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PERSONNEL MANAGEMENT IN INDUSTRY

13 February 1947

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PERSONNEL MANAGEMENT IN INDUSTRY

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CAPTAIN WORTHINGTON: Our speaker this morning is Mr. Martin Dodge. Mr. Dodge received his education at Oberlin College and Columbia University. He is a partner in the firm of Dodge and Mugridge, consultants in labor relations, management development, and labor public relations. He is the author of a number of current business magazine articles. He is a long-term member of the American Management Association, having served as chairman of the Association's program committee and as chairman of its committee on conventions. He will speak on personnel management in industry. I take great pleasure in introducing Mr. Dodge.

MR. DODGE: Thank you very much, Captain Worthington.

There is a story about an old British colonel who served in the Boer War. He thought that was the really rugged war. He got fed up with hearing accounts of the late war told by some of the RAF boys who sat around the club. So he reviewed some of his own experiences.

He said it was pretty bad down there. The sun was hot, the terrain was terrible, and the Boers were really unprincipled fellows. He said he went on a scouting trip one day and ran into nine Boers. He managed to kill eight of them; but the ninth, who had a peculiar lack of any sense of chivalry, came up from behind and ran him all the way through with his spear, impaling him to a rubber tree. He was stuck there for a couple of days before he was rescued.

One of the RAF boys said, "Wasn't it terribly painful?"

He said, "Oh, no. Not particularly. Only when I laughed."

I think that the idea has been abroad in some quarters during the last year or two that our American economy has been impaled on a hickory tree. As far as I know, nobody has managed to laugh much about it. And it has been painful.

It is my opinion, however, that so long as we profess to maintain a free society, there will be labor trouble. Labor trouble is evidence that a free society still exists. It is a symptom that our economy is dynamic and that that economy is "working"--working in the sense of fermentation. Keeping the whole thing from going sour is an obvious problem. Equally unhealthy, however, would be for it to go static. Labor disturbances, like progress, are uncomfortable but while they continue they will at least be portent that we have not lost our capacity for change, and probably for growth.

This is not to say that there is anything good about industrial warfare per se. Strikes are wasteful, many are needless and an appreciable number are futile. Although they are, to be sure, evidence that we still possess freedom of action on the economic front, they are usually also evidence that something is wrong.

In the field of labor relations it is easy for something to be wrong. Labor relations are human relations at the livelihood level - the level at which our lives have most substance, but where at the same time the ice is notoriously thin. Few are free from pocketbook sensitiveness.

This is hazard enough when people deal with each other one at a time; much worse when large numbers are involved. In present-day industry workers by the hundreds or thousands must be dealt with. This accounts for what is now known as industrial relations, a phenomenon that has come into existence only because industry has got big. From that day in history when man was first engaged for hire down to the relatively recent past, the employment relationship has revolved around the concept of master and servant. It was unilateral. For a long time after the industrial revolution, it remained unilateral. The transition from unilateral to bilateral has largely occurred during our own lifetime.

The bilateral concept is now legal. It has become dominant over a considerable part of American industry. Roughly one-third of all occupational workers are directly affected, and they are for the most part in vital industries. For the human relations of these workers with their employers, the machinery of management has to be geared to the machinery of labor, and vice versa. It is no longer a case of one man telling another man.

This presents a situation for which almost no one is prepared. The leaders of the labor movement are for the most part men qualified to build labor unions, not to run them. In their relations with industry, and frequently with each other, they are inclined to behave as if life itself depended upon a constant drawing of the sword. Much of top management, still tinged with the master-and-servant coloration, is not psychologically or emotionally reconciled to bilateral labor relations. The public is unhelpfully partisan--divided between those who see something sinister in unionism and those "touched" with adulation. Few are indifferent. The government, according to the concepts of democracy, is out of its element in attempting to manipulate such details of our economy. And the workers themselves are caught up in a force beyond their understanding or control.

