



1948

Some Problems Affecting Management Functions Caused by the Application of Seniority Principles in Fifteen Selected Firms in the Chicago Area

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SOME PROBLEMS AFFECTING MANAGEMENT FUNCTIONS CAUSED
BY THE APPLICATION OF SENIORITY PRINCIPLES
IN FIFTEEN SELECTED FIRMS
IN THE CHICAGO AREA

BY
EDWARD MARION WIES

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF SOCIAL ADMINISTRATION
IN LABOR ECONOMICS
LOYOLA UNIVERSITY

FEBRUARY
1948

TABLE OF CONTENTS

INTRODUCTION	PAGE
CHAPTER I. MANAGEMENT FUNCTIONS.....	1
CHAPTER II. THE SENIORITY PRINCIPLE AND THE TYPES OF SENIORITY.....	18
CHAPTER III. APPLICATION OF SENIORITY CLAUSES LIMITING THE FUNCTION OF MANAGEMENT IN LAYOFFS AND RECALLS.....	28
CHAPTER IV. APPLICATION OF SENIORITY LIMITING THE FUNCTION OF MANAGEMENT IN TRANSFERS.....	42
CHAPTER V. APPLICATION OF SENIORITY CLAUSES LIMITING THE FUNCTION OF MANAGEMENT IN PROMOTIONS AND DEMOTIONS.....	52
CHAPTER VI. SUMMARY AND CONCLUSIONS.....	62
APPENDIX	71
BIBLIOGRAPHY	74

INTRODUCTION

It is generally accepted that security of job is at least equally important to the workingman as wages, hours and other conditions of employment. The widespread unemployment which accompanied the depression of the early thirties practically ingrained into the worker the desire for job security and has led many workers to regard job security more highly in comparison with individual advancement and growth based on skill. Generally speaking, most workers are security conscious and regardless of current income and opportunities the desire for security is uppermost in the worker's mind. The seniority principle is one of the manifestations of the workingman's desire for security. The principle advocates preferential treatment of workers in their employment relationships based on tenure of service with a company with the aim of affording maximum security and reward to those who have rendered longest service.¹ It is regarded by the workers as a dynamic standard which minimizes possible employer discrimination and favoritism in matters of layoff. The unions by means of contractual

1. Union Agreement Provisions, Bulletin No. 686, Bureau Of Labor Statistics, Washington, D.C., P. 117 (1941)

concessions have also been able to extend the application of the seniority principle to other employment relationships such as transfers, promotions, job and shift assignments, vacation scheduling, etc.

The cardinal principle of management is efficiency of production which places a premium on ability and secondarily on length of service. Management's job is to make a success of the enterprise. It can make a success of the enterprise only when it fully utilizes its manpower and when it uses all the capabilities of its manpower. It must organize, arrange, coordinate and direct all of the components of the business, men, machinery, materials and money, in a manner which will achieve the objective of the business and insure its successful operation and survival, since all will agree that the long-range interests of workers and of management are tied up in the continuance of a profitable enterprise. No one can deny that a business must have some one person who has a great measure of responsibility to use sound judgment in directing the operation of the enterprise. His decisions require authority; they must be flexible and must be made, if need be, with speed.

Any unnecessary restraint, from any source whether it be by government, by stockholders or by unions, upon the manager to make decisions and upon the responsibility of effectuating decisions limits the efficient and economical operations of the business, provided, however, decisions are not made with the purpose of injuring the workers, the investors or owners or the general public.

This study was undertaken to analyze to what extent the application of seniority rules in the companies studied affect management functions. The study was confined to the application of seniority clauses embodied in fifteen selected industrial firms in the Chicago area. The managements of these companies deal with all types of unions in the Congress of Industrial Organizations and American Federation of Labor, and some had Independent Unions. The data secured came primarily from interviews with the personnel and industrial relations directors of the fifteen selected industrial establishments and from an examination of their union contracts.

CHAPTER I

MANAGEMENT FUNCTIONS

The management of business and industry is fundamentally a management of persons. Perhaps, it would be more nearly accurate to say that industrial administration is in reality a management of persons in relation to things; that is, in relation to materials, machinery, equipment, processes, jobs and the whole enterprise, both in its personal and its impersonal elements. The word "labor" is a convenient term pertaining to a great number of human beings who have intellects, personalities, self-respect, a desire for advancement and who have other attributes which distinguish them from lifeless and material things. Though labor, like other objects of exchange, commands a price on the market, it is not impersonal since the skill and energy which are sold by the worker are inseparable from his life and personality. They are essentially a part of himself. His own immediate welfare, the welfare of his family, his future and the future of those he supports are dependent upon his economic efforts. His labor is individual and social¹ and it is also necessary.²

1. Pius XI, *Quadragesimo Anno*, (Paulist Edition) P. 144
2. Leo XIII, *Rerum Novarum*, (Paulist Edition) P. 21

In studying the historical development of labor relations one acquires an appreciable understanding of the dynamic nature of our economic organization and of the intricate character of the forces which are responsible for economic changes. Enough evidence is presented that regardless of periodical depressions the status of the wage-earning class has been progressively advanced. The history of labor relations is a record of the rise of the working classes from servitude to status and from status to economic emancipation through freedom of contract. In the early days management had a free hand in determining its business practices and its relations with employees.³ The only guide was the industrial leader's own ethical standards which were often conspicuous by their absence. As a consequence abuses crept in which were first recognized in their effect upon the public. Trusts, monopolies and cartels arose. "Not only was wealth accumulated but immense power and despotic economic domination was concentrated in the hands of a few."⁴ This was the period of rugged individualism, the laissez-faire which produced many industrial and social evils.

3. Gordon S. Watkins and Paul A. Dodd, The Management of Labor Relations, New York, McGraw Hill pp. 22-32

4. Pope Pius XI, op. cit. P. 153

The new liberty in employment relations which stemmed from the new philosophy of individualism often degenerated into license. Low wages, fixed prices, unrestrained competition, irregular employment, crowded conditions of work, unsanitary living conditions, child labor, exploitation of women workers, dirt, disease, filth, suffering, persecution for unionist activities were the order of the day,⁵ and "by degrees the workingman was given over to the callousness and greed of employers."⁶ The lot of the wage earner was an unenviable one.

In order to stem this rising power and to correct the structural defect of the economic system, the government stepped in to correct the numerous and excessive abuses. Thus began a social control of industry and labor relations, which has expanded with increasing effectiveness.

Prior to the Civil War history indicates that there was little interest on the part of the federal government in taking notice of labor demands. "In 1840, President Van Buren ordered the establishment of the

5. Gordon S. Watkins and Paul A. Dodd, op. cit. P. 31

6. Pope Leo XIII, op. cit. P. 12

ten-hour day on federal government work."⁷ However, after the War the government began to take notice. In 1888, an eight-hour day was extended to letter carriers, and to those employed in government contracts in 1892. In 1893 the system of hiring out convict labor in federal prisons was abolished. The Clayton Anti-Trust Act of 1914 stated definitely that labor unions and members thereof were exempted from prosecution under the anti-trust acts, and so they were no longer considered as illegal combinations or conspiracies in restraint of trade. The Act also attempted to set some limit on the use of injunctions in labor disputes. In 1916 Congress passed a child labor law prohibiting interstate commerce in products made by children under sixteen. This law was declared unconstitutional. The Adamson Act (1916), made the eight-hour day basic for workers engaged in interstate traffic on the railroads. On March 4, 1917, the coverage of the Eight-Hour Day Law was extended to employees of private contractors doing public works for the government.⁸ Then followed another significant public

7. Mary R. Beard, *The American Labor Movement*, New York, Macmillan Company, P. 39 (1931)

8. Act of March 4, 1917 (c. 180:39 Stat. 1193; 40 U.S.C. Secs. 321-326)

works law, the Davis Bacon Act which stipulated that all laborers and mechanics, employed directly upon the site of the work for the federal government by either contractors or subcontractors must be paid the prevailing wages.⁹ A still more significant statute was enacted, the Walsh-Healey Act, which prescribed minimum wages, hours of work, overtime pay, safety and health standards and which forbade child labor of any employer having a contract to manufacture goods for the federal government.¹⁰

The government was not alone in attempting reforms. Prior to 1866, the labor movement developed slowly and was localized in larger towns. Labor unions, then as in later years, were interested in obtaining higher wages, shorter hours and better working conditions through collective bargaining.¹¹ Attempts were made by labor leaders at national federations which were essentially politico-reform organizations, the most notable of which was the National Labor Union. It supported the eight-hour day. The Knights of Labor, the forerunner of modern national federations, had an official program

