New York: Houghton Mifflin Company, 1923), p. 334.

(e) Simplicity.

Other things being equal, that belief is best which makes fewest assumptions.

(2) Preparing the agenda of the discussion

The chairman should prepare extra copies of the agenda to be handed in advance to each member so that each may know what problems are to be discussed in the committee meeting. A good agenda makes a good committee meeting. Whatever the method of approach, an agenda is merely an orderly, logical sequence of items to be discussed and decided at the committee meeting. For these purposes, the following procedure should be taken:¹²

- a. Make a list of all the items to come up for consideration.
- b. Reduce this list to fit the time limit.
- c. Arrange in orderly sequence the items to be discussed.
- d. Outline the subsidiary questions involved in each major problem to be discussed.
- e. Finally, determine the subsequent questions which will arise from the decisions made.

By outlining the agenda of the discussion, the chairman may secure a speedy and thorough consideration of the problems confronting the committee meeting.

¹²Alan H. Monroe, Principles and Types of Speech (New York: Scott, Foresman and Company, 1939), pp. 479-480. See also Harleigh B. Trecker and Audrey R. Trecker, How to Work with Groups (New York: Woman's Press, 1952), pp. 51-52.

5. The frequency of the meetings. Regular meetings are essential for keeping the interest of members stimulated and for securing the consecutive discussions of a series of problems. Biweekly meetings are generally most successful. However, too frequent meetings may be detrimental to success.¹³

6. Time and length of meeting. The time of meetings should be agreeable to, and convenient for, the majority of members. In general, meetings last from one to two hours, at a maximum three hours.¹⁴

7. Leadership. A type of the joint committee requires two leaderships: a task leader and a social leader.¹⁵ Co-chairmen of the committee are considered pertinent for them. Co-chairmen share equal rank, deciding between themselves which one shall preside and carry on the job of a task leader.

A chairman as a task leader contributes most to achievement of the task. Should it be hard for him to continue his job because of the emotional spirit of the group, it is the job of co-chairman social leader to restore and maintain

¹³Ernest Dale, Greater Productivity through Labor-Management Cooperation (New York: American Management Association, 1949), p. 160.

¹⁴Ibid.

¹⁵Robert F. Bales, "In Conference," Harvard Business Review (March-April, 1954), p. 47.

group unity and satisfaction. Seldom can one person fill both the task and social roles. Furthermore, it is important for the task leader to recognize the social leader and cooperate with him.

8. Responsibility of the committee. In the character of the labor-management committee the responsibility of the committee is divided into two levels of responsibility: immediate and ultimate responsibilities. The immediate responsibility is usually centered in the committee's chairman. Top management has the ultimate responsibility for the conduct of the plant-wide committee.¹⁶

The personnel director has most frequently immediate responsibility because of his separation from collective bargaining issues. However, the industrial relations manager closely acquainted with collective bargaining issues is also important as a man of immediate responsibility.¹⁷

A top official of the company who is ultimately responsible has a major voice in determining the function of the committee, its scope, the subjects of discussion and the procedure. If the president of a company serves as a man of ultimate responsibility, he is associated with failure in

¹⁶Dale, op. cit., p. 149.

¹⁷Ibid.

only one-fifteenth of all committees surveyed.¹⁸ In fact, the interest of top management is of great help in the success of the committee.

II. THE CONDUCT OF THE COMMITTEE

A harmonious environment of the committee is fundamental in the understanding of the significance of group thinking. An inner harmony is a forceful resource, not only of the idea of the progress, but of agreement as no man can ever be who merely provides the logical validity of an argument. The absence of such inner peace urges men to conflicts. The feelings of confidence and ease are great assets in the chairman. However, the chairman should know the members and the techniques of uniting their judgments in the process of conducting the committee meeting.