What state has this got us into? At the height of the storm of strikes following VJ-Day I took down from published records and pronouncements the exchanges between the representatives of two of our greatest industries and their respective unions - exchanges voiced in the

process of "settling" their labor troubles. Here is a sample:

"Labor. You asked for it!
 Management You are planning an economic debacle.
 Labor. You were determined to have a strike.
 Management We are telling you.
 Labor. It's excessive monopolistic power.
 Management Smokescreen. You are unwilling to
 bargain on the basis of economic facts.
 Labor. Force and threats of force!
 Management Determined arrogance and adamant refusal.
 Labor. Even children multiply their tantrums if
 by doing so they can rule the roost.
 Management You asked for it!"

In these exact quotations there is just one correction to be noted: the words ascribed to labor were spoken by management and those put in the mouth of management were spoken by labor. Reverse the order, however, to the true authorship and the result is equally dismal. The words do credit to neither side and in no sense do they contribute to understanding or industrial peace.

Change the scene for a moment and listen to a colloquy extracted from the labor press:

"It's another case of management going fishing until the boys had to hit the bricks. Let's start getting a little starch in our wrists and hanging tough on the issues. Dump the scissorbills and keep the boys from sloughing off on the job. Don't pick a man simply because he's a leather-lunged Luke with nothing in the top story -- he wouldn't help the members any when the chips are down. In a holy war like this you can't expect succor from the burrocrats or the alphabetized taxeaters. Those economic hair-trigger-brain boys-are in cahoots with the company's swivel-chair underground. Anyway, the pork-choppers won't wonder you."

Those words perhaps suggest how far away we are from talking a common language concerning what is a common problem--a problem in which in reality there exists a broad identity of interest. I could cite ponderous language of management which is equally inscrutable to labor.

Let's go behind this language. The stand of either labor or management rests in the end upon the beliefs, misconceptions, aspirations and conditions of the individuals who make up these groups, the workers and the bosses. And the success of personnel management rests on how well those who manage understand those to be managed, and vice versa.

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Assume that I am a typical American wage earner. To tell you about myself as a wage-earner let me draw partly on my own observations and experience, and partly on a characterization for which I am indebted to Mr. James Farmer, a CIO labor official of Seattle, Washington. Here is a composite:

I am an American citizen. I went to school, although I didn't get beyond the seventh grade. I am in fact one of 61 percent of the people of the United States 21 years and over who have never been beyond the seventh grade in school. I am not very erudite--not erudite enough in fact, to use that word. I am married and have two children. I am buying a home and have an investment of about \$7,000, counting what I own of the house, the furniture and a 1939 Chevrolet. My main objective is to protect and extend my investment, to retain my individual identity and to raise my children as respected members of the community.

I hear a lot about Isms but haven't been taken in much by this talk. I am an American. I was born here, I like it here and although I am confused about this thing they call free enterprise I guess there is something to it. I don't see any of the people who complain against it trying to rush out to other parts of the world where Communism and such things are practiced. There isn't any great movement out of this country. The pressure is all in this direction.

I am a little suspicious of the Boss. For twenty years politicians and the labor press have been telling me that boss men are not to be trusted. I see in this labor paper that I read here, published by the UAW, that the meat trust is holding up a lot of meat. People have uncovered huge meat hoards. In one place eight million pounds were being kept from sale to the public. Well, when I read that stuff, I get a little suspicious. I think maybe they are not to be trusted. Don't these fellows know we have to have meat in order to work?

My boss has a couple of big cars. I hear that some of these fellows make a hundred thousand dollars a year. I could use some of that jack. I have heard a lot about monopolies and cartels and the Wagner Act and Wage Stabilization; but, frankly, all that doesn't make much sense to me.

I carry a union card and think unions are a good thing but this union business has got too big for me too. I don't understand just how it works. I think there are times when the only thing a fellow can do is to strike but I think strikes are bad and when I read that millions and millions of days have been lost through strikes in the last year or so, I don't get it.

When I took this job I was told where to hang my hat and where to punch the time clock and was given something they call a handbook which looks awfully complicated. I was also told that my job was important and

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I had to do it right but I wasn't told anything about what this thing is used for that I make, or anything about the companies' business or policies, or how I fit into the scheme of things.

