

**A Guide to**

# **Labor-Management Relations in the United States**

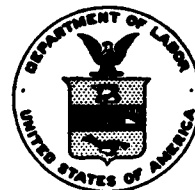
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**UNITED STATES DEPARTMENT OF LABOR**  
**James P. Mitchell, Secretary**

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## INTRODUCTION TO SUPPLEMENT NO. 2

The four reports which comprise this second supplement to the Guide to Labor-Management Relations in the United States cover the following subjects:

Union industrial engineering activities  
Union attitudes toward job evaluation  
Wage systems  
Equal job opportunity under collective bargaining

As in the case of the previous 36 reports in this series,<sup>1</sup> these four were originally requested and prepared to furnish a brief guide to aspects of labor-management relations in the United States of particular interest to trade unionists, management representatives, and government officials of other countries.

The Guide to Labor-Management Relations in the United States, under the direction of Joseph W. Bloch, is a project of the Bureau's Division of Wages and Industrial Relations. The four reports comprising the second supplement were prepared by Joseph W. Bloch and Theodore W. Reedy.

( 4 reports, 43 pages )

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<sup>1</sup> All 40 reports in this series are listed in the consolidated table of contents on the following page.

The basic volume (BLS Bull. 1225, price \$2) contained 31 reports. Supplement No. 1 (BLS Bull. 1225-1, price 45 cents) contained 5 reports. Both sets, punched for standard binders, may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C., or from any of the BLS regional offices.



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<sup>1</sup> Supplement No. 1 (BLS Bull. 1225-1).  
<sup>2</sup> Supplement No. 2 (BLS Bull. 1225-2).



## 1:09 Union Industrial Engineering Activities<sup>1</sup>

Several decades ago, the activities of the American labor movement relating to industrial engineering, which then bore the label "scientific management," could be summed up in one word—opposition. The same word would describe the prevailing attitude among management's industrial engineers toward dealing with a union on matters relating to time study, work simplification, the design and administration of incentive wage systems, job classifications, job evaluation, and other work or wage functions of industrial engineering. Although positions of outright rejection still persist in union and management ranks, opposition in principle has, on the whole, given way to some degree of accommodation and the interaction of viewpoints which collective bargaining relationships tend to encourage. The degree of mutual accommodation naturally varies among companies and unions, and is often just enough to avoid continuous conflict.

Union involvement with industrial engineering functions, whether through joint participation, negotiation, informal consultation, or the exercise of grievance and arbitration procedures, has become an important and often routine part of day-to-day plant operations. Instruction of union representatives and shop stewards in the techniques of industrial engineering and in ways of dealing with management on these matters are now fairly common features of union operations in those industries where industrial engineering methods are widely used. A few unions go so far as to propose plant reorganizations, product changes, or new production methods, based on recommendations of their own industrial engineers—a reversal of traditional roles—to protect jobs or to achieve another goal of importance to union members.

### Background

The sharp conflict between unions and the exponents of "scientific management," which persisted at a high pitch through the first two decades of this century, and widespread union fears regarding the consequences of scientific management, which had a longer life, gave way as each side made concessions on principles, and as unions gained the strength to cope with industry's engineers on the collective bargaining front. Management's emphasis on industrial engineering was admittedly designed to increase

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<sup>1</sup> Chapter 2:13, Wage Systems, and chapter 1:10, Union Attitudes Toward Job Evaluation, cover important aspects of union industrial engineering activities.

worker output and lower costs through the use of new methods, such as time and motion study. These new methods appeared to unions as means of undermining traditional collective bargaining procedures, weakening or destroying skills, increasing the work pace, and creating unemployment. Their intuitive reaction was to resist. Abuse of the new methods aroused more opposition among workers. What made matters worse was the belief widely held among early practitioners of scientific management that the methods devised were truly "scientific," applicable with the precision of a mathematical formula, hence allowing no possible role for unions and collective bargaining.

The labor movement's continued opposition is credited with having stimulated among scientific managers some caution in the claims made for their systems and an increased sensitivity toward the attitude of workers and the role of unions, but did not noticeably alter their unwillingness to work with unions. In turn, union leaders became familiar with the techniques and reasoning of scientific management, perhaps more rapidly than would have been the case under other circumstances, but their rejection remained complete until the early 1920's. Production requirements during World War I, which forced the industrial engineers and union officials into close association for a common cause, and labor's new interest in production and cooperation during the war and immediately thereafter, brought about something of a reconciliation and an abandonment of extreme positions, at least at the national level. However, the weakness of the trade union movement during the 1920's provided little restraint on management's increasing use of new methods, unilaterally installed and operated. That these programs aroused dissatisfaction at plant and industry levels was made evident during the 1930's.

It is not likely that the system of accommodation, or the lessening of conflict, that now generally prevails was brought about by wholesale conversions on either side; rather, the parties became, over time, more evenly matched. On the one hand, while management's interest in new techniques continued to grow, the industrial engineer was relegated to a less dominant position in management ranks, particularly with regard to dealings with unions. On the other hand, the growth of union membership, rising wages, and full employment strengthened union confidence in its ability to strike a bargain which would provide some degree of protection to, and might even increase, earnings. Union representatives may not accept some or all of the precepts upon which industrial engineering activities are based, and they frequently protest on moral or ethical grounds and criticize on technical grounds, but they are not willing to allow management complete unilateral control of work and wage practices.



Current union attitudes have been summed up in these words of a member of the staff of the AFL-CIO's Industrial Union Department: "The current approach of the labor movement is not doctrinaire, and while there is a basic fundamental trade union objection to 'scientific management' or industrial engineering, as we know it today, the attitude of the labor movement, that is, the functioning operating attitude of the labor movement, is to attempt to prevent industrial engineering from wreaking the damage that it could unless it is controlled and regulated by the collective bargaining process."

### Role of the Union Industrial Engineer

For the most part, unions train their representatives in industrial engineering techniques and employ industrial engineers to balance the use of such professionals by management, since the initiative in the use of these techniques remains with management. Mr. Solomon Barkin, Director of Research for the Textile Workers Union of America, defines the role of the union industrial engineers as follows:

The union employs the industrial engineer on its own staff not to provide it with a time study with which to counter those made by the management (unless the management's time-study man is not truly competent); his primary purpose is to define the irregularities on the job overlooked by the management's time-study man—the complexities and dimensions which have been missed; the judgments and assumptions which should be questioned; the work which has been neglected; the attention and personal factors which must be given more credit; the allowances which should be added—and to analyze the data collected by the management's staff. His responsibility is to define the alternatives which the union may consider in formulating its counterproposals as to earnings and levels of work application. His greatest skill expresses itself in converting the workers' insights and demands into mathematical form for use in negotiations. This service is of tremendous value in bridging the semantic differences between workers and management, and facilitates understanding and negotiations. His duties are not to find the right answers, since he is in no better position than the management's time-study man to provide an objective conclusive finding. Moreover, there is no such answer in this area of economic

bargaining. His function is to provide the materials for negotiations which include an evaluation of the import of each factor of the job and the worker's expectations and judgements.<sup>2</sup>

The following clauses, extracted from an agreement covering a large paper mill, illustrate, but do not necessarily typify, the types of problems which bring a union into industrial engineering activities:

During the period of modernization, the company will have to make changes in equipment, operating processes, and personnel that may result in adding new jobs, changing or eliminating others, consolidating duties and rearranging crews. The need for change and the formulation of plans for changes, and the procedure to be followed in instituting any change, will be determined by the company. The union will be advised of any major change that has been determined and when it will be placed into effect.

In order to obtain the facts with respect to any department, or any portion thereof, or with respect to any job or operation, the company reserves the right to use all available means or methods, such as job analysis, time study of both machines and employees, methods study, motion study, the suggestions of supervisors, and the services of industrial engineers and consultants. The union agrees to cooperate with the company on these studies and reserves the right to make suggestions.

In any department or portion thereof, where the accumulated facts indicate that increased efficiency and lower unit costs to the company may be effected by an incentive method of pay, the union agrees to negotiate with the company for a fair and proper incentive plan for that department, or portion thereof, and its effective date,

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<sup>2</sup> Solomon Barkin, *New Labor Approaches to Industrial Engineering*, Textile Workers Union of America, Research Department Publication No. T-122, 1955.

and, in connection with the study and negotiation of an incentive plan, may use its own consultants and engineers. Any such plan shall provide a guaranteed hourly rate to each employee (which in no case shall be less than the then current hourly rate paid to the affected employee or employees), increased earnings for increased production, and no unreasonable workload.

Any claimed violation of the contract will be handled through the grievance procedure.

In this example, the union's technical competence in the industrial engineering field would be put to the test in (1) evaluating the nature of the changes in equipment, etc., to be made by the company; (2) making suggestions and working with the company on job analysis, time and motion studies, etc.; (3) negotiating on incentive plans and rates; (4) determining "unreasonable workloads;" and (5) carrying complaints through the grievance procedure and possibly preparing cases for arbitration.

