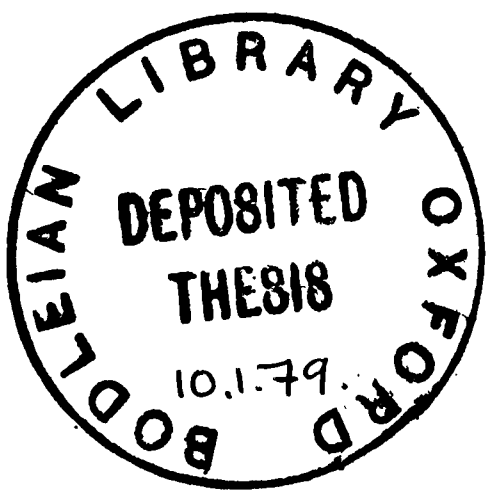
The Growth of Fringe Benefit Provision: Causes and Consequences for Social Inequality and Social Integration

Philippa Bevan

Nuffield College

D.Phil.

Trinity Term 1978



ABSTRACT

Social scientists interested in labour costs, the labour market, the distribution of income, class structure, social policy, the sociology of work and organisations have all had some view of fringe benefits. This is the first attempt to offer a sociological study of the causes of the growth and distribution of benefits, and their role in the labour market, the employing organisation and the class structure. It offers (a) a systematic - and so far as the available data permit - comprehensive, survey of the fringe benefits provided to employees at all levels of the enterprise in the private sector since 1945 (b) a sociological interpretation of these provisions and of such changes as are overtaking them, (c) consideration of what wider significance, if any, the inquiry has for an advanced industrial society like our own.

In Chapter 1 approaches by social scientists to fringe benefit provision are considered and a definition of benefits developed. Chapter 2 develops a theoretical framework stressing the importance of both structure and action. Chapter 3 links the ideas of Chapter 2 with the empirical material in the main body of the thesis.

Chapter 4 describes the growth of benefits in Britain since the war, while Chapters 5, 6 and 7 consider their distribution by occupation, size of company and industry.

In Chapter 8 the ideologies and practices of employers regarding benefit provision are examined. Chapter 9 considers ideologies and practices of trade unions and the TUC while Chapter 10 investigates how Government action has affected benefit provision. Chapter 11 analyses the responses of employees to benefits.

The main conclusions are:

(i) benefit provision has grown differentially since the war mainly because of different benefit policies adopted by employers towards manual workers, routine white collar workers and managers. In this employers have been influenced by a number of factors including Government, and less so trade unions, size of company and industry.

(ii) on the basis of inadequate data it is hypothesised that benefits rarely increase the integration of the manual worker, are not very important to the routine white collar worker, but are often financially valuable to the senior manager.

(iii) It is hypothesised that benefits have had little effect on freedom of choice, done little to increase social order and integration in the firm, but have undermined redistributional measures taken by Governments, and influenced the principles on which social policy is based.

ACKNOWLEDGMENTS

I would like to thank Dorothy Wedderburn and Christine Craig for considerable generosity and assistance in the use of their data, Alan Fox for his advice, and David and Jacob Bevan for their help and tolerance.

TABLE OF CONTENTS

Acknowledgments page 2

Table of Contents 3

List of Tables 8

Abbreviations Used 12

PART I: FRINGE BENEFITS: A THEORETICAL AND METHODOLOGICAL FRAMEWORK

Chapter 1: Fringe Benefits and Social Science 13

'Macro' approaches

'Micro' approaches

Fringe benefits and their definition

Chapter 2: Contract, Class and Ideology 35

The distribution of advantage

Employer-employee relations

Trade unions and Government

Employees

Ideology

Chapter 3: Structure, Action, Fringe Benefits and Their Consequences 65

Structure

The action approach

Consequences

Methods

PART II: FRINGE BENEFITS: GROWTH, OCCUPATIONAL DISTRIBUTION AND STRUCTURAL CONSTRAINTS

Chapter 4: The Growth of Fringe Benefit Provision since 1945 91

Pensions

Sick pay

Redundancy pay

Canteens
Sports and recreation facilities
Medical services
Perks
Holidays with pay
Conclusion

