

Management Looks at Labour

J. H. M. Jones

ENGINEERING, as a profession, suffers too much from a degree of specialization which has a confining effect upon our overall contribution to society. This stems from the very nature of our training and development. The reduction of our problems to enumerated facts—the necessity of applying empirical data to support theoretical considerations—the application of propounded natural laws—all these tend to place our profession in a bounded sphere wherein our objectives seem ever to skirt the abstract in favour of the more definitive relationships. While this has produced the wonders of the mechanical age the engineer-creators have, to a large extent, become the very prisoners of their own system. That this situation is becoming recognized today is evidenced by the broadening of curricula in our engineering schools with the introduction of subjects dealing with the more liberal arts and sciences. Undoubtedly this new viewpoint will widen the fields of our endeavours enriching our individual lives and that of the society in which we live.

During the last forty years we have witnessed the tragedy of two world wars with their terrible aftermath. While historians will ever attempt to identify the underlying causes of these tremendous upheavals, the ordinary man in many countries has long come to the conclusion that the simple cultivation of human relationships, if practiced by nations, could have prevented these catastrophies. These years are a

period when mass psychology has been applied as never before—often succeeding in the enslavement of whole nations through insidious workings of an almost barbaric form—again in a quiet though determined flow the tides of reaction are working for the minds of the same men through a world instrument that may yet prove to be mankind's most valiant attempt to ascend the Olympian Heights.

FOR engineers the possibility of retirement within the comfortable crystal palace is gone forever—we no longer can design the modern way of life without showing how to live it—we no longer can develop the theories without further submission and expostulation. It goes without prediction that the debut of the engineer into the field of human relationship will mark his firm establishment as a great contributing factor to the advancement of religion, government, arts and sciences in the future.

Engineers, generally speaking, form a part of management. And management, which is the government of industry, is concerned as never before with the minds of its workers. The dawn of this realization was not long in taking place though its full impact has not yet been felt. With industry becoming more and more of a public interest the cotton-swaddled era of management has departed. Management is now in the front window of scrutiny whether it likes it or not. There-

fore, many of the older concepts must be revised, and it is well at this juncture to look at the newer functions of Management in order to lay a foundation for the better appreciation of one of its most important duties—labour relations.

The Functions of Management

THE most direct form of management, that of the owner-manager, is fast disappearing. In the 19th century with the rapid development of machinery and the general spread of industrialization, the size of undertakings began to increase tremendously bringing new complexities into the hitherto relatively simple relationships. It gradually became impossible for the owner himself to perform all the management functions with efficient results. The Capital-Labour effort thus became linked through the position of overseer or manager. In early times the function of the manager was severely limited by the owner-capitalist. This led to wide-spread abuses which, in time, brought about the foundation of the labour movement. The emphasis for many years following was almost entirely upon the development of the functions of organized labour while the manager, although being forced to accept the changed conditions, did little to guide the course of events, and, more often than not, endeavoured to stamp out the movement at every turn.

As usual, in major trends of this kind, the pendulum began to swing back in the other direction. F. W. Taylor, Gantt and Fayol introduced the concepts of a scientific approach to the overall purpose of management. It gradually became apparent that the functions of industrial management had to be broadened if the system of Capital-Labour co-operation was to endure in this era of quickening development. The manager thus became a management group with latent organizational possibilities that have been a stimulation and a challenge ever since. From a cadre of a few experienced managers under a restrictive system has grown a scientific profession charged with difficult relationships and heavy responsibilities yet retaining

sufficient elasticity in its outlook to face the ever-changing horizons.

To reduce the basic functions of modern management to list form is but an attempt to enumerate its principles. In the days of the overseer these were merely to see to the owner's property and to get the work done. Today we would have the following:

- I To assume the responsibility of the owners for the management of the enterprise involving the complete direction and control of its operations.
- II To interpret properly and effectuate the policies of the owners and, at the same time, exert a professional influence in their formulation.
- III. To provide a formal administration of the enterprise in conformity with governmental laws and regulations.
- IV. To act as the custodian of all the assets of the enterprise both human and physical.
- V. To discharge the foregoing in a manner compatible with the public weal.
- VI. To act as a firm connecting link between Capital and Labour.
- VII. To provide for the continuity of the enterprise through intelligent and resourceful planning.

While this framework does not contain all the areas of management contribution it nevertheless is sufficiently liberal for the purposes of this paper. The fact that today Management recognizes that in addition to its responsibilities to the owners, it has obligations to its employees and accountability to the public indicates how far we have come from the days of the overseer.

The Position of Labour

WE all know that essential to any industry are materials, money, and men. Most of us are familiar with ma-

terials and it is presumed that we have a speaking acquaintance with money. But few realize the full importance and value of the third essential, namely men. The success of a Company is ultimately measured by its balance sheet and yet this, the greatest asset of all, is not even listed therein. Perhaps it is that this great possession is beyond all price and can only be reckoned when it is lacking.