Access to the plant and to relevant data is often assured to the union time-study engineer by an agreement clause. For example, a contract provides the following:

In any case after a dispute between the parties involving a piecework rate or standard is appealed to the next to final step of the local grievance procedure (or earlier by mutual agreement), the employer will permit a time-study engineer approved by the union to enter the plant for the purpose of making studies of the rate or standard in dispute in order that the union may be in a position to properly present its case. An employer's time-study engineer shall be present during such studies or observations by the union time-study engineer.

Another agreement provides:

All information concerning rates, methods of establishment, analysis sheet, etc., shall be made available to the union at reasonable times.

In some cases, the company is obligated to present relevant information directly to the employee involved, as in the following example:

Upon the release of a production standard established by a complete new time study, the employee who was time studied will be given the following facts in writing:

- a. The exact total period of time over which the time study took place.
- b. Evaluated cycle time.
- c. The number of pieces that were produced during the time study.
- d. The leveling factor to be computed by dividing the allowed time by the average observed time minus strikeouts.
- e. The allowance granted in minutes.

Drafting the clauses cited above, or negotiating with management on the wording of such clauses, illustrates another function of the union industrial engineer or, more frequently, the union representative familiar with industrial engineering techniques. In some cases, critical areas of time study are specifically defined in the agreement and agreed-upon standards are set forth. The union industrial engineer may also devise new trade union techniques. For example, the research staff of the Textile Workers Union of America developed work duty charts, the so-called "benchmark" system of establishing production standards, and new job rationalization programs.

Union consultation in industrial engineering matters frequently is not defined or limited by a specific agreement clause, but consultation may be invited on an informal basis by individual foremen, supervisors, and management technicians. In addition to a desire to gain worker and union cooperation on proposed changes, and perhaps suggestions, informal consultation may be motivated by a desire to forestall formal grievances and possibly arbitration, which can be time-consuming and costly.

A few unions, notably the two major garment unions, have used their industrial engineers to assist weak or failing companies that were unable to help themselves. Usually jobs or union wage scales were at stake. In such instances, the union filled a void created by ineffectual management, typically small producers. The garment unions have done much to raise the efficiency of many establishments in their industries through the application of industrial

engineering techniques, but expediency, rather than a desire to take over management functions, accounts for this involvement. The typical union in most industries has all it can do to keep up with management innovations.

### Training Union Technicians

Union needs for people skilled in dealing with industrial engineering techniques far exceed their ability or their desire to hire technicians. This means that union members or local union representatives must be trained to carry on this work. As one union president wrote to participants in a time-study training institute:

You are undoubtedly aware of the increasing application of time- and motion-study schemes for a variety of purposes which directly affect us in collective bargaining. The resulting number of grievances and arbitration cases is staggering, and takes up a substantial proportion of the available time of union representatives at the local and international level. . . . Your international officers do not expect you to become management engineers in a week—this would be neither possible nor desirable. We do expect you to improve your abilities along lines of obtaining maximum contractual protection for our many local unions which are faced with problems in this field. And we expect you to be in a better position, through increased practical knowledge of technical language and practices, to penetrate the complexities of many of the problems which you will face.

In some cases, management agrees to undertake or to cooperate with the union in such training, as the following agreement clause illustrates:

The union may nominate and submit to management a group of not more than 20 employees as candidates for employee time-study reviewers . . . on the basis of ability and aptitude, 6 candidates will be selected by the company for training; 4 of the 6 will be designated as employee time-study reviewers and 2 will be designated as alternate reviewers. A minimum of 2 of the reviewers and

1 alternate shall be selected from the list of candidates provided by the union . . . The company agrees to pay the reviewers at their established hourly base rate during the period of training, and for time spent in performing their duties as reviewers.

Another agreement states:

The company shall cooperate with the local union in the training of local union time-study engineers and, at the request of the local union, shall permit practice studies to be taken on any operation approved by the employer.

Many unions are opposed to management-directed training on industrial engineering matters, fearing indoctrination in fixed procedures, presumably management-oriented. Unions lay considerable stress on the need for educating members and union representatives in problems and procedures, but since they are often mainly interested in ways of upsetting management preconceptions and formulas, they feel that they cannot rely upon management-trained technicians for this purpose. A number of unions have issued time-study or job-evaluation manuals for representatives and shop stewards, and the hiring of full-time industrial engineers seems to be increasing. The Research Department of the AFL-CIO and the AFL-CIO Industrial Union Department both employ an industrial engineer to provide advisory services on request and to arrange training programs and seminars for union representatives.

### Selected Union Experiences

An engineering program has been in operation on a formal basis in the International Ladies' Garment Workers' Union since July 1941. Its objectives were then defined as follows:

1. To assist in improving the manufacturing techniques and operating methods of all branches of the ladies' garment industry. . . This will be done through plant inspections by department staff members, followed by specific recommendations.
2. To serve as a central information agency:
  - (a) for the determination of the level of fair piece rates; (b) to record the production

system and manufacturing techniques under which these rates are paid; (c) to assist in training shop members and committees in distinguishing bad time-study practice from good time-study practice in the determination of rates.

After 16 years of operation, the union engineering department reported that there had been considerable change in emphasis in its activities. Efforts to improve manufacturing techniques had become a relatively small part of the department's operations, largely because of the pressure of other problems. Similarly, the plan to serve as a central information agency for determining the level of fair piece rates had to be severely curtailed. With employers scattered over 40 States, rapidly changing styles, and the wide variety of equipment used, the possibility of gathering standard data has become remote.

The ILGWU industrial engineering department reports its present functions as follows:

1. It enters piece-rate disputes between employers and workers, when rates are set by company engineers. If there are no company engineers, the department assists line officers when they are not equipped to determine the rate's accuracy.
2. At the request of union officers, the department will lay out new plants for firms under contract with the union which cannot afford the services of consulting engineers and architects.
3. Only at the request of union business agents or managers in the field does the department advise employers about the best manufacturing techniques, or attempt to eliminate bottlenecks in production in order to increase the earning power of the union's membership.
4. The department assists union negotiators in writing contract clauses which will protect the membership where earnings depend on piece rates.

The industrial engineering department will not set original piece rates; it insists on remaining advocates of the workers, not impartial consultants. Under actual operating conditions, department

technicians have found that they cannot act solely as technicians, but must also assume the role of negotiators in piece-rate disputes. Agreement clauses designed to protect earnings levels are suggested to local union officials. Operating necessities have forced the staff of the union's engineering department to become, in effect, technically trained business agents. In studying workers' complaints, it has been necessary in many cases to look beyond the problems of machinery and production methods and to consider the needs, tensions, and responses of workers in industrial conflicts. As a result, the department's requirements for new staff members have undergone a gradual change, lessening the dependence on technical training.

The Amalgamated Clothing Workers of America, operating in the men's and boys' clothing field, has had comparable experience in industrial engineering problems. As far back as 1924, the union's General Executive Board reported on what it termed "radical departures in the methods and policies of a labor organization:"

Because of this attitude of the union, the wage negotiations of 1924 [the employers demanded wage reductions] were rapidly converted into a survey of the industry, with a view to discovering all possible sources of saving and means of increasing employment. Prolonged conferences were had with individual firms in which labor costs, overhead, sales methods, and shop organization were discussed and analyzed. The union made suggestions and took under consideration proposals from the employers. The technically trained deputies of the union worked with the management in devising more economical methods of production; whole new shops, with this effective cooperation of the union, were quickly organized and put into operation without friction and high expense of promotion. This process of readjustment was carried on without any change in the general level of wages. . . . The significance of these steps in terms of the power and influence of the union cannot easily be exaggerated.

In the textile industry, work assignment represents one of the more troublesome industrial engineering problems. In most occupations the worker tends almost automatic machinery, and thus has little or no control over his work pace or level of application. In addition, each worker may tend several machines. Recent



developments in machines and materials, combined with depressed economic conditions, have led management to press for more rigid production standards and higher workloads. Bargaining on work assignments, speed of operations, and pay rates have become increasingly complicated.

To meet this engineering challenge, the research department of the Textile Workers Union of America, among other educational work in this area, prepared a Textile Worker's Job Primer. This highly technical instruction manual was designed to guide workers and, more specifically, shop stewards and business agents, in the evaluation of work assignments arrived at by management engineers. According to this manual, the worker should be "able to judge management's proposal to discover what work elements have been left out or improperly described, and thus to be constructively critical of the results. More important, he should be able to develop a sound counter proposal on work assignments, piece rates, and earnings. Where productivity rises, he should be in a position to calculate the extent and proper reward. Finally, he should be able to estimate the steps required to protect workers when new work systems are introduced." The union does not pretend that these are simple problems.

