

THE HUMAN FACTOR IN BUSINESS

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LONGMANS, GREEN, AND CO.

39 PATERNOSTER ROW, LONDON

FOURTH AVENUE & 30TH STREET, NEW YORK

BOMBAY, CALCUTTA, AND MADRAS

1921

INTRODUCTION

IN pre-war days Labour Unrest was one of the most serious problems confronting the country. In 1913, 11,491,000 working days were lost through strikes and lock-outs. The situation was steadily growing worse, when the contending forces in this country united in defence against a foreign foe. Then, although from time to time during the war there was a recrudescence of unrest, it was held in check by a consciousness of the national danger.

Now, however, it has broken out again with redoubled force; and in 1919 the *Labour Gazette*, published by the Ministry of Labour, recorded 1413 strikes and lock-outs, affecting 2,570,000 persons, and involving the loss of 34,483,000 working days. That year witnessed the railway strike, which lasted for nine days, and dislocated industry from John o' Groats to Land's End. In 1920 there was little improvement, for there were 1715 strikes and lock-outs, affecting 1,932,000 people, and causing the loss of 27,011,000 working days. The iron-moulders' strike, which began on September 22, 1919, and lasted until January 12, 1920, caused serious dislocation, and its effects were felt throughout the year; while in October the general strike of miners, which continued for fifteen days, threatened to bring industry and transport to a complete standstill. In short, it must be admitted that the situation is darker than it was before the war.

Conditions in 1921 are even worse than in the two preceding years.

There are several reasons for this. In the first place, the high cost of living, and an exaggerated idea of the extent to which employers were 'profiteering,' produced extreme irritation among the ranks of the workers—an irritation greatly increased by the growing volume of unemployment. Men who had been fighting for years returned to find work difficult to obtain, at a time when prices were soaring. The situation was aggravated by the house famine and the long delay in building the sorely needed houses. In the opinion of the workers, these evils could and should have been avoided. Being unfamiliar with the intricacies of finance and the economics of industry, they did not realise the magnitude of the difficulties to be overcome, and they attributed the hardships from which they suffered entirely to apathy on the part of the Government and to the selfish greed of employers and financiers.¹ This view was strengthened by irresponsible writers and speakers, who assiduously fanned the flame of popular discontent.

In the second place, a profound change has come over the psychology of the workers since 1914. The war has shaken them out of their ruts. Many of them, in pre-war days, had grown accustomed to conditions which left much to be desired. But they are not prepared to return to them without demur. They have travelled widely, and mixed with men from other towns and other countries. They have exchanged notes upon industrial conditions with Americans and men from the Dominions, and now they ask why they should submit to conditions which compare

¹ I do not wish to suggest that the Government did all that could possibly have been done to avoid the conditions complained of: my point is that the difficulty of setting the world to work again, after so terrific an upheaval, was enormously greater than the average worker imagined.

unfavourably with those of many other workers. Moreover, responsible statesmen in this country promised them, when the war was over, 'a land fit for heroes to live in'; and bright word pictures were painted of what they might expect. Small wonder that when some of them compared the actual conditions with those to which they had looked forward, they were filled with disappointment. 'If this is the best your capitalistic system of industry can provide,' they said, 'then let us try something else, for it is not good enough!'

Thus, the causes of labour unrest go much deeper than difference of opinion regarding wage-rates. The whole basis of industry is challenged. And frequently, to-day, the lot of the agitator is easier and much less anxious than that of the experienced Labour leader, who has learned to look all round a question before giving his opinion, and in whom responsibility and experience have implanted a sense of caution.

I do not propose in this book to discuss the basis of industry, but I suggest that whatever experience may teach us in that respect, there are certain conditions which must be secured for the workers, no matter what the industrial structure may be. These are:

1. Earnings sufficient to maintain a reasonable standard of comfort.
2. Reasonable hours of work.
3. Reasonable economic security during the whole working life and in old age.
4. Good working conditions.
5. A status for the workers suitable to men in a free country in the twentieth century.

