

*Elliott Jaques*

---

## Working-Through Industrial Conflict

The Service Department at the  
Glacier Metal Company\*

Whether people work more efficiently and with greater satisfaction when there is a direct financial incentive, such as that provided by piece-rate systems, can be considered an open question. Indeed, it is unlikely that such a question can be answered by itself, because the way people are paid is only one facet of a large number of interdependent sociological, technological, psychological, economic and cultural variables which interpenetrate to create social climate and community morale in industry. An opportunity to study this problem in some detail occurred, when in January, 1949, the research team received a request jointly from the management and the workers in the Service Department of the Glacier Metal Company, a light engineering company in London to assist them with discussions on whether or not they should switch over from piece-rates to hourly wage rates.

### *Organization and History of the Department*

The Service Department is similar to a small company. It is a relatively independent unit engaged in the sale of replacement bearings and in repair work, with subsidiary manufacture of small runs or special orders. It has its own administrative staff, drawing office and sales organization, employing altogether some 100 people, 40 of whom were at this time on piece-rates.

It was first established as a separate department in 1931 as a result of an increased demand from customers for repair services. Until the war years the new shop felt itself to be separate from the rest of the factory. It had its own customers, with whom there was close personal contact, for much of the pricing of jobs was done by direct meeting between customers, supervision,

\*A revision of Chapter 4 in *The Changing Culture of a Factory*. London: Tavistock Publications, 1951.

and operatives. This feeling of independence was fortified by the shop having its own gate and working different hours from other shops; its operatives were not asked to take part in the 1935 strike. During the depression years, its members felt more secure than other Glacier workers, because the shop was steadily growing and able to take on workers laid off in other parts of the factory.

During the war the work of the department had become so extensive that increasing systematization was introduced in costing, pricing and handling of stocks, and this brought an end to informal contact with customers. Also during this period there was some lessening in the amount of repair work carried out, customers preferring to obtain new rather than relined bearings. This change necessitated modifications in the department's activities, particularly with regard to their stores and commercial activities.

In 1943, a *Payment by Results on Time Basis Scheme* was introduced. This was a payment by results scheme with rates calculated in standard minutes, rather than a money contract for a given job which the operative could then complete as quickly as he wished. This new system was tried out for three months, at the end of which management was satisfied, but the workers were not so sure. Partly as a result of the attitude of their trade union officials, who pointed out that they seemed to be better off financially under the new system, the workers agreed to change over, on condition that they could change back if they wished. Although there is no indication that such a change was asked for, the *minute system*, as it became known, fell into disrepute, and the impression grew in the shop that it had been imposed by the management.

In 1947, the shop manager retired, and the present divisional manager and shop superintendent were brought in. They were most anxious, in line with the general policy of the firm, to establish good relations in the department, and to bring it into closer contact with the rest of the factory, but felt only partially successful. The workers' representatives, led by the convener of shop stewards of the Amalgamated Engineering Union, remained suspicious, not only of their own departmental management, but of the whole consultative set-up of the factory. They had withdrawn their Works Committee representatives in 1944 because they considered the Glacier model of joint consultation out of line with normal trade union practices, and had only consented as late as November, 1948, to elect representatives once again, for a trial period of one year, during which they intended to consider their position further.

### *Nature of the Problem*

The proposal to change over to hourly rates was first mooted by the divisional manager in February, 1948, in a talk to the whole department, in which he

reasoned that service work, which consisted of repair jobs, did not lend itself readily to payment by results, since no two jobs were alike and jobs differ each time they come through the department, because of distortions and varying conditions of the bearing shells. Piece-work prices as set on work of this sort could only be estimates, so that constant adjustments were necessary to ensure a fair rate. For a majority of jobs this meant a discussion to work out an adjustment on the existing rate, which not only used up time but involved complications in the costing and financial organization of the department. There had been continuous dissatisfaction with the piece-work system in use (the so-called *minute system*) ever since its introduction by the previous management in 1943; some jobs paid well, others not so well, with the result that it was possible for unskilled operatives to earn more than craftsmen. The chronic irritation produced by the system was believed by both management and workers to be costly in reduced output and in lowered morale.