Another example of a union training manual prepared for the guidance of workers and shop stewards is a question-and-answer pamphlet called The ABC of Time Study, prepared by the education department of the United Automobile Workers. After warning of the dangers of "speedups" in operations, and the lack of universal applicability of time-study results, the pamphlet makes this point:

Management says it has no other way to determine production rates. Anyhow, a shop steward must know about time study, whether it is good or bad, scientific or unscientific, because management uses it to set production standards, to determine how hard you work and (under incentive-pay systems) how much pay you get. By making a time study and its results subject to collective bargaining discussions, you help protect workers against inaccurate and unfair work requirements. Actually, an agreement that comes out of an exchange of ideas will be more satisfactory than the result of the individual judgment of a time-study man. . . . A time-study result is no more final than a pay rate and is equally subject to bargaining and negotiation.

The International Union of Electrical Workers takes the position that just as there is no one best method of doing a job in a factory, there is no one best method of dealing with an employer on the time- and motion-study question. Union officials say that "As pragmatic union people, we adopt the method that seems best calculated, considering the given circumstances, to produce the best result. "

The union believes that the rights, privileges, and responsibilities of the parties should be spelled out in the contract; if definite clauses governing industrial engineering activities are agreed upon, the areas of possible disputes will be substantially reduced. Clauses in some contracts provide for: (1) notice to the union when time studies are to be made, so the steward can become familiar with the operations under question and can observe the study; (2) agreement between the foreman and steward as to the operator to be studied; (3) rating and recording the study, and making the results available to the worker and the steward before leaving the work area; and (4) keeping written data on file for possible future union analysis. Provisions for union challenge and rechecking, terms under which a new study can be made, and clauses establishing time limits for setting standards and correcting errors, are also frequently sought. Finally, machinery for handling grievances which arise from time studies is generally provided.

The AFL-CIO, as a federation, is primarily concerned with providing a service to its member organizations rather than in participating in union-management relationships at the plant or industry level. The practical problems raised by the application of industrial engineering techniques compel many unions to look to the federation for advice. Thus, the AFL-CIO and its Industrial Union Department have adopted a many-sided program of assistance to its member unions, involving education, research, publication, consultation, and coordination. Although the program is still largely in a formative stage, the AFL-CIO is working toward the goal of putting industrial engineering activities in a collective bargaining context. It believes that skills should be developed in national unions, and in State, district, and local groups, to enable union representatives to deal with industrial engineering problems as a part of the normal collective bargaining process and through the processing of grievances.

## 1:10 Union Attitudes Toward Job Evaluation

Historically, management's introduction of new industrial engineering techniques has tended to arouse sharp opposition in union ranks.<sup>1</sup> However, job evaluation, one of the newer techniques, first came into prominence during World War II under relatively favorable circumstances. Wage stabilization policies, which controlled wage increases rather rigidly, encouraged the installation of rationalized wage structures and job evaluation programs. Some unionists saw in these processes opportunities for upward wage adjustments. Despite reservations on principle in many cases, a number of new systems were put into operation or set in motion with union acceptance, support, or participation.

At present, union attitudes toward job evaluation range from acceptance and participation (exemplified by the United Steelworkers of America) to complete opposition (exemplified by the International Association of Machinists). Generally, the prevailing sentiment, as expressed in union literature, appears to be that of scepticism regarding the claims put forth by the exponents of job evaluation systems, their underlying principles, and management's intentions in introducing or maintaining these systems. Such union expressions are usually accompanied by a warning to union representatives to be on the alert for the pitfalls of bargaining under job evaluation systems. The AFL-CIO, in keeping with its practice of avoiding a fixed position on certain collective bargaining problems, has no uniform policy of either acceptance or rejection, but its publications, in general, reflect opposition rather than acceptance.

### The Development of Job Evaluation

American industry, on the whole, has accommodated its characteristically high degree of work specialization to the principle of relating an employee's wage to the type of work he performs (rather than to his characteristics and needs) by formalizing wage structures.<sup>2</sup> That is, workers are assigned to defined jobs which are then, possibly, classified into job groups, and wage rates are determined or negotiated for each job or group of jobs so as to form a reasonable wage progression or ladder from the lowest skilled (to use one major criterion) to the highest skilled job. A skilled tool and die maker, for example, will typically be paid more than a production lathe operator; a lathe operator working to close tolerances who sets up his machine will be paid more than a lathe operator on routine repetitive work; and so on.

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<sup>1</sup> See chapter 1:09, Union Industrial Engineering Activities.

<sup>2</sup> See chapter 2:13, Wage Systems.

A major problem in wage determination, particularly in large establishments with a multitude of different jobs, is the determination of a reasonable wage structure. How is the wage hierarchy of unlike jobs in a plant determined? How much of a wage rate differential between jobs is merited, will assure a supply of needed skills, and will keep wage costs competitive? The problem is complicated by the variety of factors which make up a job and which virtually set off each job in a plant as somewhat unique. Such factors include, but are not limited to: Training; education requirements; manual and mental skill; physical effort; mental effort; responsibility for tools, equipment, materials, and the safety of other workers; hazards; working conditions (e. g., heat, noise, dust, wetness); and the availability of workers able to perform the job. These factors obviously do not carry equal weight for wage setting purposes; furthermore, among jobs in a given establishment there will likely be wide variations in degree within each factor, which are difficult to assess. All factors and variations are not always considered in setting wage rates or, when considered, are not always evaluated in precisely the same manner. On the other hand, no establishment operates in a vacuum; in a rough way, a scale of job values permeates all labor markets.

The procedures for ranking jobs, establishing wage differentials among jobs, adjusting to job changes, or introducing new jobs, differ widely among industries and establishments. In establishing a wage structure or adjusting an existing structure, management may rely on rule-of-thumb or trial-and-error procedures in which the judgment of individual foremen and supervisors carry considerable weight. The test for this procedure is provided by the volume of grievances, the amount of discontent, possibly a strike, the labor turnover rate, the ability to hire suitable workers, and the change in labor costs. Such a procedure is substantially modified through direct collective bargaining on individual job rates, which tends to make the process more systematic and to reduce grievances and discontent (often shifting a share of the problem of handling real and imagined inequities among workers from management's to the union's shoulders). Unwilling to rely on a rule-of-thumb procedure, and reluctant to bargain with the union on each rate (or unable, because of the volume of jobs), or for other reasons, to handle the problem efficiently in this way, management technicians devised and developed job evaluation plans. Although often an expensive investment, the use of job evaluation has grown at a rapid rate during the past two decades, and is likely to continue to grow in those industries in which such methods are applicable and acceptable.

The term, job evaluation, is applied to systematic, methodical procedures for ranking jobs and for establishing relationships among jobs or labor grades based on an analysis of job content. Several basic types of systems have been devised, and each may be modified by a company to suit its own needs.<sup>3</sup> Probably the most common system utilizes the point method, under which jobs are rated by such factors as manual skill, effort, responsibility, etc. Each factor is defined and graded from low to high. Point values are assigned to each factor and to the grades within each factor. The sum of the points credited to each job determines its rank and grade. The steel industry plan discussed later in this chapter is of this type. Most formal job evaluation systems require carefully written descriptions of each job.

A company's job evaluation plan may also prescribe a procedure for fixing the wage levels for the entire job structure, frequently on the basis of local labor market surveys. Although particular job evaluation plans may provide a systematic or predetermined basis for adjusting a company's wage structure to prevailing wage levels, whether local or industrywide, similar procedures can be employed when jobs are aligned and relationships established by means other than formal job evaluation.

The accompanying table shows the prevalence and some of the features of job evaluation plans in nonelectrical machinery industries in six major centers in the winter of 1955-56. In Milwaukee, all but 6 percent of the workers were employed in establishments with formal programs; in contrast, job evaluation plans were far less common in Detroit. Formal employee representation in the process was not a generally accepted procedure. Among the six cities covered, job evaluation plans involved the establishment of labor grades in most cases and provided a range of rates for time-rated workers, who usually were subject to a periodic merit review for increases within the range.<sup>4</sup>

### Union Attitudes

Attitudes toward job evaluation, as toward other management techniques, vary widely among and within unions, depending largely upon experiences.

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<sup>3</sup> Job evaluation systems can be broadly classified into four types: Point method, factor-comparison method, ranking method, and classification method. Combinations of point and factor-comparison methods are frequently used.

<sup>4</sup> See chapter 2:13, Wage Systems.

Job evaluation plans in nonelectrical machinery manufacturing in 6 major centers, winter 1955-56 <sup>1/</sup>

(Percent distribution of production workers)

Item	Chicago	Detroit	Milwaukee	Cleveland	Newark- Jersey City	Los Angeles- Long Beach
Workers in establishments with formal job evaluation procedures .....	47	20	94	38	45	28
Ranking method .....	(2/)	-	4	-	-	5
Classification method .....	4	-	12	3	3	(2/)
Point method .....	21	3	58	36	36	15
Factor-comparison method .....	17	(2/)	9	-	4	7
Combination (point and factor) .....	4	13	10	-	-	-
Other .....	-	-	-	-	(2/)	-
With employee representatives participating in job evaluation .....	7	(2/)	28	9	7	13
With labor grades established in connection with job evaluation .....	43	15	77	35	45	21
With formal rate ranges for time-rated jobs established in connection with job evaluation .....	41	16	86	36	35	23
Workers in establishments with no formal job evaluation procedures .....	53	80	6	62	55	72
Total .....	100	100	100	100	100	100
Workers in establishments with collective bargaining agreements covering a majority of production workers .....	70	76	90	82	80	51
Estimated number of workers employed ...	101,450	75,750	55,942	50,179	42,471	43,727

<sup>1/</sup> Excludes establishments with fewer than 21 workers.<sup>2/</sup> Less than 2.5 percent.

