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Triple Auditing Employer-Employee Relations

By

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This is the age of corporations when nearly everyone either works for someone else or employs others. Consequently the relationship between employers and employees—the manner in which they work together—is important. Many social frictions and tensions stem from “poor” employer-employee relations, while much of the continuing increase in production per worker results from “good” relations. Recent studies are throwing new light on the question of what constitutes “good” and “poor” relations. Some commonly accepted ideas are verified while others are seriously questioned. The following article gives the scope of these studies together with some interesting and important results from them.

What are the factors that make for “good” employer-employee relations? Why are some employer-employee relations better than others? Are small firms likely to have better relationships than larger organizations? Are relations better in more profitable firms? Are they better in firms that have relatively low labor costs? Or in firms that are unusually profitable? Or when employees are organized to bargain through unions? Are relationships better in firms that pay more per hour or that work shorter hours?

These are questions of obviously great importance to all of us. We have a personal stake in employment relationships not only because most of us are employers or employees, but also because we are concerned in se-

curing the goods and services that flow from steady employment and the enthusiastic cooperation of all members of the employment team. We need to know what factors or conditions encourage such cooperation.

How can we insure this cooperation? Does an extensive personnel or manpower management program make for better employer-employee relations? Does an up-to-date selection program help? Does provision of numerous employee benefits improve these relationships? What about the influence of job evaluation, formal training programs, suggestion systems, and a variety of means for in-plant communication? How does dependence on seniority in layoffs and promotions affect these relationships? How are conditions of heating, lighting and ventilation related to the most productive employment?

Finding the answers to many of these questions is the purpose of a comprehensive research study undertaken by the University's Industrial Relations Center. This Center, established in 1945 as an interdepartmental research and training agency, is seeking to discover just what conditions can actually be shown to promote the cooperation of employers, employees, and unions in employment.

What should a manpower management program include if it is to be effective in encouraging effective employer-employee relations? How much time, how many man-hours and how many people should be assigned staff responsibility for manpower management? Should the program include testing in selection, a formal induction procedure for new employees, employee

counseling, periodic wage and salary reviews, personnel rating, a safety program, a procedure for stabilizing employment, and exit interviews for those who leave?

Are good relationships found in plants having certain distinctive types of employees? Do the age, sex, and family status of employees make a difference? What is the influence of formal education? What effect does union membership have on these relationships?

Does the extent to which unions meet their responsibilities in manpower management affect these relationships? How about union members and the responsibilities of union membership? Does such membership provide an added security that may exert a significant effect?

These are, of course, all “sixty-four-dollar” questions, although some of us may feel that we know most of the answers to them. Indeed, all of these questions have been answered in current books and articles dealing with manpower economics and manpower management. Most of the answers have been available in these published sources for a long time. Many of them have been repeated so often that we take them as “gospel.” But are these answers dependable? For example, who says that seniority provisions reduce grievances and improve employee morale? What evidence is cited to prove these points? Where is the proof that employer-employee relationships are improved by making regular financial reports to employees? What evidence indicates that shorter hours of

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Excerpt from the Employee Morale Scale Used in the
"Triple Audit"

19. My immediate boss is quick to take care of complaints brought to him by employees.
Strongly Disagree ☐ Disagree ☐ Undecided ☐ Agree ☐ Strongly Agree ☐
20. The supplies, materials, and equipment necessary to perform my job are easy to get.
Strongly Disagree ☐ Disagree ☐ Undecided ☐ Agree ☐ Strongly Agree ☐
21. There is a lot of favoritism in my department (some employees are given all the breaks).
Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐
22. My department head sees that new employees in the department get good training (showed how to do their jobs o.k.).
Strongly Disagree ☐ Disagree ☐ Undecided ☐ Agree ☐ Strongly Agree ☐
23. The work in my department is handed out fairly among the employees.
Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐
24. I feel secure in my job.
Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐
25. My immediate boss expects me to do more than my share of work.
Strongly Disagree ☐ Disagree ☐ Undecided ☐ Agree ☐ Strongly Agree ☐
26. If I were to leave this job today, I would have trouble finding another one just as good.
Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐
27. My pay is all right for the kind of work I do.
Strongly Disagree ☐ Disagree ☐ Undecided ☐ Agree ☐ Strongly Agree ☐
28. My present job suits me better than any other job in the Company I know of.
Strongly Disagree ☐ Disagree ☐ Undecided ☐ Agree ☐ Strongly Agree ☐
29. Most of the workers around me are the kind who will say hello when I pass them on the street.
Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐
30. My working space is big enough.
Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐
31. I feel that the work I do is very important.
Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐
32. I get full credit for the work I do.
Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐
33. Most employees in this Company are satisfied with their jobs.
Strongly Disagree ☐ Disagree ☐ Undecided ☐ Agree ☐ Strongly Agree ☐
34. I get a fair share of overtime work.
Strongly Disagree ☐ Disagree ☐ Undecided ☐ Agree ☐ Strongly Agree ☐
35. The employees in my department are willing to do their fair share of work.
Strongly Disagree ☐ Disagree ☐ Undecided ☐ Agree ☐ Strongly Agree ☐

