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## Working-Through Industrial Conflict

The Service Department at the  
Glacier Metal Company\*

Whether people work more efficiently and with greater satisfaction when there is a direct financial incentive, such as that provided by piece-rate systems, can be considered an open question. Indeed, it is unlikely that such a question can be answered by itself, because the way people are paid is only one facet of a large number of interdependent sociological, technological, psychological, economic and cultural variables which interpenetrate to create social climate and community morale in industry. An opportunity to study this problem in some detail occurred, when in January, 1949, the research team received a request jointly from the management and the workers in the Service Department of the Glacier Metal Company, a light engineering company in London to assist them with discussions on whether or not they should switch over from piece-rates to hourly wage rates.

### *Organization and History of the Department*

The Service Department is similar to a small company. It is a relatively independent unit engaged in the sale of replacement bearings and in repair work, with subsidiary manufacture of small runs or special orders. It has its own administrative staff, drawing office and sales organization, employing altogether some 100 people, 40 of whom were at this time on piece-rates.

It was first established as a separate department in 1931 as a result of an increased demand from customers for repair services. Until the war years the new shop felt itself to be separate from the rest of the factory. It had its own customers, with whom there was close personal contact, for much of the pricing of jobs was done by direct meeting between customers, supervision,

\*A revision of Chapter 4 in *The Changing Culture of a Factory*. London: Tavistock Publications, 1951.

and operatives. This feeling of independence was fortified by the shop having its own gate and working different hours from other shops; its operatives were not asked to take part in the 1935 strike. During the depression years, its members felt more secure than other Glacier workers, because the shop was steadily growing and able to take on workers laid off in other parts of the factory.

During the war the work of the department had become so extensive that increasing systematization was introduced in costing, pricing and handling of stocks, and this brought an end to informal contact with customers. Also during this period there was some lessening in the amount of repair work carried out, customers preferring to obtain new rather than relined bearings. This change necessitated modifications in the department's activities, particularly with regard to their stores and commercial activities.

In 1943, a *Payment by Results on Time Basis Scheme* was introduced. This was a payment by results scheme with rates calculated in standard minutes, rather than a money contract for a given job which the operative could then complete as quickly as he wished. This new system was tried out for three months, at the end of which management was satisfied, but the workers were not so sure. Partly as a result of the attitude of their trade union officials, who pointed out that they seemed to be better off financially under the new system, the workers agreed to change over, on condition that they could change back if they wished. Although there is no indication that such a change was asked for, the *minute system*, as it became known, fell into disrepute, and the impression grew in the shop that it had been imposed by the management.

In 1947, the shop manager retired, and the present divisional manager and shop superintendent were brought in. They were most anxious, in line with the general policy of the firm, to establish good relations in the department, and to bring it into closer contact with the rest of the factory, but felt only partially successful. The workers' representatives, led by the convener of shop stewards of the Amalgamated Engineering Union, remained suspicious, not only of their own departmental management, but of the whole consultative set-up of the factory. They had withdrawn their Works Committee representatives in 1944 because they considered the Glacier model of joint consultation out of line with normal trade union practices, and had only consented as late as November, 1948, to elect representatives once again, for a trial period of one year, during which they intended to consider their position further.

### *Nature of the Problem*

The proposal to change over to hourly rates was first mooted by the divisional manager in February, 1948, in a talk to the whole department, in which he

reasoned that service work, which consisted of repair jobs, did not lend itself readily to payment by results, since no two jobs were alike and jobs differ each time they come through the department, because of distortions and varying conditions of the bearing shells. Piece-work prices as set on work of this sort could only be estimates, so that constant adjustments were necessary to ensure a fair rate. For a majority of jobs this meant a discussion to work out an adjustment on the existing rate, which not only used up time but involved complications in the costing and financial organization of the department. There had been continuous dissatisfaction with the piece-work system in use (the so-called *minute system*) ever since its introduction by the previous management in 1943; some jobs paid well, others not so well, with the result that it was possible for unskilled operatives to earn more than craftsmen. The chronic irritation produced by the system was believed by both management and workers to be costly in reduced output and in lowered morale.

The reaction of the operatives remained reasonably favorable to the proposed changeover at intermittent discussions held during the year, and the management agreed to get out proposals for an average hourly rate for piece-rate operatives, based on the average level of piece-rate earnings for the shop. On 31 December, 1948, the divisional manager called a meeting of all operatives and offered an average flat hourly wage of 2s. 8 $\frac{3}{4}$ d, not including the national bonus, to the piece-workers. This figure included a deduction of about a penny an hour per operative to allow for a possible slight decrease in productivity under a flat-rate scheme. Since this was an average some would earn less, and others more. The exact method for determining each individual's rate had been left to be agreed between management and the workers' representatives.

During this meeting one question was raised which was to recur frequently, "How would output be maintained when piece-work incentives were withdrawn?" The divisional manager's opinion was that this was essentially up to the workers themselves, but he was confident that people would behave responsibly and that output would suffer little, if at all. Checks on the level of productivity would have to be made, he thought, but this could be done in broad terms and need not be related to individuals.

A *Wages Committee*, composed of the Shop Committee, the divisional manager, the shop superintendent and the shop accountant was set up to consider the matter in more detail. It held its first meeting on 2 January, 1949, when the workers' representatives reported mixed feelings in the shop, with some in favor and some suspicious of the proposed changeover, the latter attitude expressing itself in such comments as "What are the management up to now?" and "What are they going to get out of this?" In view of the suspicions complete facilities were given to the Shop Committee chairman to make whatever checks he liked. This included the provision of detailed department

figures from which he could make independent calculations in consultation with his own trade union officials. It was also decided to enlist the co-operation of the research team both "to obtain advice on how to avoid likely pitfalls," and with the hope that the presence of outsiders might in some way alleviate some of their difficulties. In reply to this request, the research team project officer met the divisional manager on 5 January, and on behalf of the research team, agreed to provide consultant services.

### *Negotiations About Payment*

The Shop Committee chairman spent much of January and February reviewing the wages figures and consulting with his district officials. This review completed, the second formal meeting of the Wages Committee was called.