NOTE: Because of rounding, figures may not add to 100.

Source: U. S. Department of Labor, Bureau of Labor Statistics.

For convenience of discussion, four attitudes can be identified:

1. Opposition to job evaluation in its entirety (a rejection of any system which replaces collective bargaining on individual job differentials and rates);
2. Criticism of job evaluation theories and methods on a technical level;
3. Indifference to management practices or implied acceptance of job evaluation so long as wage rates are satisfactory or a smooth functioning grievance and arbitration machinery is readily available; and,
4. Acceptance and joint participation.

Among the unions opposed to job evaluation in principle and practice, the International Association of Machinists has been the most articulate in presenting its case. In a manual entitled "What's Wrong With Job Evaluation," prepared by the union's research department in 1954, the IAM's objections, as they related to collective bargaining, the union, and society at large, were set forth as follows:

#### Collective bargaining

Basically, job evaluation tends to limit collective bargaining. This reflects itself in the following ways:

1. It tends to freeze the wage structure and thereby creates an obstacle to the correction of inequities. It restricts the right of negotiating on a rate of pay for each job year after year. It usually limits negotiations to bargaining for a fixed amount or fixed percentage for all jobs, or establishing rates of pay through some "predetermined formula" that usually does not result in equitable treatment for all.
2. It fails to consider all forces which determine wages, such as supply and demand, other contract or area rates, etc.

3. It tends to create a barrier between the employee and his understanding of his own job rate, because his rate is set in a manner not understood by him.
4. It tends to disregard the ability of the individual.
5. It places a ceiling upon wages which is contrary to a traditional objective of organized labor.
6. It disregards compensation for loyalty, i. e., years of service, etc.
7. It tends to dilute traditional skills, creating many new occupations and many new classifications and thereby reducing wages.
8. It affects the seniority of employees by the creation of additional classifications.
9. It makes the promotion of employees into higher paying jobs considerably more difficult because of the limiting characteristic of job descriptions.
10. It provides the company with a tool to downgrade employees during times of cutbacks.

#### Our organization

Job evaluation presents a threat to the stability of our organization because of the following:

1. It necessitates the constant attention of additional trained representatives, thereby increasing the cost of representation to the local, district and Grand Lodge.
2. It provides management with a tool to play one group of employees against another.



3. It creates dissension within a local lodge (where members are from more than one firm) where all firms do not have job evaluation. It tends to hamper the efforts of the lodge in establishing uniform area rates.
4. It tends to place the responsibility upon the union for inequities that are not properly corrected since the union accepted the job evaluation plan and must, therefore, share in its shortcomings.
5. It compels the continuing and almost impossible task of educating job study committees and shop stewards in the many ramifications of the job evaluation plan in effect.
6. It encourages managements of different plants to work together and provides them with a basic method to achieve jointly desired results in the determination of wages; it strengthens management's opposition to the wage demands of the union.

### Our society

The effects of job evaluation upon the general welfare of our society is discernible as it affects the supply of skilled workers. It tends to discourage bona fide apprenticeships and, therefore, reduces the reservoir of overall skilled workers so that in the event of a future crisis a serious shortage of skilled manpower would result.

The manual acknowledges that in many cases the local unions are not in a position to eliminate or to prevent the adoption of job evaluation, and provides information so that union representatives can minimize adverse effects and obtain whatever benefits may be possible for members. A. J. Hayes, president of the IAM, sums up the union's position as follows:

We are opposed, as a matter of policy, to all job evaluation plans. We know that none of these plans was engineered or designed for the benefit of the employees. Employers just do not hire expensive engineers to design wage systems that result in more money for their employees . . . . The real worth of an employee to his employer cannot be determined by measuring the par requirements of his job.

Union representatives and technicians who deal with job evaluation problems often criticize what they consider to be the weaknesses and deficiencies of job evaluation in general and in specific plans. They deride claims that job evaluation is "scientific," "objective," "accurate," or "equitable." They question whether certain elements of job content (e. g., hazard) or job content as a whole can be measured and evaluated. They doubt that all demands upon the workers can be analyzed; that degrees of application can be measured. They point to external factors, which, they claim, ought to be considered in setting rates, e. g., regularity of employment, possibility of advancement, general labor market situation for particular skills, etc. Criticism of this type often leads to bargaining with management on the mechanics of job evaluation, or, if this is not feasible, to outright opposition to job evaluation.

Some unions do not get involved in arguments over management methods. They seek clauses in the collective bargaining agreement safeguarding certain desirable standards, such as barring downgrading, and restricting the right of management to reevaluate existing jobs or to introduce new jobs except for new work. They also process grievances vigorously.

Union participation in the installation and/or the administration of job evaluation plans may be based on one or more considerations:

1. The union itself may need some method of reconciling conflicting groups, of avoiding charges of favoritism and other forms of dissension within its own ranks.
2. Since breaking a job down into its component elements may be done consciously or unconsciously in collective bargaining, it may as well be done formally, with the union in the position to make counterproposals.
3. In a large establishment with a multitude of different jobs, it is difficult to counter a systematic management approach with an essentially opportunistic plea for bargaining on every job individually. The union will be confined inevitably within the framework of the plan; hence, it is better to lay the groundwork for participation from the beginning.

One outstanding example of a union participating from the beginning in the establishment and administration of job evaluation plans is the United Steelworkers of America, a party to such plans found throughout most of the basic steel industry. The following section briefly describes the development of job evaluation in this industry.

Job evaluation spread through the steel industry under the stimulation of a November 1944 directive of the National War Labor Board which directed steel companies and the Steelworkers' union to negotiate for the elimination of intraplant inequities and reduction in the number of job classifications. This directive arose out of wage stabilization problems created by wage-rate grievances arising from widespread dissatisfaction with job and employee classification, the industry's tremendously complicated wage structure, and inequitable rate relationships between plants of the same company and between companies. The Board established a Steel Commission to assist the parties in carrying out the complex rationalization program in accordance with certain general guidelines laid down by the Board. The parties entered into studies and negotiations with a will to succeed, as evidenced by the fact that the project continued and was brought to fruition about 2 years after Federal wage controls were terminated. The job evaluation program thus established has been maintained to the present time, with necessary modifications agreed to by the parties.

One of the first major steps in this undertaking was the preparation and adoption of a Manual for Job Classification of Production and Maintenance Jobs, which established the standards for job classification and evaluation. The companies prepared the job descriptions and classified the various jobs in accordance with the procedures set forth in the Manual, which were then presented to the union for its approval. Disputes were settled by the Steel Commission.

The Manual for Job Classification designated 12 basic factors which would be considered for each job:

1. Preemployment training.
2. Employment training and experience.
3. Mental skill.
4. Manual skill.
5. Responsibility for materials.
6. Responsibility for tools and equipment.
7. Responsibility for operations.
8. Responsibility for safety of others.
9. Mental effort.

10. Physical effort.
11. Surroundings.
12. Hazards.

A numerical value (points) was assigned to each factor. Jobs were graded for each factor in accordance with a scale of points corresponding to differences in the importance of the particular factor in the job. As an illustration, the scale of point values determined for 1 of the 12 factors—manual skill—is shown below:

#### MANUAL SKILL

Consider the Physical or Muscular ability and dexterity required in performing a given job including the use of tools, machines, and equipment.

Code	Job requires ability to:	Numerical classification
A	Use ordinary or heavy tools such as bars, wrenches, shovels, hooks, etc., for performing simple or rough tasks, or where dexterity and pace are not of particular importance. Operate simple on and off switches, valves, and lever controls. Handle ordinary material manually. Use chain or cable slings for simple crane hooking.	Base
B	Use large wrenches, sledges, handtools, and heavy tools at a normal pace for a variety of tasks. Use gauges and small tools in a routine manner. Use torch to perform rough cutting work. Operate variable controls, such as rheostats, and levers, to control movement of machines or passage of material through equipment where jogging, frequent regulation and precision of adjustment is required. Make simple adjustment and repairs to machines and equipment. Make setups to equipment where the use of tools and gauges is simple and routine.	0.5
C	Use several handtools or tradesman's tools on assembly work, such as ladle lining, simple carpentry or pipefitting or in making adjustments to machines or equipment where close tolerances are required. Perform simple gas or arc welding. Use hand-cutting torch to burn to precision layout. Set up and operate machine tools for routine facing, drilling, milling, etc. Manipulate controls of complex machines at a rapid pace involving a high degree of coordination. Perform manual tasks such as positioning, assembling, etc., at a steady pace where accuracy and dexterity of high degree are required.	1.0
D	Use tradesman's tools in a wide variety of difficult tasks involving close tolerances. Forge complex shapes without resorting to dies or templates. Finish complex sand molds, cores, etc.	1.5
E	Perform difficult shaping or forming to close tolerances, where precise muscular control and delicate touch are involved, such as making and assembling very small parts, precision instrument repair, etc.	2.0

Source: Agreement on Elimination of Wage Rate Inequities Including Manual for Job Classification of Production and Maintenance Jobs, Bethlehem Steel Co. and United Steelworkers of America, April 11, 1947, pp. 18-19.

