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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,

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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