Preparations for Collective Bargaining

Paul Proteau
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PREPARATIONS FOR COLLECTIVE BARGAINING:
A SURVEY OF CHICAGO AREA PRACTICES

By
Paul Proteau

A Thesis Submitted to the Faculty of The Institute of Social and Industrial Relations in Partial Fulfillment of the Requirements for the Degree of Master of Social and Industrial Relations

June
1958
LIPE

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CHAPTER I
INTRODUCTION

A. The Need For Preparation

It is common knowledge that a company confronted with collective bargaining must do some preparation. However, the questions are how and when to prepare. The purpose of this thesis is to determine how firms in the Chicago area actually prepare.

As a Management Consultant stated in the Bureau of National Affairs Labor Service; "The day to start preparations for negotiations on your next contract, is the day your present contract goes into effect." ¹ In addition, it is to be expected that preparations will have an effect on negotiations and consequently, will have an effect on the operation of the business. One author suggests that the importance of preparation has not been widely accepted.

"In industrial relations, only the collective bargaining process itself is more important than the preparations that must be made for it. One may be assured, moreover, that the successful outcome of collective bargaining is in direct proportion to the thoroughness of the preparations. Industry has come to realize that labor negotiations may make or break the company. There has come a much slower

¹BNA, Bargaining Outline for Management
realization that the months of preparation preceding the actual bargaining may also make or break the business."

In order that the various preparations may be discussed in a more orderly manner, a distinction will be made between two types. First there are internal preparations or those which may be made within the firm itself. Secondly there are external preparations or those which require access to sources outside of the firm itself.

1. **Internal Preparations**
   
a. **Consultation with Foremen**

   One of the first steps to be taken is to go over the existing agreement with the shop supervision. Since this group has to work with the agreement on a daily basis, they will have insights into its weak or troublesome areas. As one authority states,

   "While the top production executives have an invaluable background of information concerning the effectiveness of the existing agreement, the experience of shop supervision, which has lived and worked with the contract during the preceding year, may be of incalculable value and should not be underestimated. It must be remembered that after the contract is negotiated, shop supervisors must live with it, and if they participate in the negotiations, although indirectly, their acceptance of the contractual changes and the agreement itself, comes more readily."

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b. Study of Grievance File

Another source of valuable information will be the grievance file, especially grievances covering the period since the last negotiations. If a grievance keeps recurring, there is the possibility that the agreement terminology covering it should be revised and clarified. As is stated in the BNA's labor service:

"Appealed grievances, in particular, and especially those repeatedly arising under the same contract clause, give a clue to needed revisions. If a study of the grievance records shows that the grievance was brought because of confusion as to the meaning or intent of the clause, whether on the part of the employee, the union, or the supervisor, there probably is a need for revision of the language of the clause so its purpose and intent will be clear to everyone." 4

If the union has pressed certain grievances a number of steps up the grievance procedure, it may be assured that they will be brought up during negotiations. As a consequence, such grievances should be carefully noted during the preparation period.

c. Comparison of Wages With Cost of Living Index

Aside from the fact that certain agreements have an escalator clause (wage adjustments tied in with fluctuations in the Consumers' Price Index) it is

4Bureau of National Affairs, pp.12, 14
important to make a comparison of wage increases with the Consumers' Price Index for the period since the last negotiations. "Intelligent negotiations give serious attention to trends in the cost of living. Since changes in the cost of living offset real income (what money wages can buy), the most current information relating to changes and cost of living should be available at the bargaining table." 5

d. Analysis of Wages and Productivity

As a part of preparation, there should be an analysis of both wages and productivity. The two concepts have been grouped together because of their inter-relationship. However, for analysis purposes they will be discussed separately.

Under wage analysis, a study should be made of wage rates (both average straight time and average hourly earnings), weekly earnings and yearly earnings. It is beneficial to analyze wages over an extended period of time, at least a year, because "A person may earn a high hourly rate, or a low

hourly rate, but receive low annual earnings because of periodic layoffs, or a high annual earnings because of overtime and other premium payments.  

Union wage demands may be tied in with increases in productivity. There are three basic approaches a union may utilize in order to accomplish this. The union may demand wage increases to correspond with productivity gains in (1) the particular company, (2) the industry of which the company is a part, or (3) the nation as a whole. Therefore, preparation for negotiations should include studies of productivity on all three of the above levels. A study of productivity can begin with an examination on a national basis. As has been previously stated, a union may make demands predicated upon national productivity. Therefore, a firm should be prepared for such a possibility. However, a problem does exist as to an authoritative source of national productivity information. "It will quickly be discovered that no definite official government policy or index exists."  

Several remedies have

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6 Ibid, p.3  
7 Fred Rudge, Bargaining on Productivity, (Washington, 1953), p.60
been suggested in order to overcome such lack of data. The following is a recommended alternative:

"The best that can be done is to get the measures of productivity of the various industries, apply weights, and strike an average."

A study of particular industries raises a different type of problem. The Bureau of Labor Statistics of the Department of Labor issues productivity reports for specific industries. If the company negotiating is a firm within one of the industries reported upon, the data obtained can be most helpful. Another source of productivity data by industry may be the trade association of which the particular firm may be a member.

The gathering of productivity information within the individual company has its own characteristics. In some respects it will be easier and in some respects it will be more difficult than attempting to compute productivity on industry or national level. "It is easier in one respect because in any organization of any size there are figures available

---

from which a productivity measure can be constructed. It is more difficult because in compiling such material, it may well prove impossible to make the broad assumptions on productivity which can be made when overall national or industry trends are being studied." 9

A common measure used to determine changes in productivity is physical output per man hour or per wage earner. "It relates a measure of physical output (number of pieces, weight, liquid content, etc.) to the number of hours worked or the number of employees required." 10 Arithmetically, the amount of physical product in units is divided by the amount of man hour inputs.

e. Computation of Cost of Fringe Benefits

Collective bargaining has seen an expansion of emphasis on fringe benefits. Such benefits include such items as vacations, sick leave, payroll taxes, call-in pay, shift differentials, overtime payments, workmen's compensation payments, severance or termination pay, rest periods, wash-up time, travel

9Rudge, p. 64
10Dale, p. 32
time, insurance contributions, pension contributions, waiting time, Christmas and other special bonus, holiday pay, dressing time, and other benefits. In his preparation for collective bargaining, the negotiator should make a listing of all current fringe benefits. Then the fringes should be examined as to company policy. Next, the cost of each fringe benefit should be computed. "Calculation is most difficult and must sometimes be only a 'best estimate. In present bargaining, it is virtually a necessity to determine fringe costs. These costs moreover, must be expressed in cents per hour so that they will conform to the normal wage-bargaining standard." 11

f. Detailed Analysis of Own Labor Agreement

Another item of preparation should be an analysis of the firm's labor agreement. The entire agreement should be examined for vague, inconsistent, and ambiguous terminology.

"Many clauses that read well will have been proven bad in practice. A good procedure for contract analysis is to have the existing contract typed down the left half of the page, leaving the right half blank for analytical commenting. The person engaged in analysis

11Randle, p.169
then writes down opposite each clause the criticisms, weaknesses and 'bugs' which have appeared. Directly under this, he writes what action management should take." 12

Such an analysis can actually have a two-fold purpose. First, weakness can be discovered and secondly, the negotiator develops a better working knowledge of the agreement.

g. Data Obtained From Controller

Part of preparations for negotiations should include consultation with various officials and department heads within the company. One of the key individuals to consult is the controller. A survey underwritten by the Controllership Foundation offered a number of recommendations. "The controller should know the type of information that the negotiator needs, and the negotiator should be informed concerning the information the controller can furnish. Every possible device for building cooperation between controller and negotiator should be utilized." 13

Aside from being a source of information, the

12Ibid, p.170

controller should be consulted concerning the finan-
cial impact of proposals made by either the firm or
the union.