The job class to which each job was to be assigned was determined simply by the sum of the points assigned, rounded to the nearest whole number. Originally, 30 job classes were established in the major companies, with a uniform cents-per-hour interval between classes which has since been widened. By 1957, thousands of operations or jobs in the production and maintenance departments of steel mills were classified by mutual agreement. More than 450,000 employees were engaged in these jobs. However, the task of evaluation is a continuous one, as jobs change and new jobs are introduced. Disputes over classification problems are settled by arbitration.

The objectives of the union in negotiating a job evaluation program were described by a union official as follows:

1. To negotiate a ranking of jobs, which, in the majority opinion of union officers, local and national, and other union personnel, is the best possible job relationship that can be obtained, regardless of historical or other practices.
2. Eliminate all rate ranges where possible, having one standard hourly rate for each job.
3. Eliminate all substandard rates such as: women's rates, area rates, geographical rates, and merit rates. Rate the job and not the individual.
4. Provide for correlation of all similar jobs, throughout the company or even industry with proper procedures for future policing of the program.
5. Limit the red-circling of jobs<sup>5</sup> to an absolute minimum. Any program which results in a red-circling of more than 10 percent of the man-hours is unacceptable unless accompanied by a provision for decreasing their number at a future date not too long after installing the standard hourly wage scale.

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<sup>5</sup> In general, this term applied to payment of out-of-line (high) wage rates to an employee as long as he holds the job, or until the excess over the standard rate is absorbed by wage adjustments which eventually raise the standard rate to the level of the "red-circle" rate.

6. As there is nothing sacred or scientific about job evaluation programs, the union should insist on some method of keeping the Manual and its working procedures up to date with the changing methods of operating.

One of the major problems faced by the union was educating union representatives to administer these programs. A committee of rate adjustors was established in each region and these union representatives received schooling and other types of training. The rate adjustors, local union representatives, and representatives of the national union worked together on the problems that arose.

The attitude of the Steelworkers has remained favorable toward the job evaluation program since its establishment. The union has indicated that it does not care to return to the old system of fighting for individual rate increases, which, it claimed, disorganized the union more than the companies.

## 2:13 Wage Systems

The system or procedure by which wages are determined and paid is a fundamental aspect of employment, particularly in an industrial society. A key element, seldom challenged in principle in the United States, is that pay should be related primarily, if not exclusively, to the type of work performed and not to the differing personal needs of individual workers, such as family responsibilities, or to individual characteristics, such as age, sex, or race. In this framework, the method of wage payment used in each establishment becomes significant—are workers to be compensated on the basis of the amount of time spent on the job or of the amount of work done? If the amount of time is to govern, what account, if any, is to be taken of differences among workers in the amount or quality of work done? If payment by results is to govern, how are changes in output and wages to be determined and what account, if any, is to be taken of the amount of time the worker spends on the job?

This chapter summarizes prevailing practices in the United States concerning methods of wage payment and some related aspects of pay determination at the plant level. The role of the unions in shaping these systems and some current union attitudes are also outlined.<sup>1</sup> The technicalities and problems involved in the complicated field of wage determination, particularly in systems involving payment by results, are beyond the scope of this chapter.

### Methods of Wage Payment

Methods of wage payment are usually classified under two broad headings: Payment on a time basis and payment by results (incentive plans). Payment on a time basis, which is the predominant method in terms of number of employees involved, may take the form of an hourly rate or a salary calculated on a weekly, biweekly, monthly, or annual basis. Incentive plans attempt to relate workers' earnings entirely or in part to the worker's output or accomplishments, either as individuals or as groups. There are, of course, borderline or overlapping systems—e. g., some time-based systems involve standards of production below which workers cannot fall without running the risk of loss of job or reduction of earnings; some incentive plans are so constructed that only exceptional workers exceed the standards set for a guaranteed base (expressed in time units). Annual bonuses or profit-sharing plans are normally considered as supplementary wage devices, not as integral parts of wage systems.

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<sup>1</sup> See chapter 1:09, Union Industrial Engineering Activities; and chapter 1:10, Union Attitudes Toward Job Evaluation.

Timework.—Typically, office workers, supervisors, and professional workers are paid on a salary basis. The salary may be expressed in a weekly, biweekly, monthly, or annual rate, usually payable in weekly or biweekly pay periods. On the whole, very little real difference exists among the various salary periods since no explicit guarantee of employment is involved in the expression of a salary rate in the United States. In some occupations (for example, teaching) annual rates may cover an extended summer vacation period, but in regular year-round employment the only difference between a weekly and annual rate may be the element of prestige and status sometimes attached to the longer period.

Manual or production workers in manufacturing and non-manufacturing establishments are typically nonsalaried; that is, their pay is determined by an hourly rate or by an incentive plan. Payment on an hourly basis is the predominant system for production workers. In principle, the compensation that hourly paid workers receive is determined by the hourly rate times the number of hours worked, plus whatever premium pay (e. g., for overtime or night-shift work) the worker is entitled to.

The development of extensive systems of fringe benefits and related wage practices, accelerated by union demands principally during the past two decades, has so altered concepts of "hours worked" that the distinction between salaried and hourly paid workers has narrowed appreciably. Many hourly paid workers now receive annual paid vacations, paid holidays, partial or full compensation for time lost through sickness or accidents, daily pay guarantees and, in some instances, weekly guarantees, and various types of paid leave for personal business (such as death in the family)—all of which, a generation ago, was virtually confined to salaried workers.<sup>2</sup>

The chief distinction between an hourly paid worker and a worker paid on an incentive basis lies in the fact that the pay of the former does not vary with his output or other measure of production on a week-to-week or other short-term basis. This does not necessarily mean that the production of the hourly paid worker is not measured or controlled—he may, in fact, work on a machine-paced operation in which the exact number of units to be

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<sup>2</sup> See chapter 2:09, Fringe Benefits Under Collective Bargaining.



completed in an hour is fixed. Nor does it necessarily mean that individual differences among hourly paid workers on the same job are not rewarded, in part at least (by merit increases, for example). In large measure, although by no means in all instances, the incentive worker controls completely or in part his rate of earnings from week to week. This degree of control varies considerably among incentive-rated jobs.

Incentive Work.—Incentive systems are varied and complex. The simplest form in concept, although not necessarily in the administrative problems involved, is straight piecework, in which the rate per piece is set and the worker's pay is the product of this rate and the actual number of pieces he produces. Thus, earnings vary with and in the same proportion as output. There are incentive systems in which earnings vary proportionally less than output (e. g., Bedaux), more than output (e. g., high piece-rate systems), or at different rates at different levels of output (e. g., Gantt). There are group systems, department or plant systems, and even systems covering indirect workers, such as in maintenance work. Most are designed to hold out to workers, as individuals or as groups, a financial incentive to raise or to maintain output.

The types of operations to which incentive systems have been applied are remarkably diverse: Sewing machine operators under a piece-rate system; steelworkers receiving incentive pay on top of base rates established through job evaluation; truck-drivers paid on a mileage basis; saleswomen paid on a commission basis; auto repair mechanics receiving a share of the charge which the customer pays, etc. No statistics are available which would indicate the proportion of all wage earners paid on an incentive basis, but some information on the prevalence of incentive wage systems has been compiled by the U. S. Department of Labor's Bureau of Labor Statistics.

A comprehensive series of industry wage studies made by the Bureau in 1945 and 1946 revealed that approximately 30 percent of manufacturing plant workers were paid on an incentive basis. About two-thirds of all apparel workers were on such a basis. Incentive systems were found to a lesser extent in textile industries (about two-fifths of the workers). About a fourth of the workers in metalworking plants were paid on an incentive basis, but prevalence varied widely among the component industries. Variations among selected industries are shown on the following page.

