Industrial Representation in the Standard Oil Co. (N. J.)

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THE labor policy of the Standard Oil Co. (New Jersey) is founded first of all on paying at least the prevailing scale of wages for similar work in the community; on the eight-hour day at the refinery, with time and one-half for overtime; one day's rest in seven; sanitary and up-to-date working conditions; just treatment assured each employee; opportunity for training and advancement; payment of accident benefits beyond the amount prescribed by the State compensation law; health supervision by a competent medical staff; payment of sickness benefits after one year's service; coöperation with employees in promoting thrift and better social and housing conditions; and assurance of a generous annuity at the age of 65, guaranteed for life after 20 years of service. Most of these features have been a part of the company's policy for many years, but it is only during the past two years that the coöperation of employees in determining these matters has been definitely assured through industrial representation.

Industrial representation, in the Standard Oil Co. (N. J.), is a principle rather than a procedure. It is built upon the belief that personal association of those interested in any problem leads to a mutual understanding and a fair decision as to what is right. Fully believing in this principle, representatives of employees and representatives of management evolved a simple plan, the basis of which is that it gives every individual employee representation at joint conferences on problems and fundamental principles affecting all those interested in the industry. It is based on coöperation, not antagonism; its operation makes perfectly clear both to management and to employees that their interests are identical, and not at variance with the interests of the stockholders, and that mutual understanding and coöperation insure progress and success for all. Furthermore, experience has definitely shown that representatives of the employees are not only alert for the employees' interests but are as keen as the representatives of the management in determining and insisting upon fairness to the employer.

Though the plan has been in operation nearly two years, it is an experiment, in that, being based on a principle rather than on cut-and-

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dried formulas of procedure, it is still subject to change and improvement. It has proved to be equally applicable in a refinery, where thousands of men are assembled, and in the sales department and the producing field, where men are scattered in small groups over a wide territory. It is also in operation in several subsidiary companies. This adjustment to diverse conditions is possible because hard-and-fast rules were avoided, in the belief that the human element must play an important part. Therefore the plan, to a large extent, has been permitted to build itself through experience, and trial.

The plan was brought into operation by an invitation to employees to coöperate in maintaining the company's established policy for fair treatment in matters pertaining to wages and working conditions. This invitation outlined a simple method by which the employees, by secret ballot, might elect from their own number men in whom they had confidence to represent them in conference with representatives of the management. At the first joint conference a brief plan or agreement was evolved, which provided that adjustment of wages, including matters affecting working hours and working conditions, shall be made in joint conference between the employees' elected representatives in the division affected and the representatives of the company. From the beginning, the plan stipulated that no discrimination shall be made by the company or its employees against any employee on account of membership or non-membership in any church, society, fraternity, or union. Agreement was made as to offences for which employees may be dismissed without notice and also as to the offences for which an employee should be warned or suspended. Further, each employee was guaranteed recourse against unjust treatment or unfair conditions by means of a definitely prescribed method through which he, personally, or his representative, may appeal his case to joint conferences of employees' and management's representatives and, if necessary, up to the highest officers of the company.

The joint works (or plant) conferences are held at regular intervals to consider all questions relating to wages, hours of employment, working conditions, and any other matters of mutual interest that have not been satisfactorily settled in the joint division conferences. These joint division conferences meet whenever needed to discuss and adjust matters within the smaller confines of a division. Many problems never go beyond the joint conference, unless the problem develops into one that concerns other divisions. In case any matters were to come up on which the joint works conference could not agree, they would be referred to the Board of Directors for final decision. But as yet not a single case has been referred in this manner. The decisions of the joint works conference, when they involve serious matters, such as a general increase in wages, are subject to the approval of the Board of Directors.

At the inception of the plan, a basis of representation was determined upon that would allow one employees' representative to be elected by approximately 150 employees, with provision for a minimum of two employees' representatives from each division. In extending the plan to other departments of the company, such as the producing field and a refinery where fewer employees are required, this basis was amended to meet the conditions obtaining in that field. On this point two essentials have been borne in mind: First, that an elected representative must not have more constituents than he can easily keep in touch with; second, that the joint conferences must not be so large as to be unwieldy at times when important discussion and decisions must be had. Experience has shown that there are many advantages to be gained by personal contact of employees' representatives and managements' representatives, and therefore full joint conferences are preferable to numerous smaller subcommittees.

Entirely apart from the industrial representation plan, but equally established as a policy in the Standard Oil Co. (N. J.), is a method of protection for employees and their families. This is attained in several ways: Group life insurance covering, at the company's expense, every employee after one year's service, affords some financial resources to dependents in case of death of an employee—a provision that was greatly appreciated during the influenza epidemic of 1918-19. There is a fully equipped and competently manned medical department to look after the health of all employees; and there is provision for half pay during a period of sickness. An annuity plan provides for employees who retire after 20 years of service or who are incapacitated after even shorter service. These forms of financial security are considered by the company as being good business and therefore are maintained solely by the company's funds, not by either voluntary or involuntary assessments on the employees.

The company is committed to a policy of training for employees as a means of assuring, to each one who desires, an opportunity for fair advancement to greater responsibilities. The administration of training is coördinated with other personnel functions, such as selection of new employees, transfers and promotions. Thus each employee not only has the feeling of security in his position and his earnings but also knows that the company is ready to help fit him for advancement to any position within his capacity.

DISCUSSION

R. A. CONKLING,* St. Louis, Mo.—After three months' service with our company, on the recommendation of the head of the department, any employee can join the provident fund; then a fixed percentage of

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his salary is retained and deposited with the parent company, with a record of the fund. The maximum is 10 per cent. and the minimum is 5 per cent. The company sets aside an equal amount, which is invested at about 5 per cent. If the subsidiary has been successful during the year, the company declares a bonus which is deposited in this fund. For the last three years the bonus was 15 per cent., this year it was 20 per cent. That makes 40 per cent. of our salaries going into a fund into which the employee only pays 10 per cent. This money can only be drawn out after three years, if the employee leaves the company. If he leaves the company before that time, he gets only his 10 per cent.

W. E. PRATT,* Houston, Tex.—A point worthy of note is that this company has undertaken to insure its men against sickness, to pay reasonable insurance policies in case of death, and to retire the men after various periods of service on livable wages. A few years ago, although we heard a great deal about sick benefits and annuities, most of the plans called upon the employees to contribute something from their salaries, but at the present time, as exemplified by the policy of this corporation, general opinion seems to hold it to be fairer practice, as well, perhaps, as better business, to supply these benefits without placing any share of the burden involved on the employee.

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