Chapter 5: The Distribution of Fringe Benefits by Occupation 117

The private manufacturing sector
Employers in the public sector
Conclusion

Chapter 6: Fringe Benefits and Size of Company 146

Pensions
Sick pay
Canteens
Sports and recreation facilities
Medical services
Perks
Holidays with pay
Fringe benefits

Chapter 7: Industry and Fringe Benefits 166

The distribution of benefits by industry
The influence of size of company on benefit provision by industry for manual workers
Summary of the data described for each industry
Conclusion

PART III: FRINGE BENEFITS: AN ACTION APPROACH

Chapter 8: Managerial Ideology and Employers' Practice 211

Manual workers
Routine white collar workers
Managerial employees
Conclusion

Chapter 9: Fringe Benefits and Trade Unions 261

Pensions and sick pay

Services

Perks

Holidays with pay

The TUC and collective bargaining

The collective bargaining of fringe benefits

Conclusion

Chapter 10: The Government and Fringe Benefits 309

Fiscal policy

Social policy

Incomes policy

Employment policy

Nationalised industries and Government employees

Conclusion

Chapter 11: Employees' Responses to Fringe Benefits 348

Evidence relating to employees' responses to benefits

Manual workers

Routine white collar workers

Managerial employees

Conclusion

PART IV: CONCLUSIONS AND CONSEQUENCES

Chapter 12: The Causes and Consequences of the Growth of Fringe Benefit Provision 396

The causes of the growth of fringe benefit provision

The consequences of the growth of fringe benefit provision

Future developments and public policy

		Page
Appendix A:	Technical Aspects of the Data Used in the Study	431
Appendix B:	Industries in each SIC Order;	442
	The measure of 'generosity' of industries in providing fringe benefits;	
	Manual/non-manual differences in benefit provision according to indutry	
Appendix C:	Additional Tables	454
Bibliography		460

LIST OF TABLES

		Page
Table 4.1	The Growth of Occupational Pension Schemes: 1936-1971	94
4.2	The Growth of Occupational Pension Schemes for manual workers: 1956-1971	94
4.3	The Growth of Occupational Pension Schemes for Non-manual workers: 1956-1971	95
4.4	Occupational Sick Pay Schemes for Manual Workers 1961	97
4.5	Occupational Sick Pay Schemes for Non-Manual Workers 1961	97
4.6	The Growth of Factory Canteen Provision: 1943-1956	100
4.7	The Growth of Subsidised Lunches for Executives: 1962-1971	101
4.8	The Decline of Subsidised Lunches for Executives: 1969-1974, 1974 sample	102
4.9	Percentage of Respondents Receiving Full Board and Lodging or Free Accomodation from their Employers. 1970	106
4.10	The Growth of Housing Provision to Agricultural Workers: 1963-1969	107
4.11	The Decline in Housing for Executives: 1962-1971	107
4.12	The Decline in Housing for Executives: 1969-1974, 1974 sample	107
4.13	Changes in the Provision of Perks to Executives: 1962-1971	108
4.14	Changes in the Provision of Perks to Executives: 1969-1974, 1974 sample	109
4.15	The Growth of Holidays with Pay for Executives: 1962-1971	112
5.1	Pensions by Occupation, 1964 and 1968	118
5.2	Pensions by Occupation, 1968	119
5.3	Sick Pay by Occupation, 1964 and 1968	121
5.4	Sick Pay by Occupation, 1968	122
5.5	Income Security Benefits by Occupation, 1968	124
5.6	Redundancy Pay by Occupation, 1964 and 1968	125

		Page
Table 5.7	Services by Occupation	126
5.8	Perks by Occupation, 1964 and 1968	128
5.9	Perks by Occupation, 1968	129
5.10	Number of Perks by Occupation, 1968	130
5.11	Holidays with Pay by Occupation, 1968	132
5.12	The Number of Fringe Benefits Provided by Occupation	134
5.13	Female Workers as a % of employees in private manufacturing industry and the public sector	136
5.14	Pensions: a comparison of 'private' and 'public' sectors	137
5.15	Sick pay: a comparison of 'private' and 'public' sectors	138
5.16	Services: a comparison of 'private' and 'public' sectors	139
5.17	Perks: a comparison of 'private' and 'public' sectors	140
5.18	Group life insurance: a comparison of 'private' and 'public sectors'	141
5.19	Executive perks: a comparison of 'private' and 'public' sectors, 1973	142
5.20	Holidays: a comparison of 'private' and 'public' sectors	143
6.1	Pensions by Size of Company - Manual Workers	147
6.2	Pensions by Size of Company - Non-manual Workers	148
6.3	Sick Pay by Size of Company - Manual Workers	149
6.4	Sick Pay by Size of Company - Non-manual Workers	150
6.5	Canteens by Size of Company - Manual Workers	151
6.6	Canteens by Size of Company - Non-manual Workers	152
6.7	Recreation Facilities by Size of Company - Manual Workers	153
6.8	Recreation Facilities by Size of Company - Non-manual Workers	154
6.9	Medical Services by Size of Company - Manual Workers	155
6.10	Medical Services by Size of Company - Non-manual Workers	156

