

Military service - Labor problems.

# MILITARY LEAVE POLICIES

Survey No.36  
of  
(BNA's

**PERSONNEL POLICIES**

# FORUM

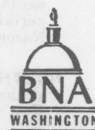
Survey no. 36)

**MAY, 1956**

Prepared for the users of:

**DAILY LABOR REPORT  
LABOR RELATIONS REPORTER  
LABOR POLICY and PRACTICE  
RETAIL LABOR REPORT  
SERVICE INDUSTRIES LABOR REPORT**

**THE BUREAU OF NATIONAL AFFAIRS, INC.  
1231 24TH STREET N.W., WASHINGTON, D. C.**



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**JUN 22 1956**

# What Is The Personnel Policies Forum?

The Editors of The Bureau of National Affairs have invited representative personnel and industrial relations executives to become members of the 1956 Panel of the PERSONNEL POLICIES FORUM. These panel members are top personnel officials in all types of companies, large and small, in all branches of industry and all sections of the country.

At regular intervals throughout the year BNA editors ask the members of the Panel to outline their policies and procedures on some important aspect of employment, industrial relations, and personnel problems. From these replies, the editors complete a survey report on the problem, showing prevailing practices, new

wrinkles and ideas, and cross-section opinion from these top-ranking executives.

In many cases, the comments, suggestions, and discussions are reproduced in the words of the Panel members themselves. In effect, survey users are sitting around a table with these executives and getting their advice and experience on the major problems in this field facing all companies this year.

Results of each PERSONNEL POLICIES FORUM survey made during 1956 are printed in a special survey report which is sent, as part of the service, to users of these BNA labor reports:

Labor Relations Reporter—Labor Policy and Practice—Daily Labor Report—Retail Labor Report—Service Industries Labor Report

## The 1956 Panel

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**ARIZONA** — Jack Gardner, Hughes Aircraft Co.

**CALIFORNIA** — Ernest T. Aldrich, Weber Showcase & Fixture Co., Inc.; John W. Atwood, Hoffman Laboratories, Inc.; Arthur K. Beckley, Cutter Laboratories; E.E. Binger, Solar Aircraft Co.; B.M. Carlson, Masonite Corp.; H.F. Carr, Pacific Gas & Electric Co.; Lucien L. Escallier, Plomb Tool Co.; Ivan J. Hansen, Essick Mfg. Co.; A.W. Hinz, Harvey Machine Co., Inc.; J. L. Hobel, Rohr Aircraft Corp.; Philip J. Lynn, Vard, Inc.; Vance R. Nabors, Ducommun Metals & Supply Co.; C.G. Norton, Pacific Valves, Inc.; L. S. Peck, McCulloch Motors Corp.; Art. C. Peterson, United States Steel Corp.; R. A. Pratt, Shell Development Co.; Joseph W. Shuster, Western Air Lines, Inc.; C. T. Spivey, United States Steel Corp.; R.B. Thompson, Monsanto Chemical Co.; Alan R. Wagner, Lear, Inc.; Richard G. Wells, California Prune & Apricot Growers Assn.

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### OHIO—Continued

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**RHODE ISLAND** — Winifred Doherty, The Crescent Co., Inc.; Russell H. White, Corning Glass Works.

**SOUTH CAROLINA** — William B. Byers, Rock Hill Printing & Finishing Co.; W. H. Carr, Spartan Mills.

**TENNESSEE** — James L. Clarke, Jr., Miller's, Inc.; C. W. Dahl, Cramet, Inc.; P. D. Ragon, Tennessee Products & Chemical Corp.

**TEXAS** — R. W. Calfee, William Cameron & Co., Wholesale; L. J. Hallmark, Shell Oil Co.; F.M. Keith, Dallas Power & Light Co.; John D. Mitchell, Collins Radio Co.; H. C. Reiniger, American Oil Co.; Peter J. Wacks, Chance Vought Aircraft, Inc.

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**WASHINGTON** — Harvey A. Johnston, The Bon Marche; W. E. Quirk, Pacific Telephone & Telegraph Co.

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**WISCONSIN** — T. G. Bloss, Ohio Chemical & Surgical Equipment Co.

**WYOMING** — Harry A. Brown, The Frontier Refining Co.

# MILITARY LEAVE POLICIES

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## INTRODUCTION

This Personnel Policies Forum survey, first in the 1956 series, summarizes the military leave practices and policies of 159 companies.

The survey was undertaken principally to gauge the effect on company policies of the compulsory training provisions of the new Reserve Forces Act, enacted in August 1955. These provisions require all persons entering military service after that date to undergo training in the Ready Reserve for an extended period after leaving the armed forces. Reservists must attend 48 night drill sessions and up to 17 days' active training each year, or, alternatively, 30 days' active training duty each year.