The union doesn't help much on this point either. When I went down to headquarters to sign up about the only thing they told me was how much the dues are and when and where I have to pay them and then they gave me a number. That's what I am in the union, a number.

Of course I pick up something at the corner when I stop on my way home to get a beer. And at lunch time the boys talk some about the job and the company and things. I listen to the radio and read the local paper, mostly just headlines and the sport page and I like to follow Joe Palooka. I also get a labor paper and once in a while a couple of them and I read them pretty thorough. What they tell me mostly is that the big bosses are all wet, grab most of the dough and leave us fellows with peanuts. They tell me these fellows take twenty or thirty cents profit, and sometimes fifty or sixty cents, out of every dollar of sales. (Nobody has ever told me that actually it is only about four cents). With their big salaries they get much more of the take than we fellows do. (No one has ever told me that of the total of wages and salaries paid by American industry, wages amount to 87 percent, salaries only 13 percent).

I was down at the union hall one night and saw a movie, "Deadline For Action," that the United Electrical Workers got up. It's mostly about G. E. and the du Ponts and Wall Street and how they're ganging up on the country sewing everything up, and how it's getting worse. But it also shows about a refrigerator and what it costs to make. I was surprised to see the cost of wages to make a refrigerator is only a little bit of a part of what they get for it when they sell it. I guess that if they put my wages up 30 or 40 percent it wouldn't need to make much difference in what the people have to pay for the refrigerator. (No one has ever pointed out to me that if you look at the whole operation--digging the ore and making the steel and getting all the other raw materials and the freight and all the clerical help and the salesmen's wages and building the store where the stuff is sold and keeping it up and repairing and servicing the refrigerator after it's been sold and delivered, then it's almost nothing but wages. That hasn't been explained to me).

They tell me the way to have prosperity is to pay workers a lot of wages so they can go out and buy things and therefore the bosses will need to hire more people to get the things made and everybody will have a job. I've heard something about prosperity depending upon getting things made cheaply so more people can buy them and that increases the market. That's a little too complicated for me and I think I'd rather go for the high wage stuff.

You may think I have a lot of screwy ideas. If anybody has any better ideas I'll listen but I sure don't get much out of these full

page ads that the NAM and some of the big companies run. Down at the plant they put up some posters and pictures on the wall with mighty fine sounding language; but as long as they have that guy Mortimer the Dumb in there as foreman, that stuff doesn't mean much to me.

You call me a typical American worker. Maybe that's right but I want to tell you that there are some of them that don't think the way I do. They aren't uncertain about some of these things. They know the setup is wrong. I get fed up with so much ranting and raving down at the union hall and don't see what they're talking about but a lot of the fellows swallow it hook, line and sinker. You might call 'em radicals, but I've got a wife and two kids.

There you have the man and his friends, who constitute the personnel in industry to be managed. How did they get the way they are and can management cope with them?

The answer lies in part in the character of management. Many top business leaders are living in an ivory tower. They are prone to assume that good deeds speak for themselves. Haven't we attained the world's highest standard of living? What are you kicking about? They believe there is nothing about the labor situation that can't be cured by restrictive legislation and a dash of unemployment. They overlook the fact that unemployment offers only an illusory advantage and that the basic problem will not yield to political alchemy. It is no easier for Republicans than Democrats to make men hew and haul against their will. Some legislative reform is desirable, but it is necessary more to correct legislative errors in the past than to provide a positive pattern or formula for producing willing workers, who alone can achieve the end of high productivity. One cannot legislate willingness.

Top executives are also inclined to be unrealistic about the kind of labor leaders with whom they have to deal. Get rid of some of these leaders, they say, and everything will clear up. They forget how the racketeering type of labor leadership came into existence. They forget that for a long period of time they themselves put all kinds of obstacles in the way of labor's organizing, to the point that a man almost had to be a crook to get around them. They do not recognize that since such leaders came into power partly as a result of management's own policies, a change in management's policies might be one way to get rid of them. Bad labor leaders have hard sledding where labor conditions are good.