Portion of the Policies and Practices Check List Used in the
"Triple Audit"

In certain special cases instructions for filling out the particular question follow that question in parentheses.

1. Organization
 - 1.01 Who handles Personnel and Industrial Relations in this firm?
(Name of Department or Title of Person) _____
 - 1.02 Is there a formal Industrial Relations and Personnel Department?
Yes _____ No _____
 - 1.03 Is there a policy manual or written statement of company Industrial Relations policies? (Please attach copy, if available.) Yes _____ No _____
2. Job Analysis (includes job evaluation and job rating)
 - 2.01 To what extent is job analysis used? (Explain.) _____
 - 2.02 Is a formal job evaluation plan used in this organization? Yes _____ No _____
 - 2.03 Are wage surveys made of similar jobs in the community or industry?
Yes _____ No _____
 - 2.04 Are there any other job analysis practices that you would like to mention?

3. Recruitment and Sources
 - 3.01 Which of the following methods of recruiting new employees are used?
Public employment agencies Yes _____ No _____
Private employment agencies Yes _____ No _____
Hiring "at the gate" Yes _____ No _____
Newspaper ads Yes _____ No _____
Union agencies Yes _____ No _____
Other Yes _____ No _____
 - 3.02 Are there any other recruitment practices you would like to mention?

4. Selection
 - 4.01 Are tests used in the selection and placement of:
Office employees? Yes _____ No _____
Production employees? Yes _____ No _____
 - 4.02 Are physical examinations used in selecting employees? Yes _____ No _____
 - 4.03 Are there any other selection practices you would like to mention?

5. Training
 - 5.01 Do you have a formal induction program? Yes _____ No _____
5.011 If yes, what groups of employees does it cover?
Clerical Yes _____ No _____
Production Yes _____ No _____
Supervisory Yes _____ No _____
 - 5.02 Do you have a training program for:
Top executives? Yes _____ No _____
Supervisors? Yes _____ No _____
College graduates? Yes _____ No _____
Under GI Bill? Yes _____ No _____
 - 5.03 Are employees trained on company time? Yes _____ No _____
 - 5.04 Are there any other training practices you would like to mention?

THE INDUSTRIAL RELATIONS CENTER

The Industrial Relations Center of the University of Minnesota was established early in 1945. In its organization and its program it resembles and is almost a continuation of the Employment Stabilization Research Institute which was operated by the University during the depression and recovery years, 1930-42. The Center was formed on the initiative of the University administration to integrate and coordinate labor market and industrial relations research. It, like its predecessor the Institute, is closely affiliated with the School of Business Administration. In each case, however, its distinctive virtue lies in interdepartmental and "town and gown" relationships.

The Industrial Relations Center was established because it is clear that neither training nor research in

this field is adequately provided within the limits of any single department. An interdepartmental faculty committee is charged with full responsibility for its policies and program. On this committee are members of the departments of Economics and Business Administration, Law, Psychology, Political Science and Public Administration, Engineering, Sociology, and Agricultural Economics. The breadth of membership on this committee assures consideration of various aspects of employer-employee relations in the formulation of research and training programs.

Perhaps the most unique feature of the Center's organization is its Advisory Council. It consists of twenty representative citizens of Minnesota whose combined knowledge, experi-

ence, training and interests assure a balanced understanding and a keen interest in present-day labor relations. Members of the Council are appointed by the president of the University for three-year overlapping terms. Quarterly meetings are held at which reports of research are presented and plans for future activities are discussed.

These two features of the Center illustrate the manner in which the membership of the University faculty and representatives of the citizens of the state are cooperating in furthering the understanding of social and economic problems within the state.

The major article in this issue of *Business News Notes* was prepared by the Director of the Industrial Relations Center.

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work improve employee morale? Where is the proof that in-plant training programs reduce turnover and grievances, or that job evaluation has a similar influence?