9. Act of March 3, 1931 (c. 411:46 Stat. 1494; 40 U.S.C., Secs. 276 a)

10. Act of June 30, 1936 (c. 881:49 Stat. 2036-2039; 41 U.S.C. 34-45)

11. Harold U. Faulkner and Mark Starr, op. cit., P. 41.

which was contained in the constitution adopted in 1878. It favored the eight-hour day, the abolition of child labor, equal pay for both sexes for equal work, a law giving mechanics and laborers a first lien on their work for full wages. It also advocated workmen's compensation for injuries. According to its constitution these objectives were to be obtained by agitation, education and organization.¹² In 1886, the American Federation of Labor was founded and was eventually to become the outstanding labor organization of the country. In its early years, the backbone of the organization was the carpenters, cigar makers, printers, iron and steel-makers, and iron molders. From time to time the Federation at its annual convention endorsed proposals for workmen's compensation, uniform laws protecting life and health in mines and factories, restriction of convict labor, limitation of the use of injunction in strikes, the exemption of trade unions from the provisions of the Sherman Anti-trust Law, abolition of child labor, equal pay for equal work, etc.¹³

12. Ibid. P. 93

13. Mary R. Beard, op. cit. P. 107

In the late 1930's there developed an increased concern on the part of government regarding the treatment of workers by employers, and considerable legislation was enacted to govern employers' relations and dealings with workers. Although for many years before unions were somewhat active in trying to obtain satisfactory employment relationships, the building trades unions and the railroad unions were most successful in bringing voluntary reforms in their employer- employee relationships.

The most notable piece of legislation, hailed as the "Magna Carta" of the working man was the National Labor Relations Act which gave the worker legal protection in the right to organize and bargain collectively.¹⁴ The Act declared that the public policy is to encourage the practice and procedure of collective bargaining, and to protect "the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment and other mutual aid or protection."

The Act, however, left the employer free to exercise his normal prerogatives to select, dismiss, demote,

14. Act of July 5, 1935 (c. 3725: 49 Stat. 449; 29 U.S.C., Secs. 151-166)

transfer or otherwise effect the hire or tenure of employees, or the terms or conditions of their employment for reasons not forbidden by the statute.

On June 23, 1947, the Labor Management Relations Act, 1947, which is better known as the Taft-Hartley labor bill, became law and amended the Wagner Act. It provides, among other things, for suits against unions for breach of contract, forbids the closed shop, outlaws jurisdictional strikes and secondary boycotts, establishes unfair practices for unions, makes foremen's unions extra-legal, union officers must submit non-communist affidavits and must file detailed financial and organizational statements.

Other federal and state laws were legislated to control other aspects of management dealings with the employees.¹⁵ Hours of work were regulated; premium pay for excessive hours was enforced, working conditions for women were controlled; child labor prohibited, compensation and insurance laws were enacted.

Modern industry and business is the agency of producing and distributing goods to satisfy human needs and is founded upon mechanization, mass production,

15. Fair Labor Standards Act, (c. 676, 52 Stat. 1060, 29 U.S.C., Secs. 201-219)

standardization and efficiency. The function of industry is a socially constructive one since it consists in the changing of raw materials into finished goods for the consumer by means of specialized plants filled with specialized workers, machines and processes. The distribution of the finished goods by means of marketing and selling is often referred to as business functions. In order that an industrial establishment operate successfully production and distribution must be well balanced and coordinated.

In the concept of modern organized industry and business several classes of interests are present; the stockholders, who are the owners, the directors, the managers and the wage earners. The stockholders are frequently far removed from the responsibility of managing the enterprise and thus may exercise little influence over corporation policies. They choose directors as their representatives in directing the enterprise who are supposedly responsible for the execution of the policies through the managers whom they select to operate the business. The controlling voices in these matters are generally the most powerful who not infrequently represent large financial interests. Usually the board of directors hires a manager who is given administrative control and is responsible for the success of the business.

An enterprise is usually composed of several departments such as sales, finance, purchasing, production and personnel for administrative purposes. Each such department is put under control of a head who is responsible for its successful operation to the manager. In turn under the department head are the minor executives. "All are as necessary parts of the whole body of management as are those officers who serve as management's nervous system and voice and direct the other members of management. Management is composed of all who are charged with any part of the direction which makes industry able to perform."¹⁶

Management, in its widest meaning, is the organization and coordination of men, materials and machines with the purpose of achieving desired ends with the greatest amount of cooperation. Industry cannot manage itself. Management will always be necessary. Management is considered successful when it makes a business enterprise efficient, and efficiency is measured in terms of quantity and quality of goods produced with the least amount of human effort at the lowest possible cost. The administration cannot dispense with economy and efficiency.

16. The Profession of Management, National Industrial Information Committee, New York, P. 8, (1942)

Business must utilize fully its manpower and use all the capabilities of its manpower. The organization, the arrangement, the coordination and the direction of the human factor with materials and machinery with the aim of attaining the highest cooperative efficiency must remain the responsibility and function of management.

All will agree that "the long-run interests of both management and men are bound up in the continuance of profitable enterprise."¹⁷ A business is conducted in the best interests of employees, consumers and employers when it is conducted with ability, economy and efficiency. Ability depends in a large measure on centering in an executive management the responsibility, initiative and freedom to make the wise decisions so that a successful job can be done. Management's job is to bring together by skillful and competent direction capital in the form of tools, machines, materials and money and labor in the form of workers with the result that goods or services can be sold to the consumer at a price bringing a fair return for the stockholder and a fair return to the worker.

As collective bargaining was extended by unions, more limitations were imposed on management functions.

17. Frederick H. Harbison, The Seniority Principle in Union-Management Relations, Industrial Relations Section, Princeton University, New Jersey, P.3 (1939)

In negotiating articles of agreement, some labor organizations have been able to limit, under closed or preferential shop provisions, the freedom of hiring anyone management desired. Some have also in many instances been able to control the entrance of apprentices to industry. Some unions have also been able to control managements in discharging an employee by making discharges subject to the grievance procedure. Some unions have also been able to limit the output of men, to regulate the size of a crew and the number of machines each man is to run and to prohibit the use of labor-saving devices. Furthermore, some unions have been able to require that the work be done by members of a given skilled craft or occupation. And some have also been able to prohibit employers or foremen from doing production work.¹⁸

Through the expansion of the seniority provisions in a contract, unions have also been able to limit other management operating functions such as layoff, recall, transfers, promotions, jobs and shift assignments, choice of vacations, etc.

18. Sumner H. Slichter, Union Policies and Industrial Management, The Brookings Institution, Washington, D.C., pp. 165-166 (1941)

In 1945, President Truman called for a conference of Labor and of Management representatives which was held in Washington, D.C., November 5th of that year. Its purpose was to "recommend answers to the public demand for machinery to prevent or settle industrial disputes." The second topic on the agenda was, "the extent to which industrial disputes can be minimized by full and genuine acceptance by organized labor of the inherent right and responsibilities of management to direct the operation of the enterprise."¹⁹

A brief survey of the functions defined by the management members of the Labor-Management Conference Committee is appropriate here.

The following are important managerial functions in which employees usually do not have a voice:

1. Financial policies, accounting procedures, price of goods or services sold.
2. Sales policies and organization, market areas, export sales, etc.
3. Selection of material, processes and products to be manufactured.
4. Location and structure of plants.
5. Selection of equipment and its location.

19. Industrial Peace...A Progress Report, (a reprint of the President's Labor-Management Conference), National Association of Manufacturers, New York, P. 66 (1945)

6. Determination of production schedules and standards.
7. Kind and amount of development and research work necessary to remain in competition.
8. Customer relations.²⁰

In addition, there are other important managerial functions which affect employees, and likewise affect managements ability to operate the business efficiently.

1. The determination of job content (this refers to establishing the duties required in performance of any given job and not to wages.)
2. The determination of the size of the work force.
3. The allocation and assignment of work to workers.
4. The determination of the policies affecting the selection of employees.
5. The establishment of quality standards and judgment of workmanship required.
6. The maintenance of discipline and control and use of plant property.
7. The scheduling of operations.
8. The determination of the number of shifts.²¹

The need for management as the executive in organizing, arranging and directing all the components of the business, men, machinery and materials with the view to their highest cooperative efficiency is recognized by

20. Ibid. P. 68

21. Ibid. P. 69

many unions. There are hundreds of union contracts which read, "The union recognizes the established rights and responsibilities of management..."

