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HUMAN RELATIONS

AND

BUSINESS MANAGEMENT

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**HUMAN RELATIONS
AND
BUSINESS MANAGEMENT**

by

John B. Coyle, M.B.A.

*Labor and Industrial Relations Center
Michigan State University*

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PREFACE

To be effective in the management of a business organization employers must be well oriented in the total environment within which they must operate. The business environment includes many social relationships for the corporation and a body of laws which society has established to govern the corporate citizen in the pursuit of its objectives. This totality of relationships and applicable social legislation is the subject of this book.

In preparing the text, the author has attempted to present the integral parts of a total concept and to avoid clouding the picture with details or techniques. It is sincerely hoped that this approach may help to develop the broad vision which is so important to the future of corporations in our social order.

J. B. C.

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PART I

HUMAN RELATIONS

To understand human relations in a business organization, the essence of human relations everywhere must be understood, since the work place is merely a location in which basic human nature manifests itself during specific periods of our lives.

Broadly defined, human relations is the sum total of inter-personal and inter-group relationships among human beings everywhere, and at all times. Within this broad framework, people live in relation to one another as individuals and as members of groups. The average person lives in a personal relationship to mothers and fathers, husbands or wives, and sisters and brothers, but at the same time, often lives within the family as a member of a group. He also lives in a personal relationship to neighbors in the community, but simultaneously is a member of racial, religious, political, or economic groups, and as such, is in a group relationship within the community. At work, the average person lives in a personal

relationship with a superior or subordinate, and also is a member of a group or several groups, both formal and informal.

These relationships cannot, however, be confined by time or location. They all exist simultaneously and do not ordinarily change within any short period of time. A person's family relationships do not change when one enters a work relationship, and neither of these change when one enters a community relationship. A Superintendent is a Superintendent when he is at home or in the community--and a mother is a mother while she is at work as while she is at home--and the Chairman of the Lay Board of Trustees at the local church holds that same position while he is at home and while he is at work.

Generally, therefore, people tend to live in a multiplicity of human relationships in the home, in the community, and at work, and the essence of these relationships is social interaction. Men at home, men at work, and men in the community, are men in societies, and the average person lives in all three everyday of his life.

Since the behavior of men is strongly influenced by their association and experiences, the student of human relations at work must also study human relations outside to understand human relations within the work place, and must recognize that the business organization is one of the societies in which men live.

The Business Organization and Society

The characteristics of a society are authority, laws governing the relationships of individuals and groups, leadership, communication, social interaction between individuals and groups in pursuit of individual and group objectives, social status, a system of jurisprudence, and the maintenance of order. All of these are essential and without them a society does not exist. They represent the difference between a mere organization of people, and a formal society.

As one reviews the family, one finds that all of these characteristics are present, and the family is accordingly, a society. The community likewise qualifies. Trade associations, labor unions, fraternities, and political parties do not. One may find these characteristics in certain religious groups which qualify as societies. The business organization, with all of them, is in fact a society, and is the social system in which the working force of any country spends most of its life.

It is important to identify and clarify the business organization as one of the societies in which men live because any business organization which does not accept this fact will probably ignore one of the most important objectives of business policy, and that is to formulate its modus operandi in such a way that its programs and corporate attitudes are in tune with those which are

approved in the other societies in which the employees live.

Men simply do not change their attitudes toward authority, their concepts of economic justice, their expectations from leadership, their basic codes of morality, their desire for order, their judgments of reasonableness, and their basic social needs, as they move from one society to the other in the normal course of their daily lives. For this reason, the social institutions which exist outside the Business Society must be respected by businessmen in the formulation of their policies and programs.

Human Conflicts In Business Administration

Corporations Vs. Unions

The objective of a business organization is maximum profit. This is an important fact which gives rise to an inevitable human conflict between management and organized labor. Both management and labor agree that a businessman must make a reasonable profit, but management defines a reasonable profit as more than he is presently making and Unions define the reasonable profit as less than the business manager is presently making. Therefore the apparent agreement on a principle is an illusion rather than a fact, and actually no agreement really exists with

respect to the righteousness and reasonableness of the basic business objective.

The methods employed by businesses to maximize profits is to maximize prices and minimize costs through autocratic management techniques. While it is true that some companies at some times pay higher wages than they are required and charge less than they could for their products or services, this itself is done to provide the greatest possible profit over extended periods.

While it is also true that some managements at some times indulge in some degrees of consultation, business management is essentially an autocratic rather than democratic process.

These are in direct conflict, of course, with the organization, objectives, and methods of Unions, and this creates a human conflict which can be minimized but never eliminated.

The objectives of Unions are set forth in the Constitution of the AFL-CIO, which reads as follows:

“We pledge ourselves to the more effective organization of working men and women; to the securing to them of full recognition and enjoyment of the rights to which they are justly entitled; to the achievement of ever higher standards of living and working conditions; to the attainment of security for all the people; to the enjoyment of the leisure which their skills make possible;

and to the strengthening and extension of our way of life and the fundamental freedoms which are the basis of our democratic society."

While many Unions do not belong to the AFL-CIO, there is no fundamental difference in their objectives. Obviously the profitability of a company is not an objective of Unions. The Constitution of the AFL-CIO does not make even a passing reference to it as being a matter of any concern to the labor movement. The basic objective of Unions is to secure and protect the economic and human rights of workers through organized pressure on management. While it is true that some Unions at some times may indulge in the promotion of religious, educational and political action, these are not fundamental to Trade Unions.

In contrast to the corporation, union organizations are essentially democratic. While some unions from time to time go through periods of virtual dictatorship, they are fundamentally democratic in their organization and administration.

The methods used to accomplish the union objectives necessarily result in an increase in the labor costs of employers while he pursues his primary objective of business in decreasing his operating costs to enlarge his profits.

Specialization

Probably the greatest and most inevitable human conflict arises out of departmentalization and specialization of personnel in any business organization.

A business manager must departmentalize in the interest of efficiency but with such action, a conflict unavoidably develops, as it always must, when any group is divided. Division creates a difference in primary objectives. This in turn provides a potential for friction which does not exist within a single group having a single objective. Therefore, as the manager divides his group into sales, engineering, finance, manufacturing, line and staff, skilled and unskilled, white collar and blue collar, he creates points of potential friction between groups having basically different primary objectives and interests.

Superior - Subordinate

Fundamentally at any level in a business organization, superiors are primarily interested in getting as much work as possible from subordinates for the salary being paid--and subordinates are primarily interested in getting as much salary as possible from the superior for the work being done.

At the first line of supervision the difference in primary objectives between the supervisor

and his employees is the most pronounced because basically the supervisor is responsible for holding costs down through efficiency, and is judged, compensated, promoted or demoted on the results of his efforts. His employees, on the other hand, are not usually responsible for efficiency or cost, and the pursuit of their primary objectives causes an upward pressure on the varied costs which the supervisor is attempting to hold down.

Management and Workers

As the name suggests, in every business organization there is one group who gets work done by another group through supervising, and a potential friction is inherent in this relationship.

Moreover, non-supervisory personnel are set socially apart from the management group by wages, policies, indirect benefits, social status symbols, working conditions, privileges, special consideration at times of work shortage, illness, or personal problems, and at other times are pardoned for behavior that would result in punishment for an employee.

Anyone who has had any experience with the social problems of second-class citizenship, real or imaginary, will appreciate the basic social problem which must exist in every business organization between management and worker groups.

Management vs. Organized Labor

Where a Union exists, relationships at every level increase from two to three. The supervisor-employee relationship is complicated by a third party and becomes a supervisor-union-employee relationship. This naturally introduces additional points of stress and potential friction as it does in any other two-party relationship when a third party is interjected between them. The supervisor, Union steward, and employee, each depend upon one another, but at the same time have different and often conflicting primary interests.

Compensations In The Business Society

Compensations are essentially rewards which satisfy human needs and desires.

In every society in which men live they seek compensations peculiar to the society itself. In the family society, for example, a father's compensation may be pride in a successful son, the gratitude of an appreciative daughter, or the loyalty of a devoted wife. A mother's compensation may be the protection which companionship and understanding provide against loneliness. In the community society men enjoy rewards in the form of respect from his neighbors, home ownership, his position on civic committees, and others.

The Business Society provides compensations which are material, psychological, and emotional.

Wages represent a man's material compensation and to a very large extent govern the satisfactions which he finds in his family and community life. Titles, status, pride of workmanship, recognition from superiors, and other such rewards, are psychological compensations which are only available to men in a business society. This is also true of such emotional compensations as job security, personal safety, respect for his superiors, and attention from them during periods of personal crisis arising out of a work situation. Men have needs and desires in all of these areas of compensation while they are at work, and human relations are accordingly influenced by the extent to which opportunities exist for the satisfaction of such needs.

In the area of material compensation, such as direct wages and other economic rewards, human relations is also affected by the harmony or conflict which exists between employer and employee in their respective concepts of economic justice. One concept, for example, is that employees should be compensated principally in accordance with their productivity rather than their needs. A contrary concept is that compensation should be established principally in accordance with the needs of the employees. Still another is that employees should be rewarded economically in proportion to an employer's ability to pay, regardless of the employee's need or his productivity.

Still another is that differential economic rewards should be provided in accordance with employee's length of service, sex, age, marital status, educational level, etc..

Without attempting to judge these concepts as morally right or wrong, or economically sound or unsound, suffice it to say that employers must either bend to the concept of their employees or promote acceptance of their own concepts of economic justice, if they want good human relations and friendly attitudes within their business societies.

Informal Groups In The Business Society

Business societies, like many other societies, have both formal and informal groups. The formal groups are those which appear on the organizational chart. Informal groups are those consisting of several people at work, held together by a common bond, but not formally recognized by any official designation. Examples of these informal groups are racial or religious minorities, the very young, the very old, the handicapped, the Union organizers, the democrats or republicans, the recreation or hobby club members.