*Wages Committee: 23 February.* As this was the first meeting the consultant had attended, he took the opportunity at the outset to explain his role as laid down in the terms of reference of the project. The management then explained that although the piece-workers, because of the penny an hour deductions, would lose 2s.-4s. per week per person, this would be offset by their greater security. The workers would not accept this, because there were certain operatives who would lose materially. One person in the shop, who (it was admitted) was earning anomalously high rates, would suddenly be deprived of about £1 10s. a week; and another group of six or seven would lose between 6s. and 12s. In spite of these difficulties, however, the Shop Committee did consider that the proposed new set-up would be better for the shop as a whole; and therefore, provided that a satisfactory formula could be found to ensure that no one would suffer too much, it did not seem unfair that some should lose a little in order to achieve a better balanced wage structure for all.

During this meeting the consultant suggested that there might be value in finding out in more detail what the Shop felt about the new proposals, in order to take into account the operatives' feelings, not only about the wages question, but also about the morale issues which would inevitably be bound up with it. This suggestion was not discussed; instead a small sub-committee composed of the two Works Committee representatives, one Shop Committee member, the divisional manager, and the departmental superintendent was set up to work out a fair method of calculating individual wages, so that no one would lose too heavily.

*Wages Sub-Committee: 25 February.* The divisional manager opened the meeting, saying that its purpose was, first, to consider how the research team could help to organize group discussions to enquire into attitudes towards the proposed change-over and, second, to discuss proposals for calculating individual wages under a flat-rate scheme. The Shop Committee chairman imme-

diately disagreed. They were there only to talk about wages proposals. The Shop Committee itself was the sole body which could take decisions on finding out what the workers on the shop floor were thinking. The consultant referred here to the Shop Committee's suspicion of himself and his role, and emphasized that he and other members of the research team would act only in concert with the Wages Committee as a whole. But this suspicion of him must surely in part indicate suspicion amongst themselves, and the fear that one party would be able to use him against the other.

This reference to existing attitudes in the group seemed to reassure them, and they went on to a discussion of various wages proposals. But, during the next hour and a half, not more than fifteen minutes were spent on the proposals themselves; the rest went on a wide variety of general morale issues such as: How much will the change-over alter the existing relationship among workers, between workers and management, and particularly between workers and supervisors? What happens if wages are fixed and production goes up? What techniques can be used to get general agreement in the shop? How will the supervisors behave under such a scheme? Can a supervisor be guaranteed that no worker on his section will earn more than he does?

When the consultant commented that their talk was demonstrating how inextricably the wages proposals were tied up with other morale issues in the shop, the divisional manager suggested that each supervisor might be asked to enquire into the feelings of his section. The Shop Committee chairman opposed this "investigation of workers' attitudes, since all supervisors were on management's side."

The divisional manager complained, "You're suggesting there are two sides to the table. I feel that we're all in this together."

"There *are* two sides to the table, and I don't want the supervisors poking their noses into the Shop Committee's business."

"I don't think we can go on if you're going to use language like that."

"I don't care whether you object to my language or not. I'm going to be blunt; this is the way I feel about the matter."

The atmosphere was charged. There had recurred in a slightly different form what had earlier appeared as suspicion that the research team would usurp the Shop Committee function, and possibly act on behalf of management alone. The consultant therefore interpreted this to them as a displacement on to supervision of suspicion towards himself and the research team, representing once again their own suspicion of each other at the moment. This, however, was vigorously denied. But, quite unexpectedly, it was suddenly recognized that there was no representative of supervision on the Wages Committee, and they decided to remedy this shortcoming before the next meeting.

*Shop Committee: 2 March.* A few days later, the consultant was invited by the superintendent to attend a meeting in his office. Agreeing, the consultant

found himself at a private meeting of the Shop Committee; the Shop Committee chairman having arranged this with the superintendent. The consultant having raised the issue of the suspicion in the Committee of the research team, the suspicion itself appeared to be diminished somewhat. But what, he asked them, was to be his role at such a meeting; did they wish his advice on how better to handle management; and what would they say if they saw him or any other member of the research team meeting privately with management, or with supervision? Surely, he said, if he would help them against management, they would have every reason to suspect that he might equally help management against them.

This last point struck home, and made it possible to settle two important questions before the consultant agreed to remain with them. First, he would comment only on their own relations with one another, and on their work as a Committee; that is, he would not put forward views on any persons or groups other than those immediately present. Secondly, they should raise at the beginning of the next meeting of the Wages Committee the question whether or not the research team might meet independently in this way with any section of the department—management, supervision or workers.

During this meeting, the Shop Committee members expressed far more anxiety than they had dared reveal openly in the Wages Committee. The management, they feared, was trying to put something over on them, and if output went down, would scrap the whole scheme and put them back on piece-rates. They were uncertain what to do, because the people on the shop floor whom they represented were deeply suspicious of the proposals. Because, from their discussion, there was little indication that they had a rounded picture of the attitudes of their constituents, the consultant suggested they might find their job a lot easier if they would undertake serious discussions throughout the shop before proceeding further. This would not only acquaint them with shop attitudes, but would give the shop an opportunity for more active participation, and would make it easier for themselves to report back developments as they occurred. Although some continued to maintain that the shop was interested in nothing but the size of the pay packet, the Committee as a whole accepted the suggestion and asked for the assistance of the research team.

In a short special meeting the next day, the Wages Committee adopted the principle of the research team co-operating with sub-groups in the department, and the consultant found himself in a position he had not previously experienced—a relationship with a group composed of management, supervisors and workers, and at the same time carrying on independent relations with the component parts. Role conflicts that might arise—as, for example, when meeting separately with the workers, he had already learned of attitudes towards management which had not been expressed in the Wages Committee meetings—he hoped to avoid by relying more than ever on the general method

of confining his remarks to what was happening in the here-and-now of each group. Although it was impossible for him not to be affected in his observations of the total group by what he knew from contact with the parts, he anticipated that he could avoid confusion on this score by the ordinary procedure of always having tangible evidence in the here-and-now, under whatever condition, for the interpretation made.