Responses from personnel-industrial relations executives indicate that employees in over four fifths of larger companies and nine tenths of smaller firms surveyed may take reserve training outside their vacation periods, but they usually receive no pay for such time. Where employees do get paid, they generally receive the difference between normal pay and base service pay or the difference between normal company pay and service pay plus allowances. Employees required to take reserve training during their vacations almost always receive no additional pay (beyond vacation pay) for this period.

Salaried employees in a few firms get better treatment than hourly employees in the matter of payment for training time.

Executives in the great majority of companies state that they are not now considering changes in their policies for reservists. Companies which are planning to allow employees additional time off for training will generally not pay for such time. Neither will employees in most companies be paid if they miss work because of night training sessions; many firms, however, intend to transfer reservists from night to day shifts to enable them to take night training without pay loss.

Panel members for the most part see no appreciable change in their hiring policies as a result of the new reserve training requirements. A small proportion of companies, though, are exercising greater care in hiring, particularly into jobs calling for high skills or responsibilities.

The final sections of this survey deal with company policies for employees entering active military service, rather than just attending night drills or summer training. The study reveals that bonuses to employees departing for the service are provided by a third of companies. Most of these bonuses range from one week's pay to one month's pay; the amount varies in many companies according to length of service, with a minimum of six months' service usually required.

Most firms give vacation pay to employees leaving for service, generally only for vacation time earned but not used at the time of departure; a number of companies, though, grant full vacation pay for the year.

† Nearly all companies with pension plans credit time spent in the service to employees' pensions. Only a fraction of companies with group insurance plans, however, continue to cover employees who enter military service; and only a fraction of companies that provide hospitalization and surgical benefits for employees' dependents continue these benefits when employees enter the service.

Close to one fourth of companies send Christmas gifts to employees in service. Nearly two thirds of firms represented in the Forum regularly send copies of their house organ to employees, while about one fourth of larger companies and one third of smaller ones carry on correspondence with employees in service.

† (In the preceding paragraphs and in the more detailed discussion that follows, "smaller" company refers to one with 1,000 or fewer employees, while "larger" company refers to one with over 1,000 employees.)

### CURRENT POLICIES DEALING WITH RESERVISTS

#### Training During Vacation Periods

† Employees in the great majority of companies are free to take reserve training outside their vacation periods. Executives in a few of these companies, however, explain that they encourage employees to schedule at least part of their training during vacation periods. For example:

We feel that as much as possible an employee should at least alternate between using working time one year and vacation time the next. However, there is no specific requirement that they do so.--Maurice E. Berthiaume, Personnel Relations Manager, Manufacturing Division, Cluett, Peabody & Co., Inc., Troy, N. Y.

Among the remaining companies--those in which training must be taken during vacation--some follow this policy rigidly, others "if possible," and still others only part of the time or only for office employees. The following table summarizes company practices relating to scheduling training during vacations:

† <u>Scheduling Training During Vacation:</u>	(Percent of Companies)	
	<u>Larger Companies</u>	<u>Smaller Companies</u>
Not required	82 percent*	90 percent
Required sometimes	3 percent	-----
Required "if possible"	2 percent	-----
Required to schedule one week of training during vacation	2 percent	-----
Required to schedule one week of training during 3-week vacation and all of training during 4-week vacation	2 percent	-----
Required to schedule all training during vacation	7 percent**	8 percent
No policy	<u>2 percent</u>	<u>2 percent</u>
(Total)	<u>100 percent</u>	<u>100 percent</u>

(\* In one instance, not required for hourly employees; office employees must use half of their vacation for training.

\*\* In one instance, required for hourly employees; office employees must take training during one week of a two- or three-week vacation.)

One company's reason for scheduling all training outside vacation periods is described by a personnel executive in the following terms:

Our philosophy on vacation periods is that they should be used for leisure and relaxation. To count reserve training time as vacation would be inconsistent.--  
D. D. Peck, Assistant Works Manager and Personnel Manager, Frank H. Fleer Corp., Philadelphia, Pa.

Circumstances under which employees may be compelled to take training during their vacations--although the company generally doesn't require it--are explained by one Panel member:

An employee is free to request his vacation period without regard to training. It could happen that part or all of an assigned vacation may have to coincide with the training period. The longer service employees have priority in selecting vacation time within certain limitations necessary for production, and in general reservists are not among the most senior employees.--E. A. Willis, Personnel Director, Imperial Paper & Color Corp., Glens Falls, N. Y.

### Pay for Training Time

Among companies that require employees to take reserve training during their vacation period, none of the smaller firms and only one of the larger ones grant pay (beyond vacation pay) for this period. The additional pay granted in this larger firm amounts to the difference between an employee's normal company pay and his base service pay.