A recent study of the personal histories of 143 men now in top management positions in some of the largest industries in America turns up the interesting fact that the average starting wage of all 143 was \$13.40 a week. These men must have learned a great deal since the thirteen-forty-a-week days, but also haven't they forgot a lot? Have they not perhaps been transformed into a different kind of people? The process by which they reached the top was in most cases through the

exercise of superior competitive, not cooperative, techniques. They fought their way up. It is not to be denied that handling bilateral labor arrangements should be looked upon as a business proposition involving the same kind of give and take that prevails on most of the business front.

But the correct handling of human relations problems necessitates at least the capacity for cooperation. It has long since been established that efficient production rests on many other factors besides technical proficiency. It rests for instance on congeniality of environment and this refers not only to physical conditions but also to the social, personality and behavior characteristics of the group. Skill alone is not enough. The spirit must be willing and the spirit is something that has to be won. A top executive who has gained promotion through smart strategy or hard driving is not necessarily qualified for the job of winning the spirit of his employees. I say, "Not necessarily." Sometimes it works the other way.

Another difficulty facing the top executive is that he finds himself, due to the upsurge of labor during recent years, on the defensive. It has not been the historical role of the American business man to be on the defensive. He is baffled and frustrated, inclined to look for a specific, some mysterious solution like sulphur or penicillin to cure his labor trouble. Although he may intellectually accept the new bilateral order, when it comes to a show down he is all too likely to revert to the master-and-servant technique. With thousands of years behind this concept, and only a few years behind the practice of collective bargaining, his reaction is not surprising.

Also an appreciable part of management still conceives of the labor problem as being one principally of wages. An aspect of our dynamic economy is the evolution which has taken place in the way the wage earner sees himself. Instead of being just a worker he is now an economic person. Although he hasn't become much of an economist, he wants satisfactions just the way the school books say. That is something more than just average. This means not only congeniality on the job but stability of employment, assurance for the future, seniority rights and similar rewards for long and loyal service.

In large organizations insulation tends to set in within management itself, at its various levels, as well as between itself and its employees. This stratification slows up free communication of ideas in both directions. Efforts at communication from top management to employee is apt to bog down, particularly when they attempt to explain policy or indulge in educational work on the basic problems of business and our economy. Recently the house organ of a large corporation endeavored to instruct the employees in the danger of inflation. To remedy inflation, which it ascribed to wage increases that have out-distanced gains in productivity, the article stated that the result would

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not be so serious "but for the fact that important segments of our population have fixed incomes." "Well, that's just too bad," the employee says. "I'd like to get my hands on some of that fixed income myself. No lay-offs, no unemployment. Always income." The piece, of course, fell flat.

The instruction of employees regarding such matters must utilize proven pedagogical methods. Tycoons are not teachers. That famous bon mot, "Those who can, do, those who can't, teach," has a reverse application in industry. Those who do don't even know how to teach. And many of them are so busy doing that they don't even have time to think. For this and other reasons we have in industry inadequate training programs, especially for management, and vast intellectual wastage, especially of labor.

Although these various difficulties are not universal--some distinguished organizations rise above them--they are on the whole a serious handicap to management in its understanding of Mr. Typical Wage-earner and his friends to the right and to the left.

Inherent in personnel administration however is one problem common to all organizations. That is that personnel administration requires a radically different treatment from the other basic functions of business. Unlike sales, engineering or finance it cannot be neatly packaged or set up as an independent function. Labor relations appear wherever two or more people have contact within an organization; wherever there is propinquity. You can't departmentalize propinquity. And in the same sense you cannot delegate the function of labor administration to a personnel or labor relations director and let it go at that. In fact, in so far as the establishment of a personnel department results only in concentrating the work in the hands of a few experts, it is a failure. Good labor relations can exist in a plant only if all of management is trained in the proper techniques of human contact. The human relations function, instead of being delegated, must be inseminated. Human relations talent in a plant is of little use if it is concentrated like cream at the top of the bottle. To be of maximum benefit it must be homogenized.