2. External Preparations

a. Surveys of Wages and Fringe Benefits

A wage and fringe survey is important because the
firm must be able to recruit the proper type of
workers in the community. On the other hand, the
survey will help to indicate whether or not the
firm can remain competitive with other firms within
its industry. As Fred Witney of the School of
Business at Indiana University has stated:

"The wage structure of the plant then is
frequently compared to the wage structure
of the community and of the industry of which
the plant is a part. Company earnings and
wage rates with those in the community and
in the industry conforms to a prevailing
practice within contemporary industry." 14

The next question is, how shall the required data be
brought together? Two basic avenues are available.
First, a firm can conduct its own survey, and
secondly, the firm may obtain the information through
various agencies.

"For industry-wide data, companies may make
use of the facilities of national trade
associations. Local wage information may be
obtained at times through local businessmen's

14 Witney, p. 4
Another agency is readily available with wage information on both the industry-wide and local level. This agency is the Department of Labor.

"From time to time, the Bureau of Labor Statistics publishes the results of local and industrial wage surveys in the Monthly Labor Review. Another source, often overlooked by many negotiators, consists of wage surveys made by the Regional Offices of the Bureau of Labor Statistics."

b. Analysis of Agreements Negotiated by Other Firms

It is important that the negotiator have a knowledge of the types of agreement provisions other firms have negotiated. "Patterns" can have an effect on negotiations, whether or not the negotiator likes the particular pattern which is evolving. As the Bureau of National Affairs, Bargaining Outline states,

"Each clause in every contract studied should be appraised as to its applicability to your own situation. Many clauses would fit one situation perfectly and yet be almost disastrous in another type of situation. To help you in analyzing each contract, you might wish to mark each paragraph as you go through a contract with three different types of symbols: 'O.K.' for those that would properly fit your situation; 'NG' for those you would not want to agree to under any circumstances; and '?' for those that
you would prefer not to have but to which you might be able to agree to if you had to." 17

If the favorable clauses are common to a good number of the agreements, then it can be said that a "pattern" exists concerning this clause. Such a point can be brought up with the union in negotiations if you are attempting to insert this clause in your agreement.

c. Research into Basic Objectives of Negotiating Union
Since a negotiator should be familiar with the group on the other side of the bargaining table, it is helpful to do some research into the structure and policies of both the local and international unions. "The negotiator should obtain copies of the present union's constitution and by-laws, read them carefully, and note major points which may be used in bargaining." 18 There are other indicators or barometers which may be used in an attempt to measure where the union will place its bargaining emphasis.

"If the parent union and the local with which one deals issues a newspaper or magazine, it is useful to clip pertinent items therefrom. Particularly interesting will be views on

17 Bureau of National Affairs, pp.13, 14
18 Randle, p.182
contracts and reports of concessions won elsewhere. The proceedings of the annual convention of the union constitute another useful source. Oftentimes, here the international union may specify major items to be sought in the coming year." 19

d. Use of The Services

In order to obtain the factual data required for negotiations, it is necessary to have access to readily available sources of information. Much of the necessary information can be rapidly obtained through the use of the services. As one author states in his preparations for collective bargaining:

"First of all, there are publishers who offer certain labor services which are well worth while. Primarily among these are Prentice-Hall, Commerce Clearing House, and the Bureau of National Affairs. The services provide a cumulative source of industrial relations data as well as information supplied weekly or oftener." 20

Data on wages, cost of living, fringe benefits, specimen clauses and productivity can be obtained from these services.

e. Use of Associations or Industrial Research Institutions

In addition to the labor services, data relating to collective bargaining is available from a number of associations or industrial research institutions.

19Ibid
20Ibid, p.185
Many associations and institutions sponsor forums, conduct surveys and publish periodicals, booklets and articles which are helpful in the preparations for negotiations.

"Among the industrial organizations (or closely related to them) are the National Association of Manufacturers, the United States Chamber of Commerce, the local Associated Industry groups, the Society for the Advancement of Management, and the American Management Association. Among the private institutions are the American Arbitration Association, the Brookings Institution, the National Bureau of Economic Research, The National Industrial Conference Board, the Twentieth Century Fund, and the various labor relations centers of the colleges and universities." 21


The question that arises now is how to put the information that has been gathered into a readily available and handy form. "Material to be used during negotiations will be readily available if placed in a hand folder by subjects with an index in the front of the folder." 22 It is important to have the gathered material organized in such a manner that it can be quickly found, if necessary during a negotiations session.

One of the important subjects contained in the handbook should be the analysis of the firm's own labor agreement. A possible technique to use was discussed previously on pages 8 and

21Ibid

22Hill and Hook, p.250
9. Agreement analysis sheets can be divided into left and right hand sections. The current agreement can be written in the left hand column of the page. Directly across from the existing terminology in the right hand column, proposed changes and the reasons for them can be entered. Comments can be made where the clauses have caused grievances or difficulty in contract administration.

In addition, the handbook should have a section on economic information such as fluctuation in the Consumers' Price Index, analysis of firm's wages and productivity, and surveys of wages and fringes. Cost data such as fringe benefits should be listed. Also the handbook should contain summaries based on consultation with foremen and the study of the grievance file. Space should be allocated for specimen clauses from labor agreements of other firms which may be used in the future. Finally, excerpts from pertinent articles containing information on the negotiating union may be incorporated into the handbook. Other material may be contained depending upon the particular collective bargaining situation.

4. Determination of Who Actually Negotiates for the Company

Apparently, there is no set rule as to who actually negotiates for the company. "Management's negotiations may be conducted by one person alone, or by a committee of several executives or division heads, and possibly, including the company's attorney
or even an outside consultant." 23 Aside from having line executives, attorneys, and outside consultants such as trade associations doing the negotiations, firms employ trained personnel men to conduct negotiations along with day to day industrial relations activities. "For this reason, an increasing number of companies have established industrial relations departments, the major function of which is the negotiation and the administration of labor contracts." 24

B. Method Used to Obtain Information

A questionnaire has been utilized by the writer as the basis for securing information. The data sought was the extent to which firms follow the practices discussed in the first part of this chapter. The questionnaire (see appendix 1–3) requests information in seventeen areas. In addition, at the conclusion there is an open-end question asking for general comments on preparation for negotiation.

1. Selection of Sample

The listing of firms to be surveyed was based on the "Directory of Large Employers in the Chicago Metropolitan Area". This directory is compiled by the Chicago Association of Commerce and Industry. It includes all manufacturing firms, by size in

23 R. C. Smyth and M. J. Murphy, Bargaining with Organized Labor, (New York, 1948), p.28

24 Witney, p.2
the counties of Cook, DuPage, Kane, Lake and Will in Illinois. In addition, it includes Lake County in Indiana. The listings are separated by the number of employees: Over one thousand employees constitutes one group; five hundred to one thousand employees constitutes a second group; four hundred ninety nine or less employees constitutes the third group. The writer was primarily interested in the first two groupings, therefore, these were selected to be surveyed.

The group with over one thousand employees (large size) had a listing of 193 firms and the group with five hundred to one thousand employees (medium size) had 185 firms. Therefore, total questionnaires mailed to firms was 378. The first question asked was, "Does your firm bargain collectively with a labor organization?" If the answer was "yes", the individual completing the questionnaire was requested to complete the remainder of the survey. If the answer was "no", the individual was requested to return the survey with only the first question answered.

