

Industrial Relations and Social Security

WORKING WITH THE UNION

By D. M. YOUNG

INDUSTRIAL Relations is everybody's business. You cannot build a wall around your factory and shut out the influence of personnel practices in other concerns. It is cold comfort to know that you are on the best of terms with your Union when your plant is shut down because of strikes in the factories of your suppliers. You may work and plan to achieve the best possible relationship with your employees, only to have your efforts nullified by a general strike. Wherever in Canada a plant may be located, as representatives of industry we cannot afford to be indifferent to what is going on in the rest of the country.

Being connected with one particular industry—soap manufacturing at Lever Bros. of Canada—I shall naturally draw in my address on experience in the plants of that industry. I am aware that there are many factors in our industry which are favourable to the type of program which we have developed, and that there is no magic formula which, applied universally, will produce universally happy Union-Management relations. What I will say to-day is not presented as a pattern for others to follow. Rather it is intended that my Company's approach to "Working with the Union" should offer a basis for useful discussion.

On the other hand the policy of the Canadian Lever Group is a part of a larger policy developed through many years of experience in many lands and a great variety of industrial undertakings—chemical industries, whaling, agriculture, shipping, lumbering, foods, and so on. And in whatever industry the principles and policies which I will out-

line to you have been honestly and conscientiously applied, a happy relationship between the employees and the Company has developed and the Company has prospered. Thus it may well be that you will find in the experience of my Company something of value as applied to your own operations.

The Objective

What are we after in our dealings with the Union? Have we an objective common to all of us? Is it to build and maintain better relations with our employees? Yes, but that is not all of it. Is it to protect the rights of management? Here we might find some differences of opinion. Is it to keep down production costs? Yes, but there is more to it than that. You could name many secondary objectives, but each of them is directed toward the principal objective—the prosperity of the Company.

Our problem, therefore, is to deal with the Union in such a way as to advance the prosperity of the Company. We must certainly keep down production costs, but not at the expense of the goodwill of employees leading to inefficiency and costly strikes in future years. We must be prepared to give employees a larger say in those things which vitally affect them, but we must not prejudice the right of future managements to direct and lead the Company's affairs. Ours must be a long-range program which takes account of probable future developments in industrial organization as well as current needs.

There are still far too many industrialists who have failed to read the lessons of the history of industrial development and who are prejudicing the present and future development of Canada by their determination to crush and scatter the forces of organized labour. On the other hand, there are those amongst whom is growing a recognition of the tremendous potentialities of responsible

organized labour as a force for increased output and efficiency.

It is this concept of the Union as a force acting in the interests of the Company's progress that has motivated my Company's actions in its dealings with the Union. The right of the employees to choose their own form of representation, to discuss with Management those things which affect them, and to participate, insofar as is possible without prejudicing efficient operation, in determining the conditions of employment, has been the keystone of the employee relations policy of the Company since its inception.

Leadership

We have stated our concept of the Union as a force acting in the interests of the Company's progress. But is organized Labour taking such a broad view of its responsibilities?

The answer, of course, is leadership—Labour must have the kind of leadership that will recognize that the prosperity of the individual members of a Union depends in the long run upon the prosperity of the Companies for which they work, and that policies and actions which interfere with efficient operation must ultimately react against the interests of the Union membership.

There is no denying that there are many instances where Companies with broad and tolerant personnel policies have found themselves confronted by antagonistic and unscrupulous Union leaders, and who, despite their best efforts and quite without justification, have been plunged into violent strikes and disputes. Nevertheless and at some risk of being misunderstood I would like to express my firm conviction that, in general and over a period of time, the leadership of a Union is a reflection of the Management with which it has to deal. If Management in its direction of the Company persistently fails to consider the effect of its actions upon the employees, it is an absolute certainty that the employees will select leaders who will

use whatever drastic measures are necessary to *force* Management to recognize their needs. It is not quite so obvious, but equally true, that if Management is just, frank and tolerant, and takes its employees into its confidence, the employees will select leaders who will justify the faith the Company has demonstrated and who will work with Management to advance the interests of the Company. There is proof of this fact on a national scale in Canada to-day. Despite the dangerous anti-labour outlook of a minority group of industrial leaders, organized Labour is finding it has less need for militant, table thumping revolutionaries,—and, in fact, that public opinion demands a more constructive approach. I believe that there is a sound nucleus of intelligent, conservative leadership in organized Labour in Canada to-day.