		Page
Table 6.11	Perks by Size of Company - Manual Workers. 1960	157
6.12	Perks by Size of Company - Manual Workers. 1968	158
6.13	Company Cars by Size of Company - Managers. 1968	158
6.14	Holidays with Pay by Size of Company - Manual Workers. 1968	159
6.15	Holidays with Pay by Size of Company - Non-manual Workers. 1968	159
6.16	The Cost of Fringe Benefits by Size of Company - All Employees	161
6.17	Fringe Benefits by Size of Company. 1968	162
7.1	Pensions by Industry - Manual Workers	169
7.2	Pensions by Industry - Non-manual Workers	170
7.3	Pensions by Industry: A Comparison of Non-Manual Workers. 1968	171
7.4	Sick Pay by Industry - Manual Workers	172
7.5	Sick Pay by Industry - Non-manual Workers	173
7.6	Sick Pay by Industry: A Comparison of Non-Manual Workers	174
7.7	Redundancy Payments by Industry - Manual Workers	175
7.8	Redundancy Payments by Industry - Non-manual Workers	175
7.9	Canteens by Industry - Manual Workers. 1960	177
7.10	Canteens by Industry - All Employees	177
7.11	Canteens by Industry: A Comparison of Occupations	177
7.12	Sports and Recreation Facilities by Industry - Manual Workers	179
7.13	Sports and Recreation Facilities by Industry - All Employees	179
7.14	Sports and Recreation Facilities by Industry: A Comparison of Occupations. 1968	179
7.15	Medical Services by Industry - Manual Workers. 1960	181
7.16	Medical Services by Industry - All Employees	181
7.17	Medical Services by Industry: A Comparison Of Occupations. 1968	182

		Page
Table 7.18	Discounts by Industry - Manual Workers	183
7.19	Travel by Industry - Manual Workers	183
7.20	Housing by Industry - Manual Workers	184
7.21	Insurance by Industry - Manual Workers. 1960	184
7.22	Loans by Industry - Manual Workers	185
7.23	Mean number of Perks by Industry - Manual Workers. 1968	185
7.24	Company Cars by Industry - Managers. 1968	186
7.25	Mean Number of Perks by Industry: A Comparison of Non-manual Workers. 1968	187
7.26	Holidays with Pay by Industry - Manual Workers. 1968	188
7.27	Holidays with Pay by Industry - Non-manual Workers. 1968	189
7.28	Holidays with Pay by Industry: A Comparison of Non-manual Workers. 1968	189
7.29	Extra Holidays with Pay by Industry: A Comparison of Non-manual Workers. 1968	190
7.30	Fringe Benefits by Industry. 1968	191
7.31	Fringe Benefits by Industry (II)	192
7.32	Security Benefits by Industry	193
7.33	Services by Industry	193
7.34	Perks by Industry	194
7.35	Holidays with Pay by Industry	194
7.36	Fringe Benefits for Manual Workers by Industry and Size of Company	196
Fig.7.1	Fringe Benefits for Manual Workers by Industry and Size of Company (I)	197
7.2	Fringe Benefits for Manual Workers by Industry and Size of Company (II)	197
7.3	Fringe Benefits for Manual Workers by Industry and Size of Company (III)	198
8.1	Fringe Benefit Provision and Union Negotiation. Manual Workers. 1968	222
8.2	Fringe Benefit Provision and Union Negotiation. Routine White Collar Workers. 1968	245
8.3	Benefits as a Proportion of Salary. Directors and Top Managers. 1974-5.	255