Human relations in the business society depends upon the relationship of these informal

groups with each other and with the employer. Employees are simultaneously members of their informal group and workers. Accordingly, an employer's attitude toward any informal group must necessarily result in a reaction from any member of the group while he is performing his job. Conflicts between informal groups over matters not related to work often result in a lack of cooperation on the job. Therefore, the employer who is interested in promoting favorable attitudes towards work and harmonious relationships among people while they are at work must formulate acceptable attitudes toward them and healthy attitudes between them. In so doing the employer must again be in tune with attitudes toward these groups and their activities which are found in the family and community societies. If his business policies or attitudes conflict with community feelings toward racial minorities, unions, democrats, the physically disabled, juveniles, the aged, or other social groups, they are bound to impair human relations within his organization.

Human Relations And Social Legislation

In the family and community societies where working men and women grow up and live every working day of their lives, formal and informal laws exist which reflect public concepts of duties and responsibilities of individuals, and the societies in which they live. Generally these are laws

which reflect public concepts of ethics and morality, and have a great influence on the judgements, expectations, and attitudes of people while they are at work in the business society.

For example, in most families there is common acceptance of the moral responsibility of the family society to care for the young and the old, the sick and the impoverished members of that society. In the community society tax laws reflect public approval of the idea that the prosperous should support the needy. Social security laws, with contributions from employers, employees, and all taxpayers, reflect a special moral responsibility for support of the aged. Similarly, in many communities legislation has been passed to condemn racial prejudice and religious intolerance. In addition, legislation has been established which clearly indicates a public attitude toward a corporate citizen in the community. In the enactment of Unemployment Compensation and Workman's Compensation legislation, for example, the public has not only established rights for citizens who are unemployed or disabled from occupational injuries, but has often placed the responsibility for their financial support exclusively with employers.

Legislation governing the employment of minors and women reflects the special consideration which the general public gives to them in the community and insists shall be given to these groups

while they are at work. Industrial safety laws further reflect public attitudes toward the employer's liability in the employment of people, and labor laws have been established to insure the same freedoms of assembly, press, and speech to an employee as he enjoys in his family and community societies.

Good human relations among people at work, therefore, requires employers to accept the legislative decisions of the public and operate within the intent as well as the letter of the law. An employer can easily win his case in a court of law but lose his case in the court of public opinion.

Public Relations And Human Relations

Human relations has been defined as the sum total of inter-personal and inter-group relationships. This totality of human relationships in which a businessman must promote favorable attitudes and cooperative group relationships includes his stockholders, his employees, his customers, his community, and his suppliers. These are often referred to as the several publics of a corporation.

The importance of this concept may be especially well illustrated in cases where the same person is a member of more than one group. For example, many employees are stockholders and customers. Many stockholders are customers.

Many suppliers are stockholders, and all may be members of the immediate community where the employer operates his business.

Accordingly, these groups cannot be isolated or treated in a vacuum. They must be considered collectively, but treated individually, with full recognition given to their principal interests and objectives. The stockholder is primarily interested in the return on his investment, the employee in his wages, the supplier in sales, the customer in service, and the citizen in the health and welfare of his community.

In the totality of the employer's human relations, therefore, he is confronted with individuals and groups both inside and outside his business having different primary interests and objectives. The conflict can never be changed but must continually be minimized by the policies and programs of the one who directs the business.

Business Policies And Human Relations

To succeed in any area of management the business leader must formulate policies which represent his intent. Practices, programs, procedures and controls must, of course, be established to insure maximum practical attainment of his objectives, but the broad base upon which these are built must be a basic policy foundation.

In the area of human relations, the following declarations of intent reflect the kind of broad base upon which businessmen can build quality into their human relations:

1. To respect the human dignity of individuals.
2. To promote an equitable amount of satisfaction for each of the groups in his society through compromise.
3. To minimize the conflict between groups having different goals through the development of better mutual understanding and by strengthening common objectives.
4. To direct his business enterprise as a social system organized for profit.
5. To adopt policies which are consistent with public attitudes toward the responsibilities of businessmen and the rights of employees, and in tune with public concepts of morality.
6. To accept Unions as political organizations, superimposed upon the structure of his business society, with primary objectives which must necessarily conflict with his own.
7. To establish a philosophy of compensation which is compatible with public concepts of economic justice.

8. To render to informal minority groups the same special considerations and privileged status granted to them by society.
9. To observe the laws of the political society in which he operates his business, and the moral codes upon which the culture is based.
10. To conduct his business in the best long-term interest of the majority of people who are members of his several publics.

If they are to be practical and successful, the Human Relations policies of any corporation must be built upon a foundation which recognizes the realities of both economic and social life.

PART II

PERSONNEL RELATIONS

The Manager who understands the nature of money has a more profound concept of this resource than the one whose information is limited to fluctuations in its value. The Manager who knows the nature of metal has a more fundamental understanding of a machine than the one whose knowledge is limited to its mechanical performance. Similarly, the Manager who understands basic human nature will be more effective in utilizing the human resource at his disposal than the Manager whose concepts are limited to human behavior. The profound will always be wiser than the superficial in any field of human endeavor. Accordingly, any study of human behavior must start below the level of behavioral patterns and begin at the level of human nature. Furthermore, the difference between human nature and human behavior must be recognized since one can be changed and the other cannot.

Human Nature And Human Behavior

By his nature man is physical, emotional, spiritual, and psychological. This nature was not created by men and accordingly may never be changed by men. His physical appearance, his emotional reactions, his spiritual habits, and his psychological drives may be changed, but his nature remains unaltered. Moreover, this nature manifests itself wherever a man may be, from his cradle to his grave.

Some of these manifestations are, of course, more important than others to the businessman, and accordingly they will receive primary attention here. However, it is important to remember that Managers employ the whole man and no explanation of his behavior can be complete in any context which is less than his total nature. Moreover, to understand human nature while it is at work, one must study human nature outside of the work place and thereby become familiar with behavioral patterns which reflect basic nature. When these are recognized the Manager may then discern the particular ways in which human beings express their nature at work, and may formulate policies and techniques in accordance with this nature.

Man's physical nature compels him to preserve himself and seek physical comfort and safety. His emotional nature gives him sensitivities to love and hate. His spiritual nature

drives him to pray, and his psychological nature forces him to reason. He must follow these courses because they are dictated by his nature. When he attempts to do otherwise such attempts war against his nature and the resultant maladjustment presses him back into a course more in tune with his nature. Whenever he is denied the reasonable expression of his nature a man rebels against the barrier whatever and whomever it may be. This is true at home, in the community, and at work. Accordingly, any circumstance, policy, or system set up by employers which would seriously repress a man's need to live naturally will necessarily provoke a natural rebellion. Any situation, including a work situation, in which an individual's personal safety is threatened, or his emotions are stifled, or his need to reason and to be reasoned with is denied, will result in a personal maladjustment. On the other hand, an environment in which men have an opportunity to seek reasonable satisfaction of their natural needs will produce a well-adjusted behavioral pattern.

It is important, therefore, that any policies or programs designed by a Manager be so constituted as to permit the expression of human nature by people while they are at work. It is only through the provision of such policies and programs that a Manager can successfully influence human behavior.

Men At Work

While men are at work, they are seeking satisfactions dictated by their human nature and pursuing objectives formulated by the culture in which they live. By his nature man seeks physical security and the economic security which is identified with it. He seeks attention and praise from his superiors, and fears them. He seeks explanations for things he wants to understand, and passes judgment on matters which interest him. From his culture he may want opportunities for advancement, or he may settle comfortably into a caste system. He may seek equality with those of another sex, or race, or religion. On the other hand, depending upon the culture in which he lives, he may not. He may organize a Union, or he may not, depending on the culture, or even the generation in which he lives. These are behavioral patterns which are influenced by the rights he has been taught are his, or the expectations he has been told are reasonable, in the world in which he matured.

The satisfactions man seeks from his nature do not vary from generation to generation or from one place to another. The satisfactions he seeks from his culture will. Generally, as a result of these two influences, men have a set of common needs which the employer must recognize at any given time and in any given locality when he designs his policies and programs to make his

personnel productive. At the same time it is equally important to recognize that all individuals do not have all of these needs in the same degree. Individual differences such as sex, age, aptitudes, education, and others, will prevent the employer from overgeneralization, and require him to recognize that these needs are to some extent both individualized and dynamic, since the very young tend to change their values when they become very old, and some policies will take on additional importance when the single get married.

The sources of satisfaction for both natural and cultural needs are usually within the authority of the employer to provide. While it is true that many circumstances are beyond the control of any management, most human and cultural needs can be satisfied most of the time through the policies and attitudes of the corporation and the techniques of the supervisor. These are the basic sources of job satisfaction, and it is through them that a Manager can promote maximum productivity on the part of his personnel. To the extent that he does so, motivation and morale will be at maximum levels.

Morale

While students of Personnel Psychology may disagree on the definition and the best methods

of measuring morale, there is general agreement on the high positive correlation between morale and motivation. This is also true of attitude. Where attitude is good and morale is high motivation tends to be adequate. Where attitude is poor and morale is low motivation tends to be inadequate. Accordingly the businessman need not be diverted from his course to enter the dispute between psychologists over definitions and methods of measurement, but may proceed to determine those measures which are required to improve attitudes and increase motivation. Having done so he may formulate policies in accordance with his convictions and be assured that morale among his personnel will tend to be high.

The determining factors underlying motivation and attitude differ in some important respects and, accordingly, they will be dealt with separately so that the differences may be clearly understood.

When a man is motivated he is willing to use his abilities, and the degree to which he is motivated determines the effort he puts into his job. A man is motivated by many possible causes, some of which are to be found in company policies, and others in his relationship with his supervisor. Basically however, men are motivated by opportunities to satisfy their needs, and their needs at work are physical, emotional, and

psychological. The stronger the need, the stronger the motivation. They are motivated in varying degrees by opportunities for promotion, increased status, economic security, higher wages, recognition, participation, self-expression, respect of associates, pride of identification, and approval of superiors. Accordingly, policies and programs which provide opportunities for the satisfaction of these needs will increase motivation. This is true even among those who do not take advantage of the opportunities. The essential point is that such opportunities exist.

