

HOW CAN WE IMPROVE INDUSTRIAL RELATIONS? *

By ROBERT D. GRAY

DURING the war most people were irritated and disturbed at times by the problem of labor relations. Many governmental agencies such as the War Labor Board, the War Manpower Commission, and Selective Service tried various solutions, and Congress, under the spur of public opinion, adopted the Smith-Connally Act to prevent strikes. The general opinion was that if we could keep labor relations under some control until the war was ended we would then be able to resume normal employer-employee relations. It should be noted in passing that such a belief was not based upon our experience after any other war, but, nevertheless, it was commonly accepted.

Somehow or other we have managed to struggle through quite a few months of post-war conditions. Labor relations, however, instead of bettering, as they were expected to do, have grown steadily worse. It is hardly necessary to prove this statement. The record of the past, present, and prospective strikes is well known. Union membership has not withered away; instead, it is showing signs of extension among white-collar workers, among professional employees, and among foremen and supervisors.

BASIC CAUSES OF PRESENT UNREST

Two interrelated causes explain much of the present unrest. The first of these is inflation. We still seem to think as though we feared the possibility of inflation. We should not blink at the fact, however, that we have had inflation for some time. An increase of at least 33 per cent in the cost of living during the war indicates that inflation arrived some time ago. Such a change in prices produces very uneven effects in the economy. Many groups of employees are, and have been, better off in recent years than before the war, but many other groups are feeling the pinch. It is relatively certain that we shall have still more inflation within the next year.

The second factor contributing to this general unrest, and one which aggravates the threat of increased inflation, is a reduction in the productivity per worker. We were given the impression during the war that because of our tremendous production of war goods there must have been a great increase in productivity per employee. This widespread belief is true as far as productivity in making planes, ships, guns, and other munitions of war is concerned. But efficiency in making these goods will not help to produce houses, automobiles, and clothing. The fact of the matter is that during the war, productivity per employee decreased in practically every industry manufacturing civilian products.

Such a result is not unexpected. We realized during the war that we were scraping the bottom of the barrel to secure manpower for the armed forces, for war production, and for civilian production. Many persons who had never worked found employment during the war years. They contributed greatly to our winning the war, but their individual efficiency was not high.

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We are now in the midst of a great readjustment in our labor force. Employees in war industries as well as men in the armed forces are being demobilized. We are contracting the manufacture of some commodities and we must increase the output of others. Many employees must be trained and re-trained to produce civilian commodities. During this period productivity per employee will undoubtedly remain low.

It is vital, however, that we increase production and productivity. This means that we must continue to apply the principles of work simplification which were known long before the war and which were widely adopted during the war in some industries. Work simplification must now be applied to many other fields of activity.

In improving the productivity of employees, however, we cannot rely solely upon certain formulas or procedures. We must not lose sight of the fact that we are dealing with human beings. We know that by changing the gear ratio on a machine we can make it run faster and turn out more products. But a human being is more complicated. We may simplify his work, we may improve his working conditions, but he will not necessarily become more productive. We must recognize the importance of morale if we are to increase the effectiveness of employees. To increase morale we must undertake a positive program for improving industrial relations.

A POSITIVE PROGRAM FOR IMPROVING INDUSTRIAL RELATIONS

Such a program cannot consist of a single panacea. Our goal cannot be reached by merely wishing for it; there must be action. This action, however, is not to pass a law, because laws usually create problems rather than solve them. The problem of industrial relations in the United States, in California, in Los Angeles, or Pasadena is too big to be solved as one problem, but any big problem may be solved by breaking it up into small ones. The big problem of industrial relations can be solved only by solving the small problems of industrial relations in every company, in every plant, and in every department.

Any employer, or for that matter, any supervisor, can undertake a positive program for improving relations in his company or in his subdivision of a company. Such a program must include two fundamentals.

1. Fulfilling the Fundamental Desires of Employees

In the first place, serious attention must be given to fulfilling the fundamental desires of employees. It may often appear that employees are interested only in higher wages, shorter hours, and better working conditions. Such goals, however, are merely battle flags around which employees may be rallied. Such aims can never be fully achieved, because wages can always be made still higher, hours of work per day or week can be reduced still further, and working conditions can be improved. Any gain along these

lines will not forestall further demands tomorrow, because these goals are not what every employee really wants.

The real aim of every person is to achieve a sense of belonging. It is this fundamental urge which has resulted in so many of us being joiners.

Too little attention has been given by industry to means of meeting this desire. An employee wants to be proud of his work and of the company with which he is associated. But most employees are told very little about how their jobs are related to others in the plant, how their efforts affect the final product. Employees are poorly informed as to the history and reputation of their company and as to what the products of that company contribute to the community. Employees need more and more information about their company when they are hired and while they are working. They cannot feel that they are part of the organization unless they know about its past, present, and future.

A second method of increasing the sense of belonging is to give proper recognition to merit, ability, and long service. It is difficult to feel that one really belongs to an organization when hard work is not rewarded with frequent words of commendation, with reasonable advances in compensation and in promotions to more responsible positions. The employee who stays with the company also may feel that he is part of the organization when he is given some recognition for this continued service, either in the form of appropriate service pins or in increased benefits of sick leave, insurance, or vacation.