		Page
Table 10.1	Nationalised Industries, Government Employees and Fringe Benefits	344
11.1	The Three Most Important Factors in Making a Job a Good One. Manual Workers	359
11.2	Reasons for Approval of Clerical Work	382
11.3	The Weight Given by Wives to Different Factors When their Husbands are Considering a New Job	388
12.1	Occupational Pensions According to Size	414
12.2	Fringe Benefit Expenditure in Europe	425
B.1	The Construction of Scores of 'Generosity' for each Industry. Manual Workers	449
B.2	The Construction of Scores of 'Generosity' for each Industry. Non-manual Workers	452
B.3	Manual/Non-manual Differences in Benefit Provision according to Industry	454
C.1	Discounts by Industry - Non-manual Workers	455
C.2	Travel by Industry - Non-manual Workers	455
C.3	Loans by Industry - Non-manual Workers	456
C.4	Housing by Industry - Non-manual Workers	456
C.5	Discounts by Size of Company - Non-manual Workers	457
C.6	Travel by Size of Company - Non-manual Workers	458
C.7	Loans by Size of Company - Non-manual Workers	459
C.8	Housing by Size of Company - Non-manual Workers	459
C.9	The Distribution of Number of Fringe Benefits by Size of Company	459

LIST OF ABBREVIATIONS

AEU	Amalgamated Engineering Union
ASTMS	Association of Scientific, Technical and Managerial Staff
BJIR	British Journal of Industrial Relations
CBI	Confederation of British Industry
DEP	Department of Employment and Productivity
DOE	Department of Employment
ICI	Imperial Chemical Industries
IDS	Incomes Data Services
IPM	Institute of Personnel Management
IWPM	Industrial Welfare and Personnel Management
MPNI	Ministry of Pensions and National Insurance
NALGO	National Association of Local Government Officers
NBPI	National Board for Prices and Incomes
NFPW	National Federation of Professional Workers
NUGMW	National Union of General and Municipal Workers
TUC	Trades Union Congress
TSSA	Transport Salaried Staffs Association
SIC Order	Standard Industrial Classification Order

PART I: FRINGE BENEFITS: A THEORETICAL AND METHODOLOGICAL FRAMEWORK

Chapter 1: Fringe Benefits and Social Science

The concept of a 'fringe benefit' is a relatively new one. It has been attributed to a 'gifted regional chairman of the National War Labor Board', which was concerned with the control of wages in the United States during the Second World War (Reid and Robertson, 1965:18). While particular fringe benefits existed before the term was used, fringe benefits as a category have only recently received attention from social scientists. As will be seen below, there is no general agreement on a definition and most social scientists who use the concept either assume that readers know what is included or resort to a 'working definition'. It will therefore be useful to examine the different ways in which social scientists have referred to fringe benefits before reaching any conclusion on how to define them. References to fringe benefits have been made at 'macro' and 'micro' levels by both economists and sociologists.

Macro approaches

Those studies of labour costs by economists which include fringe benefits have been largely descriptive. The most thorough is that done by academics at the University of Glasgow in the early 1960s. The authors

> '... initially set out to investigate the cost to employers of fringe benefits for manual workers, and hence to say something about the relative importance of different types of benefit as indicated by their cost.' (ibid:16)

A few economists have expressed an 'ideological' objection to fringe benefit provision.

> 'My book is meant to describe an evil and to indicate how it can, and why it should, be eradicated.' (Rubner, 1962:x)

Fringe benefits are an evil because they remove from the employee the right to spend his income as he chooses, and impose barriers

to the free movement of labour between jobs and occupations, especially when their receipt depends on length of service.

Economists have attempted to explain the provision and distribution of fringe benefits in terms of the marginal tax rates of recipients. Some benefits are not taxed at all, or are not taxed at their full value. Such benefits as pension schemes, canteens, recreation facilities, medical services, educational loans for children's education and employer-provided life assurance are not taxed, or are eligible for tax relief on the part of the recipient, but can be charged as a production cost by the employer, thus bearing a lower rate. It is also likely that tax inspectors will not assess benefits (for example, company cars) at the full value of income saved by the employee. According to this theory a rational employer will benefit both himself and his employee (at the expense of the Exchequer) by providing benefits instead of a wage or salary increase when the employee has a high marginal tax rate.