In the same sense that labor relations exist wherever two employees have contact, the labor problem has its origin at the local level. The greatest contribution to industrial peace must be made industry by industry. The basic causes of strife originate within the four walls of some establishment. They may be magnified and exploited by an inflammatory labor leader but they begin on some job. The labor policy of an individual company is therefore the most important single factor in promoting sound industrial relations and avoiding trouble.

Bearing in mind the objectives of personnel administration as suggested before, it is necessary of course for a company to have

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functionaries whose sole duties are the achieving of the highest standards of practice in dealing with the human relations problems.

In plants that have no unions a personnel department is usually set up to deal with the hiring, indoctrination, training, health and safety of employees. In unionized plants, a personnel department performs these same functions and in addition there sometimes is a labor relations department that handles all matters relating to the union. In other cases these two departments are combined into one.

A typical organization chart of a department for personnel and labor relations functions would include the following:

Personnel Director - responsible for the coordination and administration of a complete personnel and labor relations program with the aid of the following functional assistants.

Manager of Employment - responsible for selecting and maintaining an adequate working force.

Manager of Safety and Health - responsible for the installation and maintenance of safety equipment, the instruction of employees on safe working methods and habits and the provision of adequate medical service and facilities.

Manager of Labor Relations - responsible for negotiation of Union contracts and their day-to-day administration throughout the Company.

Manager of Education and Training - responsible for indoctrination of new employees, on-the-job training, supervisory training and development and all related training programs.

Manager of Employee Services - responsible for the recreational program, cafeteria and feeding facilities, insurance and benefit programs, publication of literature for employees and advisory service to employee clubs and activities.

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Manager of Research - responsible for compiling pertinent information on proposed and enacted state and federal legislation, trends in labor union activities, comparative wage data, and local, industry and national trends in personnel policies and techniques.

I referred above to the necessity under bilateral labor arrangements for the meshing of machinery. The word "machinery" has a metallic sound, and the machinery of human organization has a tendency to grow cold and unyielding. This was not helped by the fact that collective bargaining agreements are embodied in cold legal contracts, written in language forbidding and obscure to most of labor and a large part of management. The labor contract is nevertheless the organic instrument governing two parties, setting forth how they shall live and work together.

How can we guarantee that this instrument will fulfill its purpose? How shall it be made to justify the interminable debate, strife, sometimes bloodshed, from which it evolved?

Picture a company which has always been non-union, which perhaps has bitterly fought unionism, and this spirit has pervaded all layers of management down to and including the foreman. In such a company, having a union come into the organization has many of the aspects of living with your mother-in-law. There is a tendency to stay on the other side of the house. But any management that surrenders to this temptation is laying up trouble for itself. Having entered into a collective bargaining agreement management must face its responsibilities realistically. It can find advantage only by boldly taking leadership in integrating the labor contract, making it a fully understood and living document.

The first step in this process is "decoding" the contract--reducing its necessarily legal phraseology to simple and colloquial English. A method of accomplishing this, known as the Mugridge Plan, is the preparation of a "Here's How" of the union contract. "Here's How to Use the Labor Contract" is a virtual translation of the legal document which takes apart every sentence and sets down the meaning in words of one syllable. To illustrate, here is one of the least complicated and plainest paragraphs to be found in a recently negotiated labor contract:

"ARTICLE 18 - UNION COOPERATION

The Union agrees to uphold the Shop Rules and Regulations established by the Company. A copy of the present rules are attached hereto. In cases of violation of such rules wherein

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the employee shall have recourse to the grievance procedure herein. The Union will cooperate with the Company's efforts to curb absenteeism and other practices which curb production and promote good will between the Company and its employees. The Company and the Union recognize as essential to their mutual welfare the maintenance of an advantageous competitive position based on efficient production methods. Both agree to cooperate in suggesting, installing and practicing production methods conducive to maximum productivity, minimum waste and minimum cost."