2. Returns Received

Table I, indicates the number and percentages of returned questionnaires both totally and by size factor.
TABLE I
NUMBER AND PERCENTAGES OF RETURNED QUESTIONNAIRES

<table>
<thead>
<tr>
<th>Firms by Size Bracket</th>
<th>Number Sent</th>
<th>Number Returned</th>
<th>% Returned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000 +</td>
<td>193</td>
<td>110</td>
<td>56.9</td>
</tr>
<tr>
<td>500 to 1,000</td>
<td>185</td>
<td>92</td>
<td>49.7</td>
</tr>
<tr>
<td>Totals</td>
<td>378</td>
<td>202</td>
<td>53.4</td>
</tr>
</tbody>
</table>

As can be observed from the above, a higher percentage of returned questionnaires was received from the large firms.

The returned questionnaires are broken down by a series of classifications: First a distinction is made between firms that negotiate with a union and non-unionized firms, second there are those firms which did not desire to participate in the survey and third there are those firms reported out of business. Table II shows this breakdown.

TABLE II
NUMBER OF UNIONIZED AND NON-UNIONIZED FIRMS

<table>
<thead>
<tr>
<th>Firms by Size Bracket</th>
<th>Number Returned</th>
<th>Unionized</th>
<th>Non-Unionized</th>
<th>Would Not Participate</th>
<th>Out of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000 +</td>
<td>110</td>
<td>78</td>
<td>23</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>500 to 1,000</td>
<td>92</td>
<td>54</td>
<td>30</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>202</td>
<td>132</td>
<td>53</td>
<td>13</td>
<td>4</td>
</tr>
</tbody>
</table>
Using the number of returned questionnaires as 100%, the above Table II can be translated into percentages. Table III shows the percentage of unionized and non-unionized firms.

**TABLE III**

PERCENTAGE OF UNIONIZED AND NON-UNIONIZED FIRMS

<table>
<thead>
<tr>
<th>Firms by Size Bracket</th>
<th>Number Returned</th>
<th>Unionized</th>
<th>Non Unionized</th>
<th>Would Not Participate Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000+</td>
<td>100%</td>
<td>70.9%</td>
<td>20.9%</td>
<td>6.4%</td>
</tr>
<tr>
<td>500 to 1,000</td>
<td>100</td>
<td>58.7%</td>
<td>32.6%</td>
<td>6.5</td>
</tr>
<tr>
<td>All Firms</td>
<td>100%</td>
<td>65.4%</td>
<td>26.2%</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

Based on the above two tables, a significant comparison can be made. When all firms are taken into consideration, approximately two-thirds or 132 of the firms negotiate with a union. However, when a distinction is made by size factor, almost 71% (78) of the large firms are unionized while only about 59% (54) of the medium sized firms bargain with a union.

This is not to be interpreted to mean that a firm is entirely unionized. The question asked in the survey was whether the firm bargained with a labor organization. Consequently, a unionized firm would be one which negotiates with a union to any degree.
CHAPTER II

THE SURVEY

The current chapter will analyze survey information on the internal and external preparations, the collective bargaining handbook, and a determination of who actually negotiates for the company.

A. Internal Preparations

1. Consultation With Foremen

The survey indicates that 68 of the large firms seek the suggestions and opinions of foremen regarding possible revision in the agreement, while 10 of the large firms do not. Of the medium sized firms, 46 of them do seek the foremen's assistance while eight of the medium sized firms do not. Table IV, Firms Seeking Assistance of Foremen, reads as follows:

TABLE IV

FIRMS SEEKING ASSISTANCE OF FOREMEN

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Firms</td>
<td>78</td>
<td>68</td>
<td>87.0</td>
<td>10</td>
<td>13.0</td>
</tr>
<tr>
<td>Medium Firms</td>
<td>54</td>
<td>46</td>
<td>85.1</td>
<td>8</td>
<td>14.9</td>
</tr>
<tr>
<td>Totals</td>
<td>132</td>
<td>114</td>
<td>86.4</td>
<td>18</td>
<td>13.6</td>
</tr>
</tbody>
</table>

As can be seen from the above Table IV, the greater majority of the firms in both groups do seek the advice of their foremen. When one compares firms by size the correlation is quite close.
The following are some comments on how Republic Steel Corporation arranges its conferences with foremen. "In soliciting the opinions and suggestions of foremen in advance of negotiations, meetings are held with each department supervisory staff to invite their grievance experience, comments and suggestions on revision of clauses and clarifying portions of the contract. This is done well in advance of the negotiations so the accumulated ideas may be studied and compiled."

2. Study of Grievance File

The second item of internal preparation is a study of the grievance file, looking into grievances accruing since the last negotiations. Based on the survey, 63 of the large firms make a study of the grievance file and 15 firms do not. Of the medium sized firms, 42 make such a study and 12 do not.

| TABLE V |
|---|---|---|---|---|
| **FIRMS WHICH STUDY GRIEVANCE FILE** | Total | Yes | % | No | % |
| Large Firms | 78 | 63 | 80.8 | 15 | 19.2 |
| Medium Firms | 51 | 42 | 77.7 | 12 | 22.3 |
| Totals | 132 | 105 | 79.5 | 27 | 20.5 |

As can be observed from Table V, a large number of the firms surveyed do make an examination of the grievance file. The size bracket of the firm does not appear to have any bearing since
there are 81% and 78% respectively, answering "yes". Some firms elaborated on answering "no" such as, Jewel Tea Company, "We have very few grievances. However, we try to ascertain employee dissatisfaction and the cause of it." Acme Steel Company stated, "Not considered significant since the number of grievances on file is very small." The extreme was exemplified by Pheoll Manufacturing Company, "We have not had a written grievance in five years." From these statements, it appears that the firms not making a study of the file may be those with rather infrequent grievances.

3. Comparison of Wages With "Cost of Living" Changes

Next, there is the comparison of wage increases granted with changes in the Index of Consumers' Prices for the period since the last negotiations. The survey indicates that 56 of the large firms make a comparison and 19 of these firms do not. Under the medium firm classification, 46 firms do and seven firms do not make such comparisons. Three large firms and one medium firm did not answer this question. The results are shown in Table VI.

<table>
<thead>
<tr>
<th>TABLE VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRMS COMPARING WAGES WITH COST OF LIVING CHANGES</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
<th>Ans.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Firms</td>
<td>78</td>
<td>56</td>
<td>71.8</td>
<td>19</td>
<td>24.3</td>
<td>3</td>
<td>3.9</td>
</tr>
<tr>
<td>Medium Firms</td>
<td>54</td>
<td>46</td>
<td>85.2</td>
<td>7</td>
<td>12.9</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td>Totals</td>
<td>132</td>
<td>102</td>
<td>77.3</td>
<td>26</td>
<td>19.7</td>
<td>4</td>
<td>3.0</td>
</tr>
</tbody>
</table>
As can be observed from Table VI, a larger percentage of the medium sized firms make comparisons of wage increases to the Changes in Cost of Living.

4. Analysis of Wages and Productivity

As a step in preparation, study of wages may include a study of average straight time hourly rates, of weekly earnings and of annual earnings. Among the large firms, 70 firms make an analysis of the average straight time hourly rates, 30 firms analyze the weekly earnings, and 28 make an analysis of the annual earnings; three firms make no analysis. Fifty of the medium sized firms analyze the average straight time hourly rates, 25 firms make a study of the weekly earnings, 16 firms go over the annual earnings and three firms make no analysis. Table VII illustrates the above findings. The totals are larger than the total of firms in the sample, because a number of the firms made a wage analysis based on more than one time period.

TABLE VII

TYPES OF WAGE ANALYSES MADE

<table>
<thead>
<tr>
<th>Wage Analysis Based On</th>
<th>Large Firms</th>
<th>Medium Firms</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average straight time hourly rates</td>
<td>70</td>
<td>50</td>
<td>120</td>
</tr>
<tr>
<td>Weekly earnings</td>
<td>30</td>
<td>25</td>
<td>55</td>
</tr>
<tr>
<td>Annual earnings</td>
<td>28</td>
<td>16</td>
<td>44</td>
</tr>
<tr>
<td>No analysis</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Totals</td>
<td>131</td>
<td>94</td>
<td>225</td>
</tr>
</tbody>
</table>
It is clear that the most common form of wage analysis is based on average straight time hourly rates, followed by weekly earnings, and then annual earnings. The vast majority of firms surveyed make a wage analysis. Only six firms or 4.5% out of a total 132 make no analysis.