Since hitherto these conditions have not been adequately secured under the capitalistic system, the

more extreme thinkers are demanding its complete overthrow, in order that an entirely new system may be set up in its place. There is great divergence of opinion as to what the new system should be. Some advocate the nationalisation of all the means of production and distribution of wealth, of course including land. Others advocate Syndicalism or Guild Socialism, and some hold that we should follow Russia's example, and set up a system of Soviets. But the overwhelming majority of workers are in favour of evolving a better state of things out of what exists at present, rather than of scrapping it entirely and starting afresh. Personally, I agree with that view. Although profoundly dissatisfied with industrial conditions as they are to-day, I believe improvement must be sought for by building on the present foundation, though the ultimate structure will doubtless be very different from that with which we are now familiar.

Evolutionary changes may come through three channels. They may be brought about by legislation, or by negotiation between workers and employers, either in an individual firm or in a whole industry, or they may be made voluntarily by employers who recognise the need of them. With regard to the last class, however, it is well to remember that much social legislation consists in making generally compulsory what voluntary experiment has shown to be desirable.

A great and growing number of employers are trying to provide, in connection with the businesses which they direct, the conditions which are demanded by the more thoughtful Labour leaders. In many cases, they are working out the problems involved in association with their employees. Being pioneers, they are obliged to proceed by way of experiment, and it is of great service to others working in the same field if they will publish an account of their work and of the results obtained.

That is why I have written this book, which largely consists of a description of the way in which the directors of the Cocoa Works, York, have tried to solve some of the human problems of business administration. I deal with the subject under five heads—Wages, Hours, Economic Security of the Workers, Working Conditions, Joint Control,—and in each section I indicate the end we have in view, the means by which we try to achieve it, and the extent of our success.

I should be the last to claim any special merit for our methods, but we have received so much help from others, that it seemed incumbent on us to throw our experience into the common stock of knowledge, in the hope that we may thus repay, in some measure, the debt we owe to the experience of other firms.

B. S. R.

YORK,
May, 1921.

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THE HUMAN FACTOR IN BUSINESS

CHAPTER I

WAGES

It is fitting that the first chapter of a book on the human side of business administration should treat of wages, for unless an industry pays wages which will enable the workers to live in reasonable comfort, it fails in one of its chief duties to the community. Of course, an individual employer cannot determine the wages in his factory without regard to those paid by his competitors, but this does not absolve him from all responsibility in the matter.

If the wages current in his industry are inadequate to enable the lowest-paid workers to live in moderate comfort, there are two things he should do. First, he should try to persuade his Employers' Federation to take any steps necessary to render possible an advance in the standard wage, and second, within the limits which trade agreements permit, he should seek to pay reasonable wages in his own factory.

WHAT ARE 'REASONABLE WAGES'?

But what are 'reasonable wages'? In the case of a man, I think they may be defined as wages sufficient

to allow him to marry, to live in a decent house, and to maintain a household of normal size (generally taken as consisting of five persons) in physical efficiency, with a moderate margin for contingencies and recreation. In the case of a woman, who, as a rule, has not to maintain dependents, the minimum wage should enable her to live comfortably in respectable surroundings with a margin for incidental expenses.¹

With prices fluctuating widely from day to day, it would be futile to say what money wage would enable workers to live in accordance with the above standards. Some time ago I estimated it at 35s. 3d. for a man and 20s. for a woman at 1914 prices,² and, of course, now (May 1921) it is more than twice as high. But though no permanent figure can be stated, there is no doubt that the wages normally received by unskilled labourers fall short, in many cases far short, of the necessary sum.

CAN INDUSTRY AFFORD HIGHER REAL WAGES FOR LOW-PAID WORKERS ?