The best approach to a harmonious discussion is to start slowly, following with a short pause the chairman's introduction of the whole scope of the problem. A precise definition of the problem is the first step of every discussion. It is extremely important in defining the problem for discussion to avoid making logical accuracy of the definition

¹⁸Ibid., p. 150.

of the main objective. Mutual understanding of just what is the issue should be the purpose of the definition.¹⁹

A logical procedure to develop a discussion is essential to reach agreement. There is a procedure called the principle of the situation which requires three steps: (1) assembly of fact, (2) interpretation of fact, a step which includes consideration of philosophy and viewpoints of the people involved, and (3) decision and action on the basis of the situation.²⁰

Social scientists generally recognize that agreement is greatly influential upon either positive or negative feeling. The direction of feeling--positive or negative--is determined primarily by the direction of progress toward an acceptable group goal.²¹ Consequently, the actual expediency and the general desirability of proposals should be given equal attention when agreement is sought.²²

Emotional tension always exaggerates incidentals if any difference of opinion is expressed. However, such

¹⁹Frank Walser, The Art of Conference (New York: Harper & Brothers Publishers, 1934), pp. 103-104.

²⁰R. C. Davis, The Fundamentals of Top Management (New York: Harper & Brothers, 1951), pp. 151-152.

²¹Keith Davis, Human Relations in Business (New York: McGraw-Hill Book Company, Inc., 1957), p. 274.

²²Walser, op. cit., p. 113.

emotional tension has a significance both in stimulating thought and in bringing out by contrast the definite differences of opinion. The sources of emotional tension are regarded as the results of:²³

1. Differences in peoples' principles and desires,
2. Differences in their knowledge of the facts of the concrete situation, and
3. Differences in interpretation of the meaning of what is said, due merely to differences in the use of the same words.

However, these fundamental differences are generally due to confusion or unchecked assumption in logic, fact, or language.²⁴ Faith in honest listening to the speaker and impartial investigation of his statement, tempered with humanity, are greatly important to bring the energy of emotional tension into rational thinking.

There are several ways to cure this emotional tension as it appears. The chairman may direct the group back to the facts and then begin anew from there. The process of returning to the facts provides the group a time to cool off.²⁵ There, a real solution may be suggested.

²³Ibid., pp. 111-112.

²⁴Ibid., pp. 127-128.

²⁵David, loc. cit.

The chairman may (1) sum up in a quiet voice what the speaker has said, (2) bring the latent opposition of reasoning, and then (3) lead the members to detach themselves from emotional tension so that they can see it as a problem.²⁶ Furthermore, the important facts and the reasons for interpreting them in a certain way should be explicitly emphasized.

The chairman, after carefully studying the various fields of argument touching the problem in question, may sum up each of the opposed opinions in a few forceful words which emphasize the valuable points, but with care to point out the original premise or particular assumption which distinguishes one speaker's attitude from the other.²⁷ He may thus introduce into the discussion a new dignity and respect in the unexplored possibilities of each member's experience. In fact, the summary is basically effective not only for bringing dispute back to essentials, but for checking repetition and registering steps of agreement.²⁸

Once the various facts and arguments have been accumulated, further discussion may only complicate the problem. What is needed is perspective. The chairman may gently announce: "We might now sum up the opposing points

²⁶Welser, op. cit., p. 106.

²⁷Ibid., p. 124.

²⁸Ibid.

of view and pause for two minutes to consider how to combine what is essential in each. These opposing points of view are, briefly....²⁹ A period of silence, tactically introduced in a deadlock, brings harmony out of existing conflict and leads to self-awareness and purposefulness.³⁰

With the second discussion the chairman should concentrate the group's attention on the precise difference of disagreement, making as clear as possible the different assumptions and use of facts which are back of disagreement.³¹ It is well to emphasize points of agreement and then to guide them to conclusion. However, to arrive at a conclusion, further analysis at some point must be checked. Comparison of views should then lead to the recognition of a common need, and thus, to agreement. Each member should seek not to defend, but to understand his resistance to acceptance of proposed agreements. Agreement of most of the members should be sufficient unless the decision is of utmost personal importance to the dissenter.³²

When agreement finally is reached, the hypothetical nature of any one of the basic assumptions should be reemphasized. Otherwise the conclusion of the discussion may imply a fallacious certainty.

²⁹Ibid., p. 121.