Among nonmanufacturing industries, about a third of employees in clothing stores and department stores and nearly

## Incentive Systems, Selected Industries, 1945-46

<u>Industry</u>	<u>Percent of plants with incentive systems</u>	<u>Percent of plant workers on incentive pay</u>
<i>Apparel:</i>		
Men's and boys' dress shirts and nightwear -----	88	74
Women's and misses' dresses -----	92	69
Women's and misses' suits and coats -----	67	44
Work pants, cotton -----	89	67
<i>Chemicals:</i>		
Drugs and medicines -----	7	11
Industrial chemicals -----	4	3
<i>Metalworking:</i>		
Communication equipment -----	15	16
Foundries, ferrous -----	28	29
Machinery -----	14	23
Radios, radio equipment (except tubes), and phonographs -----	18	24
Tool and die jobbing shops -----	3	2
<i>Textiles:</i>		
Cotton textiles -----	75	35
Hosiery, seamless -----	95	68
Textile dyeing and finishing -----	19	22
Woolen and worsted textiles -----	65	34
<i>Other manufacturing industries:</i>		
Bakeries -----	1	(1)
Cigarettes -----	28	6
Footwear (except house slippers and rubber footwear) -----	89	69
Wood furniture, other than upholstered -----	25	19
Wood furniture, upholstered -----	43	33

<sup>1</sup> Less than 0.5 percent.

two-fifths of those in auto repair shops were paid on an incentive basis. About a fifth of underground bituminous coal miners were paid incentive rates.

These 1945-46 studies also showed that although incentive workers generally received higher earnings than time-workers in comparable jobs in the same industry, the size of the average differential was not consistent among industries. The earnings advantage of incentive workers, on the average, ranged from less than 5 percent to at least 40 percent in the individual manufacturing industries studied; in many, the average difference was between 15 and 25 percent. Differences in output were not studied.

Method of Wage Payment for Plant Workers,  
Selected Labor Markets, 1957-58

<u>Labor market</u>	<u>Timeworkers</u> (as a percentage of all workers)	<u>Incentive workers</u> (as a percentage of all workers)	
		<u>Piecework</u>	<u>Bonus</u>
<i>Northeast:</i>			
Boston -----	64	20	16
Newark-Jersey City -----	71	12	17
New York City -----	76	18	6
Philadelphia -----	66	22	11
<i>South:</i>			
Atlanta -----	77	18	5
Baltimore -----	70	7	22
Memphis -----	76	21	3
New Orleans -----	85	8	7
<i>Middle West:</i>			
Chicago -----	67	12	21
Cleveland -----	70	17	13
Milwaukee -----	57	18	25
Minneapolis-St. Paul -----	80	6	13
St. Louis -----	71	15	15
<i>Far West:</i>			
Denver -----	80	15	4
Los Angeles-Long Beach -----	87	3	10
Portland -----	90	7	3
San Francisco-Oakland -----	93	4	4

More recent statistics of this comprehensive nature are not available, but the Bureau has compiled more current prevalence information, on a community basis, for manufacturing plant workers. In a survey of 40 labor market areas in 1951-52, the Bureau found that about 30 percent of manufacturing plant workers were paid on an incentive basis, a proportion which matches the incidence of incentive pay found in the 1945-46 study. In 1957-58, the percentage distribution of plant workers by method of wage payment in 17 labor markets is shown in the tabulation above.

A common feature of incentive plans is provision for a guaranteed hourly base rate, which is assured to the worker for the amount of time spent on the job. Such a guarantee protects the worker against a substantial loss of earnings incurred during the course of a day's work through reasons beyond his control, e. g., a temporary breakdown of machinery or a failure in work scheduling or movement. In some cases, this guarantee is put into the form of "downtime," a fixed hourly rate or a percentage of normal hourly earnings which applies only in the event of a machine breakdown or in similar circumstances. A full guarantee of normal earnings may also

be provided. Lacking any such guarantee, the incentive worker in low-wage industries is at least assured of the Federal minimum wage, if he is in covered employment, for every hour spent on the job.

### Formalization of Wage Structures

Two decades ago, one of the characteristics of wage determination in a substantial segment of American industry was the absence of rationalized or "formal" wage schedules for time-workers—with jobs defined and workers classified into jobs or job groups, each with a specific wage rate. Less systematic procedures generally prevailed. They involved individual rates for timeworkers set by management on the basis of a variety of objective and nonobjective criteria. In some cases, there were as many rates in effect as there were workers employed.

Largely as a consequence of Government wage controls during World War II and the Korean conflict and the spread of union organization (or accelerated by these developments), formal wage structures that provide an established rate or a range of rates for each job classification have been widely adopted in industry—to a greater extent in production than in office work, and in manufacturing and public utilities than in trade and service industries. In 1957-58, according to Bureau of Labor Statistics studies, less than 1 percent of time-rated manufacturing plant workers in the San Francisco area were employed in plants without formal wage structures; the proportion was 3 percent in Chicago, 16 percent in Philadelphia, and 18 percent in New York City. Among office workers in all industries, the proportions of workers in offices on individual rate systems were 34 percent in San Francisco, 26 percent in Chicago, 36 percent in Philadelphia, and 40 percent in New York City.

Wage formalization involved (1) the determination of a single rate (e. g., \$1.80 an hour) for each job category (however defined) in the plant or office, with all qualified workers in the same category receiving the same rate; or (2) a rate range (e. g., \$1.80-\$1.90 an hour) for each job category which allows for some rate differences among workers in the same category based on merit, length of service, or both. Advancement within the range may be automatic, but, typically, advancement beyond the upper limit of the range can be achieved only by moving into a higher rated job.

Under all types of formal systems, some exceptions may be found; for example, learners may receive less than the going rate in a single rate system or the minimum in a

rate range system; some out-of-line or "personalized" rates may be necessary to accommodate an exceptionally long-service employee, a worker who has been transferred to a lower rated job with a guarantee that he would not suffer a loss in earnings, a superannuated employee, etc. Indeed, it is difficult to adhere strictly to formal wage structures without an occasional deviation, but management usually strives to keep such deviations to a minimum.

Among formal systems, rate range systems are by far the predominant method where office workers are concerned; among plant workers, variations in practices are more pronounced. For example, among manufacturing plant workers in San Francisco under formal systems in 1957-58, about 95 percent were employed in single rate plants; in Chicago and Los Angeles, a majority was under rate range systems; in New York City and Philadelphia, a majority was under single rate systems.

Labor Grade Systems.—To simplify wage structures, many large establishments have consolidated a multitude of job rates into a fixed number of labor grades, with each grade commanding a separate single rate or a rate range. For example, all jobs in basic steel plants have been grouped into 31 classes. Such diverse occupations as locomotive cranemen, coremakers (foundry), arc-bridge operators (blast furnaces), and stranders (merchant mill) are classified in the same job class and are paid the same standard hourly rate. Labor grade systems probably represent the highest degree of formalization practiced, and are often based upon comprehensive job evaluation programs.<sup>3</sup>

### Collective Bargaining Problems

Industry in the United States had reached a relatively high level of development, and systems of wage payment were therefore well entrenched, before most unions became effective forces in collective bargaining. Although worker protest against a particular system of payment (e. g., the notorious "task" system in apparel manufacturing) was a moving force in the formation of some unions, the major reasons stimulating the formation and growth of unions generally did not include worker rejection of prevailing systems of wage payment, as such. The trade union movement as a whole has never held to a single standard regarding types of wage systems other than a deep-seated belief that, whatever procedure is to be used, workers should have a voice in its determination or modification.

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<sup>3</sup> See chapter 1:10, Union Attitudes Toward Job Evaluation.

Individual unions have consistently and strongly opposed certain practices which other unions have found acceptable or have learned to control. Differences of approach also arose within unions, causing the union as an entity either to avoid taking a set position or to resolve the issue in some way. Union policy may also change, over time. Whatever principles they may adhere to, unions have achieved widely differing degrees of success in impressing their desires upon management. In some cases, unions participate in all significant decisions involving systems of payment; on the other hand, wage administration may remain, in practice, entirely a management function. A variety of experiences falls between these two poles.

In the long run, union policies, as expressed in collective bargaining or in other ways, have had a profound influence on systems of wage payment, particularly in the area of wage incentives. Moreover, the process of collective bargaining, in itself, has exercised an influence by stimulating management in the direction of rationalizing and formalizing company wage practices. In the following sections, the various aspects of wage systems previously described are briefly examined as collective bargaining problems.

Hourly Versus Salaried Rates.—Unions have been successful in achieving for hourly paid workers some of the advantages attached to a salary system. A general demand for the elimination of the hourly wage system in favor of a salary system has never been put forth by the labor movement as a whole, and such an issue does not now arise in any major industry. Perhaps the closest approach to a merger of hourly and salary systems is reflected in proposals for guaranteed annual wages or guaranteed employment for hourly paid workers, but such plans are as yet uncommon.

Collective bargaining problems bordering on this issue may arise. For example, where hourly paid and salaried jobs are found in the same bargaining unit, disputes sometimes arise as to whether workers in a particular job, or an individual worker, are to be paid on an hourly or a salaried basis. Normally, such a dispute is handled through the established grievance and arbitration procedure. However, a management shift of hourly paid workers to a salaried basis, resulting in the removal of these workers from the bargaining unit as defined in the agreement, is a more serious matter which may or may not be appropriately handled through grievance procedures. A larger number of shifts of this type among top-skilled jobs is one of the problems that unions foresee in the growth of automation.