It is true that to raise minimum wages to-morrow, by a substantial amount, would be impossible, since industry could not adapt itself to so sudden a change. But I suggest that all employers should definitely set before them, as an end to be achieved with the least possible delay, the payment of such wages as will allow even their unskilled workers to live in health and comfort.

¹ I do not wish to imply that such a standard is an ideal one ; for instance, nothing is allowed for giving children a secondary education. It is, however, a much higher standard than that under which unskilled labourers live at present, and it would serve no useful purpose to propose, as something to be attained within a few years, a standard of wage which may be possible in future, but could not possibly be generally paid now.

² *Human Needs of Labour*. T. Nelson and Sons, Edinburgh. 1918.

It is a mistake for employers to leave all the pressure in connection with wage advances to be made by the workers. Of course, there are already many employers who are not in favour of low-paid labour, and who pay all they can, but this should be the policy not only of individuals, but of employers as a class. The adoption of such an attitude would revolutionise the relations between Labour and Capital, and do much to allay labour unrest.

Any substantial increase in wages can only be secured in two ways—by reducing the profits of employers, or by increasing the amount of wealth produced per worker.¹ With regard to the first possibility, the only fund available is the 'surplus profits'—i.e. profits over and above what are necessary to keep the business financially sound. There may, of course, be industries which habitually make surplus profits, but they are exceptions, and I think that unprejudiced persons will agree that there is no substantial fund available, to be secured merely by reducing profits.² We fall back, then, on the alternative.

The wealth produced per worker depends partly on his own exertions and partly on those of others. So far as his own exertions are concerned, there is no doubt that they represent a potential source of increased wealth, which varies greatly from worker to worker and from trade to trade. Many workers are not doing their best, and will tell you so quite frankly. It is the task of those who are responsible for the administration of industry on its human side to seek out the

¹ To raise prices is, of course, no solution of the problem. What we are concerned with is not money wages, but *real* wages, and if prices are raised as a consequence of increased wages, no benefit is in the long run conferred upon wage-earners. It is true that this statement would not hold good if the advance in prices were confined to luxury trades, but in point of fact no such limitation would be practicable.

² In this connection see *The Division of the Product of Industry*. By A. L. Bowley, Sc.D. The Clarendon Press, Oxford. 1919.

causes for this, and to find appropriate remedies. I refer to this question frequently in succeeding chapters, and will only say here that the causes are often deep-rooted. Among them are the fear of 'working oneself out of a job,' and the fear of rate-cutting in the case of piece-workers.

Turning to the possibility of increasing the production of wealth by means other than the exertion of the wage-earners, it will not be disputed that many factories are still running on inefficient lines. Much of the machinery is antiquated, the buildings are badly planned, and the staff and workers are ill-trained and badly organised.

In such cases the profits earned are often considerable, even when wages are low, and any request for higher wages is met by the argument that the industry cannot afford them. What is here needed is a critical examination of each process, to see whether its cost cannot be lowered. Only after a minute examination, on these lines, is an employer really in a position to say whether his industry can or cannot afford to pay higher wages.

IMPORTANCE OF RENDERING INDUSTRY MORE EFFICIENT

Broadly speaking, the wages of unskilled workers in industry to-day are too low, largely because the industries cannot afford to increase them. It is, then, one of the first responsibilities of employers towards the workers to raise the standard of efficiency within the factory; for substantially higher wages can only be paid in proportion as they are earned. To earn them involves the united effort of the employer and the workers. It is easy for each party in industry to blame the other for all unsatisfactory conditions—for the worker to blame the methods of the management,

and for the employer to blame the idleness or 'canny' tendencies of the workers. But the policy of mutual recrimination will not mend matters.

I suggest that the aim of every employer should be to provide equipment and organisation which will enable every worker to earn the highest possible wages, and to establish a relationship with the workers which will encourage each of them to take the fullest advantage of these opportunities. I have not been thirty years in business without realising how difficult this is. But if experience has made me conscious of the difficulty, it has also impressed on me the importance of overcoming it; and I believe the chances of making real progress in this direction are greater to-day than they have ever been before.