In companies which allow employees to take training outside vacation periods, the most common practice is to allow no pay for such time. Other practices followed widely are to pay either the difference between an employee's normal pay and his base service pay or the difference between his normal company pay and his service pay plus allowances. A few companies give salaried employees better treatment than hourly employees in the matter of payment for training time.

The table below shows prevailing practices in pay for training taken outside vacation time:

<u>Amount of Pay</u>	<u>(Percent of Companies)</u>	
	<u>Larger Companies</u>	<u>Smaller Companies</u>
No pay	47 percent	66 percent
Difference between normal pay and base service pay	25 percent	7 percent
Difference between normal pay and service pay and allowances*	10 percent	18 percent
Full pay	-----	3 percent
Full pay for one week	3 percent	-----
$\frac{1}{2}$ difference between normal pay and service pay, up to 40 work days	-----	3 percent
Hourly--no pay; Salaried--full pay	2 percent	-----
Hourly--no pay; Salaried--difference between normal pay and base service pay	7 percent	3 percent
Hourly--no pay; Salaried--difference between normal pay and service pay and allowances	2 percent	-----
Hourly--no pay; Salaried-- $\frac{1}{2}$ normal pay for two weeks	2 percent	-----
No policy	2 percent	-----
(Total)	100 percent	100 percent

(\* There is some variation in the special allowances paid for in different companies. For instance, some companies exclude travel allowance, others exclude travel, uniform, and subsistence allowances, while still others exclude travel, uniform, rent and subsistence allowances.)

Pros and cons of paying employees for training time are given in the following remarks by two members of the Panel:

We feel it is important to see that an employee does not lose financially during this training period. We also feel, however, that he should not gain financially either.--D. D. Peck, Assistant Works Manager & Personnel Manager, Frank H. Fleer Corp., Philadelphia, Pa.

\* \* \*

We've known many employees who take their two weeks at camp as an extra vacation (and it can be a lark, at that, for those who like out-of-doors activities--which is most of us!) For this reason my company has not yet seen fit to make any payment for time lost.--Industrial Relations Manager, smaller eastern company.

Some companies which make no payment for time spent in training give employees a chance to make up the lost time. For example:

It has been the company's policy to permit reservists to take their annual training at the time scheduled therefor by the armed forces irrespective of whether that period coincides in whole or in part with their regular vacation. However, where training is scheduled at a time other than the vacation shut-down period and it is possible to permit a reservist to work during the vacation shut-down, we will do so.--Frank A. Higgins, Employee Relations Supervisor, Ford Instrument Co., Long Island City, N. Y.

One Panel member, viewing military service as it affects his company, points out some of the problems relating to both active duty and reserve training:

Our company seems to do very little for men who enter military service or to encourage participation in reserves. This reluctance to extend "fringes" is based on some very cold looking at the true--or what we feel to be the true--picture surrounding entry into service or participation in reserve groups. The man who enters full-time military service is well represented by veterans' groups who often pressure for benefits. Such pressures have been very successful, and our legislators have provided lush benefits which apply equally to the DSC holder and the lowliest "gold-bricker." Many of our people didn't join military units because they were vital to the war effort right here. The government provides pensions, medical care, and so forth for the military and the veteran. We feel it would be duplication for us, for example, to also credit pension rights for that same period of military service. We do feel, however, that more could be done for those who must take reserve training. Our country needs an alert reserve and business must share the cost--including payment of wages during training.--R. B. Wood, Industrial Relations Manager, R. M. Hollingshead Corp., Camden, N. J.

### Sample Policy Statements

Following are examples of company statements relating to absence for training in the armed forces reserves:

An employee may be allowed an annual absence without pay up to a maximum of 15 calendar days for training with the Armed Forces Reserves or the National Guard--with the approval of his immediate superior, and provided adequate notice is given and arrangements can be made to handle the job in his absence.

This absence without pay is in addition to the regular vacation with pay for those who do not wish to devote their vacations to reserve training.--Vick Chemical Co., Greensboro, N. C.

\* \* \*

Employees who are members of the Reserve Officers Corps or the National Guard and who are required to take two weeks' training each year will be granted leave without pay during such period of training or, if feasible, they may schedule their vacations to correspond with their period of training.--Larger eastern company.

\* \* \*

Until further notice our policy for granting military leaves to qualified men in the Armed Forces Reserves, including National Guard, for 15 day annual training duty is as follows:

Trainees due 1 week's vacation:

- (1) Will receive one week's vacation with pay.
- (2) Will receive up to 15 consecutive days additional for reserve training.
- (3) Will receive the difference, if any, between reserve pay and their regular basic pay for two weeks.