¶ If we are to develop our Unions into constructive bodies for industrial progress, leadership must come in the initial instance from Management. Dealing with the Union as we see it is not a defensive action:—not a last-ditch fight against every request from the Union, with a grudging concession and retirement to a prepared and temporarily secure position, but a positive, aggressive program which attempts to foresee the needs of the employees and enlists the co-operation of the Union to meet those needs in such a way as to advance the Company's interests.

Leadership is a very difficult thing to define. But perhaps the most important single factor in leadership is an example. You know the kind of father who wallops his youngster for not wiping his feet on the door mat, and then goes and puts his feet up on the chesterfield and scatters cigar ashes on the parlor carpet. What kind of an example do we set our Unions? "When it comes to overtime, you fellows always demand your pound of flesh; you won't work a single minute without getting paid for it," we say. But we dock them when they are ten minutes late in the morning. "You

fellows should demonstrate a little faith in Management," we say. But we delay too long to pass along information about Company plans affecting the employees because the information is confidential. "You don't need any Union—there is nothing you have now that the Company would not have given you anyway," we say. But across the road in the office building people are working for five dollars per week less than factory workers are getting for the same type of work. "Things are slack in shipping just now—two men will have to go," we say. But over in the office we carry extra staff to take care of the year-end accounts and think nothing of it. As long as we set that kind of example, our Unions will elect the kind of leadership that says, "Who d'ya think you're kiddin'?", when we talk about the employees having a little more faith in Management, or working for greater efficiency, or settling for half the increase they asked for.

We ask our Unions to "Have faith in Management," but too often our Unions can see that those that do are the last to receive consideration. The most common error, and the most serious error, which industry makes to-day in dealing with the Union is the manner in which it deals with its non-unionized employees.

Office Staff

I may briefly speak about my Company's practices with respect to office staff. We hold regular meetings with elected representatives of the office, laboratory, and engineering employees. Every job salary range is set by job evaluation carried out jointly by Management and employee representatives, careful studies are made from time to time to make sure that the office and laboratory jobs are at least as well paid relatively as the factory. Merit rating is applied at regular intervals, and infinite care and trouble is taken to see that salary adjustments are made impartially. All office vacancies are adver-

tised on the Company's notice boards, both in the office and the factory, and anyone from the office or factory can apply. A testing program is applied to avoid putting anyone in the position of undertaking a job which is beyond their capacity to handle, and those who are refused, are told in what respect they have failed to qualify. The minutes of the meetings of the Office Council are posted on the notice boards for the factory as well as the office to see. We expose our Personnel policies and practices to the healthy criticism of everyone, which we believe is the surest way to see to it that we live up to them. Even the office salary ranges are known to the factory workers. Insofar as is possible we have standardized the policies with respect to office and factory staffs. If the office employees suggest an improvement in policy or working conditions, we apply it equally to the office and factory. Through our dealings with the office we offer, within the area of the Union's day-to-day contacts, constant proof that—Union or no Union—the Company gives every consideration to the wishes and needs of its employees and plays no favourites.

The Union's Aid to Management

Even amongst Personnel Managers, who should be giving the lead in such matters, there is still too little recognition of the fact that a strong employee organization—independent or affiliated—is one of the most effective aids to efficient Management. Let me illustrate my point with a simple example. Failure to punch the time-clock was a problem with which we had struggled unsuccessfully for years, despite the fact that we deducted one hour's pay from an employee's wages every time he failed to punch. Realizing that the Company was losing working time and that the employees were losing money, we discussed the problem with the representatives of the Union. A Joint Committee prepared and posted a series of educational posters, the Executive of the

Union raised the problem for discussion at a general meeting of the Union, and in a short period of time the "No Punches" had been reduced by eighty per cent. The penalty has now been dropped, "No Punches" are no longer being used to screen tardiness, and the employees are taking pride in keeping the record clean.

It is because we look upon employee organizations as essential tools to efficient Management that we want our Union to be a strong one. When we discuss a problem with the Union representatives, we want to know that their views and decisions coincide with the thinking of the employees as a whole, and that there will be sufficient discipline within the Union that each employee will feel a personal responsibility to live up to agreements reached from time to time by the Company and Union representatives.