On the one hand, more and more employers are becoming anxious to promote the attainment by the workers of a higher standard of life; on the other hand, the war has shown us what vast improvements science can effect in industrial processes and methods. To-day, the help of the scientist is being called for by employers to an extent that was undreamed of a few years ago.

I must refer the reader to other books for a discussion of methods of business efficiency. The matter is only mentioned here because it lies at the root of the wage problem, and I want to press home the fact that failure to render a business thoroughly efficient injures not only the shareholders but the workers, and that no sound scheme for the human administration of a business can be built up on methods which are unsatisfactory from the material standpoint.

At the Cocoa Works, considerable benefit has resulted from the activities of a body known as the 'Research Committee.' This consists of expert engineers, chemists, cost-accountants, and statisticians, who, in association with the managers and others in the departments concerned, systematically overhaul

the processes employed in the factory. They take nothing for granted, but examine every process in the light of the best scientific and technical knowledge available. Many of those on the Committee have no executive duties, their whole time being devoted to research. Although the expense involved is considerable, it is amply justified by the results obtained.

THE ORGANISATION OF A WAGE DEPARTMENT

I pass now to the question of the organisation to be set up to deal specifically with wages—in other words, from the material to the human side of the wages problem.

The first step is to make some one in the factory responsible for supervising all questions of wages and employment. These are so important that they cannot be allowed to take their chance at the hands of a number of different officials. In a small factory, one of the principals should accept responsibility for this side of the business administration, delegating details to some one directly responsible to himself. In a large factory the work will be carried out by a labour manager, who might be one of the directors, or some one else occupying a position of great authority.

Assuming that the very utmost is being done to provide efficient administration and equipment, the duty of the labour manager in a factory is to encourage every worker to take the fullest advantage of the opportunity thus provided to earn high wages. I here emphasise the word *earn*.

This will involve :

- (1) In the case of workers paid 'on day,' the constant adjustment of wages (within permissible limits) to the value of the service rendered.

- (2) In the case of those who are paid by results, the development of those systems of payment which will most effectively encourage them to do their best.

In all his work, the labour manager will realise the fundamental importance of insisting on 'the fair deal.' Only thus can an atmosphere in which the workers do their best be created and maintained. This necessitates :

- (3) Organisation which provides for dealing, with the least possible delay, with all questions raised affecting the earnings of an individual or a group of workers.

The last point is important, for much labour unrest to-day is caused by delay in settling grievances, which may individually seem unimportant to the management, and which are capable of easy solution, but which, if allowed to accumulate, create a widespread sense of discontent.

It cannot be too clearly remembered that although the employer is apt to regard his wage bill as a whole, and to consider it primarily in relation to his cost of production and his balance-sheet, to the worker the wage received at the week-end is an exceedingly individual matter. It is small comfort to an employee who, from one cause or another, receives less than the sum to which he considers himself entitled, to know that *on the average* the wages paid in his department are adequate. To a man who is living on the margin, a shilling or two below his usual wage means running into debt, or going without some necessary, while a shilling or two more may mean the power to secure something which makes a real difference to the joy of life.¹

¹ I do not forget that many workers, like many other people, waste money on drink, or gambling, and in other ways. But this is no sound reason for refusing an advance in wages, which workers of the better type will utilise to the best advantage. It is rather a reason for educating the waster to use his money better. We must remember,

A labour manager, then, no matter how many workers there may be, must not only regard wages as a whole, but consider their relation to every individual worker.

In saying this, I do not, of course, lose sight of the fact that in certain industries there is no system of payment by results. Moreover, trade unions sometimes insist on the payment of a flat rate to everyone in each particular grade, independently of individual worth. In such cases, the labour manager will have less to do in adjusting individual wages, though he will have much more to do in other directions. But such a system has a deadening effect, and the tendency of industry is to depart from it. A large proportion of trade unions accept payment by results, and even when that is not the case, many trade agreements, while laying down *minimum* wages, allow for the recognition of individual merit or responsibility.