Responsible union leaders flatly admit that management alone must do the managing. William Green, President of the American Federation of Labor states that "The line of distinction between the exercise of the rights of labor and of management must be scrupulously observed. The philosophy which some have advanced that labor should join with management in the actual management of property could not and cannot be accepted. It is contrary to American tradition and our free enterprise system."²² An editorial in the official A.F.L. publication states, "Freedom for workers is in turn conditioned by freedom for enterprise."²³

Phillip Murray, President of the Congress of Industrial Organization said, "To relieve the boss or the management of proper responsibility for making a success of the enterprise is about the last things any group of employees - organized or unorganized - would consider workable or even desirable. The unions are on record in numerous instances as recognizing that in the last

²². New York Sun, P. 26 (December 6, 1944)

²³. Editorial, American Federationist, (October, 1946)

analysis management has to manage, if any concern is to be a success financially or in any other way. In other words, someone has to run the business."²⁴

It would be worthwhile to mention that Green and Murray do not want to interfere with those management functions which are not harmful to the workers and to the public. But they do want to "interfere" with any functions which hurt the worker and the public as they see them.

Much of management is aware that it must exercise its functions wisely, judiciously and impartially with appreciation of the human factors involved. It knows that it must improve its operations; it must see its weaknesses and correct them; it must build better ties between itself and its employees. In brief, management must pay good wages, must provide good working conditions for its employees, must show interest in their individual well-being, and must set up sound and friendly employee relations policies. Likewise, it must earn for the stockholders a fair return to attract and hold investment. To the customer, management must provide a quality product at the lowest cost possible, and for the community

24. Morris L. Cooke and Phillip Murray, Organized Labor and Production, New York, Harper and Brothers, pp. 84-85 (1940)

it must maintain stable employment and labor peace and it must support programs for community betterment by promoting economic and social advancement.

It is only in this manner that the country can progress and increase its wealth and its standards of living in an atmosphere of constructive cooperation instead of unrest, agitation and strife.

CHAPTER II

THE SENIORITY PRINCIPLE AND VARIOUS TYPES OF SENIORITY

As a whole, America today is security conscious. A long period of widespread unemployment and mounting relief rolls has led to the establishment of an unemployment insurance program. The increasing demand for protection of an aging populace gave impetus to larger old age benefits and to a federal contributory old age insurance plan. The apparently never satisfied quest for security on the part of employees has manifested itself in the demand for a federal health bill, for group life and hospitalization insurance, for profit sharing, for pensions of superannuated workers and for dismissal compensation. It has led to the passage of the Employment Act of 1946, "whose purpose is to assure a continuing national policy and program to promote opportunities for maximum employment and production in a free and competitive economy."¹ Similarly, the search for job security has taken real form in the demand of labor

1. The Employment Act of 1946, Bulletin, Institute of Labor and Industrial Relations, University of Illinois, P. 3 (April, 1947)

unions for a voice in employment relations policies through seniority procedures.

Clinton Golden and Harold Ruttenberg in their book adequately express organized labor's program to provide workers with some measure of security in the following words:

"If I am hurt while in your employ, you must pay me workman's compensation. If I am killed while in your employ, you cannot cast adrift my widow and children without paying workman's compensation.

"When you lay me off because I am too old to work any more, I shall receive old-age benefits.

"You may not fire me for union activities."²

Since no worker knows where he stands when a layoff occurs, it is understandable why seniority provisions in union contracts remain of great interest to the wage earner. The importance of seniority is so widely emphasized by labor organizations that a union, as soon as it is selected the representative of the worker, will probably demand that grievance procedure and seniority principles be adhered to by the employer before any discussion or settlement of wages or other working conditions takes place.

2. The Dynamics of Industrial Democracy, New York, Harper and Brothers, P. 121 (1942)

The seniority principle is one of the manifestations of the workingman's desire for security and it is fundamental in the thinking of wage-earners, regardless of current income and opportunities. There is impressive evidence that security is frequently a stronger motivation for employees than either wages or working conditions. The wage-earner regards seniority as a dynamic standard which minimizes possible employer discrimination and favoritism in matters of layoff. "This is my job to have and to hold as long as I do it well and keep within the rules. You shall not make me suffer from discrimination or favoritism."³ In recent years there has been a growing interest in the principle of seniority which is a reflection of the increased emphasis upon security in the mind of the wage-earner today. "A serious depression has enhanced the conviction that a job with a continuing and relatively stable employing unit is a valuable possession. As with all valuable possessions, men seek to protect their equity therein by some form of impartial determination."⁴

The wage-earner fears a layoff because he knows that a job which is his means of livelihood will be

3. Ibid. P. 122

4. The Seniority Principle in Union-Management Relation,
op. cit. P. 3

will be stopped. Since he lives in an era of mass productions, he secures the means to obtain the goods of earth mainly from offering his labor on the market. The average worker cannot set up a sufficient reserve to carry him and his family through even a short period of unemployment and as a result he is solely dependent on a job for the support of himself and his family. It is for these reasons that a worker strives to protect the right to economic well-being by insisting upon the seniority rule. This is a predominant fear of older workers who know they will not be able to get another job easily in case of unemployment. The workers feel, too, that seniority gives them protection against arbitrary dismissal by the employer.

The principle of seniority thus springs from man's fundamental desire to have security of a job. The quest for security is greatest now in the Post war period. During the war, it seemed to the casual observer that the importance of job security, layoff procedure and employee security programs had faded from the picture and likewise during the spurt of industrial activity following a war economy. Regardless of current income

and opportunities the desire for security is still fundamental in the thinking of the wage-earner; and the uncertainties of the "morning after" are especially worrisome.⁵

Each worker is an individual principally interested in himself as an individual and seeks individual recognition and treatment. When he fails to get it from management, he joins with any group, any movement, first and foremost to benefit himself. Unions have long taught the workers to believe that seniority is a shield against discriminatory treatment by management. With this in mind unions are willing to modify the recognition of an individual's skill for the sake of security through seniority.

The word "seniority" has a powerful emotional attraction to the average worker since it seems to appeal to a sense of justice and fair play requiring that the first to come are the first to be served and that there will be no discrimination toward an employee with regard to holding his job. The worker feels that he is reasonably assured of economic security since by seniority he knows his place in a layoff.

5. Seniority Policies and Procedures As Developed Through Collective Bargaining, op. cit., (Taken from the forward) p. iii

Seniority is generally defined as the tenure of service with a company for the number of years, months and days worked as defined in a union agreement negotiated with a company. It has also been defined as, "Preference in employment based on length of service."⁶ Seniority, as defined by the United States Department of Labor is, "The principle granting preference to employees in certain phases of employment in accordance with length of service."⁷ It aims to give preferential treatment to an employee having more service with a company over one who has less service in regard to layoffs, recalls, transfers, promotions, shift preference, job preference or vacation scheduling.

Some union leaders say about seniority:

C. Golden and H. Ruttenberg state in their book that, "Seniority--a set of rules designed to give workers prior claim to a job over others with fewer years of continuous service provided they can fulfill its requirements ...to eliminate favoritism and discrimination among a group of workers."⁸

6. The Seniority Principle in Union-Management Relations, op. cit., P. 7

7. Union Agreement Provisions, loc. cit.

8. The Dynamics of Industrial Democracy, op. cit. P. 129

There are two types of seniority systems, "straight" and "qualified":

"Straight" seniority is seniority based strictly upon length of service with an organization which is the determining factor in employment procedures. The first seniority provisions, which were of the straight type, appeared on the railroads about fifty years ago. Numerous sales and consolidation of lines gave frequent opportunity for discrimination in the layoff or reassignment of employees. Under this type, management has neither the choice nor the right to retain the best workers or the neediest when a reduction of manpower becomes a business necessity. In the study of the fifteen selected industrial establishments there was no contract containing a "straight" seniority clause.

"Straight seniority rights shall be determined by the length of service with the Company...."⁹

"Qualified" seniority takes into account ability, efficiency, experience or other factors bearing on employment relationships. It can be safely stated that most union agreements negotiated today are of this type. The fifteen selected companies here studied had the qualified

9. Quoted in Labor Contract Clauses, Automotive and Aviation Parts Manufacturers, Inc., Detroit, P. 169 (1945)

type of seniority clauses in their labor contracts. As an example, the qualified type of seniority is worded, "It is understood and agreed that in all cases of increase or decrease of the working force seniority plus ability to do the work available shall govern."¹⁰ Another example, but more elaborate, of the qualified type of seniority is phrased, "Where ability, fitness and skill are sufficient to fulfill the requirements of the job in an efficient manner, seniority shall govern..."¹¹

While seniority is defined as preference in employment based on length of service with an organization, the unit for reckoning seniority may be the company, the plant, the department or the occupation. In some cases only one form prevails. In others, there may be a combination of types.

