

Labor-Management Collaboration In Great Britain

Mary E. Murphy

RECOGNITION of joint consultation of capital and labor as a vital aspect of scientific business management has been gradually achieved in Great Britain. The full assessment of what has been accomplished and what left undone in this important field, however, has not been related to the chief objectives of the British peacetime economy. Yet the collaboration of the two sides of the bargaining table can do much to advance both production and peace in plant and office.

Before World War I and even after it, the only British factory where Frederick W. Taylor's methods had been introduced was Hans Renold & Co. Ltd. (now the Renold and Coventry Chain Co. Ltd.) at Manchester. Recently describing the general atmosphere of mutual personal responsibility between management and labor in the company, C. G. Renold stressed the development throughout the plant of a sense of "belonging" in an organization founded by his father in 1879. Although this firm always had an enlightened management, in 1916 the directors felt the need for closer relations between workers and managers. After introducing welfare and shop stewards' committees, the scheme evolved into joint consultation between capital and labor on all important matters. The main aspect of the scheme concerned the role of the Personnel Department in facilitating access by workers' representa-

tives to managers, as well as acceptance of negotiation and consultation over a wide area, with management taking Labor's delegates fully into its confidence on matters of company policy.

In the 'twenties, many British factories reached a new standard of management-labor collaboration. These included Mavor and Coulson Ltd., and David Rowan & Sons of Glasgow; Taylor, Taylor & Hobson at Leicester; The Thames Ironworks; and the Quaker confectionery plants of Cadbury and Rowntree. Other companies introducing scientific managerial practices included the Dunlop Rubber Company which began to organize on a functional basis as early as 1911 and eventually introduced budgetary control, time and motion study, and specialised research in every phase of its multifarious activities. Lever Bros. and Unilever Ltd., Imperial Chemical Industries and United Steel adopted similar methods in these years, while the London, Midland & Scottish Railway Co., under the presidency of Sir Josiah (later Lord) Stemp, set up new administrative standards, the London Passenger Transport Board adopted many examples of progressive management, the Post Office reorganized its divisions, and the "Big Five" joint stock banks and large insurance companies conceived new phases of personnel administration.

II

ONE of the most important experiments in joint consultation emanated from the 1917 Report of the Whitley Committee which recommended the establishment in all well-organized trades of Joint Standing Industrial Committees representing the two parties, under the premise that "a permanent improvement in the relations of employers and employed must be founded upon something other than a cash basis. What is wanted is that the workpeople should have a greater opportunity of participating in the discussion about the adjustment of those parts of industry by which they are most effected". The Whitley Committee also recommended the establishment of a National Joint Industrial Council representing employers and workpeople, with the aim of "considering matters affecting the progress and well-being of the trade from the point of view of those engaged in it so far as this is consistent with the general interest of the community". Although the scheme was never fully implemented, over the years it did provide machinery for consultation and discussion in a variety of companies and remains one of the most important experiments in British scientific management. Basically, it is the will of staff side and official side to use negotiating machinery to the utmost mutual advantage in order to reach settlements by collaboration and compromise rather than by conflict or coercion.

One of the early exponents of improved labor-management relations, B. Seebohm Rowntree, arranged Industrial Conferences to consider relevant topics as early as 1919, the sessions later developing into semi-annual meetings at Oxford which, more recently, have been sponsored by the Confederation of Management Associations. Rowntree started to reorganize his chocolate company in the same year, pursuing this project until 1926, and using time and motion study and vocational selection with full labor cooperation. Many of the changes in company procedure initiated in those seven years still lead in Great Britain, as for example his

expansion of the Works Council and Committees and the structure of Shop Stewards, with a full time Chief Steward paid by management but elected annually by labor, to guarantee prompt settlement of labor issues. In the Rowntree plant, if any worker was dismissed or punished for disciplinary reasons he had the right to refer his case to a mixed Appeal Committee, which could set aside the decision of any member of the management, including the Board of Directors. This practice continues until today.

Growing interest in worker relations culminated in the formation of the Institute of Personnel Management in 1913 (incorporated eleven years later), a voluntary association of persons interested in enhancing human relations in a company so that workers may make their best contribution to the enterprise's efficiency. Personnel management considers methods of recruitment, selection, training, education and proper employment of workers; terms of employment, working conditions and amenities; and maintenance and effective use of facilities for joint consultation between employer and employed and between their representatives, and of recognized procedures for settling disputes.