The reaction of the operatives remained reasonably favorable to the proposed changeover at intermittent discussions held during the year, and the management agreed to get out proposals for an average hourly rate for piece-rate operatives, based on the average level of piece-rate earnings for the shop. On 31 December, 1948, the divisional manager called a meeting of all operatives and offered an average flat hourly wage of 2s. 8 $\frac{3}{4}$ d, not including the national bonus, to the piece-workers. This figure included a deduction of about a penny an hour per operative to allow for a possible slight decrease in productivity under a flat-rate scheme. Since this was an average some would earn less, and others more. The exact method for determining each individual's rate had been left to be agreed between management and the workers' representatives.

During this meeting one question was raised which was to recur frequently, "How would output be maintained when piece-work incentives were withdrawn?" The divisional manager's opinion was that this was essentially up to the workers themselves, but he was confident that people would behave responsibly and that output would suffer little, if at all. Checks on the level of productivity would have to be made, he thought, but this could be done in broad terms and need not be related to individuals.

A *Wages Committee*, composed of the Shop Committee, the divisional manager, the shop superintendent and the shop accountant was set up to consider the matter in more detail. It held its first meeting on 2 January, 1949, when the workers' representatives reported mixed feelings in the shop, with some in favor and some suspicious of the proposed changeover, the latter attitude expressing itself in such comments as "What are the management up to now?" and "What are they going to get out of this?" In view of the suspicions complete facilities were given to the Shop Committee chairman to make whatever checks he liked. This included the provision of detailed department

figures from which he could make independent calculations in consultation with his own trade union officials. It was also decided to enlist the co-operation of the research team both "to obtain advice on how to avoid likely pitfalls," and with the hope that the presence of outsiders might in some way alleviate some of their difficulties. In reply to this request, the research team project officer met the divisional manager on 5 January, and on behalf of the research team, agreed to provide consultant services.

### *Negotiations About Payment*

The Shop Committee chairman spent much of January and February reviewing the wages figures and consulting with his district officials. This review completed, the second formal meeting of the Wages Committee was called.

*Wages Committee: 23 February.* As this was the first meeting the consultant had attended, he took the opportunity at the outset to explain his role as laid down in the terms of reference of the project. The management then explained that although the piece-workers, because of the penny an hour deductions, would lose 2s.-4s. per week per person, this would be offset by their greater security. The workers would not accept this, because there were certain operatives who would lose materially. One person in the shop, who (it was admitted) was earning anomalously high rates, would suddenly be deprived of about £1 10s. a week; and another group of six or seven would lose between 6s. and 12s. In spite of these difficulties, however, the Shop Committee did consider that the proposed new set-up would be better for the shop as a whole; and therefore, provided that a satisfactory formula could be found to ensure that no one would suffer too much, it did not seem unfair that some should lose a little in order to achieve a better balanced wage structure for all.

During this meeting the consultant suggested that there might be value in finding out in more detail what the Shop felt about the new proposals, in order to take into account the operatives' feelings, not only about the wages question, but also about the morale issues which would inevitably be bound up with it. This suggestion was not discussed; instead a small sub-committee composed of the two Works Committee representatives, one Shop Committee member, the divisional manager, and the departmental superintendent was set up to work out a fair method of calculating individual wages, so that no one would lose too heavily.

*Wages Sub-Committee: 25 February.* The divisional manager opened the meeting, saying that its purpose was, first, to consider how the research team could help to organize group discussions to enquire into attitudes towards the proposed change-over and, second, to discuss proposals for calculating individual wages under a flat-rate scheme. The Shop Committee chairman imme-

diately disagreed. They were there only to talk about wages proposals. The Shop Committee itself was the sole body which could take decisions on finding out what the workers on the shop floor were thinking. The consultant referred here to the Shop Committee's suspicion of himself and his role, and emphasized that he and other members of the research team would act only in concert with the Wages Committee as a whole. But this suspicion of him must surely in part indicate suspicion amongst themselves, and the fear that one party would be able to use him against the other.