Company-wide seniority is calculated on the basis of length of service with the company at all of its plants.

Plant-wide seniority is determined on the basis of length of service in a plant.

"...Seniority shall be on a plant-wide basis."¹²

10. Union Agreement, Danly Machine Specialties, Inc. And United Electrical, Radio and Machine Workers of America, C.I.O.

11. Union Agreement, Taylor Forge and Pipe Works and The Forge and Machine Workers Industrial Union, (Independent)

12. Union Agreement, Sunbeam Corporation and United Electrical Radio and Machine Workers of America, C.I. O.

Departmental seniority is determined by length of service in a department such as the punch press department, shipping department, etc.

"By seniority it is meant that each department shall be considered a separate unit..."¹³

"Lay-off due to lack of work or recalls in any department of the Foundry shall be governed by seniority in that Department..."¹⁴

Occupational seniority is determined by length of service in an occupation or classification within an industrial organization.

Combined departmental and plant-wide seniority is determined by length of service in the department and in the plant.

"Upon completion of the probationary period, an employee's name and date of employment will be entered in the proper order on his departmental seniority list. Upon attainment of one year of seniority, the employee's name and date of employment will be entered on the plant-wide seniority list."¹⁵

The principle of seniority helps, no doubt, to clear up many problems resulting from discrimination and favoritism. However, it is a rather complicated standard

13. Union Agreement, Conlon Division and The Steel Metal and Alloy Warehousemen Union, A.F.L.

14. Union Agreement, Thor Corporation and the International Molders and Foundry Workers Union of North America, A.F.L.

15. Union Agreement, Tractor Works, International Harvester Company and Farm Equipment Workers of America, C.I.O.

with many administrative problems that must be closely weighed if it is to operate smoothly. During the last several years, there have been some controversies over the basic unit of seniority, and there are some aspects that are unpleasant to management and to employees. Almost all of the personnel men interviewed agreed that there has not yet been devised any seniority system that was completely practical and equitable.

CHAPTER III
APPLICATION OF SENIORITY CLAUSES LIMITING
MANAGEMENT FUNCTIONS WITH REGARD
TO LAYOFFS AND RECALLS

Generally, the most important, but never more than second in importance to the grievance procedure, the seniority clause is frequently referred to in the day to day relations of the employer and employee in the operation of the plant. The question of determining layoff becomes a vital issue to the workers, to the management and to the union when a reduction of force is to occur. These questions face the management: Who shall be the first to go? The least efficient? The more recently employed? The fact that the least efficient are not necessarily the junior employees complicates the layoff problem. The average wage-earner wants most of all the right to work and the opportunity to work as long as he so desires. The union as the elected representative of the workers is desirous of maintaining the best interests of the whole membership.

Management today has accepted the seniority principle as an operating guide and is convinced that it is not objectionable. However, management is concerned with

the manner in which some seniority clauses are applied in layoffs and recalls and the extent to which such application of some seniority clauses affects management's operation of the enterprise.

In the study of the selected industrial plants having union agreements with six A.F.L., seven C.I.O., and two independent labor organizations, it was disclosed that all had seniority provisions relating to layoffs. All contracts defined seniority as length of continuous service in the employ of the companies studied except as modified for special purposes and special employees.

As for the unit used for determining which seniority was applicable, eight were on a departmental basis; two were on a plant-wide basis; two were on a combined basis of department and plant. One of these stipulated that for the first twelve months seniority was based on the department and after twelve months seniority was computed on a plant-wide basis. Further, one provided for seniority on an occupational, divisional and plant-wide basis while another provided for a departmental, plant and occupational distinction. There was also one which provided for seniority to be first on an occupational and then on a departmental basis.

It should be noted that all contracts provided that length of service was to be qualified by an occupational factor of either ability, knowledge or experience. In no case was there any definition in the contract of what comprised ability, knowledge or experience.

The following observations are made as to which unions proposed departmental seniority and what was the nature of the business which was carried on in the plants.

Of the eight plants having departmental seniority clauses, three were with C.I.O. unions, four were with A.F.L. unions and one had an independent union. Two of the three C.I.O. unions were affiliated with the United Electrical, Radio and Machine Workers of America; the other was affiliated with the United Steel Workers of America. One of the plants with the United Electrical Workers contract manufactured electric household appliances; the other produced heavy machinery. The plant with the United Steel Workers agreement was a foundry.

Of the four plants with the A.F.L. contracts one was affiliated with the United Automobile Workers, one with the International Brotherhood of Teamsters, one with the International Printing Pressmen and the other with the International Molders and Foundry Workers. The plant with the Automobile Workers union produced forgings;

the one with the Teamsters made home laundry appliances; the one with the Printers manufactured corrugated paper shipping containers, and the one with the Foundry workers produced household laundry appliances.

The one plant having departmental seniority with an independent union produced forgings.

The two plants having plant-wide seniority provisions had A.F.L. unions; the one affiliated with the Teamsters was engaged in warehousing steel; the other affiliated with the International Brotherhood of Electrical Workers produced electrical equipment.

The two plants having a combined seniority unit on a departmental and plant-wide basis had C.I.O. unions; the one affiliated with the United Rubber Workers of America produced rubber goods; the other affiliated with the United Farm Equipment Workers made agricultural products.

Of the two plants having a combined unit of seniority on an occupational, departmental and plant-wide basis, one plant which manufactured automotive equipment had a contract with the United Automobile Workers, C.I.O., while the other which produced forgings had a contract with an independent union.

One plant which had a combined seniority unit on an occupational and departmental basis was a foundry and had a contract with the United Automobile Workers Union, C.I.O.

There is shown in graphic form a tabulation of the selected seniority provisions on a chart in the Appendix of this study.

The observations disclose the variations in types of provisions are evidently adopted for each plant. There was no evidence of provisions following a pattern with perhaps but one exception where the forge and foundry plants tended to have departmental seniority provisions.

The following conditions prevailed with respect to layoffs in the fifteen companies studied.

First, probationary employees were the first to be laid off. The probationary periods stipulated in the union agreements extended from thirty to ninety days. One agreement had a thirty day period; another had a forty-five day period; six called for a ninety day probationary period.

In eight of the companies surveyed, employees having the least seniority in a department of the company were laid off first.

The unit in which layoffs were to occur in two other concerns was solely on a plant-wide basis, and five firms had seniority clauses stipulating a multiple unit. In one instance, the unit was the occupation, the department and then the plant. In another case the multiple unit was the occupation for service under one year then the division and finally the plant. One contract called for layoffs to be made first on an occupational basis and then on a departmental basis. Two contracts called for a layoff first on a departmental and then on a plant-wide basis.

Second, five union agreements provided an exemption from seniority rule for special personnel which included trainees and students, apprentices and handicapped workers.

Third, in ten contracts stewards and union committeemen were given top seniority to protect them from layoffs.

Interviews with the various personnel and industrial relations men brought out that the probationary period in some of the union agreements was too short for management to determine the suitability of the worker for his work in a semi-skilled operation. The real problem in this instance was concerned with the fact that an inefficient employee, who served a short probation, had to be taken through the grievance procedure for dismissal.

In relation to departmental seniority, there was general agreement that this type was easier to administer. Despite the practical advantages from an operating point of view, in a number of instances, departmental seniority tended to become restrictive and discriminatory. When in one department operations slackened while in another production was normal, long-service men in the slack department, who proved to be efficient in their jobs, are laid off whereas junior men in the other department were retained.¹ A number of the personnel men pointed out that departmental seniority in their companies tied a worker to one department and prevented a needed movement of the work force. Workers refused to move from one department to another because they didn't wish to give up seniority rights.²

It was mentioned that during the reconversion period some difficulties were encountered when technological changes resulted in either a complete elimination

1. Frederick A. Harbison, The Seniority Principle in Union-Management Relations, Industrial Relations Section, Princeton University, New Jersey, P. 25 (1939)
2. Seniority and Job Security, Bulletin, Institute of Labor and Industrial Relations, University of Illinois, P. 14 (1947)

of a whole department or of some operations.³ The firms were unable to retain outstanding workers. A few of the personnel directors reported instances in their plants where different products were manufactured in different departments all of which had several similar jobs. When a curtailment of production occurred in one department older and more efficient workers were laid off who could have replaced some less efficient workers in the other departments and no training would have been necessary. An example where an occupation crossed departmental lines was a laborer in the machine shop and a laborer in the shipping department.

