

# Industrial Relations and Social Security

## The Social Responsibility of the Employer

By ARTHUR B. PURVIS

BY the term "Employer" we mean one who is entrusted with the responsibility of managing a section of industry for the good of the community, his stewardship therefore requiring him to hold the balance fairly between his three masters, viz., the owners of the savings entrusted to his care, the employees of the concern which he runs and the public to whom its products are sold.

For the owners of the savings entrusted to his management he has to provide such reward as will be sufficient to justify his being allowed to branch out into new employment-providing business ventures as invention and improving technique permit, or in other words, as will continue to attract so-called "venture capital."

For the employees of the business he must provide as steady jobs as the nature of the business can be made to permit along with—at the worst—a living wage and—at the best—an ever-increasing standard of living and security.

For the public to which the products of the business go, he must provide an improving quality of product at a lowering price level.

While believing that adversity often brings out great qualities of individual endurance and therefore causes growth of individual character, nevertheless it is also my belief that the human race to achieve its highest spiritual purpose requires a background of greater economic opportunity for the average individual than yet obtains. In the achievement of this aim the three phases of management's

responsibilities outlined surely provide a sufficient field to keep the fires of enthusiasm burning very brightly.

To achieve the three purposes outlined, profitable enterprise is obviously a necessity, for without it a sufficient margin would be lacking and the sources of enterprise would "dry up". Indeed individual incentive would be increasingly lacking, and the ground already won would probably be lost and reflected in a reversal of the higher standard of living trend so obvious in the history to date of productive enterprise. Admittedly there have always been the few who serve without hope or desire for the personal reward which goes with money: power, community admiration—or whatever other reward the individual most values in life; but such individuals are few and far between and complete selflessness is I fear so unusual as to be a negligible, even though, one can hope, a growing, practical force.

For the "run of mine" mortal I think we can agree that financial reward, at least in the earlier period of his life, still provides the best all round method for harnessing his efforts for community good.

Such reward I believe is not earned at the expense of the community. "You can't take it with you." And if there be what appears to be surplus earnings or reward to an individual or to a business it quickly and of necessity returns to the community, for there is ultimately no where else for it to go.

Some may feel that with government planning and running of business, as good results as, or better results than, those which have been achieved under the individual incentive motive, would be achieved. Such centralized control however must of necessity still involve the

EDITORS NOTE: Arthur B. Purvis is President and Managing Director of Canadian Industries Limited, Montreal. The address published above was delivered at the Second Maritime Conference on Industrial Relations held in Halifax October 28 and 29th, 1938.

faults that go with human management and must surely lead to totalitarianism with the individual subservient to the state instead of the state existing for the benefit of the individual. Surely we can already see enough of that type of experiment, whether styled as Fascist, Communist, National Socialist, or other "ist" to make us prefer the method which has already brought us so far along the road towards decent living standards for all. Forced labour on unproductive work, or even upon productive work, at subsistence wages is surely no solution of unemployment as true democracies understand solutions, nor does it represent a method likely to tend towards the ever increasing standard of living for the average man which is the all important desideratum.

So I assume this community need for profitable enterprise, whether for the individual or for employment—creating business developments.

With this background let us then examine the social responsibilities of the employer, i.e. that phase of the employer's problems that have to do with the assurance of a fair minimum wage and an ever improving standard of living for the employees of the enterprise he manages.

The question, surely, is one of relative emphasis.