The fact of the matter is that many of these alleged answers are really only assumptions or hunches or beliefs. They have been reiterated so often that they have become a part of the folklore of employment relationships. They may be the right answers. On the other hand, they may be quite misleading because they are unreliable. Very few of them have been checked and verified by careful studies. Hence, employers, employees, unions, and all the rest of us may be taking entirely too much for granted in depending on these answers.

Employment relationships in modern industrial societies are so important that we really can't afford to have them managed and directed on the basis of untried hunches. Manpower management has become so closely related to national and public welfare that a sounder foundation for understanding what makes for enthusiastic cooperation in work-teams has become essential. Today we need to *know* rather than to guess or *assume* what makes for good employment relationships.

Checking on these assumed principles and discovering answers that can be repeatedly checked and verified is the purpose of the long-term "Triple Audit of Industrial Relations" being conducted by the Industrial Relations Center. The Triple Audit is so-called because three major types of possible factors in employer-employee relationships are studied. They include: (1) economic circumstances—for example, the profit status of the employer, ratios of labor costs to total costs, capital-manpower ratios and other economic considerations; (2) employment policies and practices of employers and unions—how they select, hire, train, and pay employees, what means of communication are provided, what arrangements facilitate promotion, stability of employment, and other similar considerations—and; (3) employee reactions—the level of employee morale, attitudes toward various phases of the work situation, grievance ratios and turnover rates, and other evidences of employee viewpoints.

This triple audit of industrial relations is an extensive and—at the same time—an intensive project. It is designed to discover, identify, and measure the most important influencing factors or conditions in modern industrial relations and, at the same time, to note and appraise relationships among these

factors. As a beginning, the most frequently mentioned "principles"—those listed in the textbooks and reiterated in numerous professional conferences—were summarized. More than a hundred of these alleged principles were then selected for preliminary study. Crude checklists and scales were designed and applied in a dozen cooperating firms.

It should be clearly understood that these original yardsticks are regarded as distinctly experimental—on trial. Moreover, members of the research staff are fully aware that what they have found in a dozen firms—all located in the Twin Cities—may not be true for other firms and other localities. The firms selected are those in which managements, employees, and unions indicated their willingness to join in the experiment. All those who participated know that these early studies are but an experimental beginning—that they can't provide final, conclusive answers.

Analysis has been made of relationships in several types of firms—manufacturing, retailing, and service organizations. In these firms, staff members checked on labor costs, rates of pay, working hours, provisions of collective agreements, personnel programs, employee attitudes and morale, grievances, labor turnover, and many other employment conditions. Resulting data have been summarized and analyzed. Whenever possible, statistical checks on significance and reliability of these findings have been applied. Results of this analysis have been forwarded to employers and unions involved and released in a printed bulletin.¹

Findings in this first or pilot stage of the Triple Audit studies are necessarily inconclusive—because of the limited application of the research design—but they are nonetheless interesting. The simple fact that so many of the widely accepted principles fail to stand up in this preliminary check suggests that the study should be extended to additional firms as rapidly as the resources of the Center permit. Additional "guinea pigs"—firms and employees in other industries and localities—should be included. Staff members are presently seeking firms willing to join in the study and funds with which to extend the investigation.

One of the most dependable findings in this pilot study is evidence of the need for more measurement and better measuring devices. No one knows, with any degree of certainty, just how "good"

industrial relations are or how this "goodness" compares from one unit to another. No standard scales or measures are available for even the most widely accepted indicators. What is "high" or "low" labor turnover for a particular industry or occupation? What is a normal number or ratio of grievances? When are in-plant communications good or better or best? How can they be ranked or measured? What standards can be applied in appraising an in-plant training program, or various employee services, or the quality of statements of labor policy, or the system of reviewing employee progress and promotion? How can employee counseling or food services or safety programs be compared and rated? Few accepted standards are available for comparison of even such relatively simple conditions as heating, lighting and ventilation.

A beginning has been made in the direction of providing some of these essential yardsticks. Members of the Center staff have developed and tested and perfected a morale or attitude scale. A scale for evaluating in-plant communications is "in production," as are scales for lighting and for numbers of "personnel workers." Other yardsticks have been discussed and will be developed as rapidly as possible. But planning, testing, and validating these yardsticks is a big job, painstaking and time consuming. Under these circumstances, it is heartening to know that investigators in other institutions are also working on some of these same measurement problems.

One of the lessons learned in these pilot studies is the advantage of a co-operative attack on problems of employer-employee relations by investigators with different backgrounds and training. Because the problems do not fall entirely within the province of any single social science or discipline—economics, psychology, sociology, or political science, for example—a research team that combines the resources of these and other social disciplines has many advantages. The factors influencing industrial relations are complex—they are not simply economic or political or legal. For that reason, they are not readily understood and appraised by the usual methods of research in the individual disciplines. Rather, an effective study needs—in its design and in its execution—the combined know-how of several social sciences.