Trainees due 2 week' vacation:

- (1) Will receive two weeks' vacation with pay.
- (2) Will receive up to 15 consecutive days additional for reserve training.
- (3) Will receive the difference, if any, between reserve pay and their regular basic pay for two weeks.

Trainees due 3 weeks' vacation:

- (1) Will receive three weeks' vacation with pay.
- (2) Will receive up to 8 consecutive days additional for reserve training.
- (3) Will receive the difference, if any, between reserve pay and their regular basic pay for one week.

Qualified men with 4 weeks' vacation will be allowed no additional time.

Those who have been employed a sufficient time to earn vacation benefits will still receive the difference between their base pay and reserve pay, if any.

The above arrangement will allow Reservists who attend annual training duty a reasonable length of vacation time with their families.--S. S. Kresge Co., Detroit, Michigan.

#### ANTICIPATED POLICIES FOR RESERVISTS

In general, employers are not contemplating changes in their policies in the light of the compulsory training provisions of the Reserve Forces Act. Undoubtedly, however, some companies have made such changes since the law was enacted in August 1955.

#### Time Off & Pay for Training

Panel members were asked: "Are you considering any changes in your policies regarding time off and pay for annual training sessions?" The great majority are not considering such changes. Here are the replies:

	(Percent of Companies)	
	Larger Companies	Smaller Companies
No	78 percent	81 percent
Yes	14 percent	13 percent
"Perhaps"	3 percent	3 percent
No policy	5 percent	3 percent
(Total)	100 percent	100 percent

Companies which are contemplating policy changes in this area explain that they intend to allow additional time off for training; in most instances such time will not be paid for. The paragraphs below describe some of the changes which are being considered:

Time off will be given with no pay differential; vacation time may be used. This does not apply to employees in the present Officers Reserve, who receive the difference between normal pay and service pay and allowances.--John Byrne, Personnel Director, Schering Corp., Bloomfield, N. J.

\* \* \*



We now have a one-year requirement of membership in the Reserve in order to qualify for partial pay. In view of the compulsive aspects of the Reserve Forces Act of 1955, we are giving consideration toward eliminating this one-year requirement.-- Personnel Manager, larger western company.

\* \* \*

We will probably require those going to camp for 30 days to take their vacation as part of the 30-day period; we would pay for the vacation.--Philip R. Greene, Industrial Relations Supervisor, H. J. Heinz Co., Pittsburgh, Pa.

\* \* \*

We have had several requests recently for time off for military activities in addition to the normal 15-day annual training period, some of which are for employees to serve as instructors in phases of military activities and some for employees who wish to take additional military training. Our policy is not yet finalized, but we will probably grant requests for time off for reasonable periods, say two weeks to ninety days, without pay, and count such time as company service for determining eligibility for benefits.--L. J. Hallmark, Personnel & Industrial Relations Manager, Shell Oil Co., Houston, Texas.

### Night-Shift Work

Night-shift employees in most companies will not be paid when they miss work because of night training sessions. However, many firms plan to transfer reservists from night to day shifts to enable them to take night training without pay loss; a few firms not planning such transfers intend to give employees a chance to trade shifts or make up the lost time in other ways.

<u>Question:</u> Will night-shift workers be permitted to attend weekly night drills without loss of pay?	(Percent of Companies)	
	<u>Larger Companies</u>	<u>Smaller Companies</u>
No	73 percent	79 percent
Hourly workers--no; Salaried workers--yes	2 percent	-----
Yes	5 percent	-----
No policy	13 percent	6 percent
No night shift	5 percent	12 percent
Attend week-end drills	<u>2 percent</u>	<u>3 percent</u>
(Total)	100 percent	100 percent

<u>Question:</u> Will you attempt to transfer reservists from night to day shifts, to allow them to attend night training sessions?	(Percent of Companies)	
	<u>Larger Companies</u>	<u>Smaller Companies</u>
Yes	44 percent	61 percent
No	31 percent	22 percent
"Perhaps"	7 percent	-----
No policy	11 percent	6 percent
No night shift	5 percent	11 percent
Attend week-end drills	<u>2 percent</u>	-----
(Total)	100 percent	100 percent

Illustrative comments by Panel members on night training include the following:

Employees are allowed to work on one or both of their days off during the week to make up for lost time due to night drill. Every effort is made to assign reservists



to do work on days or nights other than their drill days or nights.--W. W. Collis, Personnel Director, Fir-Tex Insulating Board, Inc., St. Helens, Oregon.

\* \* \*

I believe we would do everything possible to assist employees to discharge their reserve obligations, even to the extent of paying overtime rates for substitutes on drill nights. This has not been determined as a company policy as yet.--Industrial Relations Manager, smaller southern company.