I am sure you would not consider that a difficult or obscure clause. (I could quote many that are.) But examine carefully its language and bear in mind the 7th grade education of Mr. Typical Wage-earner and many of his foremen and many union officials. You will find in that paragraph the following words: established, hereto, violation, discrimination, recourse, absenteeism, curb, essential, mutual, advantageous, competitive, conducive, maximum and minimum. These words are not commonly used, let alone comprehended by many of the people who should understand everything in the union contract.

Now let us look at the "Here's How" of this important clause.

"ARTICLE 18 - UNION COOPERATION

THIS SAYS THAT YOU GUYS ARE GOING TO DO SOME BIG THINGS FOR THE COMPANY. IT GAVE THE UNION A LOT OF JACK AND IT IS GOING TO NEED A LOT OF HELP FROM YOU.

HERE'S WHAT WE SAID WE'D DO FOR THIS JACK

1. Follow the rules. They are on the notice boards and it's up to you to learn them. If you think your boss is unfair about them see your steward.
2. Stop layin out and keeping down production. (Layin out is a provincialism meaning being absent from work.)
3. Help the whole gang work with the Company.
4. Get ahead of other companies in our business. We all know they ain't paying as much money.
5. Make better products.
6. Go to town on production.
7. Help your boss - he's going to help you.
8. Remember this ain't bunk.
9. Back your union on this - it meant business when it put it in the contract."

You may consider this crude and unbecoming language for a dignified company, but it is common everyday conversation that people readily

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understand. And the objective is to get across the contract - not to teach English.

But the "Here's How" is not just prepared, printed, and distributed. In the dynamic field of labor relations no document can stand on its own feet. The "Here's How" is used as the basis for implementing the union contract throughout the organization. Hours are consumed by expert leaders in a series of meetings with union officials and stewards and every management representative from the president down to the last foreman. No point is left unexplored. No one is left in the dark regarding the meaning of the contract and the workings of the collective bargaining agreement.

This procedure maintains management's leadership and authority. It gives dignity and prestige to the foreman in his relations with employees. It anticipates grievances and it pleases union officials by making their job easier. But most of all it gives sanctity to the contract. The union contract is respected only if it is understood.

May I suggest in conclusion that in an ideally organized plant personnel management as such is supererogation. If every official and functionary had a perfect understanding of his responsibility and corresponding capacity to execute his own duties, then grievances and trouble would be largely unknown, good will and high productivity would prevail. There would be no lack of applicants for jobs in such a plant. Workmen want to be well managed, they want to respect their superiors, they are frustrated by failures in authority, precept or direction.

The premium therefore is on good management. In the vastness and complexities of modern industry, good management can be the result only of expert training. This training cannot be done once and for all. The inevitable turnover and advancement of management personnel plus technological changes in method require that training be continuous.

If in a given plant all aspects of personnel work had to be abandoned, save one, then the one most important to preserve would be the training of management itself.

CAPTAIN WORTHINGTON: We are open for questions.

MR. DODGE: I might add that a good deal that I suggested here of the philosophy of wage earners who belong to unions comes from a very wide dissemination of intelligence through the labor press. I don't think it is generally known that the labor press in the United States has a readership of upwards of fifteen million. There is a labor paper published for every union member. Not all members read their papers, but some read two or more. Their readership is at least equal to the union membership.

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The labor press does not endeavor to present both sides of the case. It says very frankly that there are enough publications in America presenting management's case and their job is to present labor's case. That simplifies the job very much. They don't have to worry about anything except their own interests. They can stick very closely to that line.

Of course, that inevitably means what anyone in management and probably anyone with an objective point of view would say -- a distortion of the picture. There is no doubt that in many cases it is a distortion. On the other hand, it does disseminate a great deal of information regarding our economy and business set-up that the laboring man wouldn't get otherwise. I mention this only to suggest the importance to anyone attempting to appraise the state of mind particularly of union labor of becoming acquainted with this source of information on which the labor leaders depend to mobilize the support which they need for any action that they take.