A man's attitude toward his work, his superior, and his employer, will also depend upon the extent to which his working environment provides these opportunities, but he tends to formulate his attitudes toward these three factors in his work life separately. His attitude toward his work may be good, but his attitude toward his supervisor may be poor. His attitude toward his work, and his superior may be favorable, but his attitude toward his employer may be unfavorable. Whenever his attitude toward any of these three important factors in his work life are poor, his general motivation declines.

Attitudes toward his employer are formulated, for the most part, by the company policies and the company reputation in the community. Attitudes toward his work are based primarily on his interest in, and aptitude for, the kind of work

to which he is assigned. Attitudes toward his superior depend, for the most part, on the human relations skills of the supervisor, and the supervisor's attitude toward him. Accordingly, the employer who wants to maintain a high level of morale among his employees must formulate those policies and promote those supervisory skills upon which favorable attitudes and motivation are based.

Financial Incentives And Productivity

Financial incentives are provided in many compensation plans to encourage employees to meet, or exceed, acceptable standards of work performance. Basically, they are designed to maintain or increase productivity. Like so many other plans, Incentive Systems are neither intrinsically good, nor intrinsically bad. Moreover, they are not inherently productive. The effectiveness of financial incentives depends upon their design, and the extent to which they improve attitudes, morale, and cooperation between individuals and groups in the work place.

Among the variety of financial incentives in business are factory piece rate systems, bonus awards, sales commissions, and profit-sharing programs. They may be individual, or group plans.

These plans may vary in many respect but they all have one common ingredient which is at

the root of most favorable or unfavorable reactions to such plans, and that is a standard of performance to which the plan is geared. Antagonism toward work standards is fundamental in industrial life since it represents the amount of work one must accomplish in return for his wages. Where incentive systems are established, however, standards take on additional importance to employees and intensify the potential antagonisms, if not the actual antagonisms, not only between the employee and the management, but often between individual employees.

At the root of the antagonism which sometimes exists in incentive systems and thereby diminishes productivity are basic human characteristics which compel people to seek reasonable explanations for policies which affect them, pass judgment in matters which interest them, and pursue their personal and economic security. Accordingly, financial incentives will maintain or increase productivity only if the standards to which they are geared are reasonable and fair in the opinion of the employee, and he is able to meet or exceed the standards as required by putting forth an amount of effort which does not result in overexertion for extended periods. It is of little importance that the employer knows the standard to be systematically, objectively, and fairly established, or

that the amount of effort required to attain the required level of performance will not produce undue fatigue. The reaction of employees depends upon how he feels and believes, and not upon the facts of the case. Therefore, it will be important to the success of any incentive plan that the performance standards be objectively established, through methods acceptable to the employee, by a management or staff group in whom he has confidence, and that the administration of the plan be handled with human relations skills of the highest order. Otherwise the extra productivity and lower labor costs generally associated with financial incentives will be more of a fiction than a fact.

Fatigue And Efficiency

Fatigue and efficiency are relative terms and are related factors in industry. Unlike motivation and morale, however, there is a highly negative correlation between them.

The relationship between fatigue and efficiency is not a cause and effect relationship, but rather an association of one with the other. At the same time, the causes of fatigue are the causes of inefficiency. Accordingly the Business Manager must be aware of the influences which cause fatigue in individuals, and the programs available for replenishing the energy supply. Because of man's nature he has

physical, emotional, and mental energies and is subject to physical, emotional, and mental fatigue. When the demands upon any of these energies is excessive an individual's efficiency must suffer.

The demands upon physical energies, of course, arise out of physical exertion or continual physical stress involved in many types of jobs. Emotional energies are drained by such emotional upheavals as worry, tension, fears, anxieties, frustrations, and emotional excitements of various sorts. Psychological fatigue may result from mental application beyond the mental energy restoration rate, or from boredom and lack of interest in one's work. All three may be affected by work methods, working hours, or working conditions.

One of the basic problems for the Manager in dealing with fatigue is determining the specific kind of fatigue which exists, since the symptoms of all three types are often very similar. On the other hand, when the basic causes of fatigue are known, and the ways in which energies can be replenished at work are recognized, the employer can examine his policies, programs, and supervisory practices to determine if they tend to alleviate this condition. To the extent that they do, fatigue will be reduced and efficiency increased.

Personnel Relations And Business Policies

Business Policies are formulated to persuade the general public to invest its money rather than to save it, and to influence the customer to buy now rather than to postpone purchases. Persuasiveness is the essence of business policies which are designed to influence the public outside of the corporation. This is true, of course, because corporations have no legal or natural control over the behavior of anyone outside of its payroll. Actually, however, most employees are sufficiently independent of their employer as to require the same persuasiveness in his personnel policies in spite of his authority or economic power over them.

There are several reasons why the authority of an employer is of limited usefulness in the management of manpower, but most of them are to be found in the human nature of people at work. Basically, the only absolute authority which an employer has is to discharge his employee, and with the development of legislation, and the growth of labor unions, this absolute authority is being gradually limited. Accordingly, other techniques must be developed to induce the kind of behavior and cooperation which most employers want. Moreover, human beings are mobile and free to quit. They are a perishable asset and accordingly, their

strengths and energies cannot be reserved in inventory for release at some future date. Unused energies and talents are lost forever. In addition, they are rational beings and cannot fully accept any authority which is not reasonable to them.

Therefore, the employer who wants to achieve maximum effort and enduring cooperation from his employees in the most economical manner possible, must formulate policies which are persuasive rather than forceful.

Policies which will accomplish this result are as follows:

1. To select Personnel on the basis of their interest in, and aptitude for, the kind of work to which they are assigned.
2. To provide for training and promotion from within the company.
3. To respect the human dignity of individuals.
4. To provide maximum possible employment stability.
5. To give full consideration to length of service in matters of promotion, demotion, lay-off, and re-employment.
6. To pay wages which are relatively fair and provide economic benefits which are competitive.
7. To establish an effective system for the expression of complaints, along with

impartial consideration and equitable adjustments of grievances.

8. To encourage participation by all personnel in the solution of problems related to their jobs.
9. To provide for non-financial recognition in forms acceptable to employees.
10. To maintain the safest possible working conditions.
11. To establish performance standards objectively, review them regularly, and promote them continually.
12. To explain the reasons for any changes which affect the interests of employees.
13. To provide for regular reviews of employee's performance by his supervisor.
14. To accept labor unions where they exist, as employees view them.
15. To publicize the public reputation of the company among the employees.

Effective Supervision

One of the most important personal relationships in any working man's life is his relationship with his supervisor. Actually, he spends more of his active life in this relationship than in any other, and as people do in other personal relationships, employees have certain expectations which they hope to fulfill, satisfactions which they desire, and fears for which

they seek abatement, in their relationship with their superior at work.

Supervisory attitudes and techniques must be adjusted to these emotional and psychological needs if they are to be successful. While it is important that all levels of management develop the human relations skills involved in supervision, it is most important for the immediate supervisor of any group because he is the corporation image in their minds, and is in the most influential position in management. In addition, he is the sole source of many satisfactions which are requisite to maximum efficiency on the part of the employee.

Probably the greatest demand which employees make upon their superiors is for reasonableness. This may be expected since rationality is man's highest faculty and is the one which dignifies his nature. Accordingly, arbitrariness, subjective values, and emotionalism on the part of supervisors cannot be effective.

The sensitivities of human nature are such that defensiveness develops whenever men are threatened. This defensiveness normally results in retaliation to overcome the fears and anxieties which result from such an experience. Therefore, supervisory techniques which threaten an employee's security cannot be the most effective. Certainly the time comes when these approaches must be taken as a practical matter,

and they may be temporarily effective, but they are necessarily second best as techniques to promote maximum productivity over extended periods.

There is an aspect to human nature which inclines individuals to respond in kind to the attitudes and treatment they receive from others. It is difficult to dislike someone who likes us. It is difficult to betray someone who is loyal to us. It is difficult to attack someone who has defended us. It is difficult to harm someone who has befriended us. Accordingly, demonstrations of loyalty, friendship, and cooperation by a supervisor usually beget these in return. Supervisors who take an interest in an employee's problems receive an interest in theirs. Those who give consideration tend to receive about the same amount. Those who help an employee normally receive help from the employee.

One of the greatest mistakes that any supervisor can make is to adopt a fatherly approach, or to attempt to be one of the group he supervises. The reason for the ineffectiveness of these techniques is that employees positively do not want a father or a pal. They want a leader, and any image of a supervisor other than that of a leader is a disappointment to them.

Opportunities to practice these and other sound principles arise during the supervisor's

administration of a variety of policies and programs, particularly those involving merit rating, safety, selections for promotion, assignment of work, maintenance of discipline, handling grievances, and also when crises develop in the personal or family life of employees. To the extent that supervisors adhere to these basic principles of human relationships he will be effective in securing the kind of response he is seeking from his subordinates.

Psychology And Standard Procedures

While there is no basic or inevitable conflict between human efficiency and methods efficiency there is a point of diminishing returns in the regimentation of people through methods. That point is where the application of methods stifles the human needs and desires of personnel for reasonableness, fairness, participation, self-expression, pride of craftsmanship, and interest in their jobs.

The standardization of methods which are required to establish work standards in a piece-rate system is an example. Often these methods require working procedures which are in the opinion of the operators, less efficient than those which he would prefer to follow. They do not make sense to him and accordingly, they fail the test of reasonableness. At this point such procedures often result in less efficiency than

some which permit more latitude on the part of the operator. In other instances the standard procedures require unnatural movements for some employees and cause, in the opinion of such employees, an unwarranted discomfort to him. Obviously in such instances his attitude is not the kind which is conducive to maximum efficiency.

Job standardization is another example. Many employees whose jobs are standardized are not primarily interested in standardization. They are often interested to some degree in self-expression, creativity, and pride in their work. To the extent that they are, standardization may result in a loss of efficiency and the economics of standardization may be more apparent than real.