The Institute of Personnel Management works closely with other British management associations and research bodies, and, in touch with government departments, employers' associations, trade unions, and other bodies for the purpose of exchange of personnel information. For many years it has aided universities and technical schools to ensure a high standard of qualification among personnel officers. In 1950, the Institute agreed to cooperate with the British Institute of Management to ensure unity of action in the management field and to avoid unnecessary overlapping of activities. Both organizations occupy quarters at Management House, Hill Street, London, sharing facilities with the Association for Commercial and Industrial Education, the Office Management Association, Management Publications Ltd., and the Institute of Industrial Administration.

III

TWO great influences in the development of British industrial relations came from the United States in the form of Mary Parker Follett, who wrote a series of papers which were published in Britain under the title of *Dynamic Administration*, and Elton Mayo, whose experiments at the Hawthorne Works of Western Electric reached the same broad conclusion as that of Mary Follett, namely, the conception of the human factor in business as being the emotions of the worker which must be integrated into a common aspiration by thoughtful management. The change in the British working climate during World War II, because of modifications in joint consultation introduced by Ernest Bevin and Sir Stafford Cripps, was explained by one well-known managing director, as follows: "The management of British industry used to be 90% discipline and 10% leadership; now it has to be 90% leadership and 10% discipline". This was the emphasis given by Follett and Mayo—that industrial relations are a psychological matter and that they must be an important part of all managerial technique with their effectiveness largely dependent on leadership at all levels.

During World War II, a comprehensive experiment was carried out in establishing Joint Committees which bore a variety of names ranging from Works Committees to Advisory Councils. One of these was the tripartite working party, composed to the extent of two-thirds by employers' and workers' representatives, with an impartial chairman and independent public members (such as accountants, economists, engineers and architects). These working parties were appointed by the Government in thirteen selected industries; they possessed no authority over wages or conditions or work, and did not fix prices or restrict output, but were rather concerned with increased efficiency and productivity of the industries and recommendation of steps to be taken to enable the fields to meet competition at home and in foreign markets. A natural outcome of the working party was the establishment of Development Councils in certain fields with

powers to promote production and efficiency by means of industrial research, improvement of design, increase in the manufacture and marketing of standard products, attainment of better working conditions, and expansion of a program to collect and interpret business statistics.

The principal industries and services in which joint industrial councils were set up during and after World War II included central and local government, flour-milling, wool and worsted, hosiery, boots and shoes, printing, pottery, docks, road transport, shipping and chemicals. The scheme was not applied in the older industries, such as coal, iron and steel, engineering, shipbuilding and textiles, because other negotiating and conciliation machinery already was in existence. Generally speaking, the joint consultation schemes vary greatly as to formality and integration. Some are so informal that they cannot be considered "organizations" in any sense of the word. In three firms of equal size which introduced joint consultation at almost the same time, experience has indicated that only one plan was entirely successful, another made slight progress, while the last was a failure. At the works level, joint production committees which concentrated their attention upon increased output rather than discussing the political and philosophical issues involved, as a whole, have made the greatest progress, while on the regional and national level, joint consultation has proved one channel by which industry in any trade or locality can carry its problems directly to the Government for consideration. It would appear that proper development of this new avenue of communication can alleviate a persistent weakness in the British system under which formal methods of representation of industry to the State have been nonexistent—or ineffectual.

IV

ONE of the most recent accounts of a works council in action is contained in a report of the scheme in operation at the Bourneville Works of Cadbury Brothers Ltd.; this document is available upon request to the company. Vauxhall Motors maintains a management advisory com-

mittee whose constitution describes the scope of topics of discussion as "not defined in any narrow or explicit way, but shall be allowed to embrace any matters that are pertinent to the general well-being and improvement of the Company and its employees, excluding only those matters for the settlement of which organization already exists. Such matters (as an example, Canteen affairs) will only be discussed by the Committee where questions of a larger principle be involved; items of operation being held to be matters which should be referred to the appropriate responsibility, *i.e.* in this case, the Recreation Club. No other matter is excluded from discussion and the Management will supply any information required to the best of their ability".

A memorandum on labor relations issued by Imperial Chemical Industries Limited in 1951 describes the joint consultation program of the company as follows:

"Works Councils Scheme

"The Company's Works Councils Scheme . . . dates back to well before the merger. It was as far back as January 1918 that Brunner, Mond & Co. Ltd. first instituted a General Works Committee, which may be said to have been the parent of the subsequent Works Councils. This was, as far as is known, the first committee of its kind in the country. There was recognition from the outset that the committee could only function with the co-operation and goodwill of the trade unions, although its functions would be in the domestic field only and outside their strict sphere of interest. For this reason Brunner, Mond & Co. Ltd. invited the representatives of all the trade unions with which they had regular dealings to a joint conference to discuss the scheme, and it was at this conference that the constitution and procedure for the committee were agreed. In a circular letter to trade union representatives at the time, the directors of Brunner, Mond & Co. Ltd. declared:

'In proposing this scheme for a General Works Committee, the Directors are actuated solely by a sincere desire to promote a feeling of sympathy and co-operation between their employees and themselves, and in this connection they desire to emphasize the fact that the Committee is not to encroach in any di-

rection on the legitimate function of any trade union. Having this assurance, the workpeople need not hesitate to place complete confidence in the Committee, thus ensuring its success, and the consequent promotion of that good feeling and mutual understanding which are so essential to the well-being both of employers and employed.'

