INDUSTRIAL RELATIONS ACTIVITIES

DURING 1938 & 1939 AND THEIR RESULTS

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INDUSTRIAL RELATIONS ACTIVITIES DURING 1938 AND 1939 AND THEIR RESULTS

During 1936 it became apparent that local factory personnel offices and employment departments alone would not be adequate to cope with the growing pressure of nation-wide labor organizations and the country-wide activities of Washington bureaus.

In 1937 an Industrial Relations Department was organized, with the three-fold objective of:

(a) developing consistent labor policies to be applied to all locations, which would improve employee relations,

(b) organizing local Industrial Relations units reporting to each factory manager, that could concentrate on improving industrial relations among our employees and within the communities in which our plants are located, in addition to assuming the normal tasks of employment and maintenance of personnel records, and

(c) developing policies and putting into practice plans which would bring about lower labor costs to offset the movement toward higher wages and shorter working hours.

This department was organized under the direction of Mr. J. P. Syme. In a little more than two years, results have been secured that are definitely measurable in dollars and cents, due actually to the effective manner in which Mr. S. A. Williams, Mr. A. R. Fisher and the factory staffs, have carried out the program.

LABOR POLICIES

One of the first acts was to put in writing a basic labor policy. These have been mailed to the homes of all employees at all factory locations. They have been the basis for our dealing with employees and with the National Labor Relations Board since their issuance, starting in 1937. It is part of our basic policy that negotiations and the signing of contracts must be carried out by local management and involve only the local plant.

LABOR ORGANIZATION

Since the early twenties, the first Union labor organization activity occurred at our Waukegan, Illinois plant early in 1933. The next pressure came at our Nashua, New Hampshire plant in 1937 just before the Industrial Relations Department was organized. From this time on, organization pressure has been exerted at all locations except our Southern plant at Marrero, Louisiana. During the past three years, management has negotiated with twelve local labor organizations and has signed thirty-one contracts and renewals. Eleven plants are now organized. Seven have A. F. of L. Unions. One has a C.I.O. Union. Two have independent unions. The contract at our Canadian plant is with the National Catholic Syndicate, an organization sponsored by the Catholic Church in that area. (See Tables A and B) Three plants have no unions.

One strike of a week's duration in January 1937 at our Asbestos, Quebec mines and factory was settled. This was followed by the drawing up and signing of one of the first industrial collective bargaining contracts ever agreed to in Canada.

At our Nashua, N. H. plant there was a strike in April 1937, lasting four weeks. This strike was settled by the management in cooperation with local municipal officials and the dispute was ended by an election conducted by the National Labor Relations Board following a formal hearing.

These two strikes resulted in the loss of about 132,000 man hours of work, or less than one per cent of the year's total of 16,250,000 man hours for hourly workers in all factories. There have been no strikes at any of our plants since April 1937.

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DEALINGS WITH LABOR BOARDS

Since 1934, we have had dealings with the National Labor Relations Board at eight plants and have appeared before the Board or its Regional Directors on twelve occasions. Six elections have been held by the Labor Relations Board in our plants. Six hearings have been held. The only one which lasted longer than one working day was at Lompoc, where a hearing lasting twenty days took place. The Labor Board has not as yet made us pay back-wages or reemploy employees laid off or discharged. The Board has dismissed all complaint cases brought before it. They have never asked us to "cease and desist" in any action or dissolve any independent union. The Board has in its files copies of our written labor policies, and has at various times indicated quite an interest in these.

REDUCTION IN FACTORY LABOR TURNOVER

An analysis by the new Industrial Relations Department disclosed that our turnover problem was not normal. Concentration upon this activity and educational work with the factory organization developed a reduction in turnover from 47.3 per cent in 1937 to 17.6 per cent in 1939. Assuming reasonable costs for hiring, training, and releasing employees, it is estimated that the savings because of the reduction of turnover amount to $270,000 per year. Our present turnover figure of 17.6 per cent compares with 37.7 per cent as the 1939 experience of 5,500 firms with 2,500,000 employees, as compiled by the United States Department of Labor. (See Table C.)

SAFETY AND HEALTH

On January 1, 1938 we became self-insurers for Workmen's Compensation in all U. S. factories except Los Angeles and Redwood City. A Safety Engineer was added to the Industrial Relations Staff and an accident prevention program was set up, operating through the Factory Managers. At the end of two years our accident frequency had been reduced 63 per cent from the previous seven-year average, bringing it 35% lower than the average for all industry as reported by the National Safety Council. (See Table C.) After paying injury compensation as required by law and deducting the cost of guards and other activities of the safety program, we had a balance in our self-insurance reserve (as of December 31, 1939) of $400,500. Of this amount, $93,000 is a carry-over from a previously established reserve, and $307,500 may be considered as a saving, inasmuch as it would have been paid to insurance carriers had we not been self-insured.