As has been stated in the first chapter, (page 5) there are three basic approaches that can be used to tie wage demands to increases in productivity: changes in productivity relative to the company, the industry, or the nation as a whole.

The returns show that 48 of the large firms considered changes in productivity relative to wage adjustments based on their company, 17 based on the industry, seven on the nation as a whole, and 23 firms do not consider changes in productivity. On the other hand, in the medium sized firms, 21 of them consider changes in productivity based on their company, 13 based on the industry, three on the nation as a whole, and 23 firms do not consider changes in productivity. Table VIII shows these findings.

<table>
<thead>
<tr>
<th>Productivity Changes</th>
<th>Large Firms</th>
<th>Medium Firms</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on Company</td>
<td>48</td>
<td>21</td>
<td>69</td>
</tr>
<tr>
<td>Based on Industry</td>
<td>17</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td>Based on Nation</td>
<td>7</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Not Considered</td>
<td>23</td>
<td>23</td>
<td>46</td>
</tr>
<tr>
<td>Totals</td>
<td>95</td>
<td>60</td>
<td>155</td>
</tr>
</tbody>
</table>
The totals are larger than the total sample because a particular firm may, and often does, determine changes in productivity by more than one of the methods. Consequently, the basic comparison should be between firms that consider productivity by any one of the methods and those firms that do not study it at all. The percentage of large firms that determine changes in productivity by any of the above methods is 70.5. In contrast to this, only 57.4 per cent of the medium sized firms make any effort to determine changes in productivity. A number of the firms indicated that productivity is a difficult thing to determine. One individual stated that "Productivity being so difficult to definitely prove, we stay away from it completely in collective bargaining." Another has found that productivity is, "Very difficult to evaluate". "We regard the concept of productivity as being virtually impossible to relate to wages" is the opinion of a third firm.

A number of the firms that considered changes in productivity based on the company, indicated a direct tie-in with the established incentive system. A sample comment made by Johnson & Johnson was, "With the Standard Minute Incentive System covering our employees, we are able to get a fairly accurate fix as to the progress of productivity by direct labor. We do not go further than that." The Budd Company noted that "Productivity is
reflected in earnings of incentive paid employees in production operations. No productivity study on hourly non-productive workers." Thus in a number of firms, the study of productivity is limited to an existing incentive system and non-incentive workers would not have productivity computed.

5. **Computation of Cost of Fringe Benefits**

The computation of the cost of fringe benefits appears to be a practice followed by a large majority of the firms surveyed. Out of 78 large firms, 73 do compute the cost of fringe benefits. Of the 54 medium sized firms, 51 stated that they do make such computations. Table IX indicates the number and percentage of firms that compute the cost of fringe benefits.

| TABLE IX |
|---|---|---|---|---|
| **Firms Which Compute the Cost of Fringe Benefits** | Total | Yes | % | No | % |
| Large Firms | 78 | 73 | 93.6 | 5 | 6.4 |
| Medium Firms | 51 | 51 | 94.4 | 3 | 5.6 |
| Totals | 132 | 124 | 93.9 | 8 | 6.1 |

Both the large and medium sized firms have a very large percentage of firms computing fringe costs.

6. **Detailed Analysis of Own Labor Agreement**

This analysis includes an examination of the entire labor agreement for phraseology which is vague, inconsistent, or
ambiguous. Based on the survey, the vast majority of reporting firms make a detailed analysis of their own labor agreement. Out of 78 large firms, 75 of them do it on a clause by clause basis. Fifty-two of the 54 medium sized firms make such an analysis. Table X shows that a large percentage of both large and medium sized firms follow this practice.

**TABLE X**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Firms</td>
<td>78</td>
<td>75</td>
<td>96.2</td>
<td>3</td>
<td>3.8</td>
</tr>
<tr>
<td>Medium Firms</td>
<td>54</td>
<td>52</td>
<td>96.3</td>
<td>2</td>
<td>3.7</td>
</tr>
<tr>
<td>Totals</td>
<td>132</td>
<td>127</td>
<td>96.2</td>
<td>5</td>
<td>3.8</td>
</tr>
</tbody>
</table>

As can be observed from the above Table X, size does not appear to have much bearing on the extent of analysis of a firm's labor agreement.

7. **Data Obtained From Controller**

As stated previously, (page 9) one of the key individuals the negotiator should consult is the controller of the firm. Information on comparison of company wages with fluctuations in cost of living, analysis of wages and productivity and cost of fringe benefits can be obtained, at least in part, from the controller. Based on the survey, 71 out of 78 large firms solicit the assistance of the controller for the purpose of
preparing facts and figures to be used in negotiations. Of the 54 medium sized firms, 43 solicit the assistance of the controller.

**TABLE XI**

**ASSISTANCE SUPPLIED BY THE CONTROLLER**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Firms</td>
<td>78</td>
<td>71</td>
<td>91.0</td>
<td>7</td>
<td>9.0</td>
</tr>
<tr>
<td>Medium Firms</td>
<td>54</td>
<td>43</td>
<td>79.6</td>
<td>11</td>
<td>20.4</td>
</tr>
<tr>
<td>Totals</td>
<td>132</td>
<td>114</td>
<td>86.4</td>
<td>18</td>
<td>13.6</td>
</tr>
</tbody>
</table>

As can be seen from Table XI, a greater percentage of large firms solicit the assistance of the controller in obtaining information preparatory to negotiations. One firm reported, "A member of the Accounting Department is on our negotiating team." This is an indication of the type of close cooperation that can exist between the negotiator and the controller's office.

This concludes the report on the internal preparations shown in the survey. The second large area covered in the questionnaire is external preparations, or the collection of information from sources outside the firm.

B. **External Preparations**

1. **Surveys of Wages and Fringe Benefits**

Surveys of wages and fringe benefits as stated previously (page 10) can indicate to the firm whether or not it is in line
with the "pattern". In the large firms, 47 make the survey based on competing firms in the entire industry, 37 of them survey competing firms in the Chicago area, 40 make a study based on other firms in the Chicago area and five firms make no survey. In the medium size category, 30 survey competing firms in the entire industry, 27 only competing firms in the Chicago area, 35 study data from other firms in the Chicago area and three firms make no survey. It must be remembered that a number of the firms in both categories made surveys in more than one area. Table XII indicates the frequency with which firms made each type of survey.

### TABLE XII

**WAGE AND FRINGE SURVEYS**

<table>
<thead>
<tr>
<th>Area of Survey</th>
<th>Large Firms</th>
<th>Medium Firms</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competing Firms - Entire Industry</td>
<td>47</td>
<td>30</td>
<td>77</td>
</tr>
<tr>
<td>Competing Firms - Chicago Area</td>
<td>37</td>
<td>27</td>
<td>64</td>
</tr>
<tr>
<td>Other Firms - Chicago Area</td>
<td>40</td>
<td>35</td>
<td>75</td>
</tr>
<tr>
<td>No Survey Made</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
</tbody>
</table>

The most frequent area of survey is competitors in the industry, followed closely by non-competitors in the Chicago area. The great majority of firms do conduct some type of survey. Of the large firms, 93.6% make a survey in at least one of the areas while 94.4% of the medium sized firms do.
The following is a description of the method of approach Campbell Soup Company uses in beginning a survey. "Locally we begin surveying companies in the Chicago area about two or three months before negotiations begin. The questionnaire we use covers such areas as recent wage increases, job rates, vacation and holiday practices, fringe benefits (insurance and pension programs), etc."