Human effort, mental and physical, crowns the success or failure of every undertaking. Advantages and resources can only be made effective by *people*, and behind every success story and every pile of masonry and steel lies the toil of an endless chain of humans. They are held to their tasks by the fragile thread of co-operation which possesses, strangely enough, elastic properties beyond comprehension.

A system of co-operation cannot be developed by mere willingness or threat of compulsion. It is only possible when the workers want it so and this is firmly recognized by the enlightened Management of today.

Thus the modern Management is cognizant of these facts—its greatest asset is labour; Labour becomes a force for accomplishment when organized under a system of co-operation with the vehicle Management itself. Its success or failure devolves entirely upon its skill in cultivating, fostering and maintaining an intangible known as the Management-Labour relationship. This relationship is not a spontaneous affair. In the very broadest sense it is a managed relationship.

The Management-Labour Relationship

LET us examine the Management-Labour relationship.

First of all there must be a mutuality of interest to sustain the connection. The prime object is to produce, whether it be a better mousetrap or an automobile. It is clearly Management's duty to keep the production purpose constantly before Labour with all the skill at its command. The goal must be kept alive to meet the changing conditions and the method varied to challenge the best efforts of all. The approach should always be in the form of

the team endeavour with emphasis on full co-operation. The most compelling strain in group action is pride of accomplishment and this is even greater when spontaneity can be achieved.

The proper Management-Labour relationship is founded on mutual respect. This should include the spirit of friendship under the panoply of which there is a frank recognition, tempered with forbearance, of each others shortcomings. Both are dependent upon the other; both are essential; both have rights; both have feelings, pride and discouragement and both are jealous of their reputation. It is essential that neither, in spite of natural differences, should prove unworthy of the respect of the other. If this clear-cut maxim can be followed the foundation for a successful relationship is well and truly laid.

Then there is trust—the dependency on each other's spoken or written word. While the relationship today is more often formalized under a written contract between Management and Union, it is recognized that no document can replace the moral trust of the parties. The sanctity of keeping the obligation once taken is supreme.

Much has been written of Labour's rights under the relationship. Labour has the right to expect Management to treat the workers as human beings. This should not imply paternalism or a slackening of discipline which would result in inefficiency. All employees are entitled to a feeling of self-respect and even to some feeling of self-importance.

The worker's wage should be worthy of his hire. Collective bargaining is now a generally accepted practice with covering regulations and government certification provided by Statute. There will always be a conflict of ideas concerning the amount of Labour's recompense which, however, may be resolved if both parties are prepared to negotiate fairly at the bargaining table. Labour also has the right to treat for its working conditions, though the wise Management will try to correct sources of dissatisfaction before they become paramount issues for dispute.

LABOUR has the right to expect reasonable opportunities for its workers. Farseeing Management promotes from

within wherever possible and the "forgotten man attitude" should be inconceivable.

Workers are entitled to reasonably stable earnings and to a measure of security compatible with fair returns to the owners. It should be recognized, however, that such benefits are dependent upon Labour's willingness and ability to produce.

And lastly, in the words of one of Canada's labour leaders, A. R. Mosher—"Labour has the right to expect that the Management of any industry will be technically competent to operate it in such a way as to make the best use of the facilities at its disposal, including the manual skill of the workers themselves. Labour recognizes that the level of remuneration which Management receives in the form of salaries or bonuses is usually warranted by the duties and responsibilities which Management must assume."

It is manifest that in the Management-Labour relationship there are certain prerogatives that redound entirely to the sphere of Management.

First and foremost Management must have the full right to manage. This is a rather sweeping generalization and it is true that a great deal of controversy has occurred over the limits and boundaries of Management's influence. Properly drawn labour contracts define to a broad extent the rights of both Labour and Management. While of recent years there has been a tendency for Labour to attempt to acquire some of Management's powers, this has been tempered by Labour's realization that its best hope for success lies in its continued acceptance of comprehensive managerial sovereignty.

While the management function is an essential element of the system it is axiomatic that Labour must understand the requisite nature of Management's part and that its freedoms are quite as fundamental to progress as those of Labour.

Management should have the loyalty and co-operation of its workers but only so long as these are deserved through performance of its trust.

Management and Labour are interdependent and complementary. Though their perspectives and viewpoints cannot

be similar, nevertheless their main objective of efficient production is common. When properly united in this vital purpose the result can be of tremendous benefit not only to themselves but to the community.

Good Labour Relations—Management Viewpoint

IT is generally recognized today that the corporation with good labour relations is nearly always a successful enterprise. Conversely it might be said that it is impossible to be successful without these good relations. Be this as it may, it is indisputable that good relations with Labour don't merely happen—there are compelling reasons for this satisfactory state that will reward the earnest investigator.