COLONEL McCARTHY: May I ask if these seminars that you spoke of are attended by just the foremen or by all the workers?

MR. DODGE: They are not attended by the workmen themselves at all. They are attended by job stewards, by foremen, and by all other members of management. Everyone in management is covered, right from the foremen on up to the president, on the theory that this labor contract, if it is going to work, has got to be understood by everybody, and perfectly understood.

Now, it remains for the foremen and the stewards to interpret the contract to the workers. It is too much of a job to talk to all the workers particularly in large plants; so that is left to those that have immediate contact with the workers.

COLONEL McCARTHY: Is there any special means or any special period set aside for the foremen to instruct the workers, or is it just left, you might say, to chance?

MR. DODGE: In too many cases it is left worse than to chance. No opportunities are provided in many plants for personal conversations between the foremen and the workers. The machinery is making noise and the foreman has plenty of trouble in talking above the racket even in giving the simplest instructions to the workers; and to talk about the policy of the company or the meaning of the labor contract under such circumstances is out of the question.

We have accomplished this in a few cases by providing more or less soundproof rooms around the plant. That provides an opportunity for one workman or several workmen to go and talk more or less quietly. Where that is accomplished it helps a great deal.

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COLONEL McCARTHY: I don't want to pursue this too long, but it seems to me that the field is not thoroughly covered until all the workers do understand the terms. Do you or do you not agree with me?

MR. DODGE: Oh, I think that is essential. Yes. It is only a matter of mechanics.

Now, of course, in an enlightened company one of the agencies that is employed for that is the house organ. I am rather discouraged about the use that industry makes of its house organs. I have examined literally hundreds of them and I find only occasionally one in the columns of which there is any message from the management regarding the policies and future plans of the company, anything relating to the kind of security the employees might expect to get by continuing there, and so forth.

That is not universal. There are instances where the message of the management relating to this very thing we are talking about is conveyed through the house organ. But I don't consider that any literary medium is very effective with the seventh-grade man I described.

The CIO NEWS, national edition, has just published and distributed with its last issue copies of a sixteen page illustrated, cartoon-technique brochure on the subject of taxation entitled, "The Case of the Vanishing Paycheck." It is the story of Johnny Poor and his bride. Johnny was four years in the Service. Alice has waited all the while for him to come back. Finally he does, got his old job back, with a raise, and they got married.

They rented an apartment, and, bingo! he found that the deductions, the taxes, and the high cost of living had just raised the devil with that increase from thirty-two dollars to forty-five dollars a week. When he got through, he had only twenty-nine dollars left and they were back on their heels. This goes on for sixteen pages, funny paper style.

If management would learn to use techniques like that, they would stand a chance of getting their ideas across. But they are learning that very, very slowly.

A STUDENT: You say that security is the paramount thought that most workers have in mind. I know that some companies do let their workers buy stock in the company. Would you comment on that, sir? What old age security would that give if it was practiced in all companies?

MR. DODGE: You are talking about two different aspects of security. The practice of industry permitting its employees to buy stock in their company was indulged in considerably in the twenties. It got a terrific black eye beginning about October 24, 1929. There

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are a lot of people who bought stock in 1927 and 1928 who think that their company is a skin-flint kind of outfit for selling them that kind of stock. That whole idea, consequently, has been largely abandoned by industry, and the establishment of the consideration of security has since been in entirely different terms -- in pensions, in the establishment of seniority rights, and in the protection of the man on his job.

A great many of these things have been accomplished under the pressure of unions and have not been given by the management itself. But all of those elements which make for security at the moment, as well as security for the future, which any individual would look for -- insurance, old age payments -- that kind of thing is what is now being considered. It is in that direction that all movement toward establishing better security is going.

MR. MAGNUSSON: Before you get away from the foremen, would you like to say a word about foremen's unions and their place in industrial relations and union-management cooperation?