Coupled with the safety program, we are working to improve the health of factory employees by the installation of equipment for removal of dust and fumes and the improvement of factory sanitary facilities. Progress in this work is checked by our system of pre-employment physical examinations and periodic re-examinations. An Industrial Hygiene Engineer, technically trained and experienced in this specialized work, consistently surveys air and working conditions in our factories and takes and analyzes air samples for dust, fumes and noxious gases. On the basis of his studies and recommendations, corrective measures are taken.

PROGRAMS PROMOTING MORE STABLE LABOR CONDITIONS

To determine more accurately some of the causes of unrest and ill-feeling among employees, several sociological and psychological surveys were made in 1936 and later in 1938. From these studies information was secured from which it was possible to build a practical and tangible program to assist in promoting better labor relations.

General employee morale seemed to be about average, but discrimination, favoritism and different treatment of individual employees were the chief complaints. To overcome this, job evaluation plans have been introduced to establish more uniform rates of pay. Employees are being rated regularly, for their ability and performance, on an organized basis. It was found necessary to develop organized foreman or supervisory training programs. These are all being carried out by local staffs at all plants on a regular schedule. To better acquaint employees and the community with company problems and facts, we are utilizing editorials and cartoons in a factory house organ, the labor policy pamphlets, prepared talks by the management, general employee meetings, regularly scheduled news and editorial releases, special plant community advertising and simplified financial reports to jobholders.

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COMMUNITY RELATIONS

From a study made in 1936 it was found that the company was not regarded favorably in some of the communities where our plants are located. Believing that there were growing possibilities of labor unrest and feeling the need for encouraging the sympathy and understanding of the community with management's problems, a definite Community Relations Program was developed. This took the form of special institutional advertising in informal style in all local newspapers reaching the community, the encouragement of local plant management to join in community activities, the development of a series of public relations stories to be printed in local newspapers acquainting the public with Johns-Manville's policies, practices and activities, and arrangements to hold informal community picnics, or other forms of social gatherings at which our officials could talk.

The results can best be judged by the fact that out of 66 newspapers covering our factory locations in 1937, 10 of them were definitely antagonistic to the company in their editorials and news stories. We have not received one antagonistic editorial or news story in any of these 66 publications covering communities in which we have plants, within the past year.

COST OF LABOR AND REDUCTION OF HOURS

Compared with 1929, today's average Johns-Manville labor rates are 19 per cent higher, and hours of work are 27 per cent lower. The average hourly rate today for J-M factory labor in the United States is 65 cents, comparing with an average of 27 basic industries, reported by the National Industrial Conference Board, of 73 cents per hour. The average work-week is 38.5 hours, compared with the National Industrial Conference Board's figure of 37.7 hours. The average weekly wage is $24.87 compared to the National Industrial Conference Board's figure for 27 industries of $27.69.

Since a year ago (May 1939), average J-M labor rates have increased 1.8 per cent. The factory payroll has increased 17.8 per cent while the man hours of work have increased 15.7 per cent. The number of employees to produce this additional work is up by 13.3 per cent. In other words, it can be said that we are doing 16 per cent more business with, roughly, 13 per cent more employees. These employees are getting 4 per cent more in weekly wages. (See Table E.) The total cost to Johns-Manville of wage changes in the past year is 2.8 per cent or $224,000 on an annual payroll basis.

A vacation with pay plan for hourly workers was worked out with the unions this year. This plan grants one week with pay for all with more than 5 years of service, and one day for each year of service up to five years. The cost is estimated at $88,400 or 1.1 per cent of the payroll.

SALARIED EMPLOYEES

Johns-Manville has 3,183 salaried employees, as compared to the 6,516 hourly-paid factory workers. Of these salaried employees, 2,455 or 77%, earn less than $3,000 per year. (See Table F.) A Salary Administration Plan, developed through 1934 and 1935 and put into practice in 1936, ironed out many of the inconsistencies among salaries of employees doing similar types of work. This plan gives greater responsibilities to sub-management but at the same time holds control of our salary pay-roll.

A year ago a separate section of the Industrial Relations Department was organized to concentrate on employee relations problems among salaried workers. Most of this work is for the group getting less than $3,000 per year.

The salary payroll today is $7,874,000 per year, which added to the hourly-paid group in our factories and our payroll for approximately 1,000 part-time contract workers applying our materials, makes a total annual payroll of $18,640,000. (See Table G.)

A general wage cut of one step on our Salary Administration Plan, or approximately 7.6% of our salary payroll, was made on July 1, 1938. Restorations have been made gradually since that period to approximately 96 per cent of our salary payroll group.

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