"Upon the formation of I.C.L. the same principles as had proved successful with Brunner, Mond & Co. Ltd. were extended throughout the whole Company, the present Works Councils Scheme dating from 1929. The Councils are made up of equal numbers of management and workpeople, the latter being freely elected by ballot among their fellow workers. The chairman of the Council is usually the works manager, and the Councils meet ordinarily once a month but more frequently if special circumstances so warrant. There are over 90 Works Councils throughout the Company, and of these many have sub-committees, constituted on a joint basis, dealing with special matters such as safety, canteens, and production. The Works Councils are at a factory level, but there are also Division Councils comprising representatives from the Works Councils which discuss matters of a wider interest than the Works Councils and serve to co-ordinate the activities and views of the Works Councils which they represent.

"Finally, from the Division Councils there are delegates to the Central Council, which is representative of all works in the Company. The Central Council meets twice yearly. The chairman is the Chairman of the Company, and its members are attended by all available executive members of the Main Board. There is thus a link provided between the workers and the Board of Directors, and, in addition to providing facilities for the discussion of any matters relating to their conditions of work and general welfare which the worker may desire to bring forward, an opportunity is also given to the directors to maintain personal contact with works representatives. Matters such as wages and hours of work, which are the subject of negotiation between the Company and the trade unions, are of course excluded from discussion at the Works Councils. The Central Works Council has met since the war usually at Blackpool, the full meeting, together with the meetings of the Imperial Chemicals (Workers) Friendly Society, lasting two days. All expenses of representatives to Councils are, of course, borne by the Company."

Much of the Imperial Chemical joint consultation philosophy was inherited from Alfred Mond (later Lord Melchett) who

combined a group of companies, on the model of I. G. Farbenindustrie, into Imperial Chemicals. After the 1926 General Strike, Mond took the initiative in trying to secure improved relations between employers and trade unions, leading a group of large managements into negotiations with the Trades Union Congress General Council. The resulting Mond-Turner Report, published in mid-1928, proposed the establishment of powerful standing joint boards for consultation between central employers' organizations and unions. Although the scheme was approved in general by the unions, it was rejected by the Federation of British Industries and the National Confederation of Employers' organizations in favor of a largely ineffective plan of occasional consultation.

V

SUCCESSFUL joint consultation in Great Britain, then and now, is based on management's willingness to treat employees as an intelligent and responsible force in the company in advancing mutual objectives. Experience has indicated that where this attitude is pursued by the management and embodied in their directives to the plant, it elicits a similar spirit of cooperation on the part of employees. It is not enough to secure the establishment of joint consultative machinery; in addition, that machinery must embody the intention of both parties to see that it is successfully carried out. At the present time, when maximum production is a matter of life and death to the British people, the Government must seek by every conceivable method to encourage joint consultation at all levels of operation. The Government's aim now is to secure a

rapid development through the whole of industry so that what has been the practice of joint consultation in some firms becomes universal procedure.

At the same time, Col. Lyndall Urwick, a leading advocate of scientific management, warns that "many workers cherish a hope that such Councils or Committees in the individual undertaking . . . are the germ of workers' control. They should develop in course of time into fully elected bodies responsible for the whole government of the undertaking and manned by representatives of those who are engaged in productive work in that undertaking, on the model of our parliamentary institutions for political purposes. This hope is an illusion. Our political machinery is designed primarily for the purpose of reviewing and precipitating policy. One of its first rules is that those engaged in executive work under Parliament's direction, the civil servants, should take no part in politics. Otherwise their continued loyalty and discipline, under succeeding Governments drawn from different political parties, would be compromised".

The demand and need for a much greater degree of industrial democratisation in British industry than ever before achieved is widespread today. Utilization by thoughtful management of this natural urge to participate in the working organism, in order to sustain the productive pattern in one company and, in the longer view, in the nation, is one of the most important issues confronting Great Britain. It is agreed on all sides that its solution will do much to dispel distrust on the side of management and labor for the other party in the productive process, and to place the flagging British economy on an efficient, self-sustaining basis.

A Question Of Seizure

It is easier to seize wealth than it is to produce it.

ALBERT J. KNOCK