Employees in instances where operations are stable tend to seek departmental seniority since this type affords security of job and the workers are anxious to prevent older workers from other parts of the plant from coming in. However, it is difficult to convince workers that seniority is a guarantee for security of job when a ten year man is laid off while a junior man is fully employed, and one must recognize the inevitable injustice caused by departmental seniority in such cases.

3. Frederick H. Harbison, Seniority Policies and Procedures As Developed Through Collective Bargaining, Industrial Relations Section, Princeton University, New Jersey
P. 23 (1941)

From interviews it was disclosed that plant-wide seniority had some advantages for a company where occupations were interchangeable and where one type of product was manufactured, not much difficulty as to bumping and retraining of workers was encountered in layoffs.⁴ In those companies where there was not a great difference in the type of skill needed for the various jobs plant seniority was quite easy to administer since there was but one seniority list for the whole plant and each worker was listed in the order of his starting date with the company. Further, plant seniority rule encouraged necessary mobility of the work force.

In some of the concerns where operations were diverse, where skills were not interchangeable and where numerous different products were made, a number of the management representatives interviewed stated that when layoffs occurred older employees under plant seniority were permitted to "bump" another worker with less service. They stated that much time was spent in testing ability and in re-training workers for new and unfamiliar jobs.⁵ Hill in his book states that in such cases, "A considerable

4. Seniority and Job Security, op. cit., P. 4

5. Sumner H. Slichter, Union Policies and Industrial Management, The Brookings Institution, Washington D. C., P. 140 (1941)

degree of confusion is bound to result, especially when employees are transferred from their own departments to others in which the work is of an entirely different nature."⁶ However, it is to be noted that "bumping" would still be a problem if employees were laid off on the basis of "efficiency."

It is not difficult to see that plant-wide seniority gives the older service employees maximum security since it enables such workers a better chance of replacing other employees with less service. Yet thought must be given to the fact that under plant seniority in instances of bumping, some employees do not know where they stand and who may replace them. Under such a condition employees do not have that feeling of security.

Where a larger unit of seniority apparently produces a certain amount of insecurity to the worker, employees are inclined to press for the occupational type of seniority, as the interviews disclosed. Under this type of seniority there is a separate list for each craft or occupation regardless of the department. The personnel men interviewed indicated that this type of seniority

6. Lee H. Hill and Charles R. Hook, Jr., Management At The Bargaining Table, New York, McGraw-Hill P. 181 (1945)

is advantageous where similar skills are used in more than one department. In general it can be said that it has the advantages of departmental seniority and avoids the disadvantages of plant-wide seniority.⁷

It was also disclosed that in a few instances management had difficulty in maintaining a certain amount of mobility and flexibility of the workers from one classification to another under occupational type of seniority. Then, too, when there occurred a necessary elimination of certain classifications competent workers with varied skills were released.

Since, "Each worker or group of workers asks only one question about a proposed seniority rule, how does it affect me?"⁸ It is understandable why employees in some cases prefer to restrict the application of seniority rights to an occupation to avoid being "bumped" or transferred to less desirable jobs. Yet it must be realized that under such a seniority system there often arises employee resentment when technological changes necessitate elimination of some occupations or when there is a curtailment of production affecting certain jobs. Long-service employees who are competent are laid-off while shorter service employees on other jobs are retained.

7. Seniority and Job Security, op. cit., P. 7

8. Clinton Golden and Harold Ruttenberg, op. cit., P. 124

Of the ten plants whose union contracts provided for top seniority for union representatives and officers some of the industrial relations men pointed out that in some instances of layoffs competent and senior workers were laid off while union representatives were retained. It was stated by a few that union representatives should not receive preferential treatment since it was "contrary to the spirit of self-sacrifice that should motivate labor leaders." Some also charged that top seniority entices young inexperienced employees to seek union office for job protection rather than because they are qualified and willing to lead the union. It appears that the real objection underlying the charges was the dislike of a particular union representative who in carrying out his job incurred the dislike of the labor relations man. It would be wrong for a union representative to fail to use his office for the best interests of the whole membership.

The reason for preferential treatment of union representatives, from a union point of view, lies in the desire for protection against discrimination and in order that experienced union representatives will be continually available in the plant to handle grievances.

"Some unions also feel it is necessary as a sort of compensation for the often thankless job of shop steward."⁹

Management can and should take advantage of such a concession by educating the steward who is apt to become more responsible and reasonable in his relationships with the representatives of management. In this way many misunderstandings and difficulties that arise in the day-to-day dealings can be resolved with harmony and a minimum amount of interruptions.

When employment forces were restored, a large number of unions have been able to protect, by means of the seniority principle, those workers who had been laid off for lack of work by affording them employment before any new worker could be hired.

In the study of the selected establishments each contract provided that employees were to be returned to work according to their seniority. The general rule was that the last worker laid off was the first to be returned to the available jobs. Consequently, in this study no real problems affecting management functions were encountered.

9. Seniority and Job Security, op. cit., P. 12

Some of the industrial relations men interviewed pointed out that in instances of recall to work only twenty to forty per cent of workers ever returned. Since contracts provided from three to five days for a worker to report to work, available jobs in many instances were unmanned. This situation, however, presented no evident hardships. There was general agreement amongst the management representatives that seniority governing recall to work was beneficial to the company since there was always the opportunity of employing a worker already familiar with plant operations.

CHAPTER IV

APPLICATION OF SENIORITY CLAUSES LIMITING THE FUNCTION OF MANAGEMENT IN TRANSFERS

There are many reasons why it may be desirable to move a worker from one job to another in the plant. At times it is necessary to transfer in order to rectify an erroneous placement since despite the care used by the employment personnel in selecting and placing workers, employees are frequently assigned to positions for which they are not properly qualified. This may be due to erroneous judgment of the employment manager or to deliberate misrepresentation by the applicant. Another instance where transfer is important is in the many monotonous jobs so characteristic of modern mass production industries which result from standardization and "diluted" jobs with repetitive operations. There results loss of interest, lessened personal efficiency and growing discontent. Transfer is necessary to provide creative opportunity. Sometimes transfers are necessary to protect the health of the worker. The danger of occupational diseases makes it necessary to remove workers from hazardous jobs. "Blind alley" jobs necessitate transfers to jobs indicating promise of greater opportunity. A

very important reason for transfers is to remedy discordant relations which may develop between supervisors and workers or among workers themselves. In the interest of harmony and efficiency it is well in such instances that management be able to transfer workers to other departments. Transfers may become necessary when there is a curtailment of work in certain departments. Transfers may have to be made to conserve skill, experience and training of workers whose separation might cause great financial loss.

It has been shown that it is necessary to transfer workers in order to create interest, to cultivate loyalty to the organization and to stabilize the working force. In order that the work force be properly allocate for maximum production and for efficient operation it is necessary for management to use sound judgment in transferring workers from one department to another, from one job to another and from one shift to another. Management must fully utilize its manpower and the capabilities of its manpower. It must arrange the human factor with materials and machinery with aim of attaining the highest cooperative efficiency.

Dr. John Lapp has this to say on the necessity of transfer:

"The need of transferring workers by the employer is obvious. Shortages of work in one department and the need for workers in another are balanced by transfers. Special needs in a department are met by transfers. Readjustments of departmental productions often require transfers. Seasonal requirements may force the necessity of transfers. Lay-offs may be the alternative to transfers. Workers also desire transfers for a variety of reasons. Working conditions may be pleasanter in another department; chances for promotions may be better and lay-offs less likely."¹

Up until ten years ago, few union contracts, with the exception of the railroad, made provisions for seniority to govern in transferring employees. If any attention was paid, it was directed to transfers from one pay scale to another or with discriminatory transfers.² There are some people who think that there is not so strong a case for seniority in transfers as there is in layoffs because security of job is not at stake since transfer is usually considered as the shifting of an employee from one task or position to another which does not involve a change in the degree of skill. Hence transfers under plant-wide seniority presents no problem. The shift is more or less lateral, that is, the worker is moved to a position requiring a degree of ability and

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1. John A. Lapp, How To Handle Problems of Seniority, National Foremen's Institute, Inc., New York, P. 112 (1946)
 2. John A. Lapp, op. cit., P. 111

responsibility similar to that exacted by his former position.³ Such people fail to recognize that transfer is a phase of employment relations which directly affects the status of the worker and that it is also connected with the employee's view of what constitutes security of a job. Neither do they take cognizance of the fact that generally speaking, workers claim, "a property interest in their jobs"⁴ and consider it a valuable possession and seek to protect it by contract.⁵