\* \* \*

Our night shifts are manned on a rotating schedule basis. Men are given excused absences and some trading of shifts is permitted.--B. M. Carlson, Industrial Relations Manager, Masonite Corp., Ukiah, Calif.

\* \* \*

We do not expect any great difficulty in attempting to transfer reservists from night to day shifts under our present seniority clause with our union. This is a bargainable issue and we will work to attain this privilege.--C. G. Norton, Works Manager, Pacific Valves, Inc., Long Beach, Calif.

\* \* \*

Where a shift change can be arranged which is not contrary to collective bargaining agreements and/or is not detrimental to the company's operation, such changes may be accommodated.--Robert S. Hogue, Labor Relations Manager, Pan American World Airways, Inc., New York, N. Y.

Other suggestions for solving the problem of night training by night-shift employees are advanced by a couple of personnel executives:

If this should become a sizable problem, an attempt might be made--along with other employers in the area--to arrange for a military training schedule during the day.--E. E. Garrison, Labor Relations Manager, Caterpillar Tractor Co., Joliet, Ill.

\* \* \*

If possible, we will not permit shift employees to attend weekly night drills at all. We will try to arrange their drills on Saturday.--John E. Teagan, Labor Relations Counsel, New England Power Service Co., Boston, Mass.

### Hiring

Hiring policies will not be appreciably affected by the new reserve training requirements, in the opinion of Panel members. Executives in close to 90 percent of companies anticipate no changes in hiring young men who have never served in the armed forces, while nearly as many--in roughly 85 percent of firms--expect no changes in hiring men who have reserve obligations.

X In the majority of cases, this means that companies will continue their policies of hiring, without hesitation, applicants who still face military service or reserve training. For example:

One of the basic purposes of the Reserve Forces Act would be defeated if industry would look upon the new employee (pre-reservist or reservist) as a possible deterrent to future efficient production and would refrain from hiring the man because of his reserve obligations.--Edward H. Peters, Personnel Director, Rockwell Register Corp., Bellefontaine, Ohio.

\* \* \*

We will continue to employ men through their capabilities rather than reserve training requirements.--Robert S. Price, Personnel Manager, Amoskeag-Lawrence Mills, Inc., Manchester, N. H.

\* \* \*

Our company has always disregarded the effect that a draftee or reservist may have on our employment problems. We feel that management must meet the issue squarely and be willing to make necessary changes to solve it.--C. G. Norton, Works Manager, Pacific Valves, Inc., Long Beach, Calif.

At the same time, a number of Panel members explain that by "no change in policy" they mean that they are still favoring applicants who have completed their military duties. For instance:

We have been in the past, and will continue to be, reluctant to hire any young men who have not had any previous military service.--Phil Harritty, Personnel Director, Standard-Thomson Corp., Vandalia, Ohio.

\* \* \*

While we are not changing our policies for hiring employees who have had no military training or who have reserve obligations, it is natural to assume that we would give preference to those applicants who have completed or almost completed their military obligations.--Robert Sasser, Industrial Relations Director, Lyon, Inc., Detroit, Mich.

At the opposite extreme, a few companies explain that in view of the new reserve training requirements they are more likely than before to hire young men with no military service at all. These are outnumbered, though, by those that are less likely to hire men in this category. This is particularly true with respect to high-level positions or jobs requiring considerable training that would be interrupted by military duties. Thus, one executive says:

Candidates will be considered for vacancies where very little factory training expense will be involved.--J. A. Kysel, Personnel Director, Lewis-Shepard Co., Watertown, Mass.

On the other hand, at least one Panel member believes that the problem of interrupted company training can be satisfactorily handled:

The low age figure of this group tends to hit us pretty hard in our training program, but we believe this trouble can be overcome by setting up accurate records, dates of departure for training cruises, and learning to plan in advance for these conditions.--C. G. Norton, Works Manager, Pacific Valves, Inc., Long Beach, Calif.

Other situations in which executives say they would not hire reservists are where leaves of absence would occur within the first one or two months of employment, or where night-shift employees would not be able to take reserve training during the daytime.

One company, which carefully scrutinizes military obligations of applicants, attempts to achieve a balance among reservists so as to minimize interference with operations. Here's how this is done:

Our problem is to avoid having a high percentage of employees in one work group, such as meter readers, with an obligation to attend annual military training concurrently. We keep rosters of such groups and attempt to hire new men who have joined a military unit other than those already represented by reservists in the work group. We encourage young applicants who have no military service to join a reserve unit so that we may then be able to consider them for employment in work groups such as that described above. We do, of course, still hire into jobs not seriously affected by a summer military training camp obligation, qualified young men regardless of whether they are waiting to be drafted.--F. M. Keith, Personnel Department Head, Dallas Power & Light Co., Dallas, Texas.