Ever since the Union was first formed we have taken it for granted that as an organization it had, and would accept, a responsibility to work with the Company for the maintenance of discipline and efficiency. When there is a dirty job to be done we agree with the Union as to who should do it, and then expect and receive the full support of the Union in getting the work done. At every possible opportunity we ask the Union to share responsibility for problems that face Management—problems of discipline, production, morale, health, and safety—and generally they accept the responsibility and live up to it.

If you can agree with me thus far, there can be little disagreement between us—or what is more important, between you and your Union—on the question of Union Security. With the exception of the Check-off, the so-called Security clauses were accepted by my Company in the very first agreement with the Union because we felt that in so doing we would insure that the administration of the Union would become the direct concern of each and every employee, and thereby the democratic nature of

the organization would be sustained. During the following year it was found that despite everything the Company could do, the officers of the Union were spending a great deal of time on the Company's premises trying to collect dues from tardy members. Furthermore, the members quickly learned that they could, by withholding dues, bring pressure to bear on the officers of the Union to carry supposed grievances to Management. Consequently the Company found itself besieged by a multitude of petty complaints which the stewards would not otherwise have supported. When, at the signing of the next Agreement, the Union proposed a Check-off, the Company accepted the suggestion with alacrity. Now we would be loath to return to the catch-as-catch-can method of collecting Union dues. Let me hasten to explain that the Closed Shop does not come within my definition of the Union Security clauses. An Agreement is designed to provide Security to two parties—first, the Company, and second, the Company's employees which are represented by the Union. The poor consumer, of course, must fend for himself. The Closed Shop extends Security to a third party—a group of Union members who are not employed by the Company at all, and therefore should not come within the scope of the Agreement.

Principles of Co-operation

One of the penalties of inviting comments is that you very often get them. So often companies, inspired by the vision of Management and Labour working together as a team, have launched themselves enthusiastically into Works Councils and Union-Management Production Committees only to withdraw hastily when they found that the frank comments of the Union were distasteful and uncomplimentary. Before a Company invites the criticism of its employees, it should make sure that Management is conditioned to take it. There are six important points that must be born in mind:

1. Every Manager and every Management group has weaknesses. It is a poor Union that does not know what those weaknesses are.
2. The employees see the Company's actions from a unique and peculiarly intimate point of view.
3. If the Union makes useful suggestions and the Company fails to act upon them, the Union will lose confidence in the ability of Management to direct the affairs of the Company, and consequently will feel the need to be more and more militant in its demands for the protection of its members.
4. Presumably Management has been chosen to direct the affairs of the Company because of outstanding qualifications in terms of leadership, intelligence, and knowledge. The Executives of the local Union, lacking the detailed knowledge and experience, are at a disadvantage in discussing the Company's affairs with Management. Thus it stands to reason that many of their comments and suggestions will be of little direct value.
5. For the same reasons Management should not resent it or feel called upon to retaliate in kind if the Union does not contrive to present its comments in the language of an economist in the diplomatic service.
6. Even ill-founded criticism and poorly-conceived suggestions are of value to Management, for they reveal the misconceptions and the ignorance of the Company's problems that are fostering misunderstanding between the Company and its employees, and afford a golden opportunity to educate the Union to a more sympathetic point of view.

There is a great hue and cry these days about "Protecting the Rights of Management." We are suddenly awakening to the fact that our Agreements are pretty one-sided affairs. The Rights of Management should be clearly and

concisely stated in an Agreement, and what is more important, Management should make certain in its discussions with the Union that both parties to the Agreement understand clearly what the clause defining Management's Rights implies. Certainly the right of a Company to manage its affairs must be maintained—but it cannot be maintained by pointing to a clause in the Agreement when a grievance arises and saying, "You have agreed that that is one of Management's Rights—therefore we will not discuss it." The Union may accept the decision, but the problem is not as simple as that. The statement in the Agreement is only a stop-gap. Management's Rights will not be maintained by writing them into this year's contract. Those much-treasured clauses will appear in the Union Agreements of future years only if Management continues to prove that it has the *ability* to manage: that it has the necessary knowledge, skill, judgment, and statesmanship: that it is big enough to accept justified criticism, admit its mistakes, and accept on reasonable terms the cooperation of organized Labour when it is proffered in good faith.