### *Attitudes at Shop Floor Level*

*Group Discussions: 8 March.* The forty piece-workers were divided into five groups of eight, with one Shop Committee member delegated to each. To obtain a comprehensive picture it was decided to have one of the two Works Committee representatives and two members of the research team present at every group, one of these latter to take part in the discussion, and the other to record. A short meeting had been arranged between the research team members and the two Works Committee representatives half an hour before the first discussion to make sure that everything was set. Unexpectedly, however, the divisional manager turned up, explaining that, although he was not expected, he felt compelled to express his fear that the two Works Committee men might so orient the discussions as to have nothing talked about but the size of the pay packet. He hoped that this would not be so, and that they would also discuss in general how to improve the atmosphere in the shop, adding that he was surprised that so little mistrust of management had been reported so far in the Wages Committee.

The Works Committee representatives replied that they had no desire to lead the discussions in any particular way, but wished only to present the facts and to find out what the shop floor was thinking. Accepting this assurance, the divisional manager withdrew, leaving the two trade unionists looking at each other. One commented "He certainly seems anxious about our discussions." The other nodded in acquiescence.

### CONTENT OF GROUP DISCUSSIONS

The groups ran smoothly. Each session lasted its full hour, and most had to be broken off to allow the next to come in. To meet the suspicion present in every group that research team members would report secretly to management, the workers' representatives explained that we were there at the request of the Shop Committee. But in no case did this seem noticeably to diminish the suspicion, and this, the consultant suggested, meant that the workers were suspicious that their own Shop Committee was in league with management. This interpreta-

tion brought into the open such comments as "the Shop Committee are management stooges and buffers," and allowed partial resolution at least of some of the workers' strong concealed doubts regarding the integrity of their committee.

The wide variety of matters raised during the discussions is summarized below, categorized under the rough headings used by the Shop Committee chairman.

#### MATTERS RELATING TO THE PAY PACKET

Since most people were frustrated by the existing piece-rate system, the Shop Committee received definite instructions to negotiate with management a change-over to an hourly wage, to be calculated on each individual's existing basic rate plus 65 percent. This figure of 65 percent was alleged to have been read from a productivity chart posted in the department, which recorded the average weekly piece-rate bonus earned over the past year. Since the institution of an hourly wage would bring considerable savings on overheads by eliminating the complex administrative set-up required under a piece-rate system, the Shop Committee was asked to secure a proper distribution of the savings throughout the department.

Next came a demand for a slight increase in pay, which grew out of strong expectation that under the new set-up the workers would be able to increase their productivity. Under piece-rates, every man was out for himself; there was no time to help others out of a jam. People tried to put aside jobs unlikely to pay well, and these so-called "bad jobs" often led to bottle-necks. An hourly rate with a secure pay packet would overcome these difficulties, since it would no longer matter if a job was "good" or "bad," and there would be no barriers against co-operative work. And what was more, the workers' wives would also be happier, knowing for sure what money to expect each week.

But what would happen if productivity increased? Would management institute an effective and agreed method of recognizing satisfactory efforts? It was proposed that the practice should be introduced of having a continuous measure of the productivity of the shop.

#### SAFEGUARDS AND GUARANTEES

The number of safeguards and guarantees asked for in most groups provided one indication of the morale problems in the shop. The management might wish to change back to piece-rates at a lower level if the new scheme did not work, and the Shop Committee was asked to secure some kind of guarantee

that any agreed rate would be upheld. If another department changed over to hourly wages at a higher rate than that which they obtained, would they be able to re-open negotiations to increase their own rate? Or if they settled for too low a rate, this could be used by management to drive hard bargains with other piece-rate departments making a change-over.

Under a flat hourly system supervision might begin to "push them around and tie them to their benches." A trial run of the new system for a period of three months was demanded, with the provision that there would be a minimum of interference from supervision; otherwise the workers would never be allowed sufficient time to get used to the new system and show what they could do when they had settled down. The sick, the elderly and other categories unable to work quickly might find themselves penalized, and how, it was asked, could they ensure that a man would be given satisfactory opportunities to increase his skill and, hence, his basic rate. Appropriate protection against such eventualities had somehow to be obtained.

#### GENERAL MORALE QUESTIONS

The department was not thought to be as happy a place as it could be. There were mixed feelings toward the supervisors, who were felt to drive the operatives too hard, but mainly because they themselves were being driven by shop management, which "must have something up its sleeve; they must be getting something out of it or they wouldn't have proposed the scheme in the first place." After all, had management not originally put forward the proposal that the operatives should drop a penny an hour on their existing rates, on the grounds that there was likely to be some drop in production if the piece-rate system with its incentives was discontinued? Surely here was proof that management had no confidence whatsoever in them as workers.

A second factor was the memory the workers had of how the original piece-rate system had been introduced by the previous management four years before, when they had been promised that if they did not like the new system, they could discontinue it. In spite of much criticism at the time, nothing had been done about changing it, and the shop was left feeling that the scheme had been forced upon it. As a result, they were fearful that the present management would impose the scheme they were now considering, even if they did not agree to it.

#### *Interdependence of Morale and Methods of Payment*

*Shop Committee: 9 March.* The following day the Shop Committee met to consider the results of their discussions with the rest of the workers, and

decided to press for basic rates plus 65 percent, though they would be prepared to come down to 60 percent if necessary, with the proviso that before accepting any scheme they must first check the new earnings of each individual so that no outstanding injustices would be done. Although the consultant pointed out to them the strong taboo which was operating against the management and the workers talking to each other about their behavior, they determined that morale issues, particularly those dealing with the behavior of supervision and management, were to be held in abeyance for fear that raising them too directly might "get them all thrown out of the office by management."

*Wages Committee: 10 March.* A meeting of the full Wages Committee took place the next afternoon at 3 o'clock, at which the Shop Committee put forward their proposal for a 65 percent increment. The management, taken aback, explained that the average bonus was 57 percent, the operatives having made the error of taking the highest figure to be the average. The Shop Committee men were not inclined to recognize their error, and confusion as to where the figure of 65 percent had come from led to a stalemate. Apart from one moment when the management expressed appreciation of the Shop Committee chairman's statement that with a fair wage the operatives would certainly keep up and possibly even increase production, an interminable, if rather polite, wrangling over percentages was all that ensued until the overtly calm and friendly atmosphere turned into silence. This seemed to the consultant an appropriate moment to take up certain aspects of their relationship.