Mass production lines in plants and offices are prime examples of methods which can be extended beyond the point of diminishing returns where boredom develops, and results in expenses far greater than the economics which appear to exist from a purely engineering or methods standpoint.

Work Simplification programs are another example of plans which may actually result in less human efficiency. An interesting feature of these plans is that they often invite and encourage employees to make their own jobs

more routine, less engaging, and boring to the point where fatigue is induced.

Probably the most serious impact of a methods engineering approach occurs when deskilling of a craft results from breaking the craft into many pieces and establishing routine work for those involved. Not only is pride of craftsmanship destroyed, but an emotional, physical and psychological readjustment is often necessary in such cases. The loss of efficiency here can be very substantial and wipe out the apparent economic gain through a general depression of morale.

One practice in methods of work which almost always develops and results in impairment to morale and motivation is over-extension of the method. This occurs when the methods solution is extended beyond the area of the problem into areas where the problem is not recognized, or may not even exist. It happens in all companies unless particular attention is given to this hazard. When it occurs the reaction is one of actual objection, if not an expressed objection, because the instructions simply do not make sense to the employees to whom they are given and fail the test of reasonableness.

Throughout these programs of methods efficiency the important factor which may be ignored is that of the emotional and psychological

impact on the employee which can actually eliminate the apparent economic advantages in such plans. Accordingly, in the establishment of any methods programs, the employer must carefully weigh the recommendations of the methods engineer and the cost accountant to determine their effect upon human attitudes and morale. If he fails to do this, unionization, strikes, absenteeism, turnover, fatigue, carelessness, grievances, and other manifestations of low morale may very well require expenditures in excess of the savings earned.

Counselling

Among many programs available to management to improve morale and productivity is Counselling. Companies have found that even when they have established sound policies and programs, provided a grievance system, and trained the management personnel in the human relations skills of supervision, there is still a need for organized counselling. The reason for this is because many employees who are frustrated, or have deep-seated fears or anxieties, are not relieved of them by the company policies and supervisory relationship, and many others have emotional or psychological problems arising out of their home or personal lives. Usually these personal maladjustments are not sufficiently severe to require psychiatric help,

but they nevertheless reduce the individual's efficiency on the job.

The purpose of counselling, therefore, is to increase individual performance through emotional stabilization techniques. The extent to which a company may officially go may vary all the way from directing employees to outside agencies for assistance in problems of home life or personal maladjustment, to providing professional staff services on personal problems arising from sources inside, as well as outside the company.

PART III

LABOR RELATIONS

Among other relationships many employers have a business relationship with Labor Unions. In the chapter on Personnel Relations the importance of understanding the nature of men and the nature of their relationships was emphasized. In labor relations this basic understanding and a realistic concept of Labor Unions is equally essential if an employer is to deal effectively with them.

One must be just as careful in any generalizations about Labor Unions, of course, as one must be in discussing Corporations, or individuals, since they have many different and distinct characteristics. At the same time there are many features which are common to all labor Unions and there is a basic relationship between Unions and Corporations which necessarily exists. These, along with a discussion of labor relations policy, are the subjects of this chapter.

Labor Unions

The nature of a labor union is a political organization. They are not political societies, however, and while the difference may appear to be a fine one, it is an important difference, and one which employers must understand and fully accept, if they hope to deal effectively with unions and union officials. In political societies the elected leadership is vested with authority and enforcement powers sufficient to control the behavior of individuals and groups in the societies they govern. In political organizations, the authority of elected officials is limited to fines or expulsion from the organization.

Since the nature of a union is that of a political organization, it naturally follows that the officials of unions are fundamentally political leaders rather than authoritarian executives, even though they carry on many administrative duties in connection with their office. Accordingly, in their relationship with unions, any expectation on the part of employers that union officials can conduct their affairs as a business executive or as the governor of a political society is simply inconsistent with the facts.

Therefore the first requirement for effective relationships with unions is full acceptance of unions as political organizations and union officials as political leaders of the union membership.

Union-Management Relations

The relationship between unions and management is both functional and organizational.

The function of unions in the relationship is to secure and protect the economic and human rights of the membership through organized pressure on management. The fact that protection may not be necessary is unimportant. To survive, unions must continually protect and promote the human and economic welfare of the workers and demonstrate that they have done so, or their existence cannot be justified. The function of management, on the other hand, is to secure profitable business operations, and their existence is likewise threatened if they fail to do so. Therefore the relationship is one in which management and unions have conflicting primary interests, but at the same time, depend upon each other for the attainment of their respective goals.

The organizational relationship is one in which the union structure is superimposed upon the company structure, with union counterparts for management officials at each level of executive authority. Consequently the relationship is one which exists between several levels of command in each group, with interaction at all levels occurring simultaneously in the daily activities of each.

Need For Policy

Arising out of this functional and organizational relationship is a continual process of bargaining and communication in which individuals and groups are pressing for the attainment of their personal or organizational goals, and if an employer hopes to accomplish his objectives it is imperative that he formulate some basic labor relations policies to guide his management group in the dynamic relationship within which each of them must work. Any group which is not well organized, trained, and directed by basic policy is easy prey for one which is.

In negotiations, employers are often faced with bargaining strategy in which the demands of a union swing suddenly back and forth between such variable objectives as higher wages, profit sharing, guaranteed annual wages, shorter work weeks, co-determination of policy, joint administration of pension funds, arbitration of work standards, and safety administration. Sometimes these are merely preparatory to the introduction of demands, and the use of tactics, which would constitute a precedent in labor relations. Where more than one Union is representing employees, Unions often vie with one another to demonstrate bargaining superiority, or proceed without regard for the labor agreements already in effect with other unions.

Employers who negotiate with several unions are also often faced with basic differences in bargaining objectives, trade union philosophies, and negotiating methods among the unions themselves.

In collective bargaining and in multi-union relationships, therefore, the strength, stability, and consistency which is indispensable to good Labor Relations can only be provided through a firm, carefully developed, realistic, and fully supported Labor Relations Policy.

Labor Relations Policy

The formulation of a labor relations policy simply requires a declaration of intent or objectives with respect to matters of major importance to both the Corporation and the Union. This may vary from company to company depending upon the industry, history of bargaining relationships, past practices and other factors which must be considered, or from time to time depending upon changes in the labor relations climate or in Union Policies. The following areas of Company and Union interest, however, represent those which are usually of major concern to both parties in the bargaining process, and the policies illustrated are those which will usually produce the highest quality of Labor Relations, over the long term.

1. To fully and permanently accept any certified union as the legal representative of Employees in any matter which is declared to be an appropriate subject for collective bargaining under the law.
2. To bargain in good faith regardless of the bargaining tactics of the other party in the bargaining process.
3. To continue to bargain throughout the term of the contract on any matter which has not been fixed for the duration of the agreement.
4. To exercise the rights, and the responsibility, to manage the business. This includes the right to maintain order, to communicate freely and directly with employees, to establish work standards, methods, and procedures, and to proceed with any other operating requirements subject only to specific limits established in the Labor Agreement, and orderly objections through the established grievance procedure.
5. To freely discuss and explain any Company decisions which may affect the interests of the Union or the Union Members.
6. To respect the sanctity of contract.
7. To submit any question of contract compliance, which is not specifically reserved for Management decision, to Arbitration.

8. To utilize State and Federal Mediation and Conciliation Agencies at the times and for the purposes for which they were constituted.
9. To actively support Federal and State Labor Legislation when there has been a violation of the law.
10. To respect the Union and the human dignity of its members at all times.

It must be emphasized that these policies are only illustrative of many which usually tend to be most successful over extended periods of Union-Management relationships. The extent to which they are applicable and advisable in any company will depend upon many of the factors outlined in preceding paragraphs, and above all on the Human Relations climate in which they are to exist.

PART IV

COMMUNICATIONS AND GRIEVANCES

The healthiest societies in the world are those in which the members are well informed, and in which some kind of appellate system is available through which they can pursue their just rights without fear of reprisal. It is in these societies that the greatest prospects for harmony and reasonable action exist. Accordingly, if employers sincerely want cooperation from and among employees in the business society they must provide for effective Communications and Grievance Administration.

Communications To Employees

In the design of any communications plan Employers are faced with many general and special needs of their employees for information. For example, most employees need information regarding their security, their opportunities for advancement, and the fairness of their wages and benefits, along with explanations for policy

changes, and advance notice whenever possible about developments which affect any of these. The degree to which these information needs exist will vary, of course, with the age, education, sex, position, personality, and other differences between individuals, but everyone, at all levels, in all branches of the business, has some need for information in all of these areas.

At the same time, special needs exist in relatively small, but very important and expensive groups such as the Professional staffs, the Executive group, Research, Scientific, Management, Sales, Service, and others, for information peculiar to these particular occupations. The Salesman will hunger for any information about new product features which may be of little interest to the Legal, Medical, and Industrial Engineering Staffs. The interest of Scientific and Engineering personnel in information about technological developments is usually far more intense than their interest in the annual financial reports. Management groups have their own special needs for particular kinds of information, and their morale suffers in its absence.

Because of these variables, no single communication device is adequate. Employers must design plans to fit the needs and desires of different groups of people and this requires a variety of media and techniques. There are,

however, some basic requirements for any successful Communications program and these are discussed in the paragraphs below.

Basic Requirements

The basic requirements for any effective communication program are as follows.

1. A Policy.
2. Principles to guide those who are responsible for communicating.
3. A natural division of responsibility between line and staff.
4. Delegation of authority to communicate.
5. Training in Communication skills.
6. Clearly defined objectives for each communication media.
7. Staff coordination and control of all communication media.

Policy

As in other phases of business administration, a basic policy must be established as the foundation upon which programs and procedures can be built. This requires a declaration of intent or objectives by Top Management with respect to Communications. Essentially it amounts to a decision regarding the kind of information which will be communicated, and to whom.