Before describing the methods adopted at the Cocoa Works for dealing with wages, it should be stated how the minimum wages in the Cocoa and Confectionery industries are fixed. Since 1913 minimum wages have been fixed by a Trade Board, but these represent the absolute minimum which must be paid by everyone engaged in the industry, and are lower than the wages currently paid by most of the larger firms. In 1918 an Interim Industrial Reconstruction Committee¹

with regard to this point, that waste is always more noticeable than judicious expenditure, and also, that it is almost impossible, at present, to imagine a system under which a man's income would vary in accordance with his sense of moral responsibility!

¹ The functions performed by Interim Industrial Reconstruction Committees are practically the same as those performed by Joint Industrial, or 'Whitley' Councils—but the latter are only recognised by the Minister of Labour when set up in industries where both employers and workers are highly organised. In less highly organised industries, a Joint Interim Reconstruction Committee takes the place of the Joint Industrial Council. It is not regarded by the Minister of Labour as speaking with quite so authoritative a voice on trade questions as a Joint Industrial Council.

was formed, and a materially higher scale of minimum wages was agreed upon between the representatives of employers and the trade unions on that Committee. The payment of these wages is not compulsory upon every employer, but, in practice, firms employing about 75 per cent. of the workers in the industry have voluntarily agreed to pay them. The trade unions who are parties to the wage agreement have undertaken not to approach individually, with a view to securing an increase in the basic wage rate, any firm which, like our own, is a party to the agreement made by the above Committee.

The Committee fixes a minimum wage for everyone engaged in the manufacture of cocoa, chocolate, or confectionery, except when wages are settled by trade unions not parties to the agreement. For instance, this wage scale has, of course, no bearing on the wages of men on the maintenance staff, such as joiners, builders, etc., nor does it include the clerks. One minimum figure is fixed for men of 21 years and over, one for women of 18 years and over, with lower minima for younger persons; and no attempt is made in the agreement to assess the value of a worker's services, above the minimum. Piece-rates must be so fixed as to enable workers of average ability to earn 25 per cent. above the time rate.

It is a great step in advance to have such a minimum wage fixed for the bulk of workers in the industry; but it is only an initial step. An enormous amount of detailed work on wages is left to each individual firm. Arrangements must be made as to the relative value of all kinds of services worth more than a minimum wage, and piece-rates must be established for every process, which will yield to the average worker at least the minimum laid down in the agreement. Until recently, each department in the Cocoa Works was responsible for dealing with its own wages, and working

out its own piece-rates. In spite of quarterly reviews of wages by an inter-departmental committee, it was found that there was a great variation in the way in which wage problems were dealt with in different departments, and this gave rise to considerable dissatisfaction in departments which were less liberally treated than others. Recently, therefore, we have introduced machinery for securing more perfect co-ordination throughout the factory, in the matter of wages. A Wages Section has been established, which is responsible for the wage policy of the whole Works. In view of the importance of the wage question, it may be worth while to explain the system we have adopted, and the duties of the Wages Section, in some little detail.

The objects for which the Section was established are as follows :

- (1) To ensure complete co-ordination in the methods of dealing with wages throughout the factory.
- (2) To set up the machinery necessary for keeping a constant survey of the wages of every worker, and advising the departments concerned whenever a wage appeared to be anomalous, so that enquiry may be made as to the cause of this.
- (3) To obtain, and keep up to date, full information regarding wages paid throughout the country, for every kind of service rendered by workers employed at the Cocoa Works.

Two purposes are served by this comprehensive survey of current wages. First, where we find that our wages are falling behind the national standard, we can rectify the matter before a complaint reaches us, and thus prevent dissatisfaction, and, second, when an application for an advance in wages

is made, we are in a position to see how far this is justified, in relation to the national standard.

