Aspects of Co-operative Industrial Relations

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Two recent developments in the Co-operative Movement combine to highlight the importance to Retail Societies of paying careful attention to industrial relations and of carrying out an appraisal of Personnel policies.

They are, firstly, the sudden and quite dramatic reduction in the number of independent Societies with consequential effects on staff morale; and secondly, the loss of confidence by Societies in the ability of our National wages machinery to negotiate realistic wage settlements.

I offer little argument against the principle of a substantial improvement in the level of earnings of Co-operative employees, but I cannot see any long-term benefits either to the Co-operatives or to our employees if enormous "across the board" increases are negotiated which pay scant regard to productivity and efficiency, ignore the relative ability of Societies to pay and hand cost advantages on a platter to our competitors. The latest U.S.D.A.W. pay claim falls into this category.

The Price of 100% T.U. Membership

All too often in recent months, we have heard managers and members of Boards of Directors asking ruefully whether one of the "rewards" of granting 100% T.U. membership was for the Co-operatives to be used as a "whipping boy" to bring the rest of the (largely non-unionised) retailing industry into line. It is regrettable that people who are known to be sincere Co-operators, Socialists, and Trade Unionists, should feel moved to ask such questions. Clearly, something has happened which is tending to sour the traditional good relationships which have so far existed between the Trade Unions and the operatives.

Wages and Cost of Living

The wages explosion and the recent upsurge in the cost-of-living index have certainly had their influence on the Trade Unions' national conferences to raise the level of wage claims. These factors have coincided this year with the ending of the wage freeze and a renewed determination to raise the standards of the lower paid; thus we have seen heavy demands for wage increases in all industries and an unusually militant prosecution of wage claims. The Co- operative movement has found itself sandwiched between two highly emotive forces. On the one hand there has been the cost push effect of wage increases, whilst on the other hand we have been, and are, under heavy pressure to keep prices down. In the short term it is impossible to concede large increases in wages and also to hold prices down.

Local Plussages

In the long term, however, the movement has to find a way to pay a decent living wage to shop staff, and at the same time give our members a fair deal. Many Societies have actively followed this policy over a number of years with the result that there are many local plussages, incentive payments, and productivity schemes superimposed upon the National Co-operative agreements.

The important thing to note about such additional payments is that they are locally awarded and are usually based upon some agreed measurement of standard of performance. Even when plus payments have been awarded merely to overcome labour shortages, there has often been an opportunity to recover the additional cost by improved gross profit margins; in other words, when shortage of labour forces up wages, it normally indicates more spending power' within the area and better profit potential.

It is right that Societies should be able to respond to local situations in this way, and it must surely benefit both their members and employees. It is equally right that once a Society has analysed the local situation and made its local awards and agreements these should be reviewed in the light of any adjustment in the bases upon which they were awarded. For example, if a Society decides on economic or moral grounds that a national rate is inadequate and grants a plussage to its staff, should that Society, because of its progressive outlook, be forced by the trade unions to continue to pay the plussage after the National awarding body has made, belatedly, a similar economic or moral decision? Such was the dilemma facing a number of Societies when the Movement's highest ever increase to U.S.D.A.W. employees was awarded in May 1970; the Trade Union took the line that they would not accept an agreement to absorb or diminish Society plussages.

It must be accepted as criticism of the Co-operative National Wages machinery that the National Negotiating Committee were not appraised of this problem until after the proposals for wage increases were generally known, and it was too late for any meaningful negotiations to take place which might have overcome it. The advice from the Co-operative Union's Labour Department to Societies to enter into local discussions with the Trade Union to resolve the question was well meant but quite impractical after the settlement at National level.

Unrealistic Demands

Because of the nature of the demand, the latest U.S.D.A.W. wage claim will be strongly opposed. There is undoubtedly a case for a further increase this year. No doubt there is justification for substantially improved earnings in certain areas; but thought of a demand for a third for men and over a half more for women conjures up an imaginary picture of lemmings wearing U.S.D.A.W. badges. Does U.S.D.A.W. really think that such an increase is possible without very serious implications for their membership? More significantly, do U.S.D.A.W. members know that they are forcing their negotiators to pursue policies which will drive the weakest members into the dole queues?

Grass Roots Problems

Perhaps many of the problems we face at National level and the apparent attitudes of Trade Union negotiators over the past twelve to eighteen months emanate not from the officials themselves but from somewhere much nearer the grass roots level. Mergers and transfers of engagements have accelerated enormously during this period, and have had a dramatic effect upon job security, on promotional opportunity, and on employee morale in general. Even where Societies have been at great pains to ensure a smooth transition, there have been casualties, and these have tended to negate good efforts. Experience has confirmed my view that the Trade Unions should be involved in merger talks as soon as practicable. After all, Co-operative employees usually have a very important stake in their Society's future.