In the past the daily demands imposed upon management (whether identical with ownership or not) were onerous enough to have resulted in an insufficient development of a philosophy of approach to industrial relations problems. In the other two phases of business management obligations, namely the obligation to the man who had saved and had his savings available for investment in employment—creating ventures, or even that to the consuming public, the relationship was direct and in the main overpowering. If the support of those who had saved was not forthcoming, management found itself automatically in a "cul-de-sac". Or if the public was not satisfied, it limited its purchases to strict necessities. But in the industrial relations field, the labouring man was often

dependent for his very subsistence on the day to day job. Human frailties therefore, following as ever the line of least resistance, resulted in management being less worried regarding its industrial relations obligations than regarding those in the other two fields. In fact as we all know the more short-sighted side of management often went so far as to exploit labour as a means of satisfying its obligations to the other two forces. A reaction towards common sense in this matter later occurred, aided where necessary by crude direct action by the workers, a reaction which was already established when my early business life began, and gradually the emphasis has changed and is still changing even in the harder-boiled type of employer, and management is genuinely concerned over its industrial relations. Unfortunately neglect of this phase of technique has, as always, impaired efficiency in the handling of it and in many cases the technique of industrial relations requires a drastic overhauling. That today is increasingly obvious to all, not least to management, and profitable business is rapidly realising the advantages of increased efficiency in this domain. For efficiency it is that is required, even more than the impetus which comes from human sympathies. The worker has a right to expect more than sympathy—namely the realisation that the satisfaction of the workers legitimate needs and constant consideration of his personal problems is an ordinary part of successful business management.

With this emphasis constructively in the process of change and correction, how can we attempt to chart our course in the interests of successful enterprise, so as to accelerate the process and prevent the inevitable waste of effort involved in a number of unrelated ad hoc decisions?

What has labour the right to expect from management?

What has management the right to expect from labour?

In satisfying labour's needs, what are the limitations involved in the interest of the general public?

How best can management and labour

be brought to appreciate each others' problems?

These are the vital questions today.

In endeavouring to answer these questions, obviously one of the first requirements is to keep that outlook practical by bearing in mind that progress at any given time must be confined to the maximum advance which can be secured for the employees in the industry in question consistent with meeting the other two types of management obligations outlined, keeping always in mind also the governing necessity that none of the objects can be properly achieved unless enterprise is profitable.

What can labour legitimately expect from management? I suggest:

1. That management of each industrial enterprise should really have an industrial relations policy; a carefully considered one, and one that is overhauled at frequent intervals.
2. That management be sincere in carrying out its industrial relations policy by making it known and operative amongst its employees.
3. That management see that there is machinery set up and operating which will enable it to keep in constant touch with employee needs, small and large, something that is more than ever necessary in these days of large business enterprises, which have done much to improve productive and distributive efficiencies, but which, however, by their very size have involved lessened individual contacts between headmen and the general run of workmen.
4. An appreciation of the vital necessity of helping the worker to provide himself with "security" against the normal vicissitudes of life, in order that fear of the future may be removed as a source of daily worry.
5. An appreciation of the necessity of avoiding a paternalistic outlook in achieving security results under 4, an outlook which is frequently all too prevalent in forward looking smaller family business concerns.
6. An appreciation of the advantage involved in seeing that the employees share with the public and with the supplier of venture capital, in the form of an increasing "real wage", the efficiencies which flow from technological improvements in industrial processes.
7. A willingness to help in the development of governmental protection for the worker against those of life's vicissitudes for which management finds it is outside the power of the individual business in question to cater.

Again, what has management the right to expect from labour? I suggest:

1. A recognition of the fact that if enterprise is unprofitable jobs are insecure and pay is bound to be low. That profitable enterprise is therefore a "sine qua non" if labour is to prosper.
2. A recognition of the fact that labour is a partner with those who venture their savings in the enterprise and with the consuming public (of which after all labour is the largest part) and as such must be willing to see the other partners benefit from enterprise.
3. A willingness to sit down with management in an effort to understand the mutual problems involved in maintaining and creating profitable enterprise.

Now, how best can management and labour be brought to an appreciation of each others' problems?

Obviously varying conditions in different branches of industry will call for quite differing treatment.

Where strong labour and employer organisations already exist in a given industry, machinery for handling major issues such as wage adjustments is already there. Even in these cases however there may be much room for improved contacts.

Where union organisations or employer associations are weak or non-existent, an effort must be made wherever practicable to solve the problem through

the creation of new points of contact. And here in Canada I feel management has a great and unusual opportunity, particularly in many manufacturing industries, to contribute to an improvement in the art of industrial relations, an opportunity of which advantage has frequently not yet been taken.