³⁰Ibid., pp. 116-117.

³¹Ibid., pp. 129-130.

³²David, op. cit., p. 277.

III. FOLLOW-UP AND EVALUATION

Follow-up and evaluation of the preceding committee meeting is essential for the growth of the next meeting. A measure for evaluating the value of the meeting is the degree of the feeling of the members' responsibility to the committee.

At intervals the chairman should evaluate the work of the preceding committee and plan the next meeting on the basis of past accomplishments. If the term of the committee is a year, at the close of the first three months a critical survey of its accomplishments should be made.³³

³³Edith Vasson McElroy and Dorothy Deemer Houghton, Clubwomen (New York: The Ronald Press Company, 1957), p. 114.

CONCLUSION

THE POSSIBILITY OF IDENTIFYING LABOR EFFICIENCY
 BY APPLICATION IN JAPAN OF UNION-MANAGEMENT
 COOPERATION IN AMERICAN INDUSTRY

The experience of the union-management cooperation in American industries has proved to be an important way of increased productivity in an advanced stage on industrialization. For this reason America today finds itself in a position of leadership in the free world.

In today's Japanese industry where the traditional methods of patriarchalism, despite their limitations, have actually succeeded in launching rapid industrial expansion of modern Japan, there is the significance of the problem as to whether the introduction of extensive union-management cooperation in the same form as American industry in Japan is capable of furthering labor efficiency from the existing situation of Japanese industry. It is of critical importance because of two situations in Japan: management specialization in industrial relations and widespread unionism in its enterprise-based form, which are new factors in the postwar changes of Japanese management and afford a strong basis for the development of horizontalism.

The patriarchal management system is necessarily difficult and clumsy to administer in the large scale of

industries, especially when it is urgent to increase productive efficiency. Thus, a search of an alternative is inevitable. The solution of the Japanese productivity problem, which will become increasingly serious as long as population growth continues, may rest in part upon the spread of the "horizontal management"¹ approach to the problem in industries and in part upon the increase in "horizontal unionism."²

I. CHARACTERISTICS OF JAPANESE INDUSTRIAL RELATIONS

The specialization of the management system and enterprise unionism are the dominant characteristics of Japanese industrial relations. The brief study of these characteristics provides for us a clue to the application in

¹Horizontal management means a managerial type or method in which people in each level are viewed as independent units. Thus horizontal management emphasizes strong encouragement of individualism compared with little drive for self-determination in vertical management. See Solomon B. Levine, Industrial Relations in Postwar Japan (Urbana, Illinois: University of Illinois Press, 1958), pp. 36-37.

²Horizontal unionism includes employees in one or a single group of processes, as in automobile manufacturing or steel making in the United States. In contrast, vertical unionism stands ready to admit to membership all those employed in an industry, regardless of their job or skill. It may be noted that popular usage often confuses the terms, seeking to make horizontal unionism synonymous with trade-unionism and vertical unionism the same as industrial unionism. See Dale Yoder, Manpower Economics and Labor Problems (New York: McGraw-Hill Book Company, Inc., 1950), pp. 412-413.

Japan of union-management cooperation such as is found in the United States.

1. Specialization of management system. The growth of the industrial relations specialist in the postwar Japanese industry has helped to influence horizontalism throughout the whole management structure. However, in the specialist's attempt to introduce horizontal relationships, particularly those identified with managerial efficiency in American industry, he has been obliged to retain an attribute of the old patriarchal system which characterizes the social responsibility of the traditional family system.³

There are two reasons for the resurrection of patriarchy. The first, the necessity of strengthening a sense of mutual obligation, is considered by management the essence of increased productive efficiency in the present situation of Japanese industry. It is not an unusual phenomenon since workers out of their sense of duty rely upon management's beneficence rather than seek any lasting

³The Japanese express the relationship between superior and subordinate through the various concepts of "on," "gimu," "giri," and "ninjo." "On" is the incurring of obligations; "gimu," the performance of duties; "giri," a type of reciprocity in the performance; and "ninjo," human feelings which are suppressed when in conflict with "gimu." See Robert S. Schwantes, Japanese and Americans, A Century of Cultural Relations (New York: Harper & Brothers, 1955), pp. 17-19.

self-determination.⁴ The second, a chief function of the enterprise unions lies in providing management with a constant reminder to carry out its responsibilities toward workers who are permanent members of the company. Management's failure in this respect calls severe protests from the union. The role of the industrial relations specialist is to guard management against such failures.⁵ Consequently, working out the welfare programs rather than introducing sudden innovations in managing the work force, is a wise way of management and thus takes on a character more in the traditional patriarchal vein.

