

States is essentially dynamic and progressive, the good practice of today may be expected to become the average tomorrow and the minimum the day after. The proposal is made, therefore, that the code be rewritten as often as the experiments of leaders in the improvement of human relations and conditions demonstrate that better practices and higher standards are feasible.

*Industry* as used in this code may be defined as including those branches of economic activity in which men and women are employed in numbers for wages in occupations involving the use of machines or auxiliary to them; or employing workers in subdivided tasks.

*Employment* as used in this code includes human relations and conditions in an enterprise or an industry. This idea further subdivides into wages and earnings; hours of labor; security of employment; policies and procedures as to selection, training and promotion, including minimum age, provision for older workers, personnel organization, supervision and foremanship; safety and health in work, including physical conditions of workrooms, protection against accident and occupational hazards, medical supervision and attention; provision for representation of workers' interests and points of view, including possibility of a hearing in an individual grievance and the more positive opportunity to make suggestions for improvement in processes; and arrangements for the collective functioning of employees as a group.

As conceived by those who are formulating the code, the persons "responsible" for employment, for whose use it is designed, include in the first instance, the employer, who as financial owner of the business has the power to change conditions. Perhaps he has shared his power and his responsibility for human relations with some organization of employees within his workshop or in the industry as a whole; in that event, the code is addressed also to the employees as members of a group and to the leaders chosen by them. Sometimes the individual owner or manager has given place to stockholders, more or less numerous, who are the owners; and management, employed by the owners, constitutes a separate group of individuals who share the responsibility for conditions of employment. In those rare but significant instances in which plans are in effect for co-operation in management on the part of trade unions, the leaders and members of the unions share also the power to put this code into effect. In public utilities the public as a whole becomes responsible for fair wages and good working conditions and

relationships. *The code is addressed, therefore, to all who have any degree of power to put its provisions into effect.*

## II. Criterion of What is Satisfactory in Human Relations and Conditions

*Human relations and conditions in industry may be regarded as satisfactory if they result in the effective co-operative functioning together of employer and employes in a socially desirable manner for the attainment of an agreed objective.* Thus human relations and conditions are not separate from management, but an essential phase of it and dependent upon its competence.

## III. Objectives of an Industrial Enterprise

If the criterion just stated be adopted, it is obvious that the accepted objective of the enterprise must be large enough to comprehend the interests and relations of all groups in industry, including the relations of employer to employe, the relations of colleagues within the management to each other, the relations with competitors, and finally the relations with customers. Such an objective may be defined as *supplying goods and services with the least possible waste of human effort and materials, at the lowest prices consistent with good quality of product, fair wages, healthful working conditions and safety and fair return for capital invested.* As productive capacity increases with the application of new technological discoveries and with the increasing competence of management and labor, all the factors in the equation of relationships must correspondingly change, including the specific content of "fair wages and good working conditions"; "safety and fair return for capital invested"; and the buying power of the consumer. The necessity for correspondence between productive capacity and consuming power gives added reason for "fair wages and good working conditions," which make possible a rising standard of living for all wage-earners and permit them to function correspondingly as consumers.

## IV. Wages and Earnings

Not only the wage scale established but *the method of determining wage rates is a vital factor in employer-employe relations.* The principles of scientific management emphasize that setting the rates of compensation involves study and standardization of all factors affecting the performance of a given task, including the

keeping of machinery in good condition, provision of proper tools and good materials and the maintenance of good working conditions, as well as careful selection and training of workers.

Time and motion and related studies should be regarded as part of this task of standardization and a tool for the discovery of facts about costs. *Time study should be a joint enterprise between the worker and the observer.* Before it is undertaken, its purpose should be frankly explained to the operative who is to be observed; and it should not be practiced except by those who have mastered its technique. Secrecy should never be permitted; *frankness is an indispensable condition for its full usefulness.*

*Standards already established in an industry and in the locality should be reviewed at regular intervals, with the presumption that improvements in productive capacity should be reflected in increased earnings.* Cutting rates should be avoided as demoralizing alike to production and to the community's standard of living. *All wage adjustments should be based on procedures which insure at least relative permanency.*

Profit sharing has not yet reached the stage in experiment where it can be put forward as an agreed record of experience and still more tentative is the whole subject of employes' stock ownership. At this time it can only be urged that profit sharing and employes' stock ownership be studied, but without recommendation in this code.

## V. Hours of Labor

*A working day of eight hours has been so generally accepted in industry, as meeting the social needs of the worker and as a safeguard of efficiency in production, that the burden of proof rests heavily on any longer schedule.* This applies, of course, to continuous twenty-four-hour work, which should be divided into at least three shifts. A shorter working day is under discussion in some industries and is worthy of study in all work places where increasing speed of production, due to improvements in equipment, has resulted in a marked increase in output. Experience itself is the only final arbiter as to what the hours of labor should be. But *the needs of the workers for leisure and for protection against excessive fatigue set maximum limits within which management must be competent to devise methods of production to fulfill these social needs.* Overtime representing excess over the regular schedule should be paid for at a higher rate of at least "time and a half," both as a deterrent for management to

keep within the standard schedule and as a recognition of the right of the workers to their leisure.

*The working week should always insure one day of rest in seven.* The Saturday half-holiday is now well established, especially to insure the average if the preceding five days are longer than eight hours each. The five-day week has reached the stage of experiment and should be watched by all progressive managers. It is to be expected that *the world's increased productive capacity should result in increasing leisure for the workers, and it is to the advantage of a proper balance between production and consumption that industry should not be too slow to reduce daily and weekly hours as higher levels of output are permanently attained.*

That the legal and customary holidays of the community should be observed needs no emphasis, as this is commonly accepted in well-managed enterprises. Equally desirable is the growing practice of giving summer vacations with pay.

*Night work should be avoided where possible and should never be required of women employes.* As brought out in briefs in defense of labor laws prohibiting night work for women, presented in the Supreme Court of the United States and in the state courts, it is the world's experience that, in the interest of the health and social well-being of the woman worker and of the community, she should not be required to work at night in industry. Investigations have shown that the majority of women who work at night in factories do so under a heavy burden of caring for their homes by day and working in factories at night, and it is to their interest and that of the community that they should be protected against this double burden. The other specifications for hours of work by day and by the week apply with equal force to men and women.

*Minors under the age of eighteen years should never be employed longer than eight hours a day.*

## VI. Security of Employment

*To insure relative permanency and continuity of employment should be an objective of good management.*

In so far as frequent changes in the working force arise out of lack of adjustment of individuals to their work, the causes should be dealt with as problems in personnel organization, discussed in a later section. Involuntary unemployment which results from the failure of the individual firm to hold its own, or from seasonal conditions in the industry as a whole, or from general business depression, is a problem involving