Much has been made recently of the necessity for labour having the right to organise; the right to bargain collectively with employers; and the right of individual workers to participate in such activities without any question of their jobs being endangered as a result of such participation.

To my mind these touch largely the more academic side of the questions at issue. They should be, and in most cases I imagine are, conceded freely and without argument, and certainly every employee should be entirely free to join or not to join a given labour organisation and should suffer no prejudice from the employer in so doing.

What is a much more vital necessity is the immediate establishment of machinery to provide for a continual exchange of ideas as between the worker and management. In very many cases I believe this can best be achieved through the medium of the Works Council idea, worked out in whatsoever manner is most suitable for the individual factory or enterprise. Nor do I refer to any perfunctory council engaged in discussing only minor problems to the avoidance of major ones, though it is startling to note how often minor problems unknown or badly handled so frequently develop into major ones. Unless management's representatives appreciate that they have as much to learn for the benefit of the business as can be imparted to the worker in such councils, relatively little progress will ensue from their establishment. And again without such a medium of common understanding there can be no adequate realisation of the common aim, namely the prosperity of the enterprise itself. Such councils need not cut across trade unionism, nor across the responsibilities of management, but surely it is often evident today that the lack of such media

for understanding each others' problems has left a fertile ground for demagogic meddling with, and muddling of, issues. And whether management likes it or not the fact remains that we must have lacked in efficiency in handling our industrial relations problems or we would not today be fearing the lack of understanding by labour of management's problems, a lack which is probably frequently matched or nearly matched by management's lack of understanding of the problems of the individual labourer.

Today there is much too much a tendency to look to legislation to put right our industrial difficulties. So many feel that if we make this unlawful or that lawful all difficulties will be overcome. We even see in a neighbouring country an act put through which assumes it is only on the part of the employer that unfair labour practices can occur, an act which, largely as a consequence of this bias, is engendering many more difficulties than it set out to cure and which in causing fear and uncertainty is holding back jobs from the worker. No, legislation, except in special instances, is not to be trusted as a solution. There is no substitute for the gradual growth of standards inside any human institution. Legislation may point the way but compulsion is a poor weapon as compared with co-operation and seldom achieves its purpose.

What we need in Canada is more conscious effort inside industry on the part of management and labour to obtain a better understanding of each others' needs and for this effort I feel management must assume the prime responsibility. Governmental effort is better restricted to encouragement of such programmes and to mediation where co-operation has temporarily failed.

I have endeavoured to suggest a general background of approach for management's Industrial Relations policy. It is meant to be something for discussion and development as may best suit particular circumstances, not as a dogmatic statement. But as to the necessity of some greater emphasis on this phase of manage-

ments' problem and of prompt moves by management to improve its efficiencies where industrial relations are concerned I have no doubt. Truly it is one of the main foundations of any public relations policy and productive enterprise suffers much today from management's past and present lacks in this regard.

### Second Maritime Conference on Industrial Relations

Sponsored by a group of Maritime industrialists headed by J. B. Hayes, Manager of the Nova Scotia Light and Power Company, the second Maritime Conference on Industrial Relations took place at Dalhousie-Kings on Friday and Saturday. It was held under the auspices of the Dalhousie Institute of Public Affairs which was also in charge of the preparations. The purpose of the Conference was to give careful study to the problems affecting the relationship between companies and their employees, and also to the efforts of governments to promote the welfare of the workers.

The Conference was attended by more than fifty industrialists from all parts of the Maritimes and a number of invited guests. All major industries from Nova Scotia and New Brunswick were represented, twenty-two of the visitors coming from outside Halifax. The provincial governments of Nova Scotia and New Brunswick had sent representatives as well as the Federal Department of Labour in Ottawa and the Canadian Manufacturers' Association in Toronto.