He first pointed out that whatever arrangement they came to they would still be faced with the need to resolve the emotional stresses between the people in the room. These stresses had been demonstrated in the operatives' unwillingness to recognize their error in the discussion of the 65 percent, and they could be seen again when the divisional manager had asked what would happen if productivity went down. The Shop Committee had snapped back that management did not have faith in the workers; and this in turn management vigorously denied.

The consultant then suggested that, if one also took into account what was known from previous meetings—e.g., the divisional manager's anxiety on the morning of the group discussions, and management's fears in general that workers could not be trusted to keep production up; the Shop Committee's oft implied suspicion of management; and the first hot-tempered argument between them all, management, supervisors and workers alike—it was obvious that much more was going on under the surface than would appear from the placid atmosphere in the Committee.

In short, there was evidence from both the present and the past of strained relationships. How could they hope to arrive at a mutually agreed and satisfactory wage level for the shop so long as their fears and suspicions of each other

were preventing them from conducting their negotiations with proper effectiveness?

Reactions to these remarks were immediate. The divisional manager said that they would be better off if they would take some of these attitudes into account, the supervisor, that it was about time such problems, which everyone knew existed, were discussed openly, and the Shop Committee chairman, that they all deserved the "kick in the pants" which had been given them. The consultant observed that it was not a matter of "kicking people in the pants" but that there were issues which affected their discussions and prevented them from reaching agreed solutions.

The atmosphere became easier, and they managed to reach conclusion on the point that small adjustments should be made in the case of those individuals who stood to lose too much. With this as a kind of successful test-out, one of the Shop Committee members revealed that the shop floor suspicion that management was trying to "fiddle" had arisen from the proposal that a penny an hour should be taken off their wages because of possible loss of production. With such frankness as the keynote, the divisional manager replied that he was now satisfied that the shop would maintain production, and was prepared to drop the proposal about the penny deduction.

This constructive atmosphere soon evaporated. Too many other problems were plaguing them. What would happen to individuals who lost money? Could productivity be maintained with the new types of work coming in? Complaints were made about current rate fixing, and there were problems about individuals whose present basic pay was too low. All these questions, though aired, remained unresolved. Everyone was worn out, so that when the divisional manager and the superintendent suggested that they should find some way or other of calculating a reasonable percentage figure and report back, this proposal was jumped at all around.

Two notable features characterized this meeting. One concerned the fact that, hard as they were still trying to confine themselves to the financial aspects of the change-over, they spent between 50 and 75 percent of the time, directly or indirectly, on the related morale issues. As a result there was an openly expressed dissatisfaction in each meeting that everyone "kept bringing up side issues." The other notable feature was the greater security of the Shop Committee, who now spoke more as representatives and less as individuals, the group discussions having increased their confidence.

*Shop Committee: 16 March.* Certain morale issues were now becoming pressing in spite of the attempts to keep them back. The Foundry had opened negotiations to change over from a group bonus to an hourly rate, and the service department workers' leaders were unsure how their own position would be affected if the Foundry changed over before them to either a higher or a

lower equivalent rate. There were also divergent opinions among them regarding the shop's ability to maintain the existing level of productivity—the chairman arguing that the Committee itself should be able to guarantee a good production rate, while others were afraid that this meant taking too much on themselves, particularly in view of their fear that supervision would adopt a “nose to the grindstone” attitude.

The consultant referred to their difficulty in confining themselves to the wages question, to their lack of agreement with each other, and their anxiety about having too much responsibility, and queried whether some of their suspicion of management did not represent an outlet for their uncertainties about their own position *vis-à-vis* both their own constituents and workers' representatives from other departments.

A heated discussion followed, out of which emerged a general line that was maintained in all their dealings with management during the next few weeks: first they would try to negotiate a satisfactory hourly rate; this having been done, they would then take up morale questions before finally agreeing to the change-over.

*Supervisors and Shop Committee: 30 March.* At this stage another event of considerable importance in the life of the department occurred. The superintendent and the Shop Committee chairman arranged a joint meeting of all Supervisors and Shop Committee members to go into the differences which existed between them. The consultant was asked to attend. Discussion centered on tooling problems, which were used indirectly as a means of talking about their relations with each other. The consultant interpreted the undertone as an argument in which supervisors accused workers of not putting their backs into it, and workers accused supervisors of not properly carrying out their responsibilities. One supervisor thought workers raised these tooling problems just to be awkward. Shop Committee members—and they said this went for the rest of the shop too—believed it was no use bringing these matters up because you got no change out of supervision.

The meeting then got on to the difficulty of timing and assessing piece-rates on some of the jobs coming through. Stating that it was departmental policy to compensate a worker on a poorly timed job by giving him an appropriate *Additional Wages Issue*, the superintendent looked at the supervisors and said, “That is what you do, isn't it?” As a “yes” came from one of the supervisors, some of the workers' representatives broke in with, “Why don't you ask the chaps in your section what they think about it?”

The net effect of these exchanges was an arrangement for workers' representatives to be brought more into consultation when prices were being fixed. As a member of the Shop Committee put it, “You don't tell us anything, and expect us to work with you—where is the co-operation round here, anyhow?”

Feeling that the occasion had been profitable, they arranged a further meeting in two weeks' time, and asked the consultant to continue in attendance, as they found it valuable to have "general comments about things which seemed to be going on at the sides of the discussion."

### *Bargaining Versus Working-Through*

*Wages Committee: 7 April.* Whether each side should stick to traditional bargaining techniques, or whether both together should try to work out an agreed rate derived from all the available facts, created the dilemma which dominated the next meeting of the Wages Committee. The divisional manager announced that the average percentage bonus of the shop was 57 percent, equivalent to an average hourly rate of 2s. 11½d. Then the trouble started. The management referred to the 57 percent as the "maximum rate," and the Shop Committee referred to it as the "minimum." The meeting, scheduled to last "five or ten minutes—just time to allow the announcement of the calculated rate"—went on for two and a half hours.