One factor which may affect a company's choosiness in hiring men with military obligations, several Panel members point out, is the state of the labor market. One executive puts it this way:

Market research in the Cleveland area shows that there is a definite decline in the availability of labor in the lower age groups. In view of these circumstances, employers must be realistic in meeting manpower requirements and hire veterans with reserve obligations. With such a tight labor market forecast, the price of accepting

this responsibility is actually less than some companies spend for various recruiting techniques.--H. P. Meywes, Industrial Relations Director, Cleveland Hardware & Forging Co., Cleveland, Ohio.

Hiring policies in the great majority of companies, as noted earlier, have not been affected by the new reserve training requirements. These companies, of course, still wish to know whether their employees have such obligations; and all companies are interested in seeing that military obligations are fulfilled. For example, George A. Franklin, Personnel Director at Automatic Switch Company, Orange, N. J., notes:

We have included as part of our application for employment form two questions concerning reserve obligations: (1) Are you active in the Ready Reserve, Standby Reserve, National Guard? (2) Do you agree to faithfully fulfill your obligations, if any, as a member of the Ready Reserve while in the employ of this company?

### **BENEFITS FOR EMPLOYEES LEAVING TO ENTER MILITARY SERVICE**

#### **Bonus on Departure**

Fully one third of all companies, larger and smaller, give bonuses to employees upon departure for military service. (In some companies such payments are referred to as severance or termination pay, while a couple of executives stress that the payments are not, strictly speaking, "bonuses." However, in the sense that all of these firms give employees leaving for military service payments in addition to their wages, they have been grouped together in this study.)

In most of these firms, bonuses are given to all employees entering the service; in two companies, though, they are made available only to the salaried group.

One larger company, which gives bonuses only to employees entering the armed forces for a minimum of two years, hasn't decided yet how to handle bonus treatment for men who enter the service under the new six-month enlistment program. The employee relations director poses the problem in these terms:

The question arises as to whether these men should have any severance pay because, in reality, severance pay was designed to help a man make financial adjustments for his family as he went into the service. Men now being called into the service, for the most part, are inducted out of school and have no family obligations.--William E. Hoare, Employee Relations Director, The Ohio Fuel Gas Co., Columbus, Ohio.

#### **Amount of Bonus**

Most bonuses range from one week's pay to one month's pay, although some companies give larger amounts. At many companies, the amount varies according to length of service; in a few firms, larger bonuses are paid to employees with dependents.

Among companies describing their plans, 41 percent give the same bonus to all eligible employees, while 38 percent graduate it according to length of service. Nine percent relate the bonus amount to dependency status, 3 percent to both service and dependency status, and 3 percent to service, dependency status, and whether the employee enlisted or was drafted. In the remaining 6 percent of companies, hourly employees receive a uniform bonus while payments to salaried employees are graduated by length of service.

#### **Limitations**

The great majority--85 percent--of companies paying a military bonus require a minimum period of service for eligibility, while 3 percent of firms have minimum service requirements for hourly employees only. The remaining 12 percent of companies that pay bonuses have no service limitations.

The minimum requirement is in all cases a relatively short period of service, not exceeding one year and most commonly only six months. The following table lists minimum service requirements for a military bonus:

<u>Minimum Service Requirement</u>	<u>Percent of Companies Giving Military Bonus</u>
3 months	7 percent
3 months for office, 6 months for hourly employees	3 percent
4 months	3 percent
6 months	45 percent
8 months	7 percent
1 year	35 percent
(Total)	100 percent

#### Type of Bonus

By far the most common form of bonus is a payment equal to the employee's pay for a certain period, say a week or a month; this is typical of 78 percent of military bonus plans. Some 13 percent are a fixed sum, say \$50, rather than an amount directly related to the employee's usual pay. The other 9 percent are payments equal to the difference, or part of the difference, between the employee's military pay and his usual company earnings.

Among companies which give a certain number of weeks' pay, 56 percent vary the bonus according to each employee's service. The minimum is usually one or two weeks' pay, the maximum two or four weeks' (or one month's) pay. The bonuses are scaled according to a number of formulas, of which the most common provides one week's pay (or two weeks' pay) after six months and two weeks' (or one month's) pay after a year.

The remaining 44 percent of firms that give a certain number of weeks' pay disregard differences in service and provide an equal amount for all eligible employees; one or two weeks' pay are the most common amounts. Included in this group are two companies which give two weeks' pay to employees without dependents, double that amount to those with dependents.

Most of the firms which provide a fixed sum as a bonus give \$50. One of the companies giving bonuses of this type presents \$50 to employees with one to two years' service, \$100 to employees with over two years' service.