For these reasons, the supervisory structure has especially been elaborated to carry out the patriarchal approach effectively. In any large industry management has utilized dependable assistants as channels of communication and donors of welfare benefits by subdividing the work force into small group units with its own "oyabun" who is a boss with a parental relationship.⁶

⁴Japanese wage system is primarily composed on the basis of life-long security rather than job classification. See Yoohio Okochi, "Increased Productivity and Labor Union," Productivity and Industrial Relations (Tokyo: Daiyamondo-sha, 1957), pp. 46-54.

⁵Solomon B. Levine, Industrial Relations in Postwar Japan (Urbana: University of Illinois Press, 1958), p. 56.

⁶Ibid., p. 38.

The function of the Japanese "foreman" is most pertinent to the patriarchal approaches. He differs from a foreman found in American industry. The Japanese "foreman" who has the highest post of rank-and-file workers is considered less a management representative, and more a symbol of the reward for wage workers who devote their lives to the company. Thus he has identified himself almost completely with the working class and his authority of immediate supervision has been extremely limited. He has played the role of an "oyabun" ministering to the personal needs of employees under him and has served as a link of strengthening the identification of the workers with management.⁷

2. Enterprise unionism. The emergence of labor unionism in postwar Japan has led to a type of enterprise unionism which is different from a Western counterpart. The enterprise union includes all plants of a firm whether engaged in the production of single or multiple lines.⁸

It resembles the local union of the United States. However, there is an essential distinction between the enterprise union and the local union. The former is not an

⁷Ibid., p. 57.

⁸Division of Labor Statistics and Research, Labor White Paper (Tokyo: Ministry of Labor, 1957), p. 274.

administrative component of a national union, but especially in the most important cases, it formally joins with other enterprise unions in the national union.⁹

The relationships between the national and local unions are functionally separable. The national union relies upon the political activities of the labor movement and the local union concentrates on the economic. This is not purposive, but is the resultant of forces. The lack of personnel staffs and funds of the national unions is the main failure of the enterprise union to rely upon the national union for carrying out economic functions.¹⁰

It is not surprising that the enterprise unionism and the preoccupation of upper union organs with political action have contributed to the decentralization of the collective bargaining negotiation. As a result, not only has there been the lack of coordination in collective bargaining activity, but also there is the failure in full development of negotiating machinery.

The lack of grievance and arbitration procedures has typically resulted in the general orientation of the enterprise union toward the membership, but the patriarchal role played

⁹Keizo Fujibayashi, "Increased Productivity and Industrial Relations," Productivity and Industrial Relations (Tokyo: Daiyamondo-sha, 1957), p. 11.

¹⁰Levine, op. cit., p. 99.

by the managerial staffs, especially the industrial relations specialist, has been greatly influential in checking the development of the grievance machinery. The first-line union representatives have had simply a "watch-dog" and reporting function. At the same time, the management's attempt to specialize the first-line supervisors which means to identify them with the working class intensely loyal to management has reduced their willingness to act as a spokesman for either side. Thus, top union negotiators have taken up grievances only when they become widespread.¹¹

In the arbitration procedure, the union and management decline to depend upon their representatives in disputes. Both parties are likely to regard arbitration as the submission of one side to the other rather than the affirmation of their independence of one another. Thus, disagreement has often led to warfare or to mediation and conciliation.¹²

3. Summary. Traditional patriarchal authoritarianism of Japanese management has typically checked the development of sound industrial relations. Management's encouragement of the isolation of the enterprise union from the national union has typically contributed to restrict the scope of collective bargaining and has finally succeeded in initiating

¹¹Ibid., p. 113.