Some companies have a policy of telling nothing to anybody beyond that which they must know in order to carry out the decisions of Management. Others extend their policies to communicating all non-confidential information in which employees have a natural interest. This does not include idle curiosity, but it does include any reasonable interest in the current or long range objectives or problems of the Company, or policies and practices which may affect the present or future jobs of employees. From a human relations standpoint, the latter approach to communications represents the most desirable policy objective.

Principles

In any communication plan, the size and complexity of the job necessitates a division of responsibility for integral parts of the program. Consistency among those responsible for communicating can only be insured through adherence to some set of principles by everyone who is communicating. Some of the principles which will insure this cohesiveness and consistency are as follows:

1. Communications to and from employees must be done whenever possible through the proper members of Management so that employees have confidence in, and

- close relations with, their supervisors.
2. Whenever decisions become firm, they should be communicated to the interested people before any action is taken to carry out the decision.
 3. All members of Management must accept, encourage, and take their proper part in the Communications program.
 4. Communications to Management people and employees must be immediate, and based on fact, regardless of the favorability of such facts.
 5. All statements of new or revised policies or procedures must be accompanied by the reasons for same.
 6. Management must be informed first of any Communications going to all employees.
 7. All members of Management must be given all significant information concerning the operations of the Corporation, Division, Plant, and Department.
 8. The effectiveness of Communications at any level of Management will depend on the effectiveness of Communications from above.
 9. Information must flow regularly from the Manager's office to members of their organization in acceptable form.
 10. Communications must be integrated

into a comprehensive system under centralized direction and control.

Line And Staff

If communications are to be most effective they must be done by those who are in the best organizational position to accomplish the objectives of communication, rather than by those who happen to have the skills required. Any assignment of responsibility for communications which conflicts with organizational alignments of authority and responsibility for operating efficiency weakens the organization and thereby weakens communication. Therefore, the division of responsibility for communication between line and staff is a most important one.

In reaching this decision the important principle to be kept in mind is that Communicating is inseparable from the general management responsibilities of line executives, and that while staff personnel can be utilized for specialized work in connection with the communications program, the emphasis must be on line responsibility for communications. Certainly, staff personnel can be made responsible and held accountable for promotion, technical assistance, training in communication skills, development of communication media, and the editing and publication of mass communication

pieces, but the responsibility for Communicat-
ing must rest squarely on the shoulders of the
line executives, from the top down. While there
are many aids to communication available, and
while their assistance may be indispensable,
they are no substitutes for the line manager in
an effective communication program.

Delegation

Delegation of authority to communicate
should be made for the same reasons that au-
thority should be delegated in any other areas
of general administration. Certainly this au-
thority must be limited. Line executives should
only communicate their own decisions in their
own respective jurisdictions, and house organ
editors must be governed by the limits of ed-
itorial policy, but everyone who has responsi-
bility for communicating must have commen-
surate authority to do so if they are to develop
their communicating skills. Without delegation,
the principles outlined in preceding paragraphs
are virtually meaningless, and to establish one
without the other amounts to a contradiction
which reasonable men cannot accept.

Training

Most men are not skillful in either oral or
written communication, although very few can

adjust emotionally to this fact. Effectiveness in Communication depends not so much on what is said, but rather, how it is said. In education it is often stated that when the student hasn't learned, the teacher hasn't taught. This hard fact is equally true in communication, and when the audience doesn't understand, communication simply hasn't happened. Therefore, if men are to be given communication responsibilities, and most men are unskilled in the art, the obvious requirement for effectiveness is training.

Training in Communication involves a dedication to the objectives of all Management training, and these are improvements in knowledge, skill, and attitude. Knowledge without skill is useless, skill without knowledge is meaningless, and the knowledge and skill a manager may possess will never be brought to bear upon the problem unless he has a proper attitude toward his communicating responsibilities. Therefore, if communications are to be effective, Managers must be educated in the subject itself, trained in the skills required, and provided with sufficient incentive to do their job well.

Supporting Media

Because it is not practical to expect line management to communicate all of the information which should be communicated, a

variety of devices must be used to support this mainstream of information down the line. Employee newspapers, bulletin board notices, published rules and regulations, employee handbooks, orientation films, company brochures, management newsletters, and annual reports, are examples.

These media all have separate characteristics and accordingly one is more suitable than another for any given communication job. Employee newspapers, for example, are the best choice where the objective is to influence employee attitude toward their Company, as opposed to their attitude toward their particular job or their Supervisor. Normally employee newspapers or magazines are issued to all employees at periodic intervals, and accordingly their content must be held to information of general interest and news which is of enduring rather than immediate or temporary interest. Bulletin Boards, on the other hand, are usually the most suitable for the communication of information to all employees which requires immediate release, or posting over an extended period of time. Announcements of general wage increases or new policy decisions are examples. Tab announcements are a suitable device for restricted distribution of information which must be released promptly to selected groups. On the other hand, a management Newsletter is

best suited to the task of keeping the Management group regularly informed of non-confidential developments and problems in the Management of the Company, and perhaps Departmental Bulletins are most effective for the communication of information which is only of local or departmental interest. Other media, of course, have their own separate and distinct characteristics.

Because these supporting media have different potentials and can serve different purposes, the objectives and use of each must be decided and clearly delineated to avoid confusion in the overall communications plan.

Coordination

Each of these written communications, along with face to face communication between members of Management and their subordinates, is an integral part of the total communications program of any company. Accordingly, they must be placed under the centralized direction and control of top level management. Centralized direction does not, of course, mean that a single office will communicate all things to all people. Indeed, this would actually relieve line and staff management personnel of their proper responsibility for communicating. It does mean, however, that a single office at top level,

well informed on matters throughout the Company, will insure adequate communicating activity on the part of Management personnel, through promotional, training, and auditing techniques, to avoid conflicts in the information communicated, to the maximum practical extent. Such integration will not necessarily cause any bottlenecks in communication or encumber Management personnel in taking prompt action where it is needed. It will, however, mean that compromises will be necessary between parties of different primary interest, but these compromises are no different than those which are regularly made in the best interest of the Company between Engineering, Sales, and Manufacturing in a matter of physical products to be designed, manufactured and sold. Furthermore, compromises in communications are equally reasonable, and necessary to the satisfaction of employees.

Grievance Administration For Union Personnel

Where a Union exists, communication with Management is ensured through the provision of a formalized Grievance procedure and by collective bargaining during the term of a labor agreement on matters of working conditions which are of concern to the employees. The protection and encouragement of a Union usually prompts most employees to utilize the grievance procedure and to seek redress for any wrongs

they feel they may have suffered, or to secure benefits which they believe are rightfully theirs. The political nature of a Union Leaders job is further assurance that serious or widespread discontent will be brought promptly to the attention of Management.

While it may be true that many grievances which are filed by Unions are not proper, and the grievance system may be intentionally overloaded at strategic times, and other political implications may enter in, an avenue does exist, nevertheless, through which legitimate protests can be made. In a Unionized group, therefore, despite all of the ills that may exist in the system or the labor relations climate, employees do communicate with Management and Management has some measure of the seriousness and extent of grievances among them.

Grievance Administration For Non-Union Personnel

In groups who are not unionized Management cannot have the same assurance of communication from employees which they have among organized employees. The basic communication problem among Unorganized employees, therefore, is finding out what grievances exist and measuring the seriousness of them.

This is the problem in an unorganized group

for basically two reasons. The first is because of human nature, and the second is because of existing legislation.

By his nature, the unorganized employee does not tend to express himself beyond his boss, and neither does his boss. He certainly does not tend to proceed to the second in command to complain about a decision of his immediate supervisor, and in many cases will not go beyond his boss or a minor Staff official to object to some aspect of company policy. His supervisor and the minor Staff official, on the other hand, simply do not encourage him to do so. Very few people in Management are happy to learn of a Grievance. It makes them uncomfortable, distracts them from their principal interest, and may even threaten their security if it goes beyond them. While many people in Management refuse to admit this, most employees know it and will not risk the possible penalties of processing a Grievance to the Top Management Level. These statements apply to Management, Professional, Scientific, Engineering, Sales, Service, and Technical personnel, as well as among Production and Maintenance employees.

If an Employer attempts to overcome these human frailties by providing a democratic system of employee representation, he is confronted with legislation which substantially limits his freedom to do so.

The objective for Management, therefore, is to design systems which will encourage all personnel, at all levels, to express their objections, fears, and frustrations, to the proper Management people, in an orderly manner, regularly, within the framework of existing legislation, so that general complaints can somehow rise to the top for Executive attention before concerted activity on the part of any group takes place.

There are five basic plans which will help a Management to accomplish this objective.

The first is something which might be labeled a "Swinging Door" policy. Probably the greatest reason for doing this is to clearly disassociate it from the conventional "Open Door" policy which has never produced anything, and is at best, very sloppy administration. The "Swinging Door" is the cornerstone of Grievance Administration in an unorganized company and simply amounts to a personal policy of each supervisor in the company to actively search for Grievances by keeping his office door swinging, not just "open" for those who are bold enough to enter, but swinging both ways so that he can easily get out of that office, onto the floor, and bring in the Grievances. This plan is the least expensive and most productive of any which have ever been devised because it is preventative and natural. It requires no formal training or special incentives, only the teaching and persuasiveness of good

example from the next higher level of Management. It has application among all personnel from Vice Presidents to Janitors, from Sales to Engineering. It has special application among Professional, Executive, Managerial, Scientific, and Sales groups because conventional Grievance Procedures and Union Methods are not generally acceptable to them. Where this policy exists at all levels, most Grievances expressed at the bottom will tend to rise to the top for Executive attention.

The second method is the Staff Meeting. This is a plan which also has special value among Management, Sales, Engineering, Scientific, and Professional Staff Personnel, and will reveal Grievances if the meetings are small, regularly scheduled, and held in a leisurely climate. Grievances must be sincerely solicited, however, since the normal tendency at such meetings is to impress the boss and not to annoy him. Success or failure here does not lie in the tool itself, but rather in the skill of the artisan. If Staff meetings are required at all levels in the organization a process then exists through which most Grievances at any level will find expression all the way to the top.