- (4) To obtain, and keep up to date, information relating to methods of remuneration adopted elsewhere, and to give expert advice to the departments on methods of working out piece-rates, bonus schemes, etc.
- (5) To negotiate with trade unions on all questions affecting wages. Where these concern workers in one department only, this task is usually undertaken in conjunction with the manager of the department concerned.
- (6) To see that the terms of the Interim Industrial Reconstruction Committee's Agreement are strictly adhered to in the Works, in so far as wages are concerned.

It will be seen that if the above scheme is working efficiently, it provides so detailed a knowledge of the wages earned week by week by everyone throughout the factory, and of the wages paid for similar services elsewhere, that legitimate causes of complaint are unlikely to arise. Whenever a wage is seen to be low, the department concerned is made aware of it, the reasons for it are analysed, and a remedy is generally supplied, sometimes by the worker, and sometimes by the firm.

It is not suggested that the work now being done by the Wages Section was never done before. Most of it has been done from the outset by separate departments, but it is now more thoroughly co-ordinated. The Wages Section exists specifically to deal with wage questions, and this important duty is no longer one item in the heavy burden falling upon departmental managers, an item which may sometimes be squeezed out on account of the pressure of other very urgent work.

It is obvious that the greatest services of a central Wages Section are rendered in connection with piece-work, but it is also of considerable use in determining the remuneration of day workers. As already stated, the minimum wage payable to every worker is fixed by the Interim Industrial Reconstruction Committee. But any wages above the minimum must be fixed by each factory separately. To secure uniformity of treatment, all day workers are divided into four grades, according to the work on which they are engaged. The wages payable in each grade vary within a limit of three shillings or four shillings, according to the individual merit or responsibility of the workers, and the lowest of the four grades begins at the minimum wage fixed by the Interim Industrial Reconstruction Committee. It is not an easy matter to determine the grading of particular jobs, and it is a real help to have present, at all conferences for doing so, the representative of the Wages Section, who can consult with departmental managers as to the value of any particular piece of work in relation to other work throughout the factory. No piece-rate, and no day wage, is altered without first notifying the Wages Section, which is responsible for advising the departmental manager concerned whether the proposed alteration is in conformity with the policy of the factory as a whole. Of course, it does not presume to dictate to a departmental manager as to whether John Smith, working in a particular grade, should be paid the minimum or the maximum wage of that grade. But it can advise him whether, generally speaking, he is adopting a similar policy to that adopted by other managers in assessing the value of his workers. Apart from such help, it might easily happen that in one department most of the men were paid the maximum for the grade, while in another most of them received the minimum. If such a divergence

were noticed, the respective managers would be advised, and the subject would be discussed with the purpose of securing uniformity of treatment.

If the departmental manager and the Wages Section do not agree on any wage question, the matter is referred for final settlement to a standing committee of the Board of Directors, which deals with wages and employment.

PROFIT-SHARING

Although we have not introduced profit-sharing into our business, I do not feel that any treatment of the wages question would be complete without some reference to it. There is at present no direct relation between the share of the product of industry which goes to the workers, and the profits of the individual business, and a desire is often felt for some system which would give the workers a direct interest in the prosperity of the enterprise with which they are connected. This desire may arise from a feeling that only in this way can abstract justice be attained. On the other hand, it may spring from the purely business view that so long as workers are divorced from any direct interest in the prosperity of the firm employing them, they cannot be expected to pull their full weight. In either event, we turn to profit-sharing to see whether it offers any solution.