Formalization of Wage Structures.—The rapid growth of formalized wage structures in the United States may be attributed to the fact that both management and unions considered the establishment of specific job rates a desirable practice. To unions, "formalization" is simply the means for eliminating the possibility of bias and favoritism among workers doing essentially the same work within the plant and for reducing claims of inequity among such workers. These reasons, perhaps somewhat differently stated, also appeal to the managers of large establishments. In addition, the greater efficiency of formalized structures makes them attractive to management.

Preference for single rates or rate ranges differs among unions. Many unions are opposed to rate ranges, particularly if merit (as evaluated by the company) is to determine the movement of workers within the ranges. Under rate-range systems, unions typically seek to introduce automatic features which would substitute length of service in the job for merit reviews as the determinant of in-grade increases. Not infrequently, rate-range systems incorporate both automatic and merit increases.

Incentive Wage Systems.—On no other issue relating to wage systems and structures are unions (and workers) so sharply divided as they are on the acceptance or rejection of incentive wage systems. Unions have gone on strike to forestall the introduction of incentives or to eliminate them; on rare occasions, strikes have also been precipitated by management decisions to give up an incentive system. Union and worker attitudes toward wage incentives are shaped by a number of factors, including the traditions of the trade, the nature of the industry, favorable or unfavorable experiences with particular systems, and their ability to exercise some degree of control over the operation of the system and the determination of rates and standards. Some unions—building trades unions, for example—have long been adamant in their opposition to incentive systems; other unions—in apparel manufacturing, for instance—have contributed much to the stabilization and spread of incentive systems in their industries, sometimes overcoming centers of opposition within their own ranks.

Wage incentives are opposed by some unions because of one or more of the following reasons: Suspicion of management's intentions and methods of determining rates and standards; fluctuation in weekly earnings that might result from incentives; fear of unemployment; dilution of skills resulting from excessive specialization; increase in the work pace; competition among workers and the dissension such competition might cause; and the

complexities of some systems which leave workers in the dark as to how their earnings are computed. These reasons may not apply, or may be controlled, or workers and unions may see compensating advantages in plants and industries where incentive systems operate without difficulties. Such advantages may include: Opportunity to raise earnings without raising costs (an important factor where nonunion competition is strong); opportunity to increase earnings with small changes in techniques, etc.; relative freedom from close supervision and more flexibility in adapting pace of work to individual worker's capabilities; and relative ease of adjusting to changes in market conditions and type of product.

Where incentive systems operate, collective bargaining agreements typically contain detailed provisions designed to establish safeguards against abuse of the system and to provide for some measure of union participation. Agreements may provide for union participation in rate setting; guaranteed minimum rates and guarantee of earnings in the event of machine breakdown, faulty flow of material, job transfers, etc.; assurance that rates will not be cut unless changed conditions warrant such adjustments; and similar controls.

Unions in industries in which wage incentive systems are widespread train union representatives and shop stewards in ratesetting and in understanding the uses and limitations of time-study techniques. In recent years, union industrial engineers have challenged some of the concepts underlying incentive plans and rate determination, particularly prevailing practices in work or effort measurement. Management attitudes and procedures with regard to incentive systems, subject to reevaluations of the purpose, results, and shortcomings of the systems in effect as well as to union pressures, are modified through the years. Technological changes in the direction of automation, which have the effect of diminishing the usefulness and the applicability of wage incentives, may accelerate modifications in present wage administration practices.



## 2:14 Equal Job Opportunity Under Collective Bargaining

Equal job opportunity—or the elimination of discriminatory action or selection—has long been an avowed goal of the American labor movement. In broad principle, this goal reflects the ideal widely shared in the United States and in other democracies that all men are created equal and have the same rights to "life, liberty, and the pursuit of happiness." In trade union terms, it also reflects the belief that a community of interest exists among workers which transcends differences in age, sex, creed, nationality, color, and political affiliation. "An injustice to one is an injury to all" was one of the earliest slogans of American unions. Workers have formed or joined unions for a variety of reasons, but a desire to attain equality of treatment and dignity in their places of work undoubtedly ranks among the major motivations.

Achieving equal job opportunity for all workers is often a formidable problem. Deep seated prejudices may have to be overcome; workers' apprehensions concerning increased competition for jobs may have to be alleviated; supervisors' inclinations to favor some workers over others on arbitrary grounds may have to be restrained; and misconceptions about the capabilities of particular groups may have to be corrected. A union and a collective bargaining relationship can provide a mechanism for dealing with such problems, and notable successes have been achieved. The existence of a union and a collective bargaining relationship, however, does not automatically advance and, as has happened in some cases, may even impede the development of equal job opportunity for all workers. Both industry and labor have moved a long way toward putting principles of equality into practice, but it is widely acknowledged that much remains to be done.

The AFL-CIO constitution lists the following among its objectives and principles: "To encourage all workers without regard to race, creed, color, national origin, or ancestry to share equally in the full benefits of union organization." To help accomplish this aim, the constitution established a committee on civil rights, vested "with the duty and responsibility to assist the Executive Council to bring about at the earliest possible date the effective implementation of the principle stated in this constitution of nondiscrimination in accordance with the provisions of this constitution." Subsequently, a subcommittee was established to expedite complaints involving discrimination by any AFL-CIO affiliate.

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The position of the AFL-CIO has not gone unheeded by its affiliates or by unions seeking affiliation. It should be emphasized, however, that before the AFL-CIO merger many unions had taken positive steps to eliminate discrimination. For example, the United Automobile Workers established a Fair Practices and Anti-Discrimination Committee, making it mandatory for each of its locals to set up a similar committee. A similar committee in the United Packinghouse Workers made notable gains in stamping out discrimination within the industry and within its own locals. Other unions also established machinery within their organizations to administer a nondiscrimination policy. State and local bodies also moved into this area.

This chapter deals with aspects of inequality in job opportunities which may arise, or have been encountered, within unions, and the ways in which collective bargaining agreements assure fair and equal treatment to the workers covered by the agreements. The wider ramifications of equal job opportunity, which may extend deep into a nation's social and economic life, are beyond the scope of this chapter.

The principle of equal job opportunity has three major aspects: (1) The right to get a job on the basis of one's ability, without discrimination; (2) the right to fair and equal treatment on the job in accordance with objective and reasonable standards; and (3) protection against discharge without just cause. These aspects are discussed separately below.

### The Hiring Aspect

One of the major obstacles faced by some unions early in this century was discrimination directed against active or potential union members, who found job opportunities limited by so-called "blacklists" and "yellow-dog" contracts. The first device was a list circulated among employers identifying union leaders and members; the second was a pledge not to join a union which a worker was required to sign as a condition of hire. Federal legislation during the early 1930's outlawed these practices.

Concern with management hiring policies in a number of unions tended to center on acquiring exclusive or preferential employment rights for union members, a type of security assured by a closed shop agreement. Although management may retain the right to choose among applicants referred by the union under such agreements, the possibility of discriminatory selection is inevitably curtailed. Selection based on criteria unrelated to job performance or otherwise at variance with union policy would be difficult to justify.

In 1946, a year before the enactment of the Labor Management Relations (Taft-Hartley) Act, about 1 out of 3 collective bargaining agreements provided for a closed shop. In principle, this type of union security provision can restrain any employer tendency to discriminate in hiring. However, when the closed shop was coupled with a closed union—that is, one which barred new members or made membership difficult in order to protect job opportunities for members or for other reasons—another avenue of discrimination was opened up.

In 1947, the Taft-Hartley Act banned the closed shop in covered industries, a ban which, in conjunction with other provisions in the act, also eliminated the closed union in these industries. Thus, in the greater part of American industry during the past decade, the selection of new employees has been essentially a management prerogative. Employers may agree to restrict the free exercise of their hiring prerogatives—to pledge themselves, for example, to an objective or nondiscriminatory hiring policy, subject to the normal channels of compliance typically provided by agreements—if (a Taft-Hartley requirement) they do not give preferential treatment to applicants for reasons of union membership or nonmembership.

With relatively few exceptions, management's right to establish hiring policies has not been significantly abridged by provisions of current union contracts. Although the employer has yielded his previous decisionmaking authority to joint negotiations in many matters affecting the employed worker, he has not, in general, yielded the right to choose and hire new employees. This management right is frequently written into collective bargaining agreements, as in the following example:

The right to hire, promote, transfer, discharge, or discipline, and to maintain discipline and efficiency of employees and the orderly operations of its plants is the sole responsibility of the company, subject to provisions of this agreement. In addition, the products to be manufactured, the schedules of production, the methods and processes or means of manufacture, the direction of the working force, including its composition and number, are solely and exclusively the responsibility of the company.

However, on union insistence a relatively small number of contracts attempts to assure equal employment opportunities by means of clauses which ban discrimination in hiring on grounds of sex, age, color, etc. The discriminatory hiring bans may be phrased as follows:

There shall be no discrimination in the hiring of any union worker because of union activity, age, sex, or prior employment with the firm. Any dispute arising hereunder shall be subject to the decision of the Impartial Chairman.