As seniority clauses were more fully developed the relationship of transfers came into evidence and regulation by contract of transfers increased. Much clarification, however, in union contracts as to the relationship of transfers to seniority is still needed. It became obvious that there was a possibility of discrimination against workers by some employers by means of transfers, and that even workers could manoeuvre transfers

3. Gordon Watkins and Paul Dodd, op. cit., P. 297

4. Clinton Golden and Harold Ruttenberg, op. cit., P. 120

5. In Union Policies and Industrial Management, op. cit., P. 142, Prof. Schlichter states that, "Through two decisions (The Caldwell, Kans., case, Award No. 1842 Docket No. 3467, decided April 2, 1937, and the Harleyville, Okla., case Award No. 1843, Docket 3468, decided at the same time) of the National Railroad Adjustment Board, the railroad transportation brotherhoods have established the principle that seniority rules establish a form of property right..."

to the detriment of others. "But if transfers are not controlled...favoritism might run rampant. No one could feel secure, no matter how long his tenure. Transfers could be made just before a lay-off and men formerly with high seniority might be transferred to positions where their seniority would not enable them to avoid the lay-off. Likewise, men could be transferred out of positions where lay-offs were imminent. Discrimination would have a wide field of possible operation."⁶

In the study of the fifteen selected industrial establishments, eleven had clauses relating seniority to job assignments.

An example of a seniority clause relating to transfers reads:

"Seniority and qualification shall rule in making reductions or in adding to the force, and in making promotions and transfers."⁷

"Where ability, fitness and skill are sufficient to fulfill the requirements of the job in an efficient manner, seniority shall govern in cases of increase and decrease of forces, in filling vacancies and new jobs and in promotion or advancement..."⁸

6. John A. Lapp, op. cit., P. 113

7. Union Agreement, International Harvester Company, Tractor Works and United Farm Equipment Workers, C.I.O.

8. Union Agreement, Taylor Forge & Pipe Works, and Forge and Machine Workers' Industrial Union,
(Independent)

Of these eleven plants, five had C.I.O contracts with the Automobile, Electrical, Rubber and Farm Equipment Unions. The companies manufactured automotive and agricultural equipment; others manufactured rubber products, heavy machinery and foundry products.

Four plants had seniority provisions for transfers with A.F.L. unions representing automobile, foundry, electrical and printing unions. These plants manufactured corrugated shipping containers, electrical equipment, die forgings and household laundry appliances.

Two plants having seniority provisions for transfers with independent labor organizations manufactured forgings.

Of four plants having no seniority provisions regarding transfers two had contracts with the Electrical and Steel Workers, C.I.O and manufactured electrical appliances and foundry products. Two plants had A.F.L. contracts with the Teamsters; one manufactured household laundry appliances; the other was a steel warehouse.

During the interviews conducted among the personnel men on transfers, the first point of discussion was preference of shift work. It was disclosed that older and skilled employees tended to concentrate on the day shift, and that inexperienced and untrained workers were placed

on night shifts, although all of the firms paid a night differential, it was not generally an inducement for senior men to work nights. Some also pointed out that in some instances management did not provide for sufficient supervisory personnel which tended to accentuate the problem. A number of those interviewed stated that in order to have efficient operation and production management should be able to maintain a proper balance of experienced and inexperienced workers on each shift it operates.⁹

Some examples of seniority clauses providing for shift preference are:

"When a vacancy occurs on any shift, preference for such vacancy shall be given to qualified employees in line with their seniority."¹⁰

"An employee may request, in writing, a shift change, exercising his or her seniority rights, but only one such request will be granted in one contract year."¹¹

The union and the employees feel that the company should recognize a workers service by permitting him to select the shift he desires to work.

This problem could be minimized to a very large extent if the companies paid higher premiums for night work than the usual five and ten cents per hour.

9. Lee Hill and Charles Hook, Jr., op. cit., P. 188
10. Union Agreement, International Harvester, op. cit.
11. Union Agreement, Dryden Rubber Company, op. cit.

As mentioned in Chapter Three of this study there were eight concerns whose unit of seniority was calculated on a departmental basis. As for seniority applied to transfers three contracts stipulated that an employee transferring to another department retained all of his seniority. "When employees are permanently transferred to another department, they shall carry over their full seniority to such other department..."¹² Three others expressly stated that an employee lost his seniority when he transferred to another department. His status was as a new worker. "If an employee transfers from one department to another his seniority is not transferred with him: however he relinquishes the seniority standing in the department he leaves, and assumes the lowest seniority in that department he enters."¹³ Two labor agreements made no mention of seniority in transfers, thus leaving the matter of transfers within the jurisdiction of management.

Of the two labor agreements calling for seniority on a plant-wide basis, one applied seniority to transfers while the other made no mention of seniority regarding transfers.

12. Union Contract, Danly Machine Company and United Electrical Workers, C.I.O.

13. Union Contract, Kropp Forge Company and Employees Association of the Kropp Forge Company.

Interviews with labor relations men disclosed in some instances that a noticeable lack of mobility was present under departmental and multiple type of seniority units. Some mentioned instances where the company needed senior skilled workers so that efficient operations would not be impaired in other departments but the workers refused to transfer because they "didn't want to go on the bottom of the seniority list." Others pointed out cases during the reconversion to peace time operations some senior workers refused to transfer to new departments and jobs for fear of losing their accumulated seniority. The companies were unable to make the needed transfers because the workers would not give consent. An example of such a clause reads, "Permanent transfers to other departments shall not be made by the Company without the consent of the employee."¹⁴

In one of the publications it is pointed out that "A worker will usually prefer staying at a job where he has accumulated seniority and is relatively secure to transferring to a new job."¹⁵

The apparently best solution to solve lack of mobility is a provision whereby the transferring employee

14. Union Agreement, Danly Machine Specialties, op. cit.

15. Seniority and Job Security, op. cit., P. 14

retains seniority rights in his former department. In his new work he would remain in a junior position but would have claim on his former job.

Another problem pointed out by some of those interviewed was that, in instances under seniority regulating transfers, some senior employees moved from job to job manned by junior employees whom they bumped. They were protected by a trial period provided by the seniority clause. Although the workers were not competent, under the contract the company had to give these employees a trial on the job they desired. "Should the qualifications and ability of an applicant for such job be questioned, it is agreed that such applicant shall be given a fair trial period."¹⁶

Another clause providing for a trial period reads:

"When new jobs are created or vacancies occur in plant operation, the employee with the greatest occupational seniority shall have first choice, and then the oldest employees in the point of divisional seniority shall respectively, be given preference in filling such new jobs or vacancies consistent with proper ability to perform the services required within a reasonable time."¹⁷

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16. Union Agreement, Sola Electric Co., and International Brotherhood of Electrical Workers, A.F.L.
17. Union Agreement, Clark Equipment Co., and United Automobile Workers, C.I.O.

CHAPTER V
APPLICATION OF SENIORITY CLAUSES
LIMITING MANAGEMENT'S FUNCTION
WITH REGARD TO PROMOTIONS

When seniority provisions were established in industrial plants the major emphasis was placed on lay-offs. This has happened because seniority was first established on a big scale in mass production industries after the depression of the thirties. The spectre of lay-offs was very much real to most workers when the impetus to collective bargaining contracts arose and it is understandable why attempts were first made to obtain security against lay-offs. Slowly have provisions for seniority rule in promotions been embodied in union agreements. As the scope of collective bargaining expanded seniority tended to apply to promotions.

Promotion is regarded as a vertical advancement to a position which requires a greater degree of skill and experience or imposes heavier responsibilities, and is likely to pay a higher wage or salary.¹ It should be distinguished from upgrading which is a term applied to

1. Gordon Watkins and Paul Dodd, op. cit., P. 297

cover advancement in skill in a given job as for example the different grades of machinists. This study is not concerned with upgrading.