The first session, under the chairmanship of J. B. Hayes, was occupied by papers and discussions dealing with the employer-employee relationship. A. B. Purvis, President and Managing Director of Canadian Industries Limited in Montreal, spoke on "The Social Responsibility of the Employer".<sup>1</sup> He gave an inspiring address that was followed by more than an hour's discussion. R. L. Dunsmore, Superintendent of the Imperial Oil Limited, read a paper on "Company Pension Plans".

From the discussion following the paper it was apparent that the majority of the Conference strongly favoured the establishment of pension plans in Maritime industries and as far as possible on a contributory basis. Colonel A. N. Jones, Vice-President of Pickford and Black, took as his subject "Employees' Representation".

In the foreground of the second session which was presided over by F. M. Blois, M.L.A., Superintendent of Stanfield's Limited, Truro, was the problem of unemployment. Stewart Bates, Professor of Commerce, Dalhousie University, discussed the "Economic and Financial Implications of the Canadian Unemployment Problem",<sup>2</sup> while R. D. Crawford, Town Clerk of Amherst, dealt with "Unemployment Relief", and R. W. McColough, Chief Engineer of the Nova Scotia Department of Highways, explained the program of public works carried out in the Province of Nova Scotia.

The last Conference session, for which G. E. Graham, Vice-President and General Manager of the Dominion Atlantic, acted as chairman, was devoted to the problem of "Arbitration and Conciliation". G. V. V. Nicholls of the staff of the Canadian Manufacturers' Association in Toronto explained "The Legal Background", while E. B. Paul, Resident Superintendent of the Dominion Steel and Coal Corporation in Stellarton, discussed "The Practice in Nova Scotia", and W. A. MacDonald, President of the Canadian Union of Marine Engineers, gave the viewpoint of the employee.

The program also included two luncheon meetings. The first, under the chairmanship of Hon. Dr. F. R. Davis, Nova Scotia Minister of Health, was addressed by Dean V. C. MacDonald of the Dalhousie Law School on "Canada's Social Problems and the Constitution". At the second luncheon meeting Professor B. A. Fletcher of Dalhousie spoke on "The Social Responsibility of the University". D. R. Turnbull, Managing

1. Mr. Purvis' paper appears on p. 88 of this issue.

2. Professor Bates' paper appears on p. 64 of this issue.

Director of the Acadia Sugar Refining Company, acted as chairman.

A new committee was elected to carry on the work of the conference and to prepare for next year's conference. The committee is composed of the following: Chairman, D. R. Turnbull, Halifax; J. A. Ford, Moncton; F. C. Macnabb, Saint John; J. A. MacDonald, Sydney; F. M. Blois, Truro; B. J. Waters, Liverpool; J. B. Hayes, Halifax, and C. J. Morrow, Lunenburg. Professor L. Richter of the Dalhousie Institute of Public Affairs, will further serve as secretary to the committee.

### **The Labour and Industrial Relations Act of New Brunswick**

The Labour and Industrial Relations Act, passed at the last session of the New Brunswick Legislature, provides for the appointment of a Fair Wage Officer to hear complaints and investigate wages, hours and conditions of labour prevailing in any trade, industry or business. Where it appears that the wages, hours or conditions of labour are inadequate or unfair, the Officer may call a conference of representatives of employers and workers to attempt to adjust the conditions. The conference is to submit to the Minister of Labour a report of its proceedings and conclusions. The latter may refer the report to the Fair Wage Board, to be appointed by the Lieutenant-Governor in Council and to consist of five members (who are to hold office during pleasure), two of whom are to represent employers and two employees with a disinterested person as chairman. Whether or not an investigation or conference has been held, the Board may make orders establishing fair rates of wages, and maximum hours, and fix overtime rates.

The sections of the Act dealing with freedom of association follow to a certain extent the lines of the Draft Bill of the Trades and Labour Congress. It is declared that "the right of employers and employees to organise in associations, trade unions or other groups for any lawful purpose is hereby recognised", and

that it is lawful for employees to bargain collectively with their employers and to conduct such bargaining through their representatives elected by a majority of the employees affected, or through officers of the organisation to which the majority of such employees belong.