2. Analysis of Agreements of Other Firms

As was stated in the first chapter, (page 11) it is important that the negotiator have a knowledge of the clauses in the labor agreements negotiated by other firms. It is to the negotiator's advantage if he has advance knowledge of "patterns" which are developing. The various firms responded to the fourth question on the questionnaire in the following manner. Thirty two of the large firms make a systematic study of the agreements of companies in the various industries in the Chicago area, 53 study only those of companies in the same industry in the Chicago area, 59 firms make a study of agreements which have been negotiated by the same union with which they deal, ten firms make studies of other types, and seven firms make no study. Of the ten firms that make studies of other types, the most common (seven firms) was of agreements of companies in the same industry on a national basis. One firm based its study on midwest companies in the same industry. Another firm studies agreements in the areas where it has plants.
operating. Finally, one firm only undertakes such studies when it is, "necessary to gain further insight on a particular labor problem that may arise."

In the medium sized firms, 25 make a systematic study of the agreements of companies in various industries in the Chicago area, 35 study those companies in the same industry in the Chicago area, 39 firms make a study of agreements of companies which negotiate with the same union, ten firms make studies of other types and two firms make no study. Of the ten firms that make studies of other types, five study agreements of companies in the same industry on a national basis. Three firms analyze the agreements of "pattern makers", such as the steel and automobile corporations.

**TABLE XIII**

**ANALYSES OF AGREEMENTS OF OTHER FIRMS**

<table>
<thead>
<tr>
<th>Study of Contracts of Companies</th>
<th>Large Firms</th>
<th>Medium Firms</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Various Industries - Chgo. area</td>
<td>32</td>
<td>25</td>
<td>57</td>
</tr>
<tr>
<td>In Same Industry - Chgo. area</td>
<td>53</td>
<td>35</td>
<td>88</td>
</tr>
<tr>
<td>Which negotiate with same union</td>
<td>59</td>
<td>39</td>
<td>98</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>In same industry - National</td>
<td>(7)</td>
<td>(5)</td>
<td>(12)</td>
</tr>
<tr>
<td>In same industry - Midwest</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Where Have Plants Operating</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Study Made Only When Necessary</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Pattern Makers - Steel-Autos</td>
<td>(3)</td>
<td></td>
<td>(3)</td>
</tr>
<tr>
<td>No Study Made</td>
<td>7</td>
<td>2</td>
<td>9</td>
</tr>
</tbody>
</table>
As indicated in Table XIII, the most common area of study is the agreement of a company which negotiates with the same union as the firm surveyed. Next, is the agreement of a company in the same industry in the Chicago area. It should be noted that a firm frequently makes a study by more than one area. This practice of studying agreements of other firms appears to be quite extensive. Of the large firms, 94.9% make studies of some sort while 96.3% of the medium sized firms do.

3. **Research Into Basic Objectives of Negotiating Union**

This research consists in trying to determine the union's basic objectives on wages and other issues, as indicated by what the locals are currently negotiating in the area or industry. Of the 78 large sized firms, 71 try to determine the union's objectives. Negative answers were received from the remaining seven firms. Forty seven of the 54 medium sized firms stated that they attempt to determine the union's objectives; the other seven make no attempt to do so.

**TABLE XIV**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Firms</td>
<td>78</td>
<td>71</td>
<td>91.0</td>
<td>7</td>
<td>9.0</td>
</tr>
<tr>
<td>Medium Firms</td>
<td>54</td>
<td>47</td>
<td>87.0</td>
<td>7</td>
<td>13.0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>132</td>
<td>118</td>
<td>89.4</td>
<td>14</td>
<td>10.6</td>
</tr>
</tbody>
</table>
Table XIV shows that approximately 90% of the firms do try to determine the union's basic objectives on wages and other issues that the locals are currently negotiating in the area or industry.

4. Use of the Services

As has been stated previously, (page 13) a labor relations service can furnish a readily available source of needed information. There are three primary labor relations services in use today: The Bureau of National Affairs, Commerce Clearing House, and Prentice-Hall. In the large firm group, 52 use BNA, 28 Prentice Hall, and 26 have Commerce Clearing House; six use other services and ten firms utilize none of the services. Of the six firms that utilize other services, four make use of information sent out by the industry of which the firm is a part.

In the medium firm group, 18 utilize Bureau of National Affairs, 15 Prentice-Hall, 15 Commerce Clearing House, four firms use other services, and 17 firms utilize no service. Of the four firms that utilize other services, three make use of labor services put out by the industry of which the firm is a part. It should be noted that a good number of these firms make use of more than one service: some firms had two, while others have access to three services. Table XV illustrates the use of labor services.
### Table XV

**USE OF LABOR RELATIONS INFORMATION SERVICES**

<table>
<thead>
<tr>
<th>Type of Labor Service</th>
<th>Large Firms</th>
<th>Medium Firms</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureau of National Affairs</td>
<td>52</td>
<td>18</td>
<td>70</td>
</tr>
<tr>
<td>Prentice-Hall</td>
<td>28</td>
<td>15</td>
<td>43</td>
</tr>
<tr>
<td>Commerce Clearing House</td>
<td>26</td>
<td>15</td>
<td>41</td>
</tr>
<tr>
<td>Other Service</td>
<td>6</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>No Service</td>
<td>10</td>
<td>17</td>
<td>27</td>
</tr>
</tbody>
</table>

A number of significant points can be derived from Table XV. First, Bureau of National Affairs appears to be by far the most popular form of labor relations information service among the large firms and by a smaller margin in the medium sized firms. Prentice-Hall ranks second with the large firms, followed closely by Commerce Clearing House. In the medium sized group, Prentice-Hall and Commerce Clearing House are used by the same number of firms. In the large firm category, 87.2% use some form of labor service while in the medium firms, only 68.5% use some form of labor service.

5. **Use of Association or Industrial Research Institutions**

Data relating to collective bargaining is available from a number of associations or industrial research institutions. Included among these organizations are the American Management
Association, National Association of Manufacturers, National Industrial Conference Board and United States Chamber of Commerce. The returns show many companies in each group belong to and use materials supplied by these associations.

Sixty one of the large sized firms belong to the American Management Association, 43 to the National Association of Manufacturers, 49 to the National Industrial Conference Board, 33 to the United States Chamber of Commerce and 30 to other similar organizations; state manufacturers' associations, local employer's associations, trade associations, and personnel or industrial relations organizations.

In the medium size firm category, 34 belong to the American Management Association, 31 to the National Association of Manufacturers, 18 to the National Industrial Conference Board, 23 to the United States Chamber of Commerce and 25 belong to other similar organizations; split rather evenly between state manufacturers associations, local employer's associations, trade associations, and personnel or industrial relations organizations.
TABLE XVI
MEMBERSHIP IN ASSOCIATIONS OR INDUSTRIAL RESEARCH INSTITUTIONS

<table>
<thead>
<tr>
<th>Name of Association</th>
<th>Large Firms</th>
<th>Medium Firms</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Management Association</td>
<td>61</td>
<td>34</td>
<td>95</td>
</tr>
<tr>
<td>National Association of Manufacturers</td>
<td>43</td>
<td>31</td>
<td>74</td>
</tr>
<tr>
<td>National Industrial Conference Board</td>
<td>49</td>
<td>18</td>
<td>67</td>
</tr>
<tr>
<td>United States Chamber of Commerce</td>
<td>33</td>
<td>23</td>
<td>56</td>
</tr>
<tr>
<td>Other</td>
<td>30</td>
<td>25</td>
<td>55</td>
</tr>
<tr>
<td>No Membership</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

As can be seen, (Table XVI) the American Management Association has the largest membership in both the large and medium sized firms.