This reference to existing attitudes in the group seemed to reassure them, and they went on to a discussion of various wages proposals. But, during the next hour and a half, not more than fifteen minutes were spent on the proposals themselves; the rest went on a wide variety of general morale issues such as: How much will the change-over alter the existing relationship among workers, between workers and management, and particularly between workers and supervisors? What happens if wages are fixed and production goes up? What techniques can be used to get general agreement in the shop? How will the supervisors behave under such a scheme? Can a supervisor be guaranteed that no worker on his section will earn more than he does?

When the consultant commented that their talk was demonstrating how inextricably the wages proposals were tied up with other morale issues in the shop, the divisional manager suggested that each supervisor might be asked to enquire into the feelings of his section. The Shop Committee chairman opposed this "investigation of workers' attitudes, since all supervisors were on management's side."

The divisional manager complained, "You're suggesting there are two sides to the table. I feel that we're all in this together."

"There *are* two sides to the table, and I don't want the supervisors poking their noses into the Shop Committee's business."

"I don't think we can go on if you're going to use language like that."

"I don't care whether you object to my language or not. I'm going to be blunt; this is the way I feel about the matter."

The atmosphere was charged. There had recurred in a slightly different form what had earlier appeared as suspicion that the research team would usurp the Shop Committee function, and possibly act on behalf of management alone. The consultant therefore interpreted this to them as a displacement on to supervision of suspicion towards himself and the research team, representing once again their own suspicion of each other at the moment. This, however, was vigorously denied. But, quite unexpectedly, it was suddenly recognized that there was no representative of supervision on the Wages Committee, and they decided to remedy this shortcoming before the next meeting.

*Shop Committee: 2 March.* A few days later, the consultant was invited by the superintendent to attend a meeting in his office. Agreeing, the consultant

found himself at a private meeting of the Shop Committee; the Shop Committee chairman having arranged this with the superintendent. The consultant having raised the issue of the suspicion in the Committee of the research team, the suspicion itself appeared to be diminished somewhat. But what, he asked them, was to be his role at such a meeting; did they wish his advice on how better to handle management; and what would they say if they saw him or any other member of the research team meeting privately with management, or with supervision? Surely, he said, if he would help them against management, they would have every reason to suspect that he might equally help management against them.

This last point struck home, and made it possible to settle two important questions before the consultant agreed to remain with them. First, he would comment only on their own relations with one another, and on their work as a Committee; that is, he would not put forward views on any persons or groups other than those immediately present. Secondly, they should raise at the beginning of the next meeting of the Wages Committee the question whether or not the research team might meet independently in this way with any section of the department—management, supervision or workers.

During this meeting, the Shop Committee members expressed far more anxiety than they had dared reveal openly in the Wages Committee. The management, they feared, was trying to put something over on them, and if output went down, would scrap the whole scheme and put them back on piece-rates. They were uncertain what to do, because the people on the shop floor whom they represented were deeply suspicious of the proposals. Because, from their discussion, there was little indication that they had a rounded picture of the attitudes of their constituents, the consultant suggested they might find their job a lot easier if they would undertake serious discussions throughout the shop before proceeding further. This would not only acquaint them with shop attitudes, but would give the shop an opportunity for more active participation, and would make it easier for themselves to report back developments as they occurred. Although some continued to maintain that the shop was interested in nothing but the size of the pay packet, the Committee as a whole accepted the suggestion and asked for the assistance of the research team.

In a short special meeting the next day, the Wages Committee adopted the principle of the research team co-operating with sub-groups in the department, and the consultant found himself in a position he had not previously experienced—a relationship with a group composed of management, supervisors and workers, and at the same time carrying on independent relations with the component parts. Role conflicts that might arise—as, for example, when meeting separately with the workers, he had already learned of attitudes towards management which had not been expressed in the Wages Committee meetings—he hoped to avoid by relying more than ever on the general method

of confining his remarks to what was happening in the here-and-now of each group. Although it was impossible for him not to be affected in his observations of the total group by what he knew from contact with the parts, he anticipated that he could avoid confusion on this score by the ordinary procedure of always having tangible evidence in the here-and-now, under whatever condition, for the interpretation made.