Disputes and work stoppages make the headlines—continued harmonious relationships rarely do. Thus it goes without much notice that in the past year probably 95% of the Labour contracts in Canada were renewed under negotiation without any work stoppage. From time to time much is written about the causes of industrial unrest. It might be that a better understanding would be had if there was more investigation of the reasons for *industrial peace*. If the case histories of successful and peaceful relationships were examined many of the following factors would be found to be present.

- A mutual respect of the parties.
- Workers will have benefited from good working conditions and fair wages resulting in low turnover and absenteeism.
- Company profits and productivity high.
- Workers sense of security.
- Negotiations conducted on a high plane and without undue delay.
- Parties able to settle their differences themselves without resort to outside influence.
- Parties willing to discuss a wide range of subjects.
- Contracts have been religiously observed.

—Company organization is clearcut and provides for proper foreman authority and consultation.

—Grievance procedure sound, rapid and fair.

—Good personnel techniques employed

—Paternalism in any form avoided.

—The managers able to get along with the men they supervise.

We sometimes wonder about the overall progress of labour relations. Labour has become highly organized and as such has assumed a vital role in our economic and political system. Most of us need no reminder that the balance of social forces which has produced our tremendously increased production is often delicate. There are occasions when the influence of Labour is just as potent as the influence of Management. After both world wars, periods of labour unrest were experienced. It is perhaps a gauge of progress that the loss of production after the last war was considerably smaller than after the first and accompanied with far less violence.

Trends in Labour Relations

THIS paper would be incomplete without some reference to the place of Government in labour relations. Recently most of our Provincial Governments have enacted new labour legislation to provide for and establish the regulations covering collective bargaining between Management and Labour. These Labour Codes set down the general rules under which collective bargaining and the productive association of Management and Labour take place. They provide also for the respective rights and checks upon the misuse of power by either party. Such checks, however, to be respected must be enforced. Apart then from this duty the role of Government must be the part of an interested spectator, although one of great influence. It is generally acknowledged that only in certain fields of commerce and industry is Government administration necessary for efficiency. The record of its ventures outside this narrow sphere is not encouraging.

The increasing complexity of modern business will demand more and more attention from Government at all levels and more stringent controls *unless* Management can measure up to the job ahead of it. We can not pass on to Government any of our responsibilities without in return giving up some Management prerogatives.

The job ahead of us is to train our Management Group to accept the responsibilities which any Corporation has to its workers, owners, and the community. For it is from these groups that the pressure for increased controls will come.

What then of the future in this all important area of Labour Relations. Can we hope for a period of labour peace after the storm and struggle of the past few years? One can foresee no sudden calm descending upon us because we are dealing with people—large groups of them under different conditions and their actions and reactions can not be predicted by any established physical laws. The interests of Management and Labour will always be divergent at some points and we may be thankful that they are from the standpoint of our national productivity. Utopia would not be a desirable place in which to live.

WITHOUT a doubt Management will share more of its responsibilities with Labour, but only because an enlightened labour movement with a sound educational and training program of its own will have demonstrated its ability to accept these responsibilities. Within the field of Management and Management Training more emphasis will be placed on the ability of key personnel to deal with people. All the distinctive qualities and virtues of the business professions will have added to them a more generous humanism. There must be more "in-plant" training to assist in acquiring these skills and the assistance of University extension courses will be required. Labour Unions will receive more universal recognition from Management and their security will be assured. However, too much security can weaken any organization and it will

be necessary for these groups to show that they still have a useful function to perform by helping to increase the productivity of industry. This challenge will strengthen both Unions and Management. With a high calibre of leadership the challenge will be met.

Wallace Clarke, Director of Industrial Relations of the Ford Motor Company of Canada, says in an article entitled, *Labor and Management Approach Bargaining Maturity*:

"In dealing with human relations in industry it is natural to concentrate on the problem, not on the achievement. On this continent it is sometimes forgotten that despite a never-ending variety of problems which press in upon us in our daily business life, we are the envy of other peoples throughout the world.

This envy is often thought to be of our productivity, of the material comforts in which we surround ourselves. This, associated with our ingenious machinery, our skilfully organized assembly lines. Other

peoples envy what they sometimes call our know-how.

Know-how is usually taken to be something we, on this continent, know about making things. Yet what is it we make that other people cannot make? The answer is nothing. Does know-how then refer to our methods? This is not likely. There is no secret about our methods—people come from all over the world to study and copy them.

Our know-how is the envy of the world. Primarily because we on this continent, despite our strikes and differences, have learned more about co-operation between Management and Employees than any other productive people.

Whether or not we are able to produce today and tomorrow will depend not upon outside sources, not upon Governments, not upon mechanical processes, not upon philosophies—but upon the simple human relationships that exist from day to day and from hour to hour between the individuals of Management and the individuals who are responsible to them."

Recipe for Uneasiness!

Every unused or misused faculty becomes a focus of uneasiness.

PAUL BOURGET