This concludes the discussion of the gathering of data and other information from both internal and external sources. It still leaves two important areas to be examined. First, the matter of who brings this information together into an easily accessible form and secondly, who actually negotiates for the company after preparations have been completed. We shall discuss these aspects of the preparation for negotiations in the next two sections.
C. The Collective Bargaining Handbook

The purpose of a handbook is to put all of the collected information into a readily available and handy form. The survey indicates that 40 out of 78 large firms compile a collective bargaining handbook containing basic information to be used in negotiations. Twenty-four out of 54 medium sized firms make up such a handbook.

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Firms</td>
<td>78</td>
<td>40</td>
<td>51.3</td>
<td>38</td>
<td>48.7</td>
</tr>
<tr>
<td>Medium Firms</td>
<td>54</td>
<td>24</td>
<td>44.4</td>
<td>30</td>
<td>55.6</td>
</tr>
<tr>
<td>Totals</td>
<td>132</td>
<td>64</td>
<td>48.5</td>
<td>68</td>
<td>51.5</td>
</tr>
</tbody>
</table>

Table XVII shows that only a little over 50% of the large firms compile a handbook, while less than 45% of the medium sized firms do so. Less than half of all the firms make a systematic preparation of this type.

From the survey returns there seems to be no general rule as to who is in charge of collecting the information needed for the bargaining sessions. The listings in Table XVIII indicate why.
### TABLE XVIII
PERSON IN CHARGE OF COLLECTING INFORMATION FOR BARGAINING

<table>
<thead>
<tr>
<th>No. of Large Firms</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>Industrial or Labor Relations Manager</td>
</tr>
<tr>
<td>19</td>
<td>Personnel Manager or Director</td>
</tr>
<tr>
<td>6</td>
<td>Industrial Relations Staff</td>
</tr>
<tr>
<td>4</td>
<td>Personnel Department</td>
</tr>
<tr>
<td>3</td>
<td>Vice President - Administration</td>
</tr>
<tr>
<td>2</td>
<td>Vice President - Manufacturing</td>
</tr>
<tr>
<td>3</td>
<td>Industrial Relations Manager and General or Plant Supervisor</td>
</tr>
<tr>
<td>2</td>
<td>Personnel Manager and Labor Attorney</td>
</tr>
<tr>
<td>1</td>
<td>Plant Manager</td>
</tr>
<tr>
<td>1</td>
<td>Employee Relations Manager and Wage Administrator</td>
</tr>
<tr>
<td>1</td>
<td>Personnel Assistant</td>
</tr>
<tr>
<td>1</td>
<td>Employee Relations Manager</td>
</tr>
<tr>
<td>1</td>
<td>Negotiating Committee - Represent All Sections of Company</td>
</tr>
<tr>
<td>1</td>
<td>General Superintendent and Manufacturing Engineer</td>
</tr>
<tr>
<td>1</td>
<td>Personnel Manager and Superintendent of Manufacturing and Company Attorney</td>
</tr>
<tr>
<td>1</td>
<td>Central Staff Specialist - Labor Relations and Safety</td>
</tr>
<tr>
<td>3</td>
<td>Person in Charge Not Indicated</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of medium sized firms</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Industrial or Labor Relations Manager</td>
</tr>
<tr>
<td>14</td>
<td>Personnel Manager or Director</td>
</tr>
<tr>
<td>2</td>
<td>Industrial Relations Staff</td>
</tr>
<tr>
<td>2</td>
<td>General Manager</td>
</tr>
<tr>
<td>2</td>
<td>Plant Manager and Personnel Director</td>
</tr>
<tr>
<td>1</td>
<td>Employee Relations Manager</td>
</tr>
<tr>
<td>1</td>
<td>Employee Relations Staff</td>
</tr>
<tr>
<td>1</td>
<td>Vice President and Labor Attorney</td>
</tr>
<tr>
<td>1</td>
<td>Trade Association</td>
</tr>
<tr>
<td>1</td>
<td>Industrial Relations Manager and Plant Manager</td>
</tr>
<tr>
<td>1</td>
<td>Vice President - Operations</td>
</tr>
<tr>
<td>1</td>
<td>Vice President, Secretary-Treasurer and Personnel Director</td>
</tr>
<tr>
<td>1</td>
<td>Personnel Director and Attorney</td>
</tr>
<tr>
<td>1</td>
<td>Vice President</td>
</tr>
<tr>
<td>1</td>
<td>Vice President and Personnel Director</td>
</tr>
<tr>
<td>1</td>
<td>Plant Manager, Plant Superintendent, Personnel Manager and Industrial Engineering Manager</td>
</tr>
<tr>
<td>1</td>
<td>Plant Superintendent and Chief Factory Accountant</td>
</tr>
<tr>
<td>1</td>
<td>President, Manufacturing Heads, and Director of Personnel</td>
</tr>
<tr>
<td>1</td>
<td>Personnel Assistant</td>
</tr>
<tr>
<td>1</td>
<td>Plant Manager and Labor Attorney</td>
</tr>
<tr>
<td>1</td>
<td>Person in Charge Not Indicated</td>
</tr>
</tbody>
</table>
From the listing of titles, it appears that in both large and medium sized firms, the responsibility for collecting information is most frequently in the hands of the Industrial or Labor Relations Manager; the second most frequent title is the Personnel Manager or Director. Beyond this the titles vary greatly with no degree of frequency for any one.

D. Determination of Who Actually Negotiates for the Company

Under this section, an attempt was made to determine who is responsible for actually conducting the negotiations. In the large firms, 58 have an Industrial Relations Manager conduct the negotiations; 27 firms have an officer of the company, nine have a labor attorney, three have a labor relations counselor, five use a trade association representative and 12 firms have other individuals negotiate: seven use the plant manager, three the general superintendent, one a controller and one an employee relations director.

In the medium sized firms, 14 have an Industrial Relations Manager conduct the negotiations, 21 use an officer of the company, 14 have a labor attorney, one has a labor relations counselor, five have trade associations represent them and 15 firms have other individuals negotiate: nine being plant managers, two general superintendents, one an employee relations manager, one a controller and one an industrial engineering manager.
TABLE XIX

INDIVIDUALS RESPONSIBLE FOR CONDUCTING NEGOTIATIONS

<table>
<thead>
<tr>
<th></th>
<th>Large Firms</th>
<th>Medium Firms</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Relations Manager</td>
<td>58</td>
<td>41</td>
<td>99</td>
</tr>
<tr>
<td>Officer of Company</td>
<td>27</td>
<td>21</td>
<td>48</td>
</tr>
<tr>
<td>Labor Attorney</td>
<td>9</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Labor Relations Counselor</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Trade Association</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>15</td>
<td>27</td>
</tr>
</tbody>
</table>

Table XIX shows that in both the large and medium sized firms, the Industrial Relations Manager is the individual who most frequently conducts negotiations. Officers of the company rank second, followed by labor attorneys.

It should be noted that in a number of cases firms had a "team" negotiating. In some instances the team was made up of an officer of the company, Industrial Relations Manager, and a labor attorney. Numerous other combinations of individuals were reported in the returns. Perfection Gear Company has set up its negotiating program in the following manner.

"In actual negotiations, an attorney from a firm specializing in labor law acts as the company's spokesman. Assisting him as a principal negotiator is the company's personnel director who has had considerable experience and handles industrial relations problems with the union throughout the contract life as well as the administrative functions of a personnel officer. Titles are often misleading as to actual responsibilities, authority and functions."
E. General Comments

The last part of the questionnaire asked for any further comments that would assist in understanding the scope of preparations. One of the first points mentioned was concerned with timing the preparation for negotiations. "Preparations for negotiating begins during the current negotiations. Items raised and passed over, alluded to, or ignored are noted and filed in a folder for next year." Maremont Automotive Products, Inc. says, "Preparations for negotiating begins during the current negotiations. Items raised and passed over, alluded to, or ignored are noted and filed in a folder for next year."