After the Merger

But how many of us take the trouble some time after a merger, or transfer of engagements, to check if the employees of the incoming or joining Societies have become integrated and are working in harmony with their new environment? Consider the position of the employee of a small Society which has transferred its engagements to a large Regional Society. He loses his sense of belonging because the small community atmosphere in which he previously worked is gone. His old boss probably has a new job; his new boss is remote. Where once he thought he knew where he stood, he now feels in doubt both about the present and the future. This type of situation is demoralising and can become contagious. It emerges quite strongly in Trade Union branch meetings and proceeds throughout the Union. If we multiply this problem by the number of disgruntled employees in all those Societies which have been involved in mergers in the last two years (a reduction of Societies from some 400 to just over 200), we get some idea of the pressures building up in U.S.D.A.W. Add to this four years of Trade Union frustration over Prices and Incomes policies and now the Industrial Relations Bill, and we have identified the major causes of the attitudes to be observed in National negotiations.

Job Satisfaction

If we accept, therefore, that our troubles begin at the "grass roots" level, then it follows that we must effect a cure, or at least an improvement at that level. This does not mean that we should simply grant higher rates of pay to the lower paid among our staff. Money alone is not the answer-if we need proof of this, we might compare the motor industry worker with the farm worker or the coal miner with the shop assistant. It is true, of course, that there are circumstances where there is no substitute for money. Each worker will have his desired level of income-his "breadline" below which he will only be motivated by higher wages, but thereafter he will be motivated by job satisfaction; that is, his desire to do a job which he feels is worthwhile and to be respected for his skill, experience and responsibility.

Changes in Working Environment

Co-operators have been able proudly to boast that the master and servant attitude of private enterprise was foreign to the Co-operative employment. In the smaller societies

This was usually true; whole families both worked for a Society and played part in its democratic control. But the times have changed; the trend towards fewer, larger, Retail Societies has broken down this friendly, almost family-like, atmosphere and replaced it with a large impersonal management structure. For the individual Co-operative employee this often raises doubts about job security, promotional opportunities, and democratic involvement in the Society. It is interesting-and pertinent-to note that the new militancy within U.S.D.A.W. coincides closely with the acceleration of Retail Co-operative Society mergers.

Given that the rate of mergers will, if anything, be stepped up, the picture looks gloomy from the point of view of staff morale. Fortunately there is sufficient expertise within the Movement to meet and overcome this challenge of large-scale reorganisation if we give as much careful attention to the management of people as we do to the management of trade. We can motivate staff best if we are prepared to involve them in planning the future of the Society and allow participation in the process of decision taking.

This is no "soft option" for managers; it sometimes takes courage to allow projected decisions to be critically examined in advance-especially when the burden of taking the final decision still rests with the manager. But if we avail ourselves of the expert knowledge and advice of our staff, we are likely to take more meaningful decisions as a result.

The Value of Joint Consultation

The most effective means of tapping this source of knowledge is through the medium of joint consultation at Society, departmental or area level. There are, however, one or two essential pre-requisites if joint consultation is to achieve the desired effect. The management and the Trade Union at all levels should fully support the principle; managers and Trade Unions must be directly involved; consultation must normally be prior to action or decisions being taken; and all participants must be working together for the common good of the Society, its staff, and its members. If these pre-requisites are not granted, then more harm than good can come to industrial relations from embarking upon some pseudo form of consultation.

Some brief examples below indicate the benefits which my own Society has gained from pursuing an enlightened industrial relations policy.

(1) In recent merger negotiations the Trade Union Area Organiser was involved immediately talks began between the Societies. When the time came to inform the employees, this was done by the Society and the Trade Union jointly calling a meeting. After the case was put by management and questions were answered, they withdrew so that the Trade Union Branch could determine its policy. The merger proposal was supported unanimously by the employees.

(2) Rationalisation has reduced three processing dairies to one, and four distribution depots to two. The reorganisation has had the full co-operation of the Trade Union. Shop Stewards were seconded from normal duties to assist the supervisors whenever difficult reorganisation was taking place.

(3) After an argument about payment for office overtime, a group of clerks were asked to suggest new manning schedules. They produced acceptable schedules which reduced the overtime working and the *clerks concerned shared in the savings made.*

(4) The Society is using work study techniques to improve performance in its branches. *The full support of the Trade Union is assured* by having a Trade Union nominee seconded to the work study team. He reports direct to the Branch Committee and thus allays any suspicion.

These are but a few of many examples which could be quoted to show the value of good industrial relations. Above all, they show that the proper management of people is crucial to our future success, not only to achieve high efficiency at Society level, but also to restore Co-operative staff morale.

Industrial Relations Training

Finally, a few comments on training for industrial relations. In the modern Society there is no excuse either for ignorance or incompetence in industrial relations questions. Most Universities are willing to assist in educating managers in the best techniques of handling staff, and there are also courses for foremen, supervisors and shop stewards. Our own experience of such courses arises from our association with the Extra Mural Department of Nottingham University. The results have been most gratifying, and the courses have proved most popular with those who attended. The Society and the Trade Union have participated jointly with the University in running these courses, and we have taken the opportunity to give people a better understanding of both the Society's and the Union's structures and agreements.

There are still those in our Movement who believe that the problem of industrial relations is unimportant, that money spent on training in this field is wasted. If their destination is Carey St., then they may be right. But surely the Movement is concerned to see that we prosper. That means that we must strive for continuously improving levels of staff efficiency. Retail Societies spend over 50% of their gross profits on people. It is important to take steps to ensure that this money is spent wisely.