Bonus plans designed to make up the difference between company and military pay show considerable variety. For instance, in one company an employee with three months' to one year's service and no dependents receives the pay differential for only two weeks, while an employee with over one year's service and dependents get the differential for six months. Another firm awards only one fourth of the differential, but adds \$20 for each dependent. A third company gives one fourth of the differential, plus \$40 for a wife and \$25 for each child, for each month of company service if employed at least one year. A fourth firm continues the differential between company pay and military pay and allowances as long as the employee is in the service.

Companies that give bonuses consisting of the difference between company pay and military pay tend to make such payments in monthly installments. In almost all other companies giving bonuses, the payments are made in a lump sum at the time of departure for the service.

#### Vacation Pay on Departure

Most companies give vacation pay to employees leaving for service, members of the Personnel Policies Forum report. In the majority of firms, though, payment is given only for

vacation time an employee has earned and not used at the time of his departure, rather than full vacation pay for a year.

The table below summarizes vacation pay practices on departure for service:

<u>Amount of Vacation Pay</u>	<u>(Percent of Companies)</u>	
	<u>Larger Companies</u>	<u>Smaller Companies</u>
No vacation pay	4 percent	5 percent
Pay for vacation earned up to time of departure (prorated)	67 percent	61 percent
Full vacation pay for year	18 percent	26 percent
Other	<u>11 percent</u>	<u>8 percent</u>
(Total)	100 percent	100 percent

Among companies that give no vacation allowances upon departure for military service, one gives servicemen pay for the first two vacation periods after entering the service, while another gives servicemen full vacation pay for a year upon their return.

Included in the prorated group is one larger company which gives a vacation with pay earned up to the time of departure, but does not give pay in lieu of vacation.

Companies grouped in the "other" category for the most part give vacation pay on departure as follows: full vacation pay if the employee has worked a certain proportion (say 3/4 or 3/5) of the preceding year; otherwise, no pay. A few firms give full vacation pay for the year if the employee is called up during the vacation period.

#### Other Benefits on Departure

One company notes that it grants a leave of absence a "reasonable time" prior to actual departure for military service. A larger firm pays salaried employees up to the end of the pay period in which they leave for service.

Employees entering the service are paid for accrued sick leave in two companies, and for accrued sick leave over 40 hours in another firm.

The personnel relations manager in one larger company mentions that employees are paid for the time necessary to take their pre-induction physical examinations.

The employee relations director in another larger firm points out that the departing employee is given counseling service, with a specific briefing on what happens to his various benefits--retirement, hospitalization, and group life insurance--while he is in military service.

### BENEFITS TO EMPLOYEES DURING MILITARY SERVICE

#### Group Insurance Plans

Some form of group insurance plan is found in 98 percent of the larger companies and all of the smaller firms surveyed. Only about 10 percent of these companies, though, continue to cover employees who enter military service; in most instances, the feature of group insurance which is continued is life insurance. The remaining 90 percent of these firms discontinue group insurance coverage for servicemen, usually within six months of their departure for service.

One company which drops an employee's group insurance three months after he enters military service explains its policy in the following way:

Before passage of the Servicemen's Indemnity & Insurance Act of 1951, the company reimbursed employees for the premium cost of term insurance under the National Service Life Insurance Plan for an amount of insurance not in excess of that provided for the employee under the group plan on the date he was separated for military service. Since passage of this act providing for servicemen's indemnity coverage for all men entering military service, this practice has been abandoned inasmuch as few if any employees take out National Service Life Insurance in addition to the indemnity coverage and we believe the indemnity provided by the government is adequate coverage.--W. G. Rouillard, General Manager, Western Department, American Smelting & Refining Co., Salt Lake City, Utah.

#### Pension Plans

Five sixths of larger companies and two thirds of smaller ones have a pension plan; in a few cases the plans apply only to salaried employees. Clost to 90 percent of these companies credit time spent in service to employees' pensions. A couple of the companies limit the amount of military service which can be so credited--in one case, to 14 months; in another, to four years.

#### Hospitalization & Medical Care for Dependents

Over nine tenths of all firms provide hospitalization and surgical benefits for dependents of employees. Among these companies, 16 percent of the larger and 11 percent of the smaller ones continue these benefits when employees enter military service. In some instances, the benefits are continued only for a limited period--such as two years--or are paid for only partly--for example, one half--by the company.

#### Christmas Gifts

A Christmas gift of some kind is given to employees in service by 22 percent of companies. In many companies these gifts are cash; one firm notes that \$25 is the amount given. Another company gives bonuses for two successive Christmases: those having at least one year of company service receive either \$70 or 2½ percent of gross earnings, whichever is greater; the scale decreases for employees with less than a year's company service, to a minimum of \$10 for those hired in December.

One larger company presents turkeys at Christmas to the families of employees in service.