Pointing to the continuing lack of confidence between management and workers, the consultant said that in all their discussions a central issue was the kind of relations they wanted to have in the department. Did they want one power group pitted against another, or did they want to work together? That they were striving to work out something together was clear: but it was also noticeable that from time to time they reverted to bargaining methods; as in the present maximum-minimum argument. Bargaining, as traditionally employed, led to the setting up of rates which were the resultant of the relative power of management and workers. In departing from this principle, which in one sense described what they were trying to do, they were facing the problem of what could be considered a reasonable wage for operatives in a factory of this kind at this time. This meant facing, sooner or later, the complex morale problems in the department, including the relation between the wages of all groups—management, supervisors, operatives and office workers.

Without resolving much, they finally arrived at the compromise solution of agreeing to discuss the 57 percent with the shop, in order to determine whether the workers wished them to go ahead with further discussions about the conditions under which such a wage could be implemented; that is to say, no commitment was undertaken on either side in taking this figure to the shop floor, and it was realized that they would have to face the possibility of fairly long and serious discussion afterwards.

*The First Ballot: 13 May.* By the next week the divisional manager, the superintendent and the Shop Committee chairman had prepared a document

to be circulated to each person in the department. After a summary of the early developments, the document ran as follows:

Management started off by considering that the Shop would be ready to accept a slightly lower wage-earning on average because of the advantage of working on a stabilized basis not subject to the hazards of piece-work, and because it was considered that production might suffer to some slight extent when the direct piece-work incentive was withdrawn. Your representatives, however, objected to this view, suggesting that we ought to pay the same amount of wages in the Shop on the new system as on the old, and that it would be up to the Shop itself to give as high an output on the new basis as on the old. Management consider this an extremely responsible attitude to take and accept the principle put forward by your representatives as a basis for discussion.

The principle of payment proposed is that each worker should receive a new flat rate made up of his present basic rate, plus a 57 per cent. increment, which is equal to the average bonus earnings of the Shop. This would mean that there would be some levelling out of wages, with less spread between the top and bottom, although an adjustment might be made in the case of a few people where it is considered that injustice would be done by adopting such a basis. . . .

The position at the moment is that you are being asked to come to a decision as to whether you would regard the basis outlined above as being satisfactory in principle. There are still important matters to be solved and discussions are continuing on these. They are mainly, the need to preserve a correct relationship between rates earned in the Service Shop and by other Departments, such as Tool Room and Millwrights, and we are proposing to ask representatives of these shops to discuss this issue with us. Furthermore, we have to consider to what extent, if at all, there should be any adjustment in rates established on a new basis in accordance with falling outputs, or alternatively, increased output, whether this arises from greater or lesser productivity on the one hand, or greater or lesser volume of work on the other hand. Subject, however, to final decision on these issues, we should like to know if you think the general basis proposed would be satisfactory. On this proposed new basis your own new rate would be as shown on the bottom of this note. (The actual rate for each individual was appended.)

Signed, Divisional Manager  
Chairman of Shop Committee.

Following the circulation of this document the superintendent and the Shop Committee chairman together met each person in the department, offering an individual explanation of the document and inviting anyone with difficulties to see either one of them separately or both of them together. Six people, worried because they were likely to take a considerable drop in earnings, came to see the Shop Committee chairman, who brought in the superintendent, and between them certain increases were agreed in individual cases where real hardship seemed to be occurring.

### *Taking up Underlying Morale Problems*

On the afternoon of 13 May, at a closed meeting of the workers and their elected representatives, the shop received a comprehensive report on developments thus far, and voted unanimously to have their representatives carry on with negotiations for a flat rate. Accordingly, a series of meetings was arranged between the personnel manager, the works manager, the superintendents and elected workers' representatives of the Millwrights Department and of the Tool Room, representatives of the Grade III Staff Committee, and the management and workers' representatives of the Service Department. The relationship between the rates of the Service Department operatives and those of the Tool Makers, the Millwrights and junior supervision was thought satisfactory. Certain anomalies in individual cases in the Tool Room and the Millwrights Department were, however, thrown up. These were taken up by management and workers together, and the rates of certain individuals in these two departments were increased.

It was interesting to note that because the Service Department negotiations were not treated in a sectional way either by the management or workers, they provided the opportunity for straightening out certain wages problems—and, hence, morale difficulties—in other departments, although this process was not taken as far as it might have been at the time in relation to yet other departments.

*Wages Committee: 31 May.* With the wage relationship to Tool Room, Millwrights and Supervision cleared, the Service Department was now in a position to finalize arrangements, and the Wages Committee began to tackle the more general morale questions which they had found so distracting. The main points raised by the operatives during the group discussions in March were summarized on a sheet which the Shop Committee Chairman had kept, and which he took out at this meeting, saying that he and the Shop Committee had a number of points to raise. The sheet ran somewhat as follows:

1. Pay packet issues
  - (a) Negotiate on a 65 percent basis
  - (b) Take up who gets the savings on overheads
  - (c) The rates and adjustment on rates if production goes up
2. Safeguards and Guarantees
  - (a) Make sure the pay packet agreed will be protected
  - (b) Get a guarantee of no change back to piece-work at a lower rate
  - (c) See that Service Department rates will not set a precedent for other departments, and that, if any other departments negotiate a higher rate, Service Department negotiations can be re-opened

- (d) Make sure of satisfactory conditions of work with a minimum of interference from supervision
  - (e) Get security for special individuals such as sick, or older people, or slower workers
  - (f) Arrange proper facilities for workers to increase their skill
3. General Morale Issues
- (a) Get out the causes of the present disharmony in the department
  - (b) Cannot the shop be more independent from the rest of the works, as it used to be?
  - (c) Find out why the section supervisors seem to be more driven and less cordial
  - (d) Take up why the management does not trust the shop to keep up production
  - (e) Find out if management has anything up its sleeve
  - (f) If the workers do not want the scheme, will it be forced upon them?
  - (g) If the scheme is accepted before the summer holidays, will members taking holidays before the scheme is implemented be reimbursed?\*

They went through the above summary point by point, first agreeing 57 percent as the new basis on which they were negotiating, subject to final confirmation by the district trade union officials, who had been kept informed of all developments. As regards the eventual disposal of the benefits from savings on overheads, and whether there would be any merit increase if the Shop managed to increase productivity, the divisional manager issued the reminder that although Service Department profits were apparently high, this was largely due to the low cost at which replacement bearings were supplied from the main works; and increased profits, therefore, should go to the company as a whole, in whose prosperity the department would share. The Shop Committee chairman did not argue, but put down "no agreement" beside these points on his sheet.