The third plan is Performance Reviews. This is one which constitutes an effective device for the disclosure of Grievances provided they are regularly scheduled, at no more than six-month

intervals, are clearly disassociated from Wage & Salary Administration, and the plan is simple in form and procedure. This type of program is not a substitute for the "Swinging Door" policy of supervisors, but rather complements it and catches many Grievances which would not be otherwise expressed. The skill of the supervisor is, of course, the key to successful discovery of a Grievance, and settlement is reached by actively representing one's subordinate through organizational channels to the proper Management official for final decision.

The fourth system is the formal and published Grievance process through which individuals may proceed to the Top Level. Such Systems will bring Grievances to the top and satisfy the needs which some groups have for such a procedure, provided that certain conditions are met. These conditions are as follows:

1. An individual must be permitted to bring another person of his choice with him to assist in the presentation of his Grievance. Many employees do not have the training of a Union Steward in Grievance presentation, and many are basically uneasy in the presence of 2nd and 3rd line Management. Another person of their choice can help to offset this insecurity.
2. There should be no more steps than are absolutely necessary in getting to the top.

If Union contracts provide a maximum of three or four steps to the top of a multi-plant corporation for a Union employee, no more than this should be required of a non-union employee. This will insure promptness in reaching a final decision, and thereby overcome one of the basic objections to the lengthy procedures which have been established in many unorganized companies.

3. Supervisors must be required to consult their superiors and appropriate Staff Personnel on policy matters where any doubt exists in their minds with respect to the proper application of policy when Grievances arise. At the same time, they should be encouraged to independently decide any questions which are within their scope of jurisdiction, or clearly within the policy of the Company. If the first requirement is not established there will be an unhealthy number of reversals required. If the second requirement is not met decision-making will rise to the top line and Staff levels and virtually destroy the proper function of supervision.
4. Supervisors must be supported by their Superiors when they have exercised basic operating judgment, but reversed by their superiors when they make an error in

policy interpretation. While a reversal will always irritate and discourage some supervisors, a Grievance procedure in which there are never any reversals, or at least compromises, soon becomes a farcical waste of time for employees and Management.

5. There must be a time limit at each step of the procedure, after which the Grievance automatically passes to the next step, if not answered. This will overcome the inertia which usually exists among Management personnel who are not under the threat of Union pressure, and will provide the employee with at least as much assurance of prompt action as is provided under Union contracts.
6. The procedure must be publicized and employees must be encouraged by their supervisors to use it. All of the publicity in the world, the pleadings of the Industrial Relations Department, and the friendly invitations of major Executives during the Orientation Program, will not successfully prevail against the influence of the immediate supervisor in this matter.

The Grievance Process has application among non-supervisory office and technical personnel, as well as Production and Maintenance. Its value is two-fold. First, it has psychological value

because it says that Management is interested enough in Grievances of employees to provide a formal procedure. Secondly, it actually produces Grievances.

The fifth system is an employee representation system in which groups of employees elect someone to meet regularly with Line Management in a Communication process through which Management supplements the rest of its Communication programs, and employees bring to the attention of Management any questions which any group of employees may have. The system finds special application among hourly rated, clerical, and technical personnel who want some alternative to a Union as a method of communicating with Management. It is a plan which will enable Management to keep its finger on the pulse of employee attitudes. It will overcome the hesitancy of individuals to express themselves through an Individual Grievance Procedure. It will enable Management to measure the extent to which dissatisfaction may exist among the employees, and it can be operated within the framework of existing legislation.

The success of such a plan, of course, depends upon adherence to some fundamentals, and these are as follows:

1. There must be no participation by the company, in any way, in the conduct of elections.

2. The function of elected spokesmen must be limited to presenting questions. They must have no function of reporting back to their group. This is a Management job.
3. The method of response to questions raised by employee spokesmen must be through a written memorandum, on departmental bulletin boards, addressed to all employees.
4. There must be Staff direction from a Top Level position and close coordination of the program throughout all departments.
5. Line Management, rather than the Personnel Staff, must play the principal role in the conduct of the program.
6. There must be a continual flow of information downward through the system, at the initiative of Management, and well beyond what may be specifically requested by employee spokesmen. Otherwise the meetings will degenerate into gripe sessions and the system will lose its most important feature, which is two-way Communication.
7. There must be prompt and friendly responses made to all appropriate inquiries. While there can be no fixed definition of what is and what is not appropriate for discussion at these meetings, certainly

any question of company policy, objectives, plans, and other subjects which companies regularly discuss with Union officials could hardly be considered inappropriate for discussion with unorganized personnel.

Objectives

If any company wants to adopt any form of these plans for the non-union groups probably the greatest decision it will make will be the objective of the program which is established. If the only purpose in establishing a Grievance Program for unorganized personnel is to keep them unorganized, it will probably fail. Negative thinking has never paid off in any field of Management and there is no good reason to believe that it will pay off in employee relations. On the other hand, if the purpose is to grasp every opportunity for better Management and greater profit through effective administration of Grievances, it will probably succeed.

PART V

Legislation

In the field of Industrial Relations Employers are confronted with several types of legislation. Among them are laws governing the wages he pays, the hours of work he establishes as a normal work day or work week, overtimes rates of pay, the extent to which he must finance Unemployment Compensation Benefits in his community, the Social Security taxes he must pay, his liability for accidents which occur in his business establishment, his employment standards, his promotional policies, and his discharge practices. In addition, he faces special laws governing the employment of minors and women, and in many States laws have been enacted to insure a standard of health and safety for everyone. If his employees do not belong to a Union he is prohibited from many activities which might discourage unionization, and if he is dealing with a Union his collective bargaining activities are also covered by federal and state legislation.

Any attempt to interpret these laws without full knowledge of all of the facts to be considered in each separate case would be ill-advised if not acutally misleading. Therefore, the way in which these laws would, or should be applied under various circumstances is set beyond the scope of this study, and Employers are referred to their legal counsel or appropriate Administrative Agencies for advice if there is any question of compliance. However, it is possible, in a very general way to outline the basic objectives of these laws, the extent of their coverage, their fundamental provisions, the enforcement procedures, and the penalties for violations. In the paragraphs below these aspects of this body of laws will be discussed.

Unemployment Compensation

In the enactment of Social Security Legislation Congress declared that the public interest would be served best if a minimum of subsistence was provided for the aged and unemployed citizens of the country. At the same time, it was also declared to be in the public interest to provide some financial security to citizens who were temporarily disemployed through no fault of their own. The first objective has been accomplished through a National Social Security Act and the second through State Unemployment Compensation Acts.

The enactment of Unemployment Compensation laws by each State has naturally resulted in some variances between these laws in their regulations, administrative procedures, and benefit levels. However, there are many basic principles which govern the administration of these laws in all of the states, and in the paragraphs below these common features are outlined.

Coverage

In all states financial responsibility under the Act is extended to Companies whose payrolls exceed a specified number of employees, and the number is stipulated by each State. All individuals employed by covered Employers are covered for benefits provided they meet the State's eligibility requirements.

Financing The Plans

There are a few States who finance their plans through a tax on the employee and on the employer, but most States place the burden of this expense exclusively with employers, through a tax upon wages paid to their employees. Some States have a standard tax rate, but most of them have established some form of graduated tax rate which is based upon each employers record of employment stability. Under these graduated tax structures employers who have a minimum

of lay-offs pay a minimum tax rate and those who have periodic or large scale lay-offs pay the maximum.

Benefits

The Federal Statute under which the State plans have been established does not stipulate any standards which must be met by the States. Accordingly, variances exist in the level of benefits provided by each State. In addition to specific levels of benefits States are at liberty under the Federal Statute to establish their own requirements for the payment of benefits. Generally, however, they all require that an individual must have earned a specified amount of wages for a certain period of time within some base period.

Eligibility

In all states, claimants must be willing, able, and available for work to be eligible for benefits, and as a rule will be disqualified from benefits for a period of time if they have voluntarily quit their jobs without good cause, or have been discharged for misconduct in connection with their work, or have refused suitable work.

Administration

State laws are administered by Unemployment Compensation Commissions who establish

the administrative rules and regulations necessary to give force and effect to the law. In addition, these Commissions develop all of the administrative and appellate procedures which they believe are required.

The determination of an individual's eligibility for benefits is normally made by a local office of the State Commission. This determination is made on the basis of the facts obtained from the claimant, the facts obtained from the employer, and the applicable provisions of the State law. Should a claimant or an Employer disagree with any determinations made by a local Commission Office, procedures are provided through which either party may appeal to an Appeal Board, and then to a State Court.

These laws and the Administrative Agencies established to insure compliance are only concerned with a claimant's eligibility for benefits and an Employer's tax liability under the law. Accordingly, Unemployment Compensation Commissions have neither the authority nor the responsibility to order the reemployment of any claimant, even when he may have been discharged without good cause, and in actual violation of some other State or Federal statute. Their responsibility and authority is limited to the determination of eligibility for State benefits.

Workman's Compensation

Workman's Compensation laws have been established in each State to minimize the impact of wage loss and medical expenses upon workers who suffer injuries, or who contract industrial diseases, which can be attributed to their employment. Industrial injuries or diseases may result in a partial or total disability, and the disability may be temporary or permanent. In any event, the expense for the injured worker is minimized through the payment of hospitalization and medical expenses incurred, and the provision for weekly disability benefits equal to a percentage of his normal wages.

Since these laws were developed by each State over a period of fifty years without any strong direction or guidance from the Federal Government, there are many variations between them, particularly in the extent of coverage and the benefits provided.

Coverage

Most of the laws apply to both private and public employments, but no State compensation law covers all employments. Some laws restrict coverage to so-called "hazardous" employments. Many laws exempt employers having fewer than a specified number of

employees. Usually the law excludes farmwork, domestic service, and casual employments. Some States also exclude employees of charitable or religious institutions.

Because of the wide variation in coverage between the States, and the employee exclusions provided in these laws, employers must consult the appropriate agency in each State or avail himself of legal counsel to determine his liabilities under this body of legislation.