### *Attitudes at Shop Floor Level*

*Group Discussions: 8 March.* The forty piece-workers were divided into five groups of eight, with one Shop Committee member delegated to each. To obtain a comprehensive picture it was decided to have one of the two Works Committee representatives and two members of the research team present at every group, one of these latter to take part in the discussion, and the other to record. A short meeting had been arranged between the research team members and the two Works Committee representatives half an hour before the first discussion to make sure that everything was set. Unexpectedly, however, the divisional manager turned up, explaining that, although he was not expected, he felt compelled to express his fear that the two Works Committee men might so orient the discussions as to have nothing talked about but the size of the pay packet. He hoped that this would not be so, and that they would also discuss in general how to improve the atmosphere in the shop, adding that he was surprised that so little mistrust of management had been reported so far in the Wages Committee.

The Works Committee representatives replied that they had no desire to lead the discussions in any particular way, but wished only to present the facts and to find out what the shop floor was thinking. Accepting this assurance, the divisional manager withdrew, leaving the two trade unionists looking at each other. One commented "He certainly seems anxious about our discussions." The other nodded in acquiescence.

### CONTENT OF GROUP DISCUSSIONS

The groups ran smoothly. Each session lasted its full hour, and most had to be broken off to allow the next to come in. To meet the suspicion present in every group that research team members would report secretly to management, the workers' representatives explained that we were there at the request of the Shop Committee. But in no case did this seem noticeably to diminish the suspicion, and this, the consultant suggested, meant that the workers were suspicious that their own Shop Committee was in league with management. This interpreta-

tion brought into the open such comments as “the Shop Committee are management stooges and buffers,” and allowed partial resolution at least of some of the workers’ strong concealed doubts regarding the integrity of their committee.

The wide variety of matters raised during the discussions is summarized below, categorized under the rough headings used by the Shop Committee chairman.

#### MATTERS RELATING TO THE PAY PACKET

Since most people were frustrated by the existing piece-rate system, the Shop Committee received definite instructions to negotiate with management a change-over to an hourly wage, to be calculated on each individual’s existing basic rate plus 65 percent. This figure of 65 percent was alleged to have been read from a productivity chart posted in the department, which recorded the average weekly piece-rate bonus earned over the past year. Since the institution of an hourly wage would bring considerable savings on overheads by eliminating the complex administrative set-up required under a piece-rate system, the Shop Committee was asked to secure a proper distribution of the savings throughout the department.

Next came a demand for a slight increase in pay, which grew out of strong expectation that under the new set-up the workers would be able to increase their productivity. Under piece-rates, every man was out for himself; there was no time to help others out of a jam. People tried to put aside jobs unlikely to pay well, and these so-called “bad jobs” often led to bottle-necks. An hourly rate with a secure pay packet would overcome these difficulties, since it would no longer matter if a job was “good” or “bad,” and there would be no barriers against co-operative work. And what was more, the workers’ wives would also be happier, knowing for sure what money to expect each week.

But what would happen if productivity increased? Would management institute an effective and agreed method of recognizing satisfactory efforts? It was proposed that the practice should be introduced of having a continuous measure of the productivity of the shop.

#### SAFEGUARDS AND GUARANTEES

The number of safeguards and guarantees asked for in most groups provided one indication of the morale problems in the shop. The management might wish to change back to piece-rates at a lower level if the new scheme did not work, and the Shop Committee was asked to secure some kind of guarantee

that any agreed rate would be upheld. If another department changed over to hourly wages at a higher rate than that which they obtained, would they be able to re-open negotiations to increase their own rate? Or if they settled for too low a rate, this could be used by management to drive hard bargains with other piece-rate departments making a change-over.