Joint Discussions

We give much of the credit for the harmony we have achieved to the continuity of our joint discussions with the Union. Meetings between Management and Union representatives are held not less frequently than once every other week, and sometimes as often as twice a week if there are difficult and urgent problems to be solved. In the early days Management made a point of making use of the Minutes of such meetings to express appreciation when the Union conceded a point or presented a useful suggestion. The habit has proved contagious, and an analysis of the Minutes over the past two years carry numerous references to the fair-mindedness of both parties. Consequently there is available at all times a group of skilled representatives of Union and

Management who are able to deal with the most urgent and contentious problems in a spirit of amity and with confidence that, though the road may be thorny, ultimately the *right* solution will be found.

We have found the Minutes of our meetings with the Union representatives provide a particularly useful medium for influencing attitudes. In the Minutes are recorded, meeting by meeting, all the matters discussed, the issues at stake, and the various points of view. Copies of these Minutes are posted on the Company's notice boards for everyone to see. No employee can claim that agreement was reached on a matter affecting him without his knowledge. But what is more important, the Company has an opportunity to present its point of view and its problems directly to each and every employee, whether or not they are active in Union affairs. This practice has stimulated interest in the activities of the Union Executive and has thereby brought the Executive under the control of the employee body to a larger degree.

The use of publicity campaigns directed at specific problems in the Company-Employee relationship is particularly gratifying because the response can be so immediate and so obvious. The co-operation of the Union in such a project is a very important factor. If the Union can be induced to take positive action by raising the problem on the floor at their General Meeting at the same time as the plant is being flooded with poster material, it provides a tremendous impetus to the campaign. I have already referred to some of the problems which have been dealt with successfully by campaigns of this kind organized by joint Union-Management Committees, such as Absenteeism, Lateness, No-Punches, Smoking, and dirty chairs in the Cafeteria.

A company's reputation as a "good place to work" should be one of its most

prized possessions. That companies are beginning to understand the importance of contact with the public as one of the techniques of dealing with the Union is evidenced by the frequency with which their published statements appear following strikes in payed-for space in our newspapers. Effective as this undoubtedly can be as a means of influencing the attitude of the Union through the pressure of public opinion, it smacks rather more of cure than of prevention. A reputation as "A good place to work" is not established by a single half-page spread, particularly when the front-page news report of the strike suggests to the skeptical reader that there is another side to the story. If a company believes that it has something worth talking about, it should not wait until trouble arises to give it wide publicity. The story should be told at once, and if the publicity is confined to facts the employees will take a pride in the company's reputation and in time of stress will themselves be prepared to stretch a point in order to keep the record unsullied.

Let me conclude by offering positive evidence that "Working with the Union" has made a concrete and measurable contribution to production. Towards the close of the war years, when the Company was hard pressed to meet production needs on a six-day, forty-eight hour week schedule, our Union asked for a forty-hour week. The Company explained that it was in full sympathy with the principle of a shorter work week, but pointed out that, apart from the acute labour shortage and the importance of our production to meet the country's war-time needs, the War Labour Board had expressly forbidden the shortening of working hours if it entailed increased hourly rates to compensate for the time lost. The Union then expressed the belief that if all the ingenuity and enthusiasm of the Management and the employees were combined in a single co-operative effort, a forty-

hour week could be introduced with weekly earnings maintained at the former level, without increasing the cost per unit of out-turn.

After careful consideration and discussion a joint Union-Management Committee was formed, and the Committee made a thorough study of the operations of each department. As suggestions were accepted as feasible, they were put into effect. No employees were laid off, but during the six months of the experiment a reduction of more than fifteen per cent of the staff took place by the simple expedient of not hiring replacements. At the end of six months, audited accounts showed that efficiency had been so increased that a forty-hour week could be introduced without increasing the cost per unit of out-turn as compared with the period prior to the project being undertaken.

It should be borne in mind that all this time the Company continued to operate on a forty-eight hour basis. The employees were contributing extra effort without any assurance of extra compensation, and a substantial group were actually earning less money than they had before. It still remained to convince the War Labour Board. After lengthy and involved discussions this was accomplished, and the forty-hour week was put into effect.

On the most recent occasion when the figures were studied (which was some eighteen months after the forty-hour week had been adopted) the efficiency was still somewhat better than was required to justify the project.

