

Working Women's Centre

Melbourne 3000

Telephone

Discussion Paper No. 30
ISSN 0314-6006

July 1978

ATTITUDES TO PAYMENTS BY RESULTS

*"Why should I break my neck so the boss's wife can have a second fur coat?" **

This comment sums up the way many workers feel about incentive schemes. This paper considers wage incentive schemes - in particular piecework - from the workers' viewpoint. In researching the paper very little information on union attitudes towards incentive schemes was available. Most of the material discussed management's expectations of incentives - increased output, reduced costs and attraction and retention of staff - but neglected the attitudes of workers, especially women workers, to these schemes. In contrast, the Annual Report of the Chief Inspector of Factories, Workrooms and Shops in Victoria in 1898 stated:

"If the men (women) would unite throughout the trade and resist the unfair task system, good results would undoubtedly follow . . . By an unfair task system I mean the practice of getting the quickest man (woman) in the factory to work as fast as he (she) can for an hour a day, and then expecting the general hands to do the same amount. The consequence is that the men (women) who are not so quick . . . have to try to work at a rate calculated to ruin their nerves owing to the constant tension . . ." (1)
(Words in brackets added by the writer of this paper.)

WHAT ARE INCENTIVE SCHEMES?

Incentives have been described as "any form of extra payment above regular or award wage or salary which extra is based on performance". (2) This includes such schemes as piecework, bonuses (group or individual), profit-sharing, commission, share incentives, measured day work etc.

EXTENT OF INCENTIVES

A recent survey by Fotiades (3) amongst Victorian employers and unions found that 36 per cent of firms surveyed used an incentive scheme of some form. Ninetyfive per cent of these firms used a scheme based on linking all or part of the wage to the level of output produced. The remaining 5 per cent of firms used nonfinancial schemes where employees were "rewarded" with merchandise and/or trips instead of extra money. The major industry groups using incentives were found to be building, wholesale/retail, clothing and textiles.

UNIONS AND INCENTIVES GENERALLY

Fotiades found that only 53 per cent of unions surveyed had a stated policy concerning incentives and 67 per cent of those unions were opposed to any form of incentive. The remaining 33 per cent, while "not totally in favour of incentives schemes, were still agreeable to their existence". (4)

It is interesting to note that of the 67 per cent of unions opposed to incentives 74 per cent had members covered by some sort of scheme. Fotiades commented:

"Basically unions appear to be opposed to incentives schemes because they see them as a further manipulatory tool to be used by management . . . The key to union acceptance and tolerance of incentive schemes appears to be that schemes must be seen to be fair, understandable and acceptable to the employees and unions involved." (5)

* Morris S. Vietales. *Motivation and Morale in the Individual*. W. W. Norton & Co. 1953.

PROBLEMS ARISING FROM INCENTIVES

Problems generally arise because of management's attitudes towards the workers: that is that "work systems were the only way they could ensure a high level of production and the only way they could obtain 470 minutes of work in any day." (6)

This attitude is strengthened where monotonous, boring, repetitive work (in offices and factories) is concerned.* It is noteworthy from recent studies that "where jobs have become dissatisfying, alienating and devoid of interest, many workers name pay as the most satisfying aspect of their jobs". (7) However current research on incentives has also indicated that money is not providing the 'motivating force' which was previously assumed and that more incentive schemes are directed to employee involvement and job satisfaction. One such scheme offering 'non-cash' incentives, where employees receive merchandise or 'free' travel in return for increased productivity, is receiving growing interest by employers.

The disadvantages of incentives, whether cash or non-cash, are similar. Incentive schemes can create too much competition between workers which in turn can destroy worker solidarity. Because of the constant pressure, the speed of the line and the need to keep up with the workers, some workers take short cuts to achieve production targets which can lead to industrial accidents. (8) Due to high levels of unemployment, especially amongst women, employers introduce negative incentives: "If you don't want to work faster, we can find others who will." (9) In particular problems arising from non-cash incentives stem from their materialistic nature. Incentives such as merchandise and travel are also aimed at the worker's family; so the family then put additional pressure on the worker to produce more to obtain the goods. Fotiades raises two important questions:

"What does an employee do if he (she) cannot attain the goods and how does he (she) cope with the disappointment of the family?"

"Is the further pressure upon the employee good or bad in terms of physical health and/or psychological well-being?" (10)

PIECEWORK

The ACTU Charter on Working Women states:

"Payment system by results which is used to exploit female employees should be abolished."

Piecework or payment by results (PBR) is inherently individualistic and competitive and intended to reinforce the cultural norm of "looking after Number One". As stated previously, this competition militates against worker solidarity.

The pressure to work faster and the fear of dismissal often lead workers to overwork and undermine their health. Two studies of women workers by the Centre for Urban Research and Action (11,12) found that work systems, i.e. piece rates and bonuses, were a major cause of job dissatisfaction and resentment. One woman said:

"I would prefer to work for a wage and not do piecework. Women suffer from piecework and their nerves are bad. The boss treats them badly and they work hard without getting much money. Piecework must be stopped and women must not be treated like animals."

In 1972 the Arbitration Commission held an inquiry into PBR's in the clothing industry and established 'safeguards' to protect the workers "against exploitation by unscrupulous employers". One such 'guarantee' inserted into the Clothing Trades Award states that piecework rates of times must be set -

"so as to enable an adequately trained employee of average skill and performance, when applying diligence and effort, to earn between twentyfive to thirty per cent more than the weekly wage appropriate to his or her classification". (Clause 22)

*With increasing computerisation in offices, there has been increasing use of incentives, e.g. key punch operating.