The atmosphere up to this point had been friendly, but with conditions of work under the new scheme as the topic the conversation became more heated.

\*All these points except 3(g) arose during the group discussion in March. This last point arose during May, and some explanation is necessary. The workers get two weeks paid holiday each year; the amount of pay being calculated by taking the average of a man's basic rate on 1 July of the preceding year and 30 June of the holiday year. Thus, if the Service Department had changed to a higher rate of basic pay before 30 June, this would have meant a higher rate of pay during the holiday. The practice was for the whole factory to shut down during the two weeks holiday period, with some few individuals taking their holidays earlier and remaining as a kind of skeleton staff during the holiday break. If, however, such individuals in the Service Department took their holidays before the new wage rate came into effect, they would lose any benefits accruing. The above point, 3(g), was meant to cover this particular difficulty. As will be seen shortly the matter of holiday pay became an issue of considerable importance and nearly wrecked the whole scheme.

The workers complained that other departments always seemed to get the best machines, equipment and everything else, leaving the Service Department as the poor relation; and the divisional manager's explanation that the different nature of the work in other departments necessitated new equipment far more frequently was of no avail.

Referring to the increasing heat of the discussion, the consultant interpreted what again seemed to him to be an implicit statement of the workers' lack of confidence in their own management. He commented that the Shop Committee felt that a management "who got talked out of their profits" were stooges to the rest of management in the company. In view of the rational explanations that had been given, he went on to say that many of these feelings represented attitudes towards past managements, which were being projected into the present situation. This point was not taken up, and the meeting turned to consider the course to be adopted if other departments went on to an hourly rate at a higher level than theirs. The divisional manager could give no guarantee as to the outcome, and once again the Shop Committee became worried and the chairman wrote "no agreement" beside this point on his sheet. Asked by the divisional manager what he meant by "no agreement," the Shop Committee chairman replied that these were matters of such importance that the negotiations could not proceed unless some agreement could be assured regarding them. A deadlock ensued.

The consultant asked whether they could agree on any of these points, most of which were matters for the future, without setting up some mechanism for discussing general department policy. Without some mechanism in which management, supervision and workers alike had confidence, a deadlock such as that existing at present was always likely to occur. The supervisors' representative expressed agreement, but it was too late to take up so large an issue.

In closing the meeting, the divisional manager said he would like time to consider in detail the list of points raised by the shop, and the Shop Committee chairman gave him the list to be typed and circulated to everyone. The circulation of this list represented a striking change. The morale problems of the shop were now out in the open. Thus, in order to arrive at a wages agreement, the Wages Committee was committed to the task of attempting the satisfactory resolution of these problems.

*Supervisors and Shop Committee: 18 May and 1 June.* In the meantime, the supervisors and Shop Committee had been getting on with their meetings, and working through a wide range of difficulties. At their meeting on 18 May, following an interpretation of strained relations in the group, one of the workers' representatives took the plunge and brought out the general feeling in the shop that the supervisors were looking more glum and wearing longer faces than they should. This comment was taken in good faith by the supervisors and led to a serious discussion about the difficulties which supervision and shop

management were feeling because of the increasingly competitive economic situation.

Then, at the next meeting on 1 June, an event of some significance occurred, when the superintendent, conscientiously trying to provide information on all matters of importance, reported on certain rebuilding plans that were being put under way in the shop. This information, instead of being gratefully received, led to sharp criticism of this expenditure from both supervisors and workers. Apparently there had been a long history, about which the superintendent knew nothing, of hostility towards the previous departmental management for having engaged repeatedly in expensive rebuilding without consultation either with supervision or workers. The whole of the unresolved bad feelings about these past events flowed out into criticism of the present rebuilding plans.

The consultant observed how their discussion illustrated the inadequacy of merely reporting to people what you had already planned to do. To be serious about consultation meant taking people and their attitudes and feelings into account before final plans were laid; hence, in order to have employed consultation in this case, it would have been necessary to have reported the rebuilding proposals at a much earlier stage, and to have obtained general agreement before going ahead with plans. This interpretation led on to a more general discussion of the principles of consultation and their application to the day-to-day running of the department, a discussion which was continued at subsequent meetings of this group.

### *Establishing the Shop Council*

*Wages Committee: 2 June: 10:00 a.m.* The Wages Committee met again in the morning of 2 June, just two days after their previous meeting. The atmosphere was tense, everyone sensing that a critical point had been reached, and this attitude became reflected in what turned into a full day of intensely serious work.

The divisional manager opened the meeting by stating they had three main points to consider:

1. A guarantee from the shop that production would not suffer.
2. A guarantee from management to the shop concerning benefits from increasing productivity.
3. The establishment of some mechanism for making possible increased participation of the total shop in the making of departmental policy.

The first two points had arisen frequently in their previous discussions, but the third expressed a new attitude on the part of departmental management. In

explaining the origin of this attitude he referred to his realization at the last meeting that the workers felt that departmental management were prone to give way to the demands of other departments. He also referred to a report he had received about the furor caused in the meeting between the Supervisors and the Shop Committee by the plans for rebuilding in the shop. He had not expected that those plans would create so much hostility and resentment, since they had been fully discussed with the people in the stores, who, after all were mainly concerned. He and his colleagues therefore considered that, if they were seriously to go ahead with joint consultation, it would be necessary for them to take supervision and workers more fully into consultation on shop policy.