Industrial Efficiency in Britain

Efficiency and productivity of privately-owned industry will be increased in Britain through the establishment of tripartite Development Councils under the terms of the new Industrial Organization Bill. The Bill is primarily intended to enable the carrying out of the recommendations of the working parties which were appointed for 15 different industries last year. The Bill is only an enabling

measure, allowing Ministers with responsibilities in the industrial field (such as the President of the Board of Trade, the Minister of Food, the Minister of Supply) to establish a Development Council for an industry after consulting representative groups of employers and workers from the industry.

Introducing the Bill, Sir Stafford Cripps, President of the Board of Trade, declared that many smaller units of industry did not have the resources to provide themselves with all the services essential to modern industrial development and progress—for instance, in the fields of research, design, statistics and personnel training. The recommendations of the working parties in many cases could not be implemented without the assistance of a central body to undertake the execution of the recommendations, and also to secure the production of certain common services for the industries, at present available only to large organizations with ample resources.

A Development Council will consist of members appointed by the Minister to represent employers and workers in the industry together with a number of independent members. The Councils will make annual reports, and their work and functions will be reviewed by the Minister at five-year intervals. A Council may be terminated by vote of each House of Parliament.

The functions which may be assigned to a Development Council include scientific and market research, inquiries as to materials, methods of production, management and use of labour, research into industrial psychology, training employees and education in relevant technical subjects, promotion of better working conditions and amenities for workers, research into industrial diseases, improvement of design, promotion of the production and marketing of standard products, improvement of accounting practices, and the collection of statistics. A Council will not be concerned with questions of wages and hours.

The Bill empowers a Development

Council to impose a limited levy on the industry to cover its expenses. To enable the Councils to obtain information, they are given power to require the registration of all persons, carrying on business in the industry, the furnishing of information and the production or examination of books, documents or records.

Management and Compulsory Arbitration

Management opposes the *compulsion* of compulsory arbitration on principle, but thinks it might work in a limited application if established by law, according to a survey of 100 top executives in United States plants recently undertaken by *Factory* magazine.

The meaning of limited application was brought out in the first question: 89% of those questions felt that compulsory arbitration would be workable in disputes over the meaning of terms in existing contracts, but only 26% felt compulsory arbitration could settle disputed terms, other than wages, in the negotiation of new contracts, and the percentage dropped again to 20% who felt compulsory arbitration could successfully settle disputes about wage structures.

The second question dealt with the practicability of certain arbitration procedures, if required to be in every collective bargaining agreement. Fifty-eight per cent said arbitration would be practicable if called for by mutual agreement on any issue arising under a contract, but only 25% said it would be workable when it could be brought by direction of either party acting alone. "By direction of either party on only such issues as the contract specifically provides are to be arbitrable" received the approval of 65% of the executives, and 45% said it would be workable on issues arising out of negotiation of a new contract if called for by mutual agreement.

The composition of an arbitration board was cause of disagreement; the largest group, 42%, called for a tripartite board consisting of one member each

from management, labour, and the public. A board of three neutrals was approved by 34%, and 23% wanted a one-man board. Agreement, however, was strong regarding the board's appointment: 84% felt the arbitrators should be selected by mutual agreement of the company and the union, only 8% wanted government-appointed boards. Arbitrators should act only on the dispute for which they are selected and should not form a permanent body to act on all disputes under the contract, said 73% of those questioned.

The survey showed a sharp difference between the thinking of executives in smaller plants (under 250 employees) and those in plants employing large numbers. Only 9% of executives from larger plants, compared with 35% of smaller-plant men, think that compulsory arbitration of labour disputes would work; 11% of big-plant executives compare with 45% of small-plant management who would like to see terms other than wages in new contracts submitted to arbitration.

Summary

The survey demonstrates: "If Congress is to make arbitration compulsory in any form, it should be limited to disputes involving interpretation of existing contracts. Legislation requiring arbitration of wage questions or terms of new contracts will meet widespread opposition."

Arbitration should be required only on the issues which contracts provide to be arbitrable or by mutual agreement of both parties on issues arising under the contract. The boards should be selected by mutual consent of both parties and should act only on the dispute for which they have been selected.

"Finally, much of management feels that voluntary arbitration is a still-developing technique . . . that holds much promise. It should be extended and improved. They are opposed to any compulsion or governmental regulation which might weaken collective bargaining and discredit voluntary arbitration."