Promotions are intimately connected with efficient management. Management must conserve proved skill, training and ability of its workers. Promotions are necessary as a means of recognizing meritorious service and special ability and thus make for a contented and cooperative work force so that the worker's interest in industrial and business efficiency will grow and so that increased output will result. Promotions are also necessary as a means of providing a wider opportunity to the worker for exercising exceptional ability. One can hardly expect some workers to be happy where there is no opportunity for growth, development, advancement, and increased compensation. Promotions are essential in furnishing an effective incentive to initiative, enterprise and ambition. One author states that, "Managerial control over promotions constitutes one of the chief means of rewarding employees for outstanding service and provides one of the chief incentives for more efficient workers."²

2. William H. McPherson, Labor Relations in the Automobile Industry, The Brookings Institution, Washington, D.C., P. 118 (1940)

Professor Harbison points out that, "Selection of the best qualified workman for higher skilled jobs is often more vital to industrial efficiency than retention of the most competent workers in a period of slack operations."³

It is worthwhile to note how Professor Schlichter, who for many years was closely associated with workers and employers, expresses himself on the application of the seniority principle to promotions. He states that seniority applied to layoffs gives job security at least to the extent of letting each employee know more or less definitely where he stands and whether his turn to be laid off is likely to come soon or late. But seniority applied to promotions does not give job security. It simply regiments employees and takes away the opportunity for abler ones to make their ability count. The application of seniority to layoffs inevitably weakens the incentives to efficiency because superior efficiency is no longer necessarily a protection against layoff and it is all the more important that the hope of promotion be retained as an incentive.⁴

3. The Seniority Principle in Union-Management Relations, op. cit., P. 16

4. op. cit., P. 150

C. Golden and H. Ruttenberg, state that workers should enjoy full freedom of opportunity for advancement and promotion. There should be no arbitrary step at which promotional opportunities for workers stop and outsiders are detoured in for the higher and better-paid jobs. They say thousands of industrial workers took to the union out of a feeling of futility with regard to promotion.⁵

In the study of the fifteen industrial plants, eleven had provisions in their contracts applying seniority to promotions.

Some examples of such clauses are:

"All factors including seniority, knowledge, experience and ability shall prevail in all departments in the event of promotion or layoffs."⁶

"In event of promotion, demotion, temporary or permanent lay-off seniority shall be recognized and is hereby defined to mean that the employee with the longest service record shall have preference, if qualified."⁷

"An employee is to be given the opportunity for an advancement to a better paying position when an opening occurs..."⁸

5. op. cit., pp 137-143

6. Union Agreement, Kropp Forge Company and Employees Association of the Kropp Forge Company. (Independent)

7. Union Agreement, Lanzit Box Co., and International Printing Pressmen's Union, A.F.L.

8. Union Agreement, Dryden Rubber Co., and United Rubber Workers, C.I.O.

Of the eleven concerns, five had union agreements with A.F.L. locals in the Automobile, Teamsters, Printing Pressmen, Electrical Workers and Foundry Workers unions. The plants were engaged in warehousing steel, and manufacturing forgings, corrugated shipping containers, electrical equipment and household laundry appliances.

Four concerns whose contracts provided for seniority for promotions were with the C.I.O. locals in automobile, electrical, and farm equipment unions. The plants produced automotive, agricultural machinery, and rubber products.

Two concerns whose contracts with independent labor organizations provided for seniority in promotions produced forgings.

As for those plants whose contracts made no provisions for seniority in promotions, one was with the A.F.L. Teamsters and produced household laundry equipment, while three were with the C.I.O. automobile, electrical and steel workers locals. The plants manufactured foundry and electrical appliances.

Interviews with the personnel men disclosed that they were of the opinion that there is not of necessity a high correlation between time spent on a job and

ability to perform a higher or more skilled job. Some also stated that the oldest employee in length of service is not always the best employee. Furthermore, a worker may be good in one type of a job and may not be so capable on a higher type of job.

In general it was learned that management has no objection to considering length of service in promoting workers to higher jobs. Some remarked that management should commit itself to the extent of recognizing length of service as an important factor in advancing workers to better paying jobs, but such consideration should be secondary to the needs of production and efficient operation. Any decision on the competency of a worker made by management must be final but management should be able to justify its action whenever the union or the worker protests.

In modern industrial plants there is a wide spread of skilled, semi and unskilled jobs and there are many stepping stones from one job to another. Jobs in any labor class can be classified and a direct line of promotion set up.

There appears to be a striking weakness in the employment policy of some companies in the absence of a systematic method of promoting workers. Senior workers

should be given consideration for filling vacancies since length of service is a manifestation of stability, loyalty and dependability. Those companies who consistently prefer to fill the better positions by hiring men from the outside do incalculable harm to themselves and to their employees. Companies take a greater chance in selecting a stranger for a better position than in recruiting from the ranks. No test has yet been devised that will assure satisfactory functioning on the job. When the company picks a worker from the ranks, it knows at least what that man's performance was in the past on his old job and has reasonable hopes for good performance in the new position. Employees' morale is lowered when they see that there is no reward for competent and conscientious service.

A wise and sound employment policy establishes definite lines of promotion which will prevent promotions from being a source of discontent, suspicion, jealousy, and ill-will. Authorities in the field of personnel emphasize its importance. "Now, for various purposes of personnel management, it is desirable to reveal these normal lines of advancement in such a way that the whole promotional situation within an organization is capable of visualization at a glance. The need for such a bird's

eye-view of the promotional opportunities within an organization is apparent when we consider that a clear-cut promotional policy is recognized as an essential part of any personnel control, because as we have emphasized, employees are not ordinarily satisfied with the vague statement that higher positions are filled from within the organization and that 'there is always room at the top for a good man.'"⁹

There should be a promotional chart "to trace the avenues of advancement up through the organization in such a way that every employee may see the opportunities open before him and, with occupational description, inform himself of the experience or special training he should acquire in order to advance up to those attractive avenues."¹⁰

Under an orderly arrangement of all positions in the organization a competent and conscientious worker can see the clear definition of lines by which he can make most rapid advancement. Such an arrangement requires job analysis and specifications; adequate record system; knowledge of each worker's training, experience,

9. W. Scott, R. Clothier, S. Mathewson and W. Spriegel, Personnel Management, New York, McGraw-Hill Co., P. 135. (1941)

10. Ibid. P. 136

qualification and performance. If administered impartially it contributes materially to increased operating efficiency, reduced turnover, development of high employee morale and a feeling of mutual trust between management and employees.

From the worker's point of view one can readily understand that the greater the scope in applying seniority rule the greater the employment opportunities provided senior workers. Employees feel that for faithful service they should be rewarded not only in terms of increased earnings but also in terms of greater responsibility and prestige. Workers and the unions want to eliminate favoritism, discrimination and nepotism. They don't want the friends of the "boss" to get the better jobs. Workers are of the opinion that if promotions are made on the basis of long-service and if the workers were assured a square deal when their turn for advancement came, there would result a more stable, loyal and satisfied work force.

Dr. Lapp presents a very worthwhile and adequate expression of seniority and promotions in his book:

"When men do relatively the same work, as, for example, truck drivers, street car conductors and motormen, they do not need to be graded by factors other than seniority. Where seniority

prevails, skilled journeymen mechanics are treated as equals in skill in their craft and if promotions are ahead, the senior men get them.

"Promotions to positions requiring special skills or to positions outside the bargaining unit or to supervisory positions stand on different ground. These positions are not in direct line with the employee's former work. They require something different or additional. Shop workers cannot claim ability to do the work of the office staff or the technical staff. Mechanics may be ever so good as skilled workers, but may lack in those special abilities that make a supervisor or foreman. Aside from the undesirability that the bargaining union should have anything to do with the work of employees outside the bargaining unit, there is a plain fact that the positions do not, as a rule, form a proper avenue of promotion. This is not to argue that such promotions should not take place, but rather to point out that they cannot properly be claimed as a right. Employers find that it is best to promote efficient employees to better positions anywhere in the plant, but they properly claim the right to be the judge when the transition is great as it is from workman to supervisor or foreman, or from worker to technical assistant."¹¹

Since management is charged with the responsibility of making the business a success which can only be done by wise and sound judgment in coordinating men, machinery and materials to the best efficient results, it must convince the workers by its actions that assignment of work and promotions are made on the basis of merit and skill and seniority.

¹¹. op. cit., pp 92-93

CHAPTER VI

SUMMARY AND CONCLUSIONS

Workers, as a whole, are giving more thought to security in employment relations. To them security of a job is as important as wages, hours and other working conditions. One of the manifestations of the working-man's desire for security is the principle of seniority which advocates preferential treatment of workers in their employment relationships based on tenure of service in a company with the purpose of affording the greatest security to those who have given the longest service.

Although the idea of seniority is as old as the employer-employee relationships, it was not until collective bargaining was accepted that the seniority principle gained contractual and legal status. The search for job security has taken real form in the demand of labor unions for a voice in employment relations policies through seniority procedures. Unions have been able, by means of collective bargaining agreements, not only to apply seniority to layoffs and recalls; but have been also able

to extend in many cases the application of the seniority principle to such other employment relationships as transfers, promotions, job and shift assignments, etc.