Ingersoll Products Division, Borg-Warner Corporation makes a similar comment: "Negotiations with us is a continuing matter (daily) even though not at the bargaining table. Most information is gathered monthly to alert us to any problem area, if any." A number of firms state that they strive to be better prepared for the negotiation sessions than the union. Stewart-Warner Corporation states, "We attempt to be fully prepared, and if possible, better prepared than the union for each negotiation session."

Along the same lines, another firm reports, "We anticipate demands and have our proposal ready. Our recent negotiations were completed in two sessions because of this approach." Electric Storage Battery Company remarked, "We try to accumulate as much data as possible prior to negotiating time. This data is helpful when considering union proposals and when presenting company proposals."

Jewel Tea Company, Inc. observed that the extent of prepara-
tions should vary with the type of contract. "The scope of preparation varies directly with the importance and complexity of the contract involved. To some extent, it also varies accordingly to whether it is an industry or company negotiated contract."

This concludes a discussion of the results of the survey. It is realized that all possible practices were not explored but the intention was to cover those which were considered most important.
CHAPTER III

SUMMARY AND CONCLUSION

It would not be possible to make a flat statement to the effect that firms in the Chicago area do or do not adequately prepare for collective bargaining. It is felt that the only possible way to pass any judgment is to take the preparations on a step by step basis.

There are certain practices which both large and medium sized firms appear to utilize with a high degree of frequency. These include consulting foremen regarding the existing labor agreement, computation of the cost of fringe benefits, a detailed analysis of their own agreement, and research into basic objectives of the negotiating union. The degree of frequency in this group is 85% of the firms or higher.

Other practices are employed with less frequency by one or both of the large and medium sized firms. Among these is a study of the grievance file which only about 80% of both groups utilize. A comparison of wages with changes in the cost of living is made by only 72% of the large firms and by 85% of the medium sized ones.

Some practices are employed in only a partial manner. Almost all of the large and medium sized firms make an analysis of wages. This analysis consists of determining the average straight time hourly rate of pay. However, less than half as many firms make a wage analysis based on weekly earnings or annual earnings. It is felt by the writer that any wage analysis should include studies
over at least a year, to determine the income affects of lay-offs and shut-downs that may have occurred.

Another element of preparation which appears to be used with little frequency is an analysis of productivity. When one considers the expansion of demands by the trade unions for a share of the increase in productivity, one would think that firms should at least make a study of this factor. Yet only about 70% of the large firms and 57% of the medium sized ones made any effort to determine changes in productivity on any basis. The difficulty of finding authentic data may be a factor.

A number of practices were used by firms in one size group with great frequency and with less frequency by firms in the other size group. One of the practices in point is the obtaining of information from the controller. In the large-firms group, 91% solicit the assistance of the controller while only about 80% of the medium sized firms do. Another practice which falls in this category is the use of labor relations information services. Approximately 87% of the large firms subscribe to some labor service while only 68% of the medium sized firms have any service.

Firms in both groups appear to make surveys of wages and fringe benefits with a high degree of frequency. Although the areas surveyed are not common to all firms, (entire industry, Chicago area, etc.), about 94% of both firm groups make surveys of wages and fringes. The same thing can be said for an analysis
of the agreements of other firms. Again, although the area of concentration of study varies (various industries or same industry, Chicago area, etc.), the great majority of firms make some type of study. Of the large firms, 95% made a study and in the medium firms, 96% made such a study.

Membership in associations or organizations supplying industrial relation research findings is quite prevalent. Large firms appear to belong to more (3.0 on the average) than the medium sized firms (2.4 on the average). The most popular organization in both groups is the American Management Association. Only one large sized and three medium sized firms belong to no association.

The writer was rather disappointed when he analyzed the survey material on collective bargaining handbooks. It was found that only 51% of the large firms and 44% of the medium firms compiled such a handbook.

As to who is in charge of collecting information for collective bargaining, no set rule can be applied. In both firm categories, the Industrial Relations Manager and the Personnel Manager are named most frequently but beyond this there is a great variety in the titles listed.

The question of who actually negotiates for the company has some interesting results. The individual most frequently named is the Industrial Relations Manager. This individual was named
by 58 large firms and by 41 medium sized firms. However, this is not to be interpreted to mean that the Industrial Relations Manager is solely responsible for actually conducting the negotiations. In approximately 50% of all firms where the Industrial Relations Manager is designated, he shares the responsibility with at least one other person.

As stated previously, it is felt that an absolute statement as to the adequacy of preparation cannot be made. What were felt to be areas of weakness in the firms' preparations have been brought out and discussed. To conclude, it is the writer's opinion that when both parties to negotiations are adequately prepared, the tone of bargaining will be based more on fact and less on emotion.
January 4, 1958

TO THE INDUSTRIAL RELATIONS DIRECTOR:

I am a candidate for a Master's Degree in Labor Relations at Loyola University. My final curriculum requirement for graduation is the completion of an acceptable thesis.

I have chosen as my topic, "PRE-COLLECTIVE BARGAINING PRACTICES OF FIRMS IN THE CHICAGO AREA". As a source of material for my thesis I am conducting an impartial survey of 390 companies in the Chicago Metropolitan Area.

Enclosed is a questionnaire which I trust you will read, complete and return to me not later than January 27, 1958.

Upon completion of this thesis and the tabulation of results, I will upon request, be happy to furnish you with a summary of the findings.

Sincerely yours,

Paul Proteau

Paul Proteau
122 North Austin Blvd.
Oak Park, Illinois
PLEASE RETURN TO: Paul Proteau
122 N. Austin Blvd.
Oak Park, Illinois

QUESTIONNAIRE

Name_________________________ Title_________________________

Company_______________________ Address_____________________

1. Does your firm bargain collectively with a labor organization? Yes___ No___
   (If your answer to the first question is yes, please continue to complete the survey. If your answer is no, then disregard the remainder of the survey and please return it to the writer with only the first question answered.)

2. Do you make a thorough study of the grievance file for the period since the last negotiations? Yes___ No___

3. Do you make an analysis of your current contract on a clause by clause basis for purposes of revision or removal from the contract? Yes___ No___

4. Do you make a systematic study of the labor contracts of
   ____ Companies of various industries in the Chicago area?
   ____ Companies in same industry in the Chicago area?
   ____ Companies which negotiate with same Union as yourself?
   ____ Other (Please explain)____________________________________

5. Do you try to determine your Union's basic objectives on wages and other issues that the locals are currently negotiating in the area or industry? Yes___ No___
6. Do you consider changes in the "Cost of Living" relative to wage adjustments for the period since the last contract? Yes  No

7. Do you make a wage analysis of employees covered as to:
   - Average straight time hourly rates? Yes  No
   - Weekly earnings? Yes  No
   - Annual earnings? Yes  No
   - No analysis made

8. Do you consider changes in productivity relative to wage adjustments based on:
   - Your Company? Yes  No
   - The nation as a whole? Yes  No
   - Your Industry? Yes  No
   - Changes in productivity not considered
   (Please explain)

9. Do you compute the cost of your fringe benefits (vacations, holidays, insurance, etc.) on a dollar and cents basis? Yes  No

10. If you make a survey of wages and/or fringe benefits, is the field of the survey based on:
    - Competing firms in the entire industry? Yes  No
    - Competing firms in the Chicago area? Yes  No
    - Other firms in the Chicago area? Yes  No
    - No survey made.