#### Other Cash Benefits

Some companies give year-end bonuses which are not designated as Christmas gifts. Charles E. O'Hagan, Personnel Director at Imperial Brass Manufacturing Co., Chicago, Ill., describes his company's bonus arrangement as follows:

If employees have been here five years and have worked nine months of the year in which they are leaving, if there is a year-end bonus declared they will receive their bonus based upon their pay received during the employment period of the year. If employees of five years or more have worked here six months of the year in which they leave but less than nine months, they will receive a \$50 government bond if a year-end bonus is declared.

A few firms which have contributory profit-sharing or savings and pension plans contribute the employee's share during his absence in the service. For example:

We have a contributory profit-sharing plan in which employees participate after three years' service. If an employee is already a participant or if he becomes eligible while in service, the company pays his contribution into the fund for each year that he is eligible and in military service. This can amount to as much as \$200 per year.--Thomas H. Spitler, Industrial Relations Director, Argus Cameras, Inc., Ann Arbor, Mich.

Executives in two firms which have profit-sharing plans note that employees in the service can leave their contributions in the fund to accrue interest during their absence.

### Special Privileges

Discounts or special privileges commonly extended to employees' families are often continued when employees enter military service. This is true of such items as purchase discounts, reductions on gas, electric, or telephone bills, and company housing. An airline also gives free transportation to an employee in the service and to his family to the same extent as to regular employees.

A number of Panel members note that families of servicemen are invited to company affairs, such as the annual picnic and the Christmas party. One executive mentions that counseling service is available to an employee's wife and family during his absence.

Employees in one smaller company are invited to report for work while on military leave, and every effort is made to give them work.

### Contact with Servicemen

Close to two thirds of companies (63 percent) send copies of their house organ to employees in service. Nearly one third of this group also maintain correspondence with employees in service; altogether, about 25 percent of larger firms and 33 percent of smaller ones carry on such correspondence.

In some companies the personnel department conducts this correspondence, but very often the employee's last supervisor conducts it on a more personal basis. A major problem here is highlighted by one executive, who says:

We have attempted to keep up regular correspondence with all employees in the service. However, as time passes they do not reply and we gradually lose track of them through change of address.--Ivan J. Hansen, Personnel Manager, Essick Manufacturing Co., Los Angeles, Calif.

Other kinds of mail sent to servicemen include (1) Christmas greetings -- from one third of larger companies and one half of smaller ones; (2) birthday cards; (3) the company's annual report; (4) copies of the local newspaper; and (5) books, cigarettes, chewing gum, and other gift packages.

An executive in one larger company states that employees in the service are encouraged to visit the plant when home on leave; employees in another firm are given special identification cards to facilitate visiting other plants of the company.

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### PREVIOUS PERSONNEL POLICIES FORUM SURVEYS

1. Manpower Planning for the Emergency, March, 1951
- \* 2. Status of First-Line Supervisors (Compensation, Authority, and Benefits for Foremen), April, 1951
3. Is Management Listening? May, 1951
4. Plant Labor-Management Committees, June, 1951
5. Recruiting College Graduates, July, 1951
6. Employees' Financial Problems, August, 1951
7. Christmas and Year-End Personnel Problems, October, 1951
- \* 8. Foreman Training, January, 1952
- \* 9. The Personnel Executive (His Title, Functions, Staff, Salary and Status), February, 1952
- \* 10. White-Collar Office Workers (Their Working Conditions, Benefits and Status), April, 1952

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PREVIOUS PERSONNEL POLICIES FORUM SURVEYS (Cont'd)

11. Executive Development, May, 1952
12. Building Employee Morale, July, 1952
13. Choosing Better Foremen, August, 1952
- \* 14. Supervisory Merit-Rating, September, 1952
15. Communications to Employees, November, 1952
16. Fringe Benefits for Supervisors, January, 1953
17. The Personnel-Industrial Relations Function, March, 1953
- \* 18. Community Relations, August, 1953
19. Personnel Testing, September, 1953
20. The Older Worker, October, 1953
21. Administration of Pension Plans, November, 1953
22. Earnings of First-Line Supervisors, January, 1954
23. Evaluating a Personnel-Industrial Relations Program, February, 1954
24. Employment Stabilization, April, 1954
25. Administration of Health and Welfare Plans, July, 1954
26. Control of Absenteeism, September, 1954
27. Computing Absenteeism Rates, October, 1954
28. Wage-Salary Administration, November, 1954
29. Company Safety Programs, February, 1955
30. Unemployment Compensation Problems, May, 1955
31. Supervisory Development: Part 1, July, 1955
32. Supervisory Development: Part 2, September, 1955
33. Automation, November, 1955
34. Nonsupervisory Office Employees, December, 1955
35. Downward Communications, February, 1956

\* Out of Print.