When we speak of profit-sharing it is obvious that we really mean the sharing of surplus profits, i.e. any profits there may be after labour and management have been paid wages at the current rate, and after capital has received an interest sufficiently high to attract the necessary supplies. Obviously, the rate of this interest will vary with the risk incurred. I do not propose here to discuss the complicated and highly controversial question: 'To whom do the

Objections to profit-sharing come from both employers and organised Labour. One common objection of employers is that employees soon come to regard their share of profits merely as additional wages, and that, though profit-sharing may succeed while profits are high, it fails when they are low, just when an incentive is most badly needed. But this objection does not appear to have proved serious in practice. Another objection is that an employer cannot afford to give that publicity to his affairs which profit-sharing demands. This may be so in the case of small employers; but I do not think it is a very serious objection in the case of a joint stock company. Employees usually think profits are higher than they really are. Bankers and creditors usually think they are lower. A further objection is that profit-sharing makes it harder for the less profitable business in an industry to compete with the more successful. In other words, it 'breaks down the solidarity' of employers. But even in so far as this is true, it is only an acceleration of a process which is continually going on, and which the economists claim as one of the outstanding merits of the present system. A similar objection arises as between one industry and another, and here it is more serious, because it does not follow, as in the former case, that one industry is for the moment less profitable than another because it is less efficient. However, it seems to me that this difficulty is over-stressed. Those who put it forward are apt to exaggerate the mobility of labour. Another objection made to profit-sharing is that it penalises the home investor. But this seems to overlook the fact that the return on capital is largely determined by the risk, and that if, as we assume, profit-sharing makes for increased efficiency and greater security, the investor should be prepared to receive a correspondingly lower return. A well-founded objection is

that Labour may receive a share of surplus profits for which in a particular instance the commercial side of the business may be wholly responsible, or, may, through a mere mistake in a firm's commercial policy, or by some untoward circumstance, be deprived of any reward for a year's increased effort. This is, however, a difficulty inherent in any partnership. A final objection is, that if Labour is to share in profits it must also agree to bear its proportion of losses. Whatever be the truth on this point, it may be pointed out, first, that if Labour, as a result of a profit-sharing scheme, gives for a whole year better service than it would otherwise have done, and at the end receives no share of profits, it is, in a very true sense, actually bearing its share of losses, since it is not recouped for its additional effort. Secondly, under an ordinary scheme, Labour shares only in the surplus profits, and should therefore, if I may use the phrase, share only in the surplus losses—a contingency which can be provided for without much difficulty.

The real objection and the greatest difficulty are found in the attitude of organised Labour. I cannot here refer in more than the briefest terms to this matter, and would merely say that Labour generally is not prepared willingly to accept any profit-sharing scheme which does not satisfy the following detailed conditions, namely, that :

- (1) The amount of capital which is adopted as the basis of the scheme really represents assets : that is to say, that capital has not been inflated ;
- (2) Labour's proportion of profits is fixed, and the share it will receive cannot be reduced by any manipulation of reserves, or by unreasonable increases in rewards of management, or similar methods ;

A criticism sometimes urged against short hours, and which is particularly pertinent in connection with a division of working time which leaves Saturdays free, is that paid work may be undertaken by the workers in their 'off' time. Our experience is that this only happens in an insignificant number of cases. Public opinion in the Works is strongly against such a procedure, as it is considered unfair for one man to do double work while others are unemployed.

The hours in the office are shorter than in the factory. Up to April 1919 they were $41\frac{1}{2}$ per week : then they were reduced to $39\frac{1}{2}$, and, in December 1919, as a result of a friendly arbitration on wages and hours between our firm, in company with four others, and the National Union of Clerks the hours were reduced to 39 a week. The clerks prefer to come early, in order that they may leave early, and their working hours are from 8 A.M. to 12.30 P.M., and 2 P.M. to 5 P.M. It has not been found practicable for all of them to leave on Saturdays, but they take alternative Saturdays off, and on the others work from 8 A.M. to 11 A.M.

REST PAUSES

It should be stated that both in the offices and workrooms, the girls have a quarter of an hour's recess during the morning. No account is taken of this when calculating the time worked for wage-paying purposes. Facilities are provided for the purchase of light refreshments, and about 1500 cups of tea, cocoa, or milk, and 300 cakes and scones are sold daily. Some of the girls go to the canteen, some have refreshments served in their workrooms, and others go to departmental lunch-rooms provided for this purpose.