Financing The Plans

Workmen's Compensation plans are financed exclusively by employers. Neither employees nor the government share in the expense of the benefits provided by the statutes. The method of financing these plans is through insurance, rather than through taxation. To make certain that benefit payments will be made when they are due, Employers are required by law to obtain adequate Workman's Compensation Insurance or to give proof to the State of his financial ability to carry his own risk. This latter method is known as self-insurance.

Benefits

Most States base the weekly disability benefits on a percentage of the average wages received by the worker when he becomes disabled.

In some States the percentage varies with the workers marital status and number of dependents.

Actually, however, injured workers do not always receive the percentage of their wages stipulated in the law because of other provisions which require a waiting period before payments begin, or maximum dollar limits on weekly or aggregate payments. For example, a law may provide that a disabled employee shall receive a benefit of $66 \frac{2}{3}$ of his average wage---up to a maximum dollar benefit of \$40.00..... after serving a waiting period of seven days.

Medical services are provided to varying extents under these laws, with most of them authorizing unlimited Medical aid and many of them providing rehabilitation services for the injured workers. Death benefits are also provided in cases of fatal accidents or injuries, with an additional amount allowed for burial expenses.

Eligibility

In most cases any covered employee who has an injury or a disease which arises out of and in the course of his employment will be eligible for Workmans Compensation. As a rule it is of no importance that he may himself be guilty of contributory negligence, or that some

other employee caused the accident through horseplay, or that the employee was aware of, and assumed the risks of his job when he accepted it. These may be defenses under other law but they are not available to employers under most Workman's Compensation Laws.

Administration

The determination of employer responsibility under these laws, and the enforcement of compliance, is vested in State Commissions. These tribunals evaluate the facts, the evidence, and the testimony of claimants and employers, and determine the compensability in each case under applicable provisions of the statutes. If either party involved disagrees with a final decision of the Commission the case may then be taken into a State Court for adjudication.

The State Commissions are only concerned with the employer's financial responsibility and the claimants eligibility for benefits under the Workmans Compensation Law. They have no authority, therefore, to order the reinstatement of any employee, even though the claimant might be entitled to such reinstatement under some other State or Federal Law.

Penalties

Should an employer fail to meet the insurance requirements, for any reason, the laws

provide for penalties which range from a small fine to \$500.00 per day. Some laws specify imprisonment, and others provide that the employer shall be prohibited from doing business until he complies with the insurance requirement. If an employer should fail or refuse to accept an Order of the Commission, such employer may be taken into a State Court in a suit against him by the State Commission.

Anti-Discrimination Laws

In several States and Cities laws have been passed to prohibit Employers from discriminating against applicants for employment and against their employees on bases such as race, color, religion, national ancestry, and age. Discrimination is prohibited in matters of hiring, promotions, compensation, working conditions, privileges, discharges, and other terms or conditions of employment, except where the employer's decision is based upon a bona-fide occupational qualification.

Like the Workmans Compensation Acts, these Anti-Discrimination laws have been developed independently by States and Cities over a period of several years. Accordingly, differences exist in the extent of their coverage, the specific practices prohibited, and other features, and employers must consult the law

in effect wherever he does business to be certain of compliance.

Coverage

Most Industrial and Commercial Employers will be covered wherever these laws are in effect, if more than a specified minimum number of personnel are employed. In some States all employers working under public contract are covered regardless of their size. Some of these laws also extend to non-profit organizations of a fraternal, religious, charitable, social, or educational character. As a rule, employees are covered if their employer is covered. There are usually no exemptions.

Unlawful Practices

Generally, it is unlawful for an employer to discriminate in any of his policies on any of the bases prohibited by the law. In order to prevent or avoid violations many of the acts also prohibit the following specific acts of employers:

- (1) Eliciting any information concerning the race, color, religion, national origin, ancestry, or age of an applicant.
- (2) Making or keeping a record of the race, color, religion, national origin, or age of an applicant.

- (3) Using any form of Application For Employment which requests information regarding race, color, creed, national origin, ancestry, or age of an applicant.
- (4) Publishing any advertisement indicating a preference on the basis of race, color, creed, national origin, ancestry, or age.
- (5) Establishing or following a policy of limiting employment opportunities to a fixed percentage or quota on any such basis as race, color, creed, national origin, ancestry, or age.
- (6) Utilizing any Agency or other employee-referral sources which are known to discriminate in their referrals on the bases prohibited by the Acts.

These are typical of the practices which are prohibited, but do not, of course, represent either an exhaustive or an inclusive list. Whenever such legislation exists, however, agencies are available to assist employers in proper observance of the law.

Administration

Administration of these laws are the responsibility of Commissions appointed wherever such legislation has been passed. They have the authority to investigate complaints, subpoena records and witnesses, and use any other legal means of determining an employer's compliance

with the law. In addition, they issue regulations and procedures which are deemed to be necessary to accomplish the intent and purpose of the law, and carry out any administrative work required in connection therewith.

Penalties

Although the usual penalties for violations are authorized by these laws, as a practical matter the enforcement pattern usually consists of education, conciliation, orders to cease and desist, and orders to reinstate discharged employees or otherwise comply with the law, before any financial or more stringent penalties are imposed. The reason for this approach by the Administrative Commissions is that the objective of the Acts is primarily to promote social harmony, and only secondarily to penalize offenders of the law.

It should be emphasized that the authority and responsibility of these Commissions is limited to cases in which discrimination has occurred on a limited number of specific bases. They do not rule out all discrimination on all bases, and where discrimination has taken place on some other basis, such as Union Organizing activity, these Commissions have no responsibility or authority to act.

Veterans Reemployment Laws

In 1940, 1948, 1951, and 1952 Federal laws were passed which provide reemployment rights for Veterans and impose a legal responsibility on employers. The rights of Veterans and the responsibilities of Employers will vary to some extent with the period during which the Veteran served in the armed forces. However, a basic provision in all of them is that any employee who enters the armed forces is entitled to reinstatement after his discharge to his former job, or a position of similar seniority, status, and pay, provided he is still qualified to perform such a job, and the circumstances of the employer have not changed so as to make re-employment impossible or unreasonable.

Obviously the application of these provisions requires considerable administrative judgment and interpretation, since the circumstances surrounding each case can vary so substantially. The responsibility for providing this administrative guidance and the enforcement of these laws has therefore been placed in the United State Department of Labor, Bureau of Veterans Re-employment Rights. Employer's seeking direction in matters of their responsibility under this legislation may also contact any local office of the Veterans Administration.

Wage And Salary Legislation

Employer's decisions in the field of wages and benefits affect public interest. Therefore, the Congress and some State Legislatures have enacted laws governing several aspects of compensation in most industries. However, because of frequent changes in administrative rulings rendered by agencies charged with enforcement of these laws, and since the application of the law to each specific set of facts may vary, no attempt will be made here to interpret the law. Such questions should be referred to legal counsel or to administrative agencies if compliance with current legislation is to be insured. It is possible however, to set forth in general terms the intent of this body of legislation, the extent of coverage, basic requirements for compliance, the enforcement procedures, and the penalties for violation.

Legislation

Laws which affect an employers labor cost and regulate his administrative decisions, are those providing for minimum wages, for overtime pay, and for taxes based upon payroll dollars.

Under its authority to regulate interstate commerce the Federal Government has legislated in all of these areas. Under their authority

to regulate intra-state commerce most states have also passed laws in some of these same areas.

The federal legislation with which most employers who are involved in interstate commerce must be concerned are the Fair Labor Standards Act, the Walsh Healy Act, and the Social Security Act.

The Fair Labor Standards Act is a law which includes provisions establishing a minimum wage and overtime pay requirements beyond 40 hours per week for all employees involved in interstate commerce. The Walsh Healy Act is a law which includes provisions for overtime pay beyond 8 hours per day for employees who are performing work under contracts with the Federal Government in excess of \$10,000.00. The Social Security Act is a law which requires a payment to the Federal Government, of a sum equal to a specified percentage of total payroll expense, to support the Federal Old Age and Subsistence Benefit Program. Most employers involved in either interstate or intrastate business are covered by the Social Security Act.

Not all employees, however, are covered by the Fair Labor Standards Act or by the Walsh Healy Act. Moreover, the tax provided by the Social Security Act is applicable to only a limited amount of payroll. These qualifications and

exceptions are outlined in the following paragraphs under each law.

Fair Labor Standards Act

This Federal law, which is popularly referred to as the Wage and Hour law, includes the following general requirements for employees subject to the act.

1. A minimum wage must be paid to all employees who are covered by the law.
2. The minimum wage must be paid for all time which qualifies as hours of work under the law.
3. Employees who are covered by the law must be paid a wage equal to one and one-half times their regular rate for all time worked beyond forty hours in any work week.

To comply with this law each employer must determine who is covered by the law and who is exempt from the law in his particular organization. He must also determine the time which should be included or excluded from hours of work. In addition, he must ascertain what labor expenses should be included or excluded from the "Regular rate" upon which the overtime payment is based. Along with these he must know the record keeping requirements, be familiar with the enforcement techniques of the Administrative agency, and be aware of the financial penalties imposed for violations.

While generalizations must be approached cautiously it is possible to provide at least some general guides to employers in these matters, and the following statements represent an attempt to do so. Again, however, employers must seek legal counsel for any definite determination based upon their own particular set of facts.

Coverage

Generally, when the employer is covered by the act all of his employees are covered, except those whose duties qualify them as Executive, Administrative, Professional, Outside Sales, or Retail personnel. Employees in any of these categories may be exempt if their duties and salary meet tests which have been established by the Wage & Hour & Public Contracts Division of the Federal Government. Since the tests are different in each category employers should refer to the tests which are currently in effect and available from the Federal Agency to make this determination.

Hours Of Work

Hours of Work, as a rule, will include all of the time during which an employee is engaged in the principle activities of performing his job. This will usually include all work activities

which are essential to the performance of his job, or an integral part of his job, and will also usually include any periods during which the employee is required to remain at the employer's place of business. It is important to note that Hours of Work will also include any time during which an employee is permitted to work. Accordingly, the fact that an employee was not requested or required to remain at his job after his normal quitting time is no defense under the law.