¹²Ibid., p. 114.

joint union-management consultation within the company, whereby the enterprise union seems to have transformed the company union at a glance.

In these circumstances, the national unions, even though the Japanese Productivity Center has invited them to participate on an equal basis, have refused to join, fearing their participation would further undercut efforts at collective bargaining. If collective bargaining were more firmly rooted in Japanese industrial relations, the national unions might have joined the arrangement of the Japanese Productive Center.¹³

II. THE METHODS OF DEVELOPMENT OF COOPERATION

The urgency of the parties to extensive union-management cooperation in Japan greatly depends upon three elements: the exact understanding of both parties for the meanings of union-management cooperation; the new changes of their philosophies in the industrial relations; and the development of effective grievance and arbitration machineries. The

¹³The initiation of the Japanese Productivity Center originated in the Japan ILO Association which was established in 1949 by the major unions and Nikkeiren (the Japanese Federation of Employers' Association). It collapsed early in 1955 and the Japanese Productivity Center was established in March, 1955, under the principle of ILO by Nikkeiren and other management groups with the backing of the Japanese government and funds derived from the American Foreign Operation Administration program. See Ibid.

initiative of management to understand and introduce these values in dynamic industrial relations on the nation-wide basis is primarily important for opening the door of the union to a new spirit and new cooperative practice. Such cooperation is generally informal and functions through a joint committee. Agreements rarely contain detailed plans for effectuating such cooperation.

1. Meanings of union-management cooperation. Union-management cooperation connotes an active policy on the part of unions in cooperating with management under a collective bargaining relationship for the purpose of promoting the plant or industry. It usually involves participation by labor and management through joint committees in the elimination of wasteful methods of operation and plant inefficiency in general; in the introduction of new machinery or processes; in the formulation of programs to stimulate sales and in improving the competitive position of the plant. Less frequently it may involve the loan of union funds to the company, the services of union specialists in production problems, or collaboration for legislation favorable to the industry. Some cooperation clauses are general, providing for joint discussion of mutual problems outside the scope of grievance procedure. Others reflect some particular facet of a production, manpower, or allied problem.

Union-management cooperation in improving productive efficiency is predicated on acceptance by the employer of the principle that the workers' jobs, earnings, and standards of working conditions will be safeguarded. Through such cooperation, unions and employers have attempted to remove from the sphere of collective bargaining opposition to technological change, by providing an opportunity for the workers to share in any resulting economies.

2. Change of philosophies of union and management.

It is essential for the parties to recognize that new changes of philosophies create a new environment for motivation cooperation. There are ten changes of the philosophies that are fundamental in initiating extensive union-management cooperation. The first three apply primarily to management, the next three primarily to labor and the remaining four to both.

a. Management should accept the union as permanent and having positive value. If the union is a permanent institution, it will become more responsible. So instead of remaining antagonistic, management should encourage the union in its efforts to recruit new members. Perhaps the president of the company may write a new employee a letter suggesting that he join the union. The experience of these companies indicates clearly that a formal "union shop" or a "closed shop" is not necessary for good relations.

b. Management should recognize the union as a political institution responsible to the rank and file. The labor union is typically organized as a political institution today. Labor leaders are elected by the rank and file and are responsible to those below. If they do not protect what the rank and file believes to be its interests, sooner or later they will be tossed out, literally speaking. Management accordingly cannot deal with union leader executives with power like its own.

c. Management should accept the dynamic concept of human relations. Good human relations are effective in supervision. A foreman should be given prominence as a key man in management and a human relation specialist.