Finally, it must be realized that a sense of belonging and a feeling of insecurity are incompatible. No employee who is constantly aware of insecurity arising from accident, illness, death, or old age can really feel that he is part of the organization. Industry under the pressure of workmen's compensation laws has in general done an outstanding job in reducing accidents within the plant. Many industries have developed substantial benefit plans for their employees. The government has established social security. We must not assume, however, that unemployment insurance, for example, adequately meets insecurity in the job itself. Most employees want the satisfaction of doing a fair day's work for a fair day's pay rather than the right to draw unemployment insurance benefits. Every company needs to give serious thought to stabilization of employment. The fact that we cannot give complete security from the cradle to the grave for anyone should not prevent our attempting to increase the degree of security. Relatively few companies have tried seriously to stabilize employment.

Improved morale throughout the organization will reflect the extent to which the industry gives its employees a sense of belonging by (a) providing employees with additional information about their jobs, their company, and its products, (b) recognizing the contributions of each individual, and (c) increasing security on the job. With this improved morale it is inevitable that productivity per employee will increase and that the pie to be divided by a company and by society as a whole will be larger than it is now. The ultimate standard of living enjoyed by employees can be improved only by increasing the size of the national income to be divided rather than by trying to increase the proportion of that income which is paid to the workers.

2. Training

The second part of a program to improve industrial relations is training. In the years immediately preceding the war, training in industry was the exception rather than the rule. During the war we developed many shortcuts in training, and we learned again that many problems can be solved by trained leaders and trained workers which cannot be solved by untrained persons. We are now at a crossroads. We may take the road back to pre-war conditions of a small amount of training. We may continue and improve slightly the training programs developed during the stress of the war period. I hope we take the third road, however, which recognizes the fundamental importance of training.

Industry must understand that training is not something to be endorsed or tolerated, or something which is called upon to meet an emergency. Industry must recognize that no individual organization nor our economic system as a whole can continue without training. The leaders of today will soon be gone, and their replacements must be trained.

At least one company recognized this need as early as 1933 when it first developed its 35 year plan. Since this company has compulsory retirement at the age of 65, it realized that all employees aged 30 or more would have to be replaced within 35 years. Let me quote from the annual report of the Vick Chemical Company, issued June 30, 1945:

"On . . . all our general managers under our 35 year plan were placed the two duties of management:

1. The short-range duty.—'to keep that body of operating knowledge up to date, abreast, or ahead of competitors. The end result of this duty is sales and profits.
2. The long-range duty — to find and train new players — to pass this body of operating knowledge on to them — and have them ready to take over when time takes away the present players.

"Obviously, upon the quality of men taken in now depends the quality of this team 35 years from now. We are now expecting each executive to find and train an understudy as good or better than the executive himself."

Every organization must recognize the vital fact that only through training can it continue. I am confident that many companies will develop and maintain an adequate training program. But industry must also recognize that it has a stake in training available outside itself. Much of the raw material for industrial training programs must be recruited from schools and colleges. Unless our general educational system provides suitable raw material, the industrial training programs will be of little avail.

Unions too must face this training problem. No union can continue unless new leaders are trained. Unions must, therefore, develop appropriate training programs within the organization, and they too must recognize their dependence upon public and private schools and colleges.

There is, however, one very real danger. Our enthusiasm for training may lead us to believe that anything which is called training is training. Such is not the case. Let me cite, as an example, the present on-the-job training program for veterans. Congress has established a procedure by which all veterans of World War II may receive college training,

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but Congress also recognized that not every veteran would desire a college training. Congress recognized that training may be done in a variety of ways, including training on the job. A method was established, therefore, by which veterans could in part catch up for years spent in the service, by means of on-the-job training programs. Current developments, however, indicate that the administration of this program is at present in a most deplorable state. The pressure is now to give every veteran a subsidy of \$65.00 or \$90.00 a month, rather than to train him for more productive work in the future* I am not opposed to the granting of additional compensation to former members of the armed services, but, if such payments are to be made, they should be so labeled and not disguised as training. Training will be discredited in this country if it is so abused.

SUMMARY

We are in one of our most troubled periods of labor relations. These troubles, as indicated by unionization of white-collar workers, and by wide-spread strikes, will probably continue until we have solved the basic problems of inflation and of lowered productivity per employee.

Our problems will not be solved by a simple cure-all or by government fiat. Good labor relations on a national basis can be built only by good industrial relations in every company, in every branch of every

*Since this address was given, Congress has modified the Veterans On-The-Job Training Program. It is now a training program, not a general subsidy.

company, in every department, and in every unit of every company.

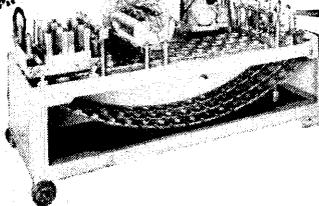
Any supervisor of people, whether, as foreman, he be boss of relatively few men, or, as president of a company, the immediate boss of a few and the indirect boss of many, must build good industrial relations with his immediate subordinates. Every supervisor can carry out a positive program for improving industrial relations by fulfilling the fundamental desires of his employees, all of whom seek a sense of belonging to that group. Any supervisor can supply information to employees about their jobs and the functions of their jobs, he can recognize his employees as individuals with individual problems, he can give them words of commendation for work well done, he can recommend appropriate wage increases, transfers, and promotions for deserving employees. In all of these ways he can improve their morale. Secondly, every supervisor can train the employees under him and train a successor for himself.

Still other parts of this program can be carried out by the company as a whole. The company can contribute further to this sense of belonging by giving recognition in the form of pins or added benefits for long-service employees. It can make plans for stabilizing employment, thus giving added security to the employees. The company can carry out a broad training program, and it must stimulate each supervisor to carry his part in this effort to improve relations between employers and employees.

We must focus our attention on the mutual dependence of employers and employees. We must minimize the points of conflict. We can do this, but will we do it, and will we start to do it now?

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