We have not accurately measured the effect of this break on the morning's output, but are of opinion

that it is beneficial. Men and boys have no similar break, partly because most of them dine half an hour earlier than the girls, and partly because they are less sensitive to fatigue. It is hoped shortly to institute careful tests into the effect of rest pauses on output. Such tests have already been made in various industries, but so much depends on local conditions that it is not safe to assume that the conclusions reached in one industry will necessarily hold good in another.

THE EFFECT OF SHORTENING HOURS ON OUTPUT

A careful investigation was made to ascertain the effect of the shortening of hours on output. When the change occurred, however, the conditions affecting output were altering so rapidly that its precise result could not be accurately gauged. It will be remembered that the hours were reduced from forty-seven to forty-four in April 1919. This was just the time when the factory was reverting from war conditions to peace conditions. Seventeen hundred men who had been serving with the colours were returning to work, the character of the goods manufactured was changing, and many other adaptations were taking place. Still, while no accurate measurement was possible, the general impression of those best acquainted with the facts is that in some departments, where the work was purely hand work, scarcely any reduction in output was experienced as a result of the shorter hours ; while in some of the machine departments there was a *pro rata* reduction, and in others a reduction somewhat less than *pro rata*.

One effect has been to improve time-keeping. Accurate statistics have been kept for some years, to show the amount of time lost from all causes. The reasons given for lost time by employees are often so inaccurate that it is not possible to analyse them,

CHAPTER V

JOINT CONTROL OF INDUSTRY

THERE has of late years been a growing demand on the part of the workers to have a recognised share in the control of industry. I must briefly examine that demand, and ask why it has arisen, before I describe the steps we have taken at the Cocoa Works to meet it.

As I have already said, there are many different schools of thought among the ranks of Labour. The members of one school frankly desire the early overthrow of the capitalistic system of industry. They regard capital as something which has been filched from the workers, and hold that no share of the product of industry should go to the capitalist as such. They are divided as to how industry should be organised. Some are Syndicalists, who look to a rapid development of the power of trade unions until they are strong enough to organise a general strike, and to seize and subsequently control all the factories, means of transport, and other industrial enterprises. They would abolish the wage system altogether and conduct industry in future on a self-governing basis. Incidentally, they would do away with the existing Parliament and substitute for it a proletarian government, with functional instead of regional representation. The Guild Socialists are actuated by very similar principles, though they would adopt different means of applying

them. Another school of thought advocates an industrial system established on a Soviet basis. Again, there are the old-fashioned State Socialists, who would nationalise all the means of production and distribution, of course including the land. These together constitute the left wing of Labour. Those who have moved furthest to the left are to be found among the Syndicalists, Guild Socialists, and 'Sovietists,' if one may coin a word. The 'Centre' among the workers, and I think it is still by far the largest party, consists of men and women who have not worked out any theory as to the ultimate basis of industry. They would have no objection to the continuance of the present system if the conditions of the workers could be improved. They resent the glaring contrasts between the lot of the average worker and that of many of the 'idle rich,' and they also resent having to work under a system in the internal control of which they take no part. Their ambitions have been voiced by Mr. Gosling, who, speaking at the Trade Union Congress in 1916, said :

'We are tired of war in the industrial field. The British workman cannot quietly submit to an autocratic government of the conditions of his own life. He will not take "Prussianism" lying down, even in the dock, the factory, or the mine. Would it not be possible for the employers of this country, on the conclusion of peace, when we have rid ourselves of the restrictive legislation to which we have submitted for war purposes, to agree to put their businesses on a new footing, by admitting the workmen to some participation, not in profits but in control? We workmen do not ask that we should be admitted to any share in what is essentially the employer's own business—that is, in those matters which do not concern us directly, in the industry or employment in which we may be engaged. We do not seek to sit on the board of directors, or to interfere with the buying of materials, or with the selling of the product. But in the daily management of