Management today has accepted the seniority principle as an operating guide and is convinced that it is not objectionable. However, management is concerned with the manner in which some seniority clauses are applied in layoffs, transfers and promotions, and the extent to which such application of some seniority clauses affects management's operation of the enterprise.

Management's job is to make a success of the enterprise and it can make the business successful only when it fully utilizes its manpower and when it uses all the capabilities of its manpower. Since all will agree that the long-range interests of workers and of management are tied up in the continuance of a profitable enterprise; management must organize, arrange, coordinate and direct all the components of the business, man, machinery, materials and money, with the aim of attaining the highest cooperative efficiency which is a test of a successful enterprise. Efficiency is measured in terms of quantity and quality of goods produced with the least amount of human effort at the lowest possible cost.

This study was undertaken to analyze to what extent the application of the seniority provisions in fifteen selected industrial firms in the Chicago area affected management functions with respect to layoffs, transfers and promotions. The managements of these companies had contracts with all types of unions in the Congress of Industrial Organization, and the American Federation of Labor and in independent organizations.

It was the intention of the writer to show that some seniority provisions in some instances did affect management in running the enterprise. The data secured came primarily from interviews with the personnel and industrial relations directors of the fifteen selected industrial plants and from an examination of their union contracts.

In this study it was found that seniority was understood as the length of continuous service with the company qualified by ability, skill or experience. It was discovered that seniority was applied in the selected plants in different ways. In some plants seniority was measured by the length of service in the plant; in others it was determined by length of service in a specific

There are numerous reasons for the desirability of moving a worker from one job to another in the plant. Transfers were necessary in instances of erroneous placements, monotonous and blind alley jobs, of hazardous work, discordant relations with fellow workers. Transfers were also necessary to conserve skill and training of workers when there occurred a curtailment of production in one section of the plant. There was also need to transfer workers in order to create interest, to cultivate loyalty to the organization and to stabilize the work force and to allocate the work force for maximum production and for efficient operation.

It was found that eleven of the companies studied had contracts providing for seniority in transfers. Three contracts stated that an employee transferring from one department to another, under departmental seniority, retained all seniority rights, while in three others an employee moving from one department to another lost all seniority.

It was also learned that some contracts expressly called for a training period for each senior employee transferring to another job.

It was found that some contracts expressly stated that seniority was to be considered when an employee wished to change shifts.

In the study of the selected companies the following conditions prevailed with respect to seniority in promotions:

In running an efficient enterprise management must conserve proved skill and ability of its workers. Promotions are an effective means of recognizing meritorious service and special ability and also as a means of providing a wider opportunity for a worker to exercise exceptional ability. promotions prove to be an effective incentive to initiative, enterprise and ambition.

Eleven of the companies studied had union provisions in their contracts applying seniority to promotions. The significance of the clauses rested in the fact that management was to consider senior employees for higher jobs if they were capable. Actually there was involved no real problem in the application of seniority to promotions since management was of the opinion that length of service was a manifestation of stability,

loyalty and dependability. However, there is not of necessity a high correlation between time spent on a job and ability to perform a higher or more skilled job.

From the experience reviewed it appears that management has genuinely accepted the principle of seniority which is a guarantee of relative job security for workers of longer service who have the requisite skill and ability. When seniority rules are used to protect workers against arbitrary and discriminatory action by the employer, many workers come to think that seniority and job security mean exactly the same. However, this is not always true since the value of seniority status depends upon numerous factors, some of which are beyond the control of the company, or of the individual or of the union. The changing of the worth of seniority status under varying circumstances proves to be a disillusion to some workers and presents problems to management. Too often in the past companies were willing to let the union formulate seniority rules and to apply them.

Since management's job is to maintain a high level of efficiency, management's greatest concern now is with the application of seniority provisions in employment

relationships. The study disclosed a wide variation in types of provisions which were determined for the individual plants. Despite the fact that service credits were accumulated according to a workers length of service with a company, his seniority status was limited in applying employment rights to the department, to the plant or to a combination of department and plant or of a department and occupation. Judging from the experience reported some seniority rules tended to restrict the movement of workers from one section of the plant to another in spite of the fact that some jobs and skills were interchangeable between departments. It happened not infrequently where some junior men were kept working in one department while other senior and more skilled workers were laid off. It was further observed that in some cases there was a need to reduce the amount of "bumping," transferring and costly retraining of employees resulting from a reduction of force.

It was also observed that there was a need of encouraging workers, in some instances, to move and be moved to other positions in the organization for proper allocation of the working force for more efficient operation.

In this study there was not enough evidence to indicate any serious problems regarding seniority in promotions.

Almost all of those interviewed agreed that there has not as yet been established any seniority system which was at the same time feasible and just in all cases. However, it was clearly evident that there was a need of greater flexibility in applying seniority in employment relationships.

Union and companies together should devote more time to the formulation of seniority rules and should administer the rules in some form of a joint process in an atmosphere of trust and with a sincere approach to resolve mutual problems. It is well to remember that collective bargaining does not end with the signing of the labor agreement but rather first begins after names have been affixed to the contract.

"Let, then, all men of good will stand united."¹

1. Pius XI, op. cit.

A P P E N D I X

**TABULATION OF SENIORITY PROVISIONS OF FIFTEEN
SELECTED INDUSTRIAL FIRMS IN CHICAGO AREA**

COMPANY	UNION	TYPE OF SENIORITY			LAYOFFS & RECALLS				TRANSFERS	
					Seniority as Basis				Seniority as Basis	
		Occ.	Dept.	Plant	Yes	No	Yes	No	Yes	No
Chicago Extruded	UAW-AFL		X		X		X		X	
Clark Equipment	UAW-CIO	X	X	X	X		X		X	
Conlon Corp.	IBT-AFL		X		X		X			X
Corey Steel	IBT-AFL			X	X		X			X
Danly Machine	UE-CIO		X		X		X		X	
Dryden Rubber	UR-CIO		X	X	X		X		X	
International Harvester	UFEW-CIO		X	X	X		X		X	
Kropp Forge	Indep.		X		X		X		X	
Lanzit Box	IPPU-AFL		X		X		X		X	
National Malleable	UAW-CIO	X	X		X		X		X	
Sola Electric Co.	IBEW-AFL			X	X		X		X	
Sunbeam	UE-CIO		X		X		X			X
Taylor Forge	Indep.	X	X	X	X		X		X	
Thor Corporation	IMFW-AFL		X		X		X		X	
Western Foundry	US-CIO		X		X		X			X

UNION CODE

AFL --American Federation of Labor
 CIO --Congress of Industrial Organizations
 IBEW --International Brotherhood of Electrical Workers
 IBT --International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America
 IMFW --International Molders & Foundry Workers Union of North America
 IPPU --International Printing Pressmen's Union of North America

UAW --United Automobile, Aircraft & Agricultural Implement Worker of America
 UAW --United Automobile Workers of America
 UE --United Electrical, Radio and Machine Workers of America
 UFEW --United Farm Equipment Workers of America
 UR --United Rubber Workers of America
 US --United Steel Workers of America

TABULATION OF SENIORITY PROVISIONS OF FIFTEEN
SELECTED INDUSTRIAL FIRMS IN CHICAGO AREA (CONT.)

COMPANY	UNION	PROMOTION		UNION OFFICIALS	SPECIAL SENIORITY		
		Sen. Needed	No Sen. Needed		App. & Special Skills	Handi- capped	Veter- ans
Chicago Extruded	UAW-AFL		X	Yes	No	No	No
Clark Equipment	UAW-CIO	X		Yes	Yes	No	No
Conlon Corp.	IBT-AFL		X	No	No	No	No
Corey Steel	IBT-AFL	X		NO	No	No	No
Danly Machine	UE-CIO	X		Yes	Yes	No	No
Dryden Rubber	UR-CIO	X		Yes	Yes	Yes	No
International Harvester	UFEW-CIO	X		Yes	Yes	No	No
Kropp Forge	Indep.	X		No	No	No	No
Lanzit Box	IPPU-AFL	X		No	No	No	No
National Malleable	UAW-CIO		X	Yes	No	No	No
Sola Electric Co.	IBEW-AFL	X		Yes	No	No	No
Sunbeam	UE-CIO		X	Yes	Yes	No	No
Taylor Forge	Indep.	X		No	No	No	No
Thor Corporation	IMFW-AFL	X		Yes	No	No	No
Western Foundry	US-CIO		X	Yes	No	No	No

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