MR. DODGE: If you unionize foremen, particularly if the foremen are associated with production workers, then you automatically disqualify foremen in one of the most important aspects of their job, and that is to represent management to such production workers. If that practice goes on, what will happen will be that those men who become associated with unions that are affiliated with production workers' unions will disqualify themselves, and management will have to take another stratum above them to represent itself and interpret itself to the workers.

The foremen on the whole don't want to be unionized. The Foremen's Association of America has about 42,000 members, but it has never had more than one organizer, which would seem to indicate that my observation is incorrect. But the reason for these 42,000 foremen being unionized is because foremen would be left out in the cold with no place to go in many instances, including the situation I referred to here in the "Here's How" procedure.

So he begins to think of his own protection. The management is not giving him a hand; so he looks to the next best thing. A very considerable part of the 42,000 members of the Foremen's Union are in there as a protest, not because they believe in unionism, but because there is a fundamental neglect of foremen in American industry. I think that is basically responsible for the entire agitation regarding the organization of foremen.

To the workers the foreman is the management. He is the company. If the company does not give him the knowledge, the education, the information, and the direction that he needs in order to manage, the worker is going to be dissatisfied with his relationship and naturally seek another

source for his own direction and information. It is a terrific failure of management not to educate its foremen, who are so important in relation to the individual workers.

A STUDENT: Just who interprets the contract and puts it in the common man's language? Is that done jointly by management and labor?

MR. DODGE: This is a device which C. F. Magridge originated, and which was put into effect, I think, in the first and most important instance at Johnson and Johnson, New Brunswick, New Jersey. The details of the translation of the contract and the preparation of the "Here's How" procedure were worked out initially by him. Then, consulting with management, he changed it somewhat. Then the union was brought in and they sat down together and said, "Now, this is the way we understand this contract. Is this the way you understand it?" The whole business was gone over word for word until both sides agreed.

In the case of the National Can Company, when they published the "Here's How", it was signed jointly by management and the union, indicating that they both subscribed to it. Frequently it is published as an appendix to the union contract itself. But in all cases the language is worked out jointly with the union.

DR. SHOVER: I have one question that I would like very much to ask you. I noticed that when you were talking about the personnel department and its different functions you spoke about foremen being the representatives of management and the real contact with the workers, and said that to most workers the foreman is the company. Of course, the foreman looks to the big boss also and watches for any announcements in his attitude as reflecting the attitude further up the line. I wonder if you would discuss briefly the place that the personnel department in these days has in relation to the whole program of getting better production, that is, better employee relations in connection with foremen and management in their attitude toward the workers.

MR. DODGE: In this last aspect that I spoke about, the importance of training the management, I include as almost the most important segment of management the foremen. Of course, you don't start training the foremen in industry's program. You start up with the president. You have to get his understanding and approval and support. You get down to the foremen just as soon as you can with the understanding of all segments of management, and their support. But there is nobody so important from the standpoint of training as the foremen.

The procedure that the gentleman back there asked about as implementing the "Here's How", requires an exceedingly expert approach in itself. The same pedagogical methods are necessary in training and in instructing foremen as on any other front where teaching is important, and that has to be done expertly.

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We have in our organization a couple of men who are experts, who ordinarily take that function. They themselves talk to the foremen, sometimes with other management representatives participating and sometimes only with other management representatives present.

DR. SHOVER: What is the function of the personnel department? That is the gist of my question. What is its function in relation to the whole program?

MR. DODGE: In discussing the organization of the personnel department I enumerated seven or eight department managers. One of them was the training manager. It would be the responsibility of the personnel department, insofar as contacting foremen is concerned in connection with the point you raised, if I understand the question properly, for the director of training to take the responsibility for that.

The question, I think, can only be answered concretely and meaningfully by going into a plant where it is done properly. You might be interested to know that at Johnson and Johnson, for instance, there are from eighty to one hundred and fifty visitors, representing industries all over the country that come there every week to find out how this personnel function has been homogenized and inseminated throughout the organization.

CAPTAIN WORTHINGTON: Thank you very much, Mr. Dodge.

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