It is essential to recognize that high morale and high productivity are not absolutely related to each other.¹⁴ The patriarchal supervision is of no value in this theory. Good human relations that bring out desirable high morale and high productivity require an employee-centered supervision, suitable leadership climate provided by higher management, and the use of adequate human relations skills. Furthermore,

¹⁴Rensis Likert, "Developing Patterns in Management," General Management Series, No. 178 (New York: American Management Association, 1955), pp. 32-51; and Arthur H. Brayfield and Walter H. Crockett, "Employee Attitudes and Employee Performance," Psychological Bulletin (September, 1955), pp. 396-424.

adequate human relations training of a foreman in union relation is extremely important to improve his leadership.

d. The union should unreservedly accept the necessity of the company to operate at a profit. The union's first concern should be to preserve the economic welfare of the enterprise. The union leaders should also help its members recognize that higher wages, more security and better welfares all depend upon the prosperity of the company.

e. The union should accept management's responsibility to run the business freely. In the American firms with union cooperation union leaders now assume that management is made up of ordinary decent human beings. Ordinary decent human being, however, need to be checked up from time to time, and so the union exercises a review function. In return, the worker is loyal to both union and management. It seems to be a matter of confidence.

f. The union should modernize the organization itself in administration and function. The solid slate of incumbents for re-election, the infrequent and ceremonial conventions and similar institutions all should be abandoned and effectively discouraged from within the union.

A union steward should be installed to express the member's view sufficiently. He should not be a "watch dog" or a reporter, but a key man of the union just like the foreman. A union steward should understand union policies

and human relations toward members and the foreman. This should be the training of a steward.

g. Both union and management should subordinate drives for power, and search for a way to accommodate their differences. Both parties realize that they have many differences and some of them are tough; however, instead of fighting against each other for a victory they should expect that a mutually helpful solution can be found.

Management generally wants a free hand to run the business; union leaders want control of jobs. Here is one of the most dangerous problems in industrial relations. However, the problem is negotiable since there are no deep ideological differences. Management finds to the great relief that most union leaders do not want the headaches of running the business. The union finds that management is willing to listen to reason on policy affecting jobs.

h. Both union and management use the problem-solving approach rather than the legalistic approach. Since human beings live in the complicated environment of psychology and sociology, the satisfactory problem solution depends only upon harmonious relations that promote industrial relations.

i. Both union and management should keep communication lines open and be ready to discuss anything, any time, anywhere. To management from the workers goes a steady stream of suggestions, grievances, arbitration cases, and

ideas; from management through the union leaders comes a continuous explanation of company policy and facts about new machines, new processes, new products, the competitive situation, profits, rumors to be corrected, and changes contemplated which affect the rank and file. This two-way street communication constitutes perhaps management's greatest help from collective bargaining. The union officials get the company story across to the rank and file. Meanwhile, union officials gain prestige by being "in the know." In turn an open communication line builds confidence in the fairness of the company.

J. Both union and management should centralize the collective bargaining negotiation. The multi-company bargaining helps avoid the danger of unfair dealings with management and takes on a less personal character. The role of the union negotiator contributes to statesmanship. In fact, collective bargaining itself becomes a social drama enacted to convince the membership that the results were "fair" or at least "all that could be gotten."

3. Development of grievance and arbitration machineries.
It is fundamental for extensive union-management cooperation to develop an effective procedure for settling employee grievances to produce harmonious labor relations.

a. Grievance procedure.

All difficulties, if possible, are to be settled through direct cooperation between the union and management rather than through decisions by outsiders. In the recent American industry most contracts include the provision of formal grievance procedures. It has helped in preventing strikes and other work stoppages. The details of such procedures vary, but a series of steps is usually provided through which grievances may be assured of full consideration and settlement.

In the first step, generally the employee and his shop steward take the complaint to the foreman. If they do not secure satisfaction, they make take it to a formal, plant-wide grievance committee, then to a higher level of authority in the firm and in the union, and perhaps ultimately to arbitration by a neutral third party. By such means informal effort is made to assure employees that they need never strike to secure an equitable settlement of grievances.

The foreman's attitude toward grievance is extremely important for the effective and satisfactory settlement without broadening any grievance unnecessarily. Many workers fear retribution if they present a grievance to their foreman. The best way is to let the foreman convince his workers that he is glad to hear grievances and to settle them. His

in an approach should be/attitude of mutual interest and problem-solving instead of argument. All possible facts including how people feel should be gathered before making a decision.¹⁵

b. Arbitration procedures.