One cannot help but wonder how and by whom 'adequately trained', 'average skill' and 'applying diligence and effort' will be assessed. It is obvious that different employers (and rate-fixers) will interpret these terms subjectively and in their own interests. This assessment (through time-and-motion studies etc.) often leads to rate-cutting. One worker put it this way:

"As soon as his (her) productivity has reached a level which assures him (her) acceptable living standards, his (her) output is condemned as too high and he (she) is sanctioned in the following way: the production level which he (she) has just achieved, although condemned, is nonetheless recorded. Henceforth he (she) must reach the same output for less pay, which proves in turn to be insufficient for his (her) daily needs."(13)

In the clothing industry there is no effective guarantee against rate-cutting. Employers may alter rates because of a change in manufacturing methods, material used, machines, equipment or quality requirements without agreement between the worker or the union. An example of how employers exploit workers by rate-cutting occurred recently in the Sportscraft factory in Melbourne where machinists were expected to take a 10 per cent cut in rates to compensate for new machinery when they had already taken a 5 per cent cut a month earlier for the same reason. The South Australian secretary of the Clothing Trades Union, Ken Collins, recently commented:

"It becomes patently clear, therefore, that, in spite of the best efforts of the Conciliation and Arbitration Commission to provide safeguards for workers against exploitation, the best that they can devise in reality becomes nothing more than an illusion."(14)

THE MOST SWEATED AND UNDERPAID WORKERS

In 1918 G. D. H. Cole described piece-workers as "the most sweated and underpaid workers . . . the worst extremes of unregulated piecework are naturally found in the case of women workers."(15) The same is true today - particularly in the case of migrant women.

The CURA study "But I wouldn't want my wife to work here" found that workers were not always aware of increases in production rates. One woman stated:

"The rate of production is too high; the bonus system is bad because some women don't even go to the toilet - just to keep production up."(16)

The speed of the production line and constant surveillance lead to many nervous and other physical complaints. Piecework has also been described as "a source of back injury".*

Employers interviewed by CURA all believed that work systems were the only way they could ensure a high level of production. One employed stated:

"I have to constantly check on the women; we are friendly but on these issues there can be no friendship - that's the class struggle."(17)

A similar study has recently been conducted by the Clothing Trades Union in New South Wales.(18) All women interviewed appeared dissatisfied in some way with PBR's. They all felt the piecework system made them 'tired and worn out' and 'tense and nervous'. Most of the women found the constant change in rates to be worrying and were concerned that if the rates were too 'tight' they would have difficulty 'making their money'; i.e. achieving their award wage. (Under the award employers are bound to pay the appropriate rate for a particular classification regardless of whether the worker produces the output equivalent to that wage. If a worker on piecework makes only 80 per cent of the award wage the employer must make up the difference.) Suffice it to say that if the worker does not 'make her money' her services will soon be dispensed with. She could seldom go to the boss and expect a sympathetic hearing.

*See WWC Discussion Paper No. 10 on Occupational Health.

One woman said: "If you complain you'll be dismissed straight away . . . you can take it or leave it."

In all the studies reported women expressed dissatisfaction with piecework. They experienced hardship working under it and were powerless to do anything about it. The employer determines the employment situation, setting rates arbitrarily and seldom informing workers about work changes, let alone providing multi-lingual information about what is a fairly complex payment system. The worker often has no alternative but to accept the conditions or leave his or her employment. As G. D. H. Cole stressed in 1918, PBR's connote -

"a decrease in the control exercised by the workers over the conditions under which their work is carried on, the concentration of industrial power to an increasing extent in the hands of experts retained by the management and the rendering more difficult of any approach toward industrial self-government by the rank and file of the workers."(19)

WHAT CAN UNIONS DO?

There is a severe lack of information or studies on incentive payments from a union viewpoint. It is important for unions to be aware of the problems associated with the growing area of non-cash incentives particularly. The majority of PBR systems do not have the support of workers. Perhaps more research could be undertaken by unions to establish which wage payment scheme is preferred by workers and attempts could be made to implement such schemes. Research on the health effects of PBR's should also be considered.

REFERENCES:

- (1) Evans, W.P. "Union attitudes and policy". in Payment by Results. Ed. D. W. Oxham. University of W.A. Press. 1958 p.28.
- (2) Boykett, K. "Management's attitude and policy." *ibid* p.17.
- (3) Fotiades, P. Incentives as Motivators. Department of Productivity.
- (4) Unpublished paper. 1978.
- (5) *Ibid*.
- (6) Centre for Urban Research and Action. "But I wouldn't want my wife to work here." CURA 1976.
- (7) Fotiades *op.cit*.
- (8) *op.cit*.
- (9) CURA *op.cit*. p.16.
- (10) Fotiades *op.cit*.
- (11) CURA *op.cit*.
- (12) Storer, D. & Brown, K. A Preliminary Study of Migrant Women in the Clothing Trade. CURA 1974.
- (13) Haraszi, I. A Worker in a Workers' State. Penguin Books. 1977.
- (14) Collins, K. "The Relevance of Payment by Result Systems to Industrial Democracy." Address to Industrial Democracy Conference. Adelaide. June 1978.
- (15) Cole, G.D.H. The Payment of Wages. Labour Research Dept. 1918.
- (16) CURA *op.cit*.. p.35.
- (17) CURA *op.cit*. p.109
- (18) Booth, A. Unpublished paper on Piecework. Clothing & Allied Trades Union. 1978.
- (19) Cole *op.cit*. p.110.