Regular Rate

The regular rate which is to be used as a basis for computing overtime pay may be generally defined as the amount of time wages which an employee is guaranteed during his regular work hours. Accordingly, payments for Vacations, Holidays, Sick Leave, and other periods during which an employee is not at work may be excluded from the computation of regular rate. Bonuses or other gratuities which are granted at the sole discretion of the employer may also be excluded, along with incentive earnings which are not part of an established rate. Overtime pay itself, and premium pay for extraordinary hours worked such as Holidays or Week-ends are similarly payments which are made in addition to, rather than as a part of, the employees regular rate. On the other hand,

a shift premium which is paid as a matter of policy for every hour worked during specified hours may be considered a part of an employees regular rate.

Records

In addition to meeting the provisions of the law employers are required to maintain records of their administration to demonstrate their compliance whenever they may be called upon to do so. Moreover they are required to maintain such records for specified periods.

Enforcement

The Fair Labor Standards Act is enforced by the U.S. Secretary of Labor through the Wage & Hour Administrator, who makes routine inspections of wage administration in a cross section of industry, and also investigates selected employers upon the complaint of an employee, or upon a report of violation.

Penalties

Penalties imposed vary of course with the degree of violation, but broadly include fines, imprisonments, and injunctions where necessary to prevent an employer from shipping goods in commerce which have been produced in violation of the act.

Walsh-Healy Act

The Fair Labor Standards is applicable to industry in general. In addition to this law there is also a group of federal statutes which regulate wages, overtime, and hours of work on Federal Government Contract work. Among them are the Walsh-Healy Act, the Davis-Bacon Act, the Kick-Back Act, and the Miller Act.

The statute within this group which is applicable to the largest number of employers is the Walsh-Healy Act. This federal law covers employers who hold manufacturing contracts with the Federal Government in excess of \$10,000.00, and includes the following provisions affecting an employer's labor costs and wage administration.

1. Employees covered by the law must be paid a rate equal to the prevailing minimum rate in the industry as determined by the Secretary of Labor.

2. The minimum prevailing rate must be paid for all time which qualifies as Hours of Work under the law.

3. Employees who are covered must be paid a wage equal to one and one-half their regular rate for all overtime in excess of eight hours per day or forty hours per week, whichever results in the greater compensation.

As is the case under the Fair Labor Standards Act, certain classifications of employees

are exempt from the provisions of the Walsh-Healy Act. These include office, administrative, custodial, and maintenance employees. Exemption tests are also provided by the Government for employers to make proper determinations of exemption in each of these categories.

In general, the guides used to determine Hours of Work and regular rate under the Fair Labor Standards Act are also used under the Walsh-Healy Act. Furthermore, the record keeping requirements and the investigation procedures are generally similar. Penalties imposed for violations are as severe as those provided under the Fair Labor Standards Act, and in addition may involve the loss of contracts and blacklisting of the company in so far as future government contracts are concerned.

Because the balance of Federal Legislation affecting compensation is applicable to a minority of employers these statutes will not be covered here. Prudent employers, however, should ascertain their obligations under these statutes through their legal counsel because of the heavy penalties involved for violations under all of them.

Social Security Act

The Social Security Law provides retirement benefits for all employees covered by

the act, to be financed jointly by the employee, the employer, and the general public through taxation. The Employers tax is, of course, part of his labor cost. The tax has gradually increased over the past years to a point where it now may exceed \$100.00 per year per employee depending upon the amount of wages paid. Furthermore, under the law the employer's labor cost will continue to increase since the statute provides for specific tax increases at stipulated future dates.

In so far as labor costs are concerned there are two important facts to be considered by businessmen with reference to this statute. The first is that his statutory expense increases or decreases with the number of personnel on the payroll. The second is that his expense under this law increases or decreases with a rise or fall in wage levels. These are important cost-profit considerations when the employer is increasing or decreasing his work force, preparing his budget, estimating cost, computing the demands of Unions, or evaluating the influence of wages on prices or profits.

While it is a relatively simple statute in so far as compliance is concerned, it represents a part of total compensation and labor expense.

In addition to federal statutes several States have enacted legislation which includes requirements beyond those of the federal laws, and

where this has been done employers must, as a rule, comply with the requirements of the most generous of the two. Since the variances are so numerous and detailed no attempt will be made to cover them here, but rather, employers are referred to the State agencies involved to make certain they are in compliance with all legislation which may affect their compensation plans or labor cost.

Labor Relations Laws

The Federal Government and most of the States have enacted laws which establish rights and responsibilities for Employers, Employees, Unions, and Union Members. Basically they establish the rights of Employers to protect his property and other investments in his business, as well as his rights to operate his business without illegal interference from Labor Unions or employees. They establish the rights of employees to organize themselves into Unions for purposes of collective bargaining with Employers, and to enter into specified concerted activities in order to do so. They set forth the responsibilities of Employers to allow for Organization by their employees, and to bargain with Union Officials over terms and conditions of employment. They also set forth the responsibilities of Unions in the Collective Bargaining relationship with Employers.

In addition to the rights and responsibilities of the parties involved, these laws also prohibit specific activities by Employers, Unions, and employees which contravene the purposes of the act, provide for administrative and judicial procedures, and establish Agencies to enforce the Acts.

Fundamentally they are concerned exclusively with Management-Union relationships and do not attempt to regulate or control the activities of employers in matters of wages, hours, working conditions, hiring, lay-offs, demotions, discipline, discharges, or any other practices unless the employer's action is taken with the intent to discriminate because of union activities. If the Employer discriminates against an employee for any other reason, this legislation is not applicable, although other laws may be. Because of the variance in the provisions of State laws, only the Federal Statute will be discussed here, and employers are referred to the Department of Labor of the various States for further information on additional State legislation in this field.

Coverage

The Federal Statute, known as the Labor-Management Relations Act, applies to all employers who are engaged in interstate commerce or who affect interstate commerce, and the

tests used to determine coverage is a volume of business involving the flow of goods across State lines. Accordingly the number employed is not a factor. Employees are covered if they work for a covered employer and hold non-supervisory classifications, unless they are covered by other Federal Legislation such as the National Railway Labor Act.

Unfair Labor Practices

The law prohibits certain practices before, during, and after Labor Agreements have been negotiated. Essentially they are limits on the activities of Management and of Unions to protect the rights of both, as well as the rights of employees.

During organizational periods, for example, Employers are prohibited from interfering with or coercing employees who are exercising their rights to self-organization under the law, and are indulging in proper concerted activities in the course of doing so. They may not dominate or otherwise interfere with the administration of any union after it is formed. Discrimination against any employee for the purpose of discouraging unionization is also forbidden by the Act, and, of course, any refusal to bargain in good faith with a certified union before or during the term of a Labor Contract is also prohibited. Unions, on the other hand, may not

attempt to force an employer to discharge or otherwise discriminate against employees who are not members of the Union, unless the employee is working under a Union Shop Agreement and has defaulted in payment of his initiation fees or dues. Refusal to bargain in good faith is an unfair labor practice for a Union just as it is for an Employer. Under the Act Unions may not engage in secondary boycotts or strike to settle jurisdictional disputes. Attempts on the part of a Union to force an employer to bargain with it when another Union has been certified as the legal representative of the employees is outlawed, along with attempts to force employers to pay for services not performed. These and other limitations are embodied in the act and constitute the kinds of activities which are prohibited as unfair labor practices.

Rights And Duties

Generally, the rights and duties of all parties involved are reflected in the Unfair Labor Practices specified in the Act. While they are written to limit the activities of Employers and Unions they simultaneously establish rights and duties for the Employer, the Unions, and the Employee. For example, the right of employees to join or to refrain from joining a Labor Union is guaranteed since interference in this matter

by an Employer or a Union is outlawed as an Unfair Labor Practice for both. The right of a Union to organize the unorganized is provided in the law by prohibiting any activities on the part of employers which may interfere with the legitimate organizational endeavors of Unions. The right of an Employer to continue his operations without interruption because of jurisdictional disputes imposes a duty on Unions and employers to settle such disputes through methods other than that of a strike.

In society at large, and in other forms of legislation, the rights of one party impose a duty upon the other, and the rights of one are limited by the rights of the other. This is also true in Labor Legislation.

Administration

The Labor-Management Relations Act is administered by the National Labor Relations Board. This is the Federal Agency which is responsible for the conduct of Union Elections, the certification or decertification of Unions as legal bargaining agents for employees, and the investigation of Unfair Labor Practices. Commensurate with this responsibility it is empowered to establish the rules, regulations, and procedures required for orderly administration, and to issue decisions and orders to

Employers and Unions consistent with the Statute. Should an Employer fail or refuse to comply with an Order which has been issued, the Board may bring suit against such employer in Federal Court to obtain compliance.

Other Legislation

In the preceding paragraphs only the laws with which most employers are frequently concerned have been discussed. In addition to these there are a multiplicity of Federal, State, and Local laws which may also impose legal restrictions or responsibilities on employers. For example, the Welfare and Pensions Disclosure Act requires Employers to register their Insurance and Pension Plans with the Federal Government and to file periodic reports on them. The Internal Revenue Act establishes requirements which must be met if Employer contributions are to be Tax-exempt. Some State Labor Laws require reporting to, and participation by State Mediation Boards when labor disputes arise, and there is a host of local legislation covering the health and safety of personnel.

Accordingly, the presentation above is neither inclusive nor exhaustive, and the full text of all applicable laws must be consulted for complete coverage.

CONCLUSION

Corporations were created by men to live as corporate citizens in a social order. They do not exist in all social orders and their lease on life depends upon the general approval of the society in which they exist. To the extent that they fulfill a desirable social objective they shall be permitted to continue in the societies which have given them life. The key to permanence and growth of corporations, therefore, must be through the maintenance of sound human relations, serving the public interest, and conducting their business affairs as a useful and law abiding corporate citizen.

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