Should the participants in direct negotiations fail to reach mutually satisfactory settlements of any disputes, they may be referred to an arbitration board or an individual arbitrator, usually called the "impartial chairman." In extensive cooperation, only a small proportion of disputes are decided in formal arbitration procedures. In the most common procedure, both parties to the collective agreement pay and select an impartial chairman, who may serve on a permanent, instead of the usual ad hoc arbitration or panel. In general, the impartial chairman will always have power to interpret it. He may also build up rules of industrial jurisprudence by maintaining a close consistency in decisions and relating each one to those that have gone before.¹⁶ However, the many complexities, especially of wage settlement, put the difficulties on the arbitration of the impartial chairman.

¹⁵Keith Davis, Human Relations in Business (New York: McGraw-Hill Book Company, Inc., 1957), p. 437.

¹⁶Dale Yoder, Manpower Economics and Labor Problems (New York: McGraw-Hill Book Company, Inc., 1950), pp. 109-110.

Some special arbitration machinery is needed to be established. Such machinery is seen in the clothing industry where the most extensive union-management cooperation is practised. Here is an example of the elaborated special arbitration machinery:

Agreements in the Chicago men's clothing market established two arbitration agencies. A "trade board" adjusted complaints and grievances which the representatives of the parties could not settle in direct negotiations. The chairman of this board was chosen by the parties to the collective agreement. If deemed necessary, an equal number of representatives of these parties, not to exceed five from each side, formed a panel under the chairman's presidency. From the awards of the trade board an appeal could be taken to the second agency, a "board of arbitration" which has two additional members. For some time the board of arbitration was more than merely an appeal board. It also had original jurisdiction in controversies of general importance, such as disputes involving the general wage structure, while the trade board handled chiefly every-day grievances.¹⁷

c. Ad hoc impartial machinery.

Ad hoc impartial machinery is most highly elaborated for special cases and necessities. Since a no-strike clause in agreements is contracted, such machinery is provided to assure each other of compliance with agreements. Such machinery has final authority to supervise the performance of agreements by all the parties concerned and to enforce compliance by all the parties concerned and to enforce

¹⁷Kurt Braun, Union-Management Cooperation (Washington, D. C.: The Brookings Institution, 1947), p. 86.

compliance by unions and management as well. Such machinery for supervision and enforcement takes a form of joint boards or other joint action by the participating organizations of employers and of employees, with the impartial chairman being the last resort in case the organizations cannot agree upon whether or what measures should be taken. In any agreement by either party, the head of the employers' association and the top-leader of the national union or the impartial chairman may have the right and duty to issue mandatory direction, prohibitions, or orders to persons or organizations not living up to the contract. Such orders may be enforced through fines, other penalties, or court actions as provided under arbitration laws.¹⁸ The possibility of the enforcement greatly relies upon the advancement of the principle and the technique of adjudicating disputes. However, since the scope of potential disputes is correspondingly unlimited, the harmonious attitudes of both management and union to adjust all sorts of disputes by peaceful means and to leave as little as possible to settlement by strife is ultimately necessary.

III. SUMMARY

These factors of innovation in industrial relations are fundamental for initiating extensive union-management

¹⁸Ibid., p. 90.

cooperation in the Japanese industry. Under the ingrained traditions of Japanese management system all these new changes may be suspect and unacceptable for management when it feels that such extensive union-management cooperation in the broadest meaning of the term would unlimitedly permit losing "prerogatives of management" that has led them to resist first collective bargaining and subsequently cooperation.

It is true in the experiences of American industry that American management indeed has lost a considerable portion of its former power to make and enforce unilateral decisions. As mentioned before, union-management cooperation tends to reduce even further the area of management prerogatives. However, increasing numbers of American management have realized that once union and management decides the areas of joint functions and responsibilities on the mutual understanding basis, the question of "management's prerogatives" becomes less important. Now is the time to investigate and expect possibilities of change in the Japanese industry. Should this big determination of Japanese management wait for the future when productivity problems are urgent for its own enterprise?

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