11. Do you compile a Collective Bargaining Handbook containing basic information which will be used in negotiations? Yes  No

12. Do you solicit the assistance of the Controller for the purpose of preparing facts and figures to be used in negotiations? Yes  No

13. Are the suggestions and opinions of foremen sought concerning possible revisions to the contract? Yes  No
14. Do you utilize a major labor service
   - Bureau of National Affairs?   - Prentice-Hall?
   - Commerce Clearing House?    - No Service Utilized
   - Other? (Please explain)__________________________

15. Do you have membership in and utilize the materials supplied by the associations listed below?
   - American Management Association
   - National Association of Manufacturers
   - National Industrial Conference Board
   - United States Chamber of Commerce
   - Other (Please explain)__________________________

16. Who is in charge of collecting the information for bargaining? (Please explain and indicate by titles)__________________________

17. Who is responsible for actually conducting your negotiations?
   - Industrial Relations Manager   - Labor Relations Counselor
   - Officer of Company             - Trade Association
   - Labor Attorney                - Other (Please explain)

Any further comments that will assist me in understanding the scope of your preparation would be appreciated.
APPENDIX II

LIST OF FIRMS RESPONDING TO QUESTIONNAIRE

The source of firms used in the survey was the "Directory of Large Employers in the Chicago Metropolitan Area". The following listing constitutes the firms which completed and returned the questionnaire.

Manufacturers in the Chicago Metropolitan Area
Employing Over 1,000 Persons

American Marietta Co.
Argonne National Laboratory
Armour & Co.
Corn Products Refining Co.
International Minerals & Chemical Corp.
Minnesota Mining and Manufacturing Co.
National Cylinder Gas Co.
Pure Oil Co.
Richardson Co.
Sherwin Williams Co.
Sinclair Refining Co.
Spencer Chemical Co. *
Standard Oil Co. - Indiana
Swift and Co.
Agar Packing and Provision Corp. *
American Maize Products Co.
The Visking Corp. *
Wilson and Co.
Bowman Dairy Co.
E. J. Brach and Sons *
Bunte Bros. - Chase Candy Co.
Campbell Soup Co.
Curtiss Candy Co. *
Jewel Tea Co.
Libby McNeill and Libby
Mars, Inc. *
Oscar Mayer and Co.
William Wrigley, Jr. Co. *
Acme Steel Co.
Kroehler Manufacturing Corp.
Aluminum Company of America
American Steel Foundries
Borg-Warner
Howard Foundry Co.
Manufacturers in the Chicago Metropolitan Area
Employing Over 1,000 Persons (Continued)

Kropp Forge Co.
National Malleable and Steel Castings Co.
Pettibone Mulliken Corp.
Republic Steel Co.
Stewart-Warner Corp.
American Can Corp.
Bastien-Blessing Co. *
Belden Manufacturing Co. *
The Budd Co.
Cesco Steel Products Corp.
Continental Can Co., Inc.
Croname, Inc.
Ekco Products Co.
Phenoll Manufacturing Co.
Rheem Manufacturing Co.
Allis-Chalmers Manufacturing Co.
Barber-Greene Co.
White Cap Co. *
Wilson-Jones Co.
Caterpillar Tractor Co.
A. B. Dick Co. *
Goss Printing Press Co.
Independent Pneumatic Tool Co.
Link-Belt Co.
Miehle Printing Press and Manufacturing Co.
Outboard Marine and Manufacturing Co.
J. P. Seeburg Corp. *
Victor Adding Machine Co.
Whiting Corp. *
American Phenolic Corp.
Appleton Electric Co.
Cook Electric Co. *
Crescent Industries, Inc.
General Motors Corp.
Hallicrafters Co. *
Jefferson Electric Co.
Kellogg Switchboard and Supply Co.
McGraw Electric Co. *
Oak Manufacturing Co.
Standard Oil Products Co.
Webster-Chicago Corp.
Western Electric Co., Inc.
Arnold Schwinn and Co. *
Diamond T Motor Car Co.
Maramont Automotive Products, Inc.
Bell and Howell Co. *
Manufacturers in the Chicago Metropolitan Area
Employing Over 1,000 Persons (Continued)

Elgin National Watch Co.
Bauer and Black
Hart Schaffner and Marx
Joanna - Western Mills Co. *
Johnson and Johnson
Studebaker Corp.
Minneapolis-Honeywell Regulator Co.
B. Kuppenheimer and Co., Inc.
Container Corporation of America
Chicago Sun-Times
Chicago Tribune
Tabin-Picker and Co. *
Cuneo Press, Inc.
W. F. Hall Printing Co. *
Rand McNally and Co.
Florsheim Shoe Co.
United Printers and Publishers
Hammond Instrument Co. *
Motorola, Inc. *

Manufacturers in the Chicago Metropolitan Area
Employing 500 to 1,000 Persons

American Cyanamid Co.
Armstrong Paint and Varnish Works *
Baxter Laboratories, Inc.
Cudahy Packing Co.
Helene Curtis Industries, Inc.
National Aluminate Corp. *
The Rubercoid Co.
Socony-Vacuum Oil Company, Inc.
Transparent Package Co.
Universal Oil Products *
Beatrice Foods Co.
Continental Baking Co.
Allen B. Wrisley Co.
Coca-Cola Company
General Candy Corp.
Grocery Store Products Co. *
All-Steel Equipment, Inc.
Burton-Dixie Corp. *
Steven's Candy Kitchens, Inc.*
Sidney Wanzer and Sons, Inc.
International Furniture Co.
Bliss and Laughlin, Inc.
Manufacturers in the Chicago Metropolitan Area
Employing 500 to 1,000 Persons (Continued)

Chicago Malleable Castings Co.
Interlake Iron Corp.
Central Steel and Wire Co.
Chicago Extruded Metals Co.
Flexonics Corp.
William D. Gibson Co.
Graver Tank and Mfg. Co., Inc.
H. M. Harper Co.
Harrison Sheet Steel Co.
Imperial Brass Manufacturing Co.
National Can Corp.
Richards-Wilcox Manufacturing Co.
Joseph T. Ryerson and Son, Inc.
Signode Steel Strapping Co.
United States Gypsum Co.
Woodruff and Edwards, Inc.
American Gage and Machine Co.
Bohn Aluminum and Brass Corp.
Chicago Latrobe Twist Drill Works
Chicago Rivet and Machine Co.
Combustion Engineering, Inc.
Ditto, Inc.
Edward Valves, Inc.
Illinois Gear and Machine Co.
International Register Co.
J. H. Keeney and Co., Inc.
Undberg Engineering Co.
Mojonnier Bros. Co.
Advance Transformer Co.
Perfection Gear Co.
Skil Corp.
Yeomans Brothers Co.
Benjamin Electric Mfg. Co.
Bowser, Inc.
Cline Electric Mfg. Co.
Delta Star Electric Division
Dukane Corp.
Electric Storage Battery Co.
Federal Enterprises, Inc.
Guardian Electric Mfg. Co.
Portable Electric Tool Co.
The Pyle National Co.
Radio Industries, Inc.
Shure Bros., Inc.
Houdaille-Hershey Corp.
Central Scientific Co.
Manufacturers in the Chicago Metropolitan Area Employing 500 to 1,000 Persons (Continued)

The Formfit Co. *
Vapor Heating Corp. *
Olson Rug Co. *
Western Felt Works
Dixie Cup Co.
W. G. Ritchie & Co.
Uarco, Inc.
Magill-Weinsheimer Co.
The Regensteiner Corp.
Scott Foresman and Co. *
Hazel Atlas Glass Co.
Owens-Illinois Glass Co. *
Chicago Rawhide Mfg. Co.
Chicago Molded Products Corp.
United States Rubber Co.
Union Asbestos and Rubber Co.

* Denotes firms not bargaining with a union.
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The thesis submitted by Paul Proteau has been read and approved by three members of the faculty of the Institute of Social and Industrial Relations.

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the thesis is now given final approval with reference to content, form, and mechanical accuracy.

The thesis is therefore accepted in partial fulfillment of the requirements for the Degree of Master of Social and Industrial Relations.

July 7, 1958

Date

Signature of Adviser