

Methods of wage payment are acquiring an increasing importance in the sphere of industrial relations. Payment according to output instead of by a time unit is a method which has long stirred the animosities of workers; but it is the method approved by the efficiency experts of industry. Management believes that volume production at low cost calls for incentive-wage plans and scientific management methods; whereas organized labor often finds these methods at odds with its own ideas of wages and security. This conflict involves fundamental questions of labor cost, wage policy, and efficiency, and its solution is of utmost importance in the maintenance of industrial peace.

Dr. Kennedy believes that the solution must take into account human relations as well as technical problems. He did the field research for this study under the auspices of the United States Bureau of Labor Statistics, and thus had ready access to both union officials and management representatives. His book includes first-hand case studies of collective bargaining relations in a number of our principal manufacturing industries and throws light on the crucial relationship between unionism and industrial efficiency.

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UNION POLICY AND INCENTIVE WAGE METHODS

**BY
VAN DUSEN KENNEDY**

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PREFACE

THIS volume is an outgrowth of a study conducted under the auspices of the Division of Industrial Relations of the United States Bureau of Labor Statistics. The writer was employed as a representative of the Bureau during the investigation and did the bulk of the field work. The subject for study was selected partly as a result of a suggestion made originally by directors of research for several of the major unions. They pointed out that scientific management and, in particular, the problems of wage incentives have received very little first-hand study for the avowed purpose of discovering how these methods actually affect workers and describing labor reactions in terms of worker behavior and union practices. The union representatives noted also that due to the extension of collective bargaining organized labor is certain to have more and more to say about such management methods and that this will require kinds of knowledge and understanding which are all too rare at present on both sides. They felt that there was need for a study under impartial auspices both to call attention to the problem and to gather information which would be indicative of the experience of various unions in different industries and which would be available for study and comparison by managements and individual locals and national unions.

In addition to the initial suggestion from union representatives there were other considerations which impelled the writer to undertake this investigation. For one thing, it is a subject which can throw light on the crucial relationship between unionism and industrial efficiency. Furthermore, it seemed to justify study at this time because of the increasing importance that wage payment methods are acquiring in the sphere of industrial relations. The rapid growth of labor organization and its spread into industries in which the application of scientific management hitherto had faced no hindrances other than questions of theory and technique suddenly raised a whole new set of prob-

lems so far as management was concerned and presented unions with a new range of difficult problems. In other words, although incentive payment systems have long stirred worker animosities, it was not until recently that they have had to withstand the challenge of criticism, modification, and control by unions in the large scale industries. The significance of the resulting conflicts lies in the fact that incentive wage methods frequently become the battle ground on which the differing points of view of capital and labor in regard to the fundamental questions of labor cost, wage policy, and efficiency must be resolved. The conflicts are serious because industrial management has come to believe on so wide a scale that incentive plans and scientific management methods are indispensable means to volume production at low cost, whereas organized labor often finds these methods at odds with its own basic ideas about wage payment and security for workers.

Most of the research work for this study was completed prior to the entry of the United States into the war and the writing was first completed before the war period had advanced very far. During the interval which the author allowed to come between writing and publication union agreements expired or were changed, wage control was made national policy, and other important changes and developments occurred in the industrial relations scene. It would have been desirable to bring this report up to date on all these happenings but it was not possible. Chapter IV has been revised to cover certain aspects of the war period including a brief discussion of the repercussions of the national wage stabilization program on incentive wage questions. One of the most significant developments from the viewpoint of this study was the appearance in 1943 of the *U.E. Guide to Wage Incentive Plans, Time Study and Job Evaluation* issued by the United Electrical Workers—CIO. It is a most timely and useful little volume and it is somewhat ironical that lack of just such a treatment of the subject was one of the considerations which led to this investigation. In the main, however, the following chapters deal with the situation as it was

before our entry into the war. Although the defense program was having its effect, it may be said that, in general, the findings of this study apply to peacetime conditions.

As already noted, the writer carried on the field research for this study under the auspices of the United States Bureau of Labor Statistics. As an accredited representative of the Department of Labor he enjoyed the very great advantages of ready access to union officials and management representatives in the field as well as the guidance and assistance of Bureau personnel and the use of Department facilities in Washington. However, the factual findings as reported in this volume and the interpretation given them are entirely the responsibility of the author. In accordance with the policy of the Department of Labor the names of persons interviewed and of plants and companies visited must remain unidentified. Otherwise the author has been at complete liberty to write up the material as he chose. A summary of the study's findings prepared in the Industrial Relations Division may be consulted in the form of an article entitled "Incentive-Wage Plans and Collective Bargaining" in the *Monthly Labor Review*, July, 1942, Vol. 55, No. 1. The same summary with the addition of illustrative clauses from labor agreements appears as Bulletin No. 717 of the Bureau of Labor Statistics.

Acknowledgments. In addition to the formal advantages of my association with the Bureau I wish to acknowledge my personal indebtedness to Miss Florence Peterson, Chief of the Industrial Relations Division, who directed the study and who was willing to undertake the experiment of combining a piece of doctoral research with a project of her own Division. I am under great obligation also to Fred Joiner of the Division staff who was in immediate charge of the planning and conduct of the study, who participated in some of the field work, and whose helpful judgment and counsel were continuously available to me during the writing of this report. Professor Paul F. Brissenden has been a sympathetic, conscientious, and most helpful adviser throughout the writing process and Professor Leo Wolman was

kind enough to read and make suggestions on the manuscript. I wish I might thank again, also, the many union and management representatives of all ranks who responded so generously to my curiosity and whose information and opinions furnished the basic material for this volume.

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