Under a flat hourly system supervision might begin to "push them around and tie them to their benches." A trial run of the new system for a period of three months was demanded, with the provision that there would be a minimum of interference from supervision; otherwise the workers would never be allowed sufficient time to get used to the new system and show what they could do when they had settled down. The sick, the elderly and other categories unable to work quickly might find themselves penalized, and how, it was asked, could they ensure that a man would be given satisfactory opportunities to increase his skill and, hence, his basic rate. Appropriate protection against such eventualities had somehow to be obtained.

#### GENERAL MORALE QUESTIONS

The department was not thought to be as happy a place as it could be. There were mixed feelings toward the supervisors, who were felt to drive the operatives too hard, but mainly because they themselves were being driven by shop management, which "must have something up its sleeve; they must be getting something out of it or they wouldn't have proposed the scheme in the first place." After all, had management not originally put forward the proposal that the operatives should drop a penny an hour on their existing rates, on the grounds that there was likely to be some drop in production if the piece-rate system with its incentives was discontinued? Surely here was proof that management had no confidence whatsoever in them as workers.

A second factor was the memory the workers had of how the original piece-rate system had been introduced by the previous management four years before, when they had been promised that if they did not like the new system, they could discontinue it. In spite of much criticism at the time, nothing had been done about changing it, and the shop was left feeling that the scheme had been forced upon it. As a result, they were fearful that the present management would impose the scheme they were now considering, even if they did not agree to it.

#### *Interdependence of Morale and Methods of Payment*

*Shop Committee: 9 March.* The following day the Shop Committee met to consider the results of their discussions with the rest of the workers, and

decided to press for basic rates plus 65 percent, though they would be prepared to come down to 60 percent if necessary, with the proviso that before accepting any scheme they must first check the new earnings of each individual so that no outstanding injustices would be done. Although the consultant pointed out to them the strong taboo which was operating against the management and the workers talking to each other about their behavior, they determined that morale issues, particularly those dealing with the behavior of supervision and management, were to be held in abeyance for fear that raising them too directly might "get them all thrown out of the office by management."

*Wages Committee: 10 March.* A meeting of the full Wages Committee took place the next afternoon at 3 o'clock, at which the Shop Committee put forward their proposal for a 65 percent increment. The management, taken aback, explained that the average bonus was 57 percent, the operatives having made the error of taking the highest figure to be the average. The Shop Committee men were not inclined to recognize their error, and confusion as to where the figure of 65 percent had come from led to a stalemate. Apart from one moment when the management expressed appreciation of the Shop Committee chairman's statement that with a fair wage the operatives would certainly keep up and possibly even increase production, an interminable, if rather polite, wrangling over percentages was all that ensued until the overtly calm and friendly atmosphere turned into silence. This seemed to the consultant an appropriate moment to take up certain aspects of their relationship.

He first pointed out that whatever arrangement they came to they would still be faced with the need to resolve the emotional stresses between the people in the room. These stresses had been demonstrated in the operatives' unwillingness to recognize their error in the discussion of the 65 percent, and they could be seen again when the divisional manager had asked what would happen if productivity went down. The Shop Committee had snapped back that management did not have faith in the workers; and this in turn management vigorously denied.

The consultant then suggested that, if one also took into account what was known from previous meetings—e.g., the divisional manager's anxiety on the morning of the group discussions, and management's fears in general that workers could not be trusted to keep production up; the Shop Committee's oft implied suspicion of management; and the first hot-tempered argument between them all, management, supervisors and workers alike—it was obvious that much more was going on under the surface than would appear from the placid atmosphere in the Committee.

In short, there was evidence from both the present and the past of strained relationships. How could they hope to arrive at a mutually agreed and satisfactory wage level for the shop so long as their fears and suspicions of each other

were preventing them from conducting their negotiations with proper effectiveness?