With these comments from the divisional manager, the meeting moved on to a discussion of the list of points which had been circulated, about which, now that they were out in the open, they could speak frankly. The workers asked management point-blank whether or not they had anything up their sleeve—whether they were hiding anything. Management denied this, and made a declaration that they had been quite open throughout the negotiations.

A number of points were quickly dealt with. Special individuals would be taken care of, and opportunities to increase skill arranged for those seeking up-grading; if workers did not want the new scheme, it would not be forced on them; and if the scheme was introduced before the summer holidays, shop employees who took their holidays beforehand would be reimbursed. The more general morale issues, they saw, would take some time to clear up, but now that a start had been made on them, they would go on until solutions were obtained.

Nevertheless a number of awkward questions still remained. Who got the savings on overheads? What happened if productivity went up or down? What happened if any other department got a higher rate? What guarantees were there that the agreed flat rate would be secure, and that there would be no change back to piece-work at a lower level? It was management's view that a policy-making group for the department should be established and these issues referred to it. The divisional manager used the words "shop council" to describe such a body, and declared his willingness to vest authority for policy-making in a shop council of this kind, if supervisors and workers would agree to co-operate.

This proposal served once again to bring to the surface the workers' feelings of suspicion and mistrust: They found it difficult, they said, to have confidence in such a plan because of previous experience with management and supervisors. They again referred to the way they considered the "minutes system" had been imposed four years before and to the existing discontent about rate-fixing. The consultant indicated how suspicion and mistrust, arising out of past as well as present experience, had turned into a barrier between workers and that greater stake in the running of the department they had so frequently

claimed. The Shop Committee members looked at each other, and their chairman, trying apparently to gauge the feeling of his co-workers, said they would be willing to look further into the question of what a shop council might do.

The superintendent suggested that the Shop Committee should meet by itself, talk over their attitude towards the setting up of a shop council, and, if they so wished, bring back specific suggestions on how they thought such a body might be established. This idea was accepted, and arrangements were made for the Shop Committee to meet later that afternoon, while the Shop Committee chairman, at his request, would meet with the consultant meanwhile, in order to clarify plans to bring before his committee.

*Shop Committee chairman, 2 June: 1:00 p.m.* The Shop Committee chairman was in a dilemma. He had been a staunch trade unionist for thirty years, and carried with him a burning suspicion of management built up through a variety of experience in some of the most severely distressed industrial areas in England and Scotland. Mixed with this suspicion was his wish to realize what he expressed as "his dream to see the workers participate in management," not just for himself, but for the younger workers who were now growing up. "My industrial life has been hell, and I don't want to see my children go through the same thing. But it's difficult to take an opportunity like this when you see it, when you've had the kind of experience in industry that I've had in the past."

The consultant talked with him for nearly three hours, during lunch and after, about his conflicting feelings, and gradually he began to clarify his thought and spontaneously outlined a variety of possible ways in which a shop council could be set up, and what it could do. These he crystallized into a proposal that a Council of some twelve members should be established, representative of all sections of the department, and composed of shop management, the full Shop Committee, and representatives of stores, of the clerical staff and of supervision.

*Shop Committee, 2 June: 4:00 p.m.* Following this discussion, the chairman called together his committee, and put forward his plans. But some of his fellow workers were just as mistrustful of management as he was. As one member put it, "I don't intend to put the next four years of my life into something that can't possibly work out." The consultant stressed that he could not advise them whether or not to co-operate in a shop council with management. That decision they must make for themselves. But it did seem to him that, as a group of workers, they had arrived at a cross-roads, and he felt constrained, therefore, to point out how their own anxieties and suspicions were effectively inhibiting them from arriving at any decision whatever.

They realized that their conflicts were not easily to be resolved. With some hesitation, therefore, they adopted the line that they had nothing much to lose in going ahead. They could give management a trial and, if things did not work

out, at least they would be no worse off than they were, and would know better where they stood.

*Wages Committee: 2 June: 4:45 p.m.* Accordingly they brought together the other members of the Wages Committee and informed them that they were willing to go ahead with the setting up of the shop council, to which they would refer all outstanding issues that had arisen during the wages negotiations. The Wages Committee was thus placed in a position to take up with the Shop whether they would finally agree to the change-over on a 57 percent basis. But before this was done, final agreement to the wages change-over and to the proposal to establish a Shop Council had to be obtained from the trade union officials and from the managing director. The Shop Committee chairman was delegated to see the former, and the divisional manager, accompanied by the consultant, was to see the latter. The agreement of the trade union officials was readily obtained, since they had been kept in touch all along with what was going on. The discussion with the managing director was, however, a bit more difficult, since he was anxious lest the Service Department might be trying to set up its own show separated from the rest of the factory.

The service divisional manager, however, put a forceful case to show that the proposed developments in the department were a natural and integral part of the company's policy of joint consultation. Although he was not sure where it would lead, he was most anxious to get ahead and see if consultation carried forward in this way at shop floor level would lead to improved relations. He himself felt it was the correct thing to do, and might have important results.

This provided an opportunity to clarify the role of the Shop Council. It would be responsible for matters which affected the Service Department alone; on questions which affected other sections of the company, however, it would clearly be necessary for management and workers in the Department to consult with the Works Council. This point having been straightened out, the managing director agreed the scheme and gave the Service Department full scope to make whatever arrangements were necessary.

*Wages Committee: 13 June.* The decision to refer to Works Council a matter which affected policy outside the Service Department compelled the workers' representatives to consider their attitude towards the rest of the factory and their doubts as to whether they could operate effectively in the social structure outside their own department. These questions arose when the divisional manager reported his conversation with the managing director, and was attacked by the Shop Committee, who criticized the Works Council and the firm's consultative set-up, maintaining that top management could get whatever it wanted by talking the workers' representatives out of their demands or their arguments.

This clearly expressed fear of management reminded the consultant that it

had been at the Shop Committee's suggestion that he had accompanied the divisional manager to see the managing director the previous week. It would seem, therefore, he said, that the workers now perceived him as someone who could somehow magically protect them against the rest of the works, and particularly the management. If, he argued, this was the case, did it not indicate some insecurity and a fear that they were not strong enough to cope by themselves with their present situation?