In the Industrial Relations Center studies, problems have been attacked by research teams made up of graduate students who are majoring in each of several disciplines. Throughout these studies, the Center's sponsoring faculty

¹ "The Triple Audit of Industrial Relations," *Bulletin 11* of the Industrial Relations Center. It is available from the University of Minnesota Press, 10 Nicholson Hall, Minneapolis 14, Minnesota. Price: \$1.00.

committee—which includes faculty members in economics, psychology, sociology, political science, business administration, law, and engineering—has been especially helpful because of its broad co-disciplinary composition.

Another conclusion emphasized by this pilot investigation is that progress toward understanding will be speeded if studies can be made additive. Much can be gained by a procedure that applies the same research design or portions of it to many firms. Too much industrial relations research to date has been piecemeal and discrete. Because such studies have been designed without a standard pattern, results cannot be compared and findings cannot be verified. The Triple Audit has been designed to facilitate many other studies that will be additive, so that they can be built—one upon another—to provide an increasing understanding of employment relationships. Additional firms will be studied, using the same design. Already, investigators in other sections of the country have asked for assistance in applying the Triple Audit in their localities. Already, also, individual investigators are using the Triple Audit measuring devices to provide checks on small segments of the pilot study.

Many of the tentative findings in this first group of firms are disconcerting to those who have assumed that published “principles” must be accepted without question.¹ In the limited number of firms studied, a few of the “principles” stand up, but many of them appear to be unreal. For example:

(1) Formal induction programs do not appear to guarantee improved employee morale. Firms with such programs showed average attitude scores of 137; those without such programs averaged 138.

(2) Merely to employ more people in a personnel department is by no means an assurance that employees will show a high level of morale. Firms with higher proportions of personnel workers show slightly lower morale scores.

(3) Smaller firms do not always have higher employee morale. In this sample, the reverse is true; larger firms have higher average morale. But they also have higher turnover rates.

(4) Use of seniority rights may not reduce grievances. Manufacturing firms in this preliminary study had more grievances when promotions, layoffs, and so on were based on length of employment than when they were not.

(5) Turnover rates are lower in plants in which employees are union members.

(6) Firms that emphasize employment stabilization programs have lower turnover rates, but employee morale is also lower.

(7) Firms that use more communication devices within the plant have lower turnover rates but no distinctive position with respect to employee morale.

(8) High labor costs appear to encourage job evaluation and in-plant training but do not result in more extensive employee services.

(9) Older employees, females, those with dependents, and those of longer service show higher than average attitude or morale scores.

(10) Clerical employees on the whole have higher average morale scores than production employees.

(11) Lower paid employees score lower on the morale scale than those who are paid more.

(12) No significant difference in morale is found in comparing one shift with another.

(13) No significant relationship exists between amounts of formal education and morale.

(14) Marital status appears to make no difference in employee morale.

These are but a few examples selected from the results of the pilot study. They have been chosen primarily to indicate the range of such findings. All of them must be recognized as highly tentative. They cannot properly be as-

sumed to be true of employment as a whole because the studies to date have such limited coverage. Other firms, in other industries and localities, must be studied if these questions are to be answered with assurance.

Much more important than these specific and highly tentative findings, however, is the demonstration that realistic, dependable generalizations can be developed by such studies. Arm-chair theories and time-worn rules of thumb can be supplanted by demonstrated relationships. Realistic and dependable answers to questions like those with which we began this report can be made available to all who practice in this field. The job will, of course, take time. More and better measuring devices must be designed, tested, and perfected. Studies must be extended to more firms and to many different types of employment. Analysis must perfect the “typing” of situations, with varying combinations of factors. The Triple Audit has already shown, however, that such study is feasible and worth while, that results are likely to be worth many times the cost.

For such studies can point a way to replace conflict in employment relationships with cooperation and effective teamwork. They can show each of us—employers, unions, employees—how to do a better job. They can make the cooperative efforts of all of us more satisfactory to all participants and to the public which is dependent on the fruits of this cooperation. They can speed those increases in the products of employment teamwork that are so essential to the attainment of the goal we all seek—the better life for all.

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¹ See, for example, Mr. Lawrence Stessin in *Forbes Magazine*, November, 1951, p. 29. Mr. Stessin can't believe that many of the older, accepted dogmas aren't infallible.