Reactions to these remarks were immediate. The divisional manager said that they would be better off if they would take some of these attitudes into account, the supervisor, that it was about time such problems, which everyone knew existed, were discussed openly, and the Shop Committee chairman, that they all deserved the "kick in the pants" which had been given them. The consultant observed that it was not a matter of "kicking people in the pants" but that there were issues which affected their discussions and prevented them from reaching agreed solutions.

The atmosphere became easier, and they managed to reach conclusion on the point that small adjustments should be made in the case of those individuals who stood to lose too much. With this as a kind of successful test-out, one of the Shop Committee members revealed that the shop floor suspicion that management was trying to "fiddle" had arisen from the proposal that a penny an hour should be taken off their wages because of possible loss of production. With such frankness as the keynote, the divisional manager replied that he was now satisfied that the shop would maintain production, and was prepared to drop the proposal about the penny deduction.

This constructive atmosphere soon evaporated. Too many other problems were plaguing them. What would happen to individuals who lost money? Could productivity be maintained with the new types of work coming in? Complaints were made about current rate fixing, and there were problems about individuals whose present basic pay was too low. All these questions, though aired, remained unresolved. Everyone was worn out, so that when the divisional manager and the superintendent suggested that they should find some way or other of calculating a reasonable percentage figure and report back, this proposal was jumped at all around.

Two notable features characterized this meeting. One concerned the fact that, hard as they were still trying to confine themselves to the financial aspects of the change-over, they spent between 50 and 75 percent of the time, directly or indirectly, on the related morale issues. As a result there was an openly expressed dissatisfaction in each meeting that everyone "kept bringing up side issues." The other notable feature was the greater security of the Shop Committee, who now spoke more as representatives and less as individuals, the group discussions having increased their confidence.

*Shop Committee: 16 March.* Certain morale issues were now becoming pressing in spite of the attempts to keep them back. The Foundry had opened negotiations to change over from a group bonus to an hourly rate, and the service department workers' leaders were unsure how their own position would be affected if the Foundry changed over before them to either a higher or a

lower equivalent rate. There were also divergent opinions among them regarding the shop's ability to maintain the existing level of productivity—the chairman arguing that the Committee itself should be able to guarantee a good production rate, while others were afraid that this meant taking too much on themselves, particularly in view of their fear that supervision would adopt a “nose to the grindstone” attitude.

The consultant referred to their difficulty in confining themselves to the wages question, to their lack of agreement with each other, and their anxiety about having too much responsibility, and queried whether some of their suspicion of management did not represent an outlet for their uncertainties about their own position *vis-à-vis* both their own constituents and workers' representatives from other departments.

A heated discussion followed, out of which emerged a general line that was maintained in all their dealings with management during the next few weeks: first they would try to negotiate a satisfactory hourly rate; this having been done, they would then take up morale questions before finally agreeing to the change-over.

*Supervisors and Shop Committee: 30 March.* At this stage another event of considerable importance in the life of the department occurred. The superintendent and the Shop Committee chairman arranged a joint meeting of all Supervisors and Shop Committee members to go into the differences which existed between them. The consultant was asked to attend. Discussion centered on tooling problems, which were used indirectly as a means of talking about their relations with each other. The consultant interpreted the undertone as an argument in which supervisors accused workers of not putting their backs into it, and workers accused supervisors of not properly carrying out their responsibilities. One supervisor thought workers raised these tooling problems just to be awkward. Shop Committee members—and they said this went for the rest of the shop too—believed it was no use bringing these matters up because you got no change out of supervision.

The meeting then got on to the difficulty of timing and assessing piece-rates on some of the jobs coming through. Stating that it was departmental policy to compensate a worker on a poorly timed job by giving him an appropriate *Additional Wages Issue*, the superintendent looked at the supervisors and said, “That is what you do, isn't it?” As a “yes” came from one of the supervisors, some of the workers' representatives broke in with, “Why don't you ask the chaps in your section what they think about it?”

The net effect of these exchanges was an arrangement for workers' representatives to be brought more into consultation when prices were being fixed. As a member of the Shop Committee put it, “You don't tell us anything, and expect us to work with you—where is the co-operation round here, anyhow?”