The sections relating to investigation and conciliation of labour disputes apply to any dispute between an employer and a majority of all his employees, or a majority of his employees in any separate plant or department. Where a dispute exists either party may apply to the Minister for appointment of a Conciliation Commissioner, or the Minister may appoint a Commissioner on his own initiative if he deems it advisable. The Commissioner is required to investigate the dispute and seek to arrive at an amicable settlement. If he is unable to effect a settlement, the Minister must refer the case to a Board of Conciliation, but unless otherwise ordered by the Minister such reference is only to be made when the dispute affects 30 or more employees. The Board is made up of one representative of the employers, one of employees and the third, who is to be chairman, nominated by the members so chosen. If within a given period either party fails to appoint a representative, the Minister must make the appointment on their behalf. After making a full inquiry the Board is required to submit its report and recommendations. The question of acceptance or rejection of the Board's report is to be submitted to a separate vote (by secret ballot) of employers and employees, neither being required to accept it. Exemption from the provisions of the Act is granted where there is an agreement between an employer and an organisation of employees for arbitration of disputes.

Under the new statute strikes and lockouts are prohibited unless the dispute has been referred to a Board of Conciliation and the parties have voted to accept or reject the recommendations of the Board or unless the matters in dispute have been dealt with and an order made by the Fair Wage Board.

### Legislation in Great Britain Providing For Holidays With Pay

The recent Holidays With Pay Act (1938) of the British Government empowers Trade Boards and Agricultural Wages Committees in England, Wales and Scotland to provide for holidays with pay for the workers for whom they prescribe minimum wages. Similar powers are given to any statutory bodies for the regulation of minimum wages, such as the Road Haulage Central Wages Board, set up under new legislation.

The wage-regulating authorities mentioned are given power to direct that any workers for whom they are fixing or have fixed minimum rates of wages or statutory remuneration shall be entitled to be allowed holidays. These holidays shall be of such duration, subject to certain limitations, as the authority may direct, and the direction may also contain provisions as to the times at which and the circumstances in which such holidays shall be allowed. The first of the limitations on the duration of the holiday is that it must be related to the duration of the period for which the employer has employed the worker or has engaged to employ him. The second limitation, applied in certain cases, is that the holidays shall not exceed one week in any period of twelve months. Agricultural Wages Committees may not provide for holidays of continuous periods exceeding three consecutive days. All such holidays allowed to a worker shall, unless the direction otherwise provides, be in addition to any other statutory holidays to which he may be entitled.

The necessary power to fix "holiday remuneration" is granted to the Trade Boards and Agricultural Wages Committees, the Road Haulage Central Wages Board having already been granted such powers by the Road Haulage Wages Act.

It is also provided that the holiday remuneration shall both accrue and become payable at the times and subject to the conditions laid down by the authorities.

The Act provides that on a joint application made by an organization representing employers and an organization representing workers in an industry or a branch of an industry, the Minister of Labour may in accordance with arrangements made by him with the consent of the Treasury assist the administration of a scheme for securing holidays with pay by attaching officers of the Ministry and in any other way he thinks fit. In particular the arrangements made may provide for the Minister to make to the workers the holiday payments due under the scheme. Where this is done the arrangements shall also provide for both the sums paid out and any expenses attributable to the scheme to be repaid to the Minister.

### Hospital Insurance Plan Adopted by Company

The John LaBatt Company has announced that it will assume the cost of employees' hospital expenses. In a circular issued to all employees, it was stated: "The burden of hospital expenses is in many cases a serious load for the individual to carry. The bills resulting from sickness may oftentimes take most of an individual's savings. Therefore, the Company have pleasure in offering to all employees a plan of hospital insurance." According to the plan, each employee receives an allowance every day for which he is confined to any licensed hospital for sickness and off-the-job accidents, as well as a certain indemnity for the use of operating rooms, anaesthetics, etc. The plan has been adopted without cost to employees.