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The company will not discriminate against any . . . applicant for employment . . . by reason of his membership in the union . . . or because of race, creed, color, sex, national origin or membership in any lawful organization.

Some agreements require that a certain ratio of the work force must consist of workers past middle age, or stipulate that certain jobs be set aside for such workers:

On all jobs, employing 5 or more journeymen, if available, every fifth journeyman shall be 50 years of age or older.

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Men over 50 years of age may be preferred in obtaining jobs of fire watchmen.

Although agreements that bind the employer to a specific hiring policy are not common, unions and union members may indirectly exercise considerable influence over management policies. For example, if an employer feels that efforts on his part to widen job opportunities to all applicants would be supported by the local union and the work force, he might be encouraged to undertake such a policy. In the long run, the labor movement, through the various ways it influences public opinion, has undoubtedly done much to lower discriminatory hiring bars. On the other hand, an unfavorable attitude in a particular local union can discourage or even prevent any liberalization in hiring policies.

### The On-the-Job Aspect

The most noticeable advance in assuring equal job opportunity has been achieved in the security against supervisors' arbitrary or discriminatory actions which workers enjoy under the terms of collective bargaining agreements. Once the worker is hired, or has served a probationary period, some form of job and wage rate security based on equitable standards is usually provided under the agreement. Protection against discriminatory treatment is frequently, but by no means always, assured in connection with promotion and opportunities for advancement into higher skilled work.

Probably the most effective measure unions have developed to protect a worker's job security against possible discrimination on the part of supervisors is the rule of seniority. Seniority means "length of service" and, in principle, measures a worker's position relative to other workers in his unit in terms of his length of service only. It has particular importance in reductions in force or layoffs and in subsequent rehiring, but it is also frequently applicable in such matters as promotions, transfers, choice of shift, and choice of vacation period.

Employers tend also to favor the principle that the worker with the longer service in the firm merits the greater reward and job protection, but generally not to the exclusion of, or even ahead of, other considerations, particularly where promotions are involved. The other considerations most often mentioned, and which find their way into collective bargaining clauses, are relative skill, ability, and physical fitness. Although it may be difficult, in some cases, to determine relative ability, etc., it is important to emphasize that these are standards which, when fairly and equitably applied, bind supervisors to objective choices and, therefore, also help to assure equal job opportunity.

Collective bargaining agreements do not restrict the employer's right to lay off workers when business conditions so require. The typical agreement, however, does spell out the procedures which govern such reductions in the work force, in order to avoid the possibility of discriminatory action. Under many agreements, layoff and recall are on a "straight" seniority basis, that is, length of service is the only factor considered. However, clauses which introduce factors such as skill, efficiency, or physical fitness are also common in collective bargaining agreements. For example:

In all cases of recall, increase, or decrease of forces, the following factors shall be

considered, and where factors (2) and (3) are relatively equal, length of adjusted seniority shall govern:

- (1) Length of adjusted seniority as hereinbefore defined.
- (2) Knowledge, skill, and efficiency on the job.
- (3) Physical fitness for the job.

The recall of laid-off employees is generally scheduled in the reverse order of separation. Typically, those qualifications which determine the order of layoff also apply in reemployment.

As mentioned earlier, seniority is also a factor in promotions, but, to a greater extent than in layoffs, it is usually qualified by ability, skill, and other requirements. Many contracts stipulate that vacancies be publicized in the plant, with employees who consider themselves qualified being given a chance to bid for the job.

A procedure which depends on evaluations of relative ability obviously establishes a large area for judgment. Many unions fear that bias or favoritism might influence a supervisor's judgment, and they argue strongly for procedures which limit or eliminate choices. A "straight" seniority rule is one method. Another is the use of grievance and arbitration procedures to enforce adherence to the standards established by the agreement. In this manner, management is compelled to justify its actions to the union, or to a third party if the union is not satisfied, and the rules established by the agreement are thereby strengthened.<sup>1</sup>

It is worth mentioning that a substantial proportion of agreements provide so-called "superseniority" to union representatives employed in the plant, that is, a place at the top of the retention list. In this way, the role of the union in policing the layoff procedure is recognized, and workers are assured that the people who are empowered to defend their interests are not laid off before the layoff has run its course. This special protection to union representatives stands in sharp contrast to early days of union development, when union representatives were frequently subjected to discriminatory layoffs.

Since a collective bargaining agreement applies equally to all workers covered by it, few clauses refer specifically to older workers, women, or minority groups. Even then, they are usually of an all inclusive type, designed to give special emphasis to union and

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<sup>1</sup> See chapter 2:02, Grievance Procedures, and chapter 2:03, Voluntary Arbitration.

management responsibility to such workers in all aspects of the employment relationship. For example:

The company and the union agree that the provisions of this agreement shall be applied as in the past, to all employees within the bargaining unit without discrimination on account of sex, race, color, creed, national origin, or age.

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There shall be no discrimination by the company or the union in promotions, transfers, layoffs, and rehiring because of race, color, religion, nationality, or political affiliation.

A number of agreements specifically ban wage differentials for women workers.<sup>2</sup> Such clauses may be found in industries which regularly employ a large number of women, such as textiles, food, or rubber products. The ban in some agreements is expressed in general terms such as: "Women employees shall receive the same rates as men employees when they perform the same work as is performed by men." Some agreements, however, define the equal-pay principle in considerable detail and specify various qualifications.

Special clauses designed to keep aged or disabled workers gainfully employed are also occasionally written into agreements. Generally, such clauses may stipulate a transfer to lighter or more suitable work, or permit special rate-setting procedures:

Employees who have grown old in the service of the company and employees partially disabled as a result of compensable injury who are not physically able to perform the full job content of their classification may be assigned to lighter work that they are able to do. The assignment will only be made after approval of the union.

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Employees who are incapacitated through age or physical infirmity or other causes beyond their control may be assigned to work which they can do safely and efficiently, provided such work

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<sup>2</sup> See chapter 2:13, Wage Systems, for a discussion of the role of formalized systems in eliminating wage discrimination.

is available. Special rates will be applied in all such cases, taking into account the circumstances in each case.

The absence in an agreement of specific provisions dealing with the various aspects of possible discrimination discussed above does not necessarily mean a lack of policy. Such omissions may be due to the existence of satisfactory informal arrangements. Moreover, as a general rule, custom, accepted practice, and broader considerations of company and union policy may be more important than specific agreement provisions in determining the treatment of minority groups on the job. Usually, unions tend to seek specific agreement provisions after trouble develops, not in anticipation of possible trouble.

#### The Discharge Aspect

As the management prerogative clause cited on page 3 illustrates, the company generally retains the right to discharge employees. However, such action must conform with the agreement rules governing discharge. Typically, contracts provide that an employee can only be discharged for "just and reasonable cause," or for "good and substantial reasons." Where the reasons are further elaborated, matters such as incompetence, inefficiency, dishonesty, drunkenness, or insubordination are frequently mentioned. For example:

The company will not discharge any employee except for good and substantial cause.

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An employer shall have the right to discharge employees for just cause, such as, but not limited to, slowdown in production, inefficiency, dishonesty, falsifying time cards, insubordination, intoxication, lateness, or absence without reasonable excuse in excess of 3 times in any 1 month; having salary garnisheed or wages assigned more than 3 times, smoking on the employer's premises, or for any violation of the employer's reasonable working rules. If the union shall dispute such discharge, the same shall be handled as provided for in the arbitration provisions of this agreement, and if arbitrated, then the arbitrator shall determine whether or not such discharged employee shall be reinstated, and whether with or without back pay.

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The company and the union recognize the principle of a fair day's work for a fair day's pay. Employees who repeatedly fail to meet normally expected production requirements shall be advised of such failure. The departmental committee shall also be informed. If this employee still fails to meet such requirements, except for reasons beyond his control, he shall be subject to disciplinary action, including discharge.

Such clauses are designed to prevent arbitrary and discriminatory action on the part of the employer. In fact, unions regard the widespread prevalence of clauses banning arbitrary discharge as one of their major achievements. These clauses, however, might have little effect if there were no provisions for appealing discharges—to an arbitrator, if necessary. Consequently, virtually all agreements establish procedures through which grievances in this area may be resolved. Thus, any worker facing discharge, or the union acting for the worker, may invoke the general grievance and arbitration machinery of the agreement or, perhaps, special procedures which may have been set up to settle discharge cases. In proceedings of this kind, the burden of proof tends to rest with the employer; that is, he must convince union representatives or the arbitrator that the termination was proper under terms of the agreement. Since agreements do not permit discharge for reasons of age, sex, race, creed, etc., any attempt to remove a worker on such grounds would presumably fail under an established grievance procedure. Under extreme provocation, or where satisfactory grievance and arbitration procedures were not available, some unions have gone on strike to enforce adherence to a nondiscrimination policy.