This was denied by one of the workers' representatives, who said that the workers did not expect the consultant to solve problems for them, but that they did find an outside interpreter useful. The point was not completely denied, however, for the Shop Committee members had a short discussion among themselves, in which they came to the conclusion that they had to get on and try to solve their problems on their own.

The consultant then went on to say how much both the management and the workers were carrying on tradition inside themselves, in spite of the development which had taken place in the firm. From time to time members of the management had shown anxiety over entrusting authority to their subordinates, and the workers were bound down by their own mistrust and suspicion, and what seemed to be a fear of losing the present situation in which they could criticize management action and yet feel little or no burden of responsibility.

The same worker who had spoken a few moments before said in a rather critical way "What you mean is, we should trust each other and let it go at that!"

The consultant, commenting on how much suspicion was implicit in this remark, referred back to his earlier interpretation. Such feelings of suspicion seemed to be maintained to avoid facing lack of confidence, and from fear of an inability to operate the social structure of the company so as to meet their own needs and the needs of others. He emphasized that the task of finding correct and satisfactory relations among themselves, and with other sections of the company, was clearly one which was still on their agenda. This topic was then dropped, and they decided to go ahead with a final ballot.

### *Implementing the Wages Change-Over*

*The Second Ballot, 16 June.* The ballot was held on 16 June. Immediately preceding it, the Superintendent and the Shop Committee chairman addressed the Department to make sure that all were quite clear about the issue upon which they were voting. The ballot paper read as follows:

Do you wish to change the method of calculating your wages from the present piece-rates to a flat hourly rate?

If you agree to this change, you must leave to the findings of a Shop Council (to be set up as representative of all London Service Station personnel) further discussion as to what is to be done if production rises or falls as a result of the change. The Council, when constituted, will discuss and decide on all problems arising out of this issue. Such decisions may, of course, need agreeing with the Managing Director and/or Works Council, where Main Works interests are involved.

YES, I do wish to change.

NO, I do not wish to change.

In all, forty piece-rate workers in the department voted. Twenty-eight were in favor of the change-over, and twelve were opposed.

*Wages Committee: 17 June.* The day after the ballot the Wages Committee considered whether or not this 70 percent majority was sufficient to warrant a change-over. In order to assist the discussion, the Superintendent provided the following figures. Under the new scheme, seven people in the department would lose from 2d. to 9½d. while thirteen would gain from 2d. to 7d. per hour. Total pay lost per hour would be 5s. 2d., and the total gained 6s. 5d. per hour. In other words, the earnings of the department as a whole would increase slightly under the new arrangement.

The Shop Committee decided that they would be acting in the best interests of the shop by accepting the majority view, but were worried about what management might do if the people who were not in favor of the scheme should for a period of time remain unco-operative. In reply, the divisional manager expressed the opinion that if the situation which they feared became such as to require drastic action, he would refer it to the Shop Council.

The Shop Committee became angry, their chairman protesting "You can't make us responsible for disciplining people. Put your cards on the table. What do you intend to do? Suppose all twelve worked in a half-hearted way, would you sack them instantaneously?"

The divisional manager protested he was not "holding any cards," but was being quite straightforward.

The consultant asked whether it was not true that whatever management replied, they would be wrong—for the workers' representatives were once more testing them out at a crucial point in their negotiations. He exaggerated the example, and asked whether the management would dismiss those who had voted against the change-over if they downed tools. Management immediately replied in unison "of course not," and the Shop Committee, somewhat reassured, concurred that it would be a drastic situation and would require discussion jointly between management and workers. This led to some clarification of the potential functions of the Shop Council and of its members. The Council would establish general policy, and full responsibility and authority would be delegated to management to carry out this policy, subject always to checking and criticism by the other members of the Council.

The Wages Committee then adjourned for ten minutes, while the Shop Committee held an independent meeting before coming to a final decision. Immediately the others had gone, the Shop Committee members unleashed the anger which they had held bottled up, for, in their estimation, management had been rather reticent over what they would do about workers who were not fully co-operative under the new scheme. In order to test this assessment, they would attempt to get a written agreement from management not to fire anyone whose work was affected because they were opposed to the change-over.

With this test-out to serve as guarantee, they reaffirmed their decision that it would be for the welfare of the shop as a whole to put the new system into effect since, unless they changed over, those unskilled workers now earning anomalously high wages would be holding up the others. Better relationships could be established with a flat-rate system, in which wage levels were determined more by skill and ability than by the quirks of individual piece-rates.

The rest of the Wages Committee then returned, and the Shop Committee reported their readiness to implement the change-over, if they could arrive at a final agreement on the question of dismissal. Management had no objection whatsoever to their proposal, and a short note to the effect that there would be no arbitrary dismissals was written into the minute book and signed. Largely through the patience of management, the suspicions of the workers had been dealt with and another test-out situation successfully passed through.

*A Report to the Shop: 21 June.* At this stage the consultant became concerned whether the Shop had been sufficiently informed of the reason why their Committee had taken the decision to change over. He therefore got in touch with the Shop Committee chairman and asked him whether it would not be wise to meet all the operatives in the department and give them a detailed explanation of the way the negotiations had been carried on. This the chairman thought was a useful idea, and having made the necessary arrangements through the superintendent, spoke to the workers at a closed meeting on 21 June. His report contained a number of points which indicate how far changes had occurred.

He explained that the Shop Committee had decided there was a sufficient majority for the new scheme on the following grounds: it would allow more equitable payment on the basis of skill; it would overcome the present difficulties in assessing proper piece-rates, and remove many pay anomalies in the department; and it would provide a fair wage for the great majority of the department, and hence would lead to increasing harmony. There was also the value of greater security to the individual, in having a fixed and known pay packet. He then reviewed in detail the way the negotiations had been carried on, and showed the manner in which they had taken up with management the various points raised in the group discussions in the shop. Finally, he stated that the Shop Committee had tested management very severely, making many