The use of fringe benefits by employers to reduce the marginal tax rates of at least some of their employees has been regarded by some sociologists and social policy writers as evidence of the persistence of social inequality. For example, Westergaard discussed fringe benefits in terms of income and suggested that:

> 'The inequality of incomes is thus maintained in part through differential access to fringe benefits and tax-free sources of income generally.' (1972:124)

Titmuss noted the considerable growth, in the twentieth century, of both fiscal welfare benefits and occupational welfare benefits.

> 'During the period that has witnessed these far-reaching developments in social and fiscal welfare benefits ... there has also occurred a great expansion in occupational welfare benefits in cash and in kind. They have now reached considerable proportions as the Final Report of

> the Royal Commission[1] recognised. Their ultimate cost falls in large measure on the Exchequer.' (Titmuss, 1958:50)

Titmuss was concerned about the consequences of the growth of these benefits for social policy. Fiscal welfare benefits fulfil the same function as social security.

> 'Allowances and reliefs from income tax, though providing similar benefits and expressing a similar social purpose in recognition of dependent needs, are not, however, treated as social service expenditure. ... Despite this difference in administrative method, the tax saving that accrues to the individual is, in effect, a transfer payment. In their primary objectives and their effects on individual purchasing power there are no differences in these two ways by which collective provision is made for dependencies. Both are manifestations of social policy in favour of identified groups in the population ...' (ibid:44)

Fiscal arrangements encourage employers to provide occupational welfare benefits, and as they

> '... grow and multiply they come into conflict with the aims and unity of social policy; for in effect (whatever their aims may be) their whole tendency at present is to divide loyalties, to nourish privilege, and to narrow the social conscience as they have already done in the United States, in France and in Western Germany. One fundamental question of equity that they raise (which is analogous to that raised by the dual roles of fiscal policy) is whether and to what extent social service dependency benefits should be proportionately related to occupational and income achievement.' (ibid:53)

Some sociologists have seen fringe benefit provision not only as an aspect of class situation, but as one of the main features which distinguish manual from non-manual employment, and thus the working class from the middle class. Receipt of benefits is viewed either as a criterion of class membership or as evidence of it.

---

1. Royal Commission on the Taxation of Profits and Income, 1955.

> 'For the most part the flow of rewards takes the form of a graduated continuum, rather than a series of sharply defined steps. Nevertheless, the fact that we do speak of a class system suggests that we can distinguish some "significant break" in the reward hierarchy. In Western capitalist society the line of cleavage falls between the manual and non-manual occupational categories. The logic behind this claim is that differences in the reward position of white collar or non-manual groups are less marked than are the similarities when compared with the situation of the blue collar or manual categories.' (Parkin, 1971:24)

Fringe benefits are one of the differences in reward position.

> '... when comparing the position of blue collar groups with that of white collar workers, including those in lower occupational categories, it is necessary to take account of the various long-term advantages which the latter enjoy over the former.' (ibid:25)

These include sick pay schemes, paid holidays and pensions.

Goldthorpe et al also considered that fringe benefit provision was important in distinguishing between non-manual and manual workers. They saw such provision as an element of work situation.

> 'Despite the possible levelling effects of some forms of advanced technology and management employment policies, the work situation of the white collar employee is still generally superior to that of the manual wage earner in terms of working conditions and amenities, continuity of employment, fringe benefits, long-term income prospects and promotion chances. Class position is not merely a matter of consumer power: the function and status of a group within the social division of labour must still be regarded as being of basic importance.' (1969:24)

The embourgeoisement thesis, popular in the late 1950s and early 1960s, has been the subject of much debate in sociology and will not be described in detail here.[1] Some supporters of this

---

1. See, for example, Abrams and Rose, 1960; Crosland 1964; Zweig, 1961 and, for criticism, Goldthorpe et al, 1969.

theory saw changing patterns of fringe benefit provision as having contributed to embourgeoisement. Provision for manual workers was seen as having increased quite markedly, particularly (and significantly for the future) in the technologically advanced industries. It was not suggested that there was any 'significant break' in the distribution of benefits between manual and non-manual groups. Rather, the increase in provision to the former was regarded as contributing to the elimination of the significant break which had existed in the past. For example, Zweig suggested:

> 'The tendency is for the worker to be brought nearer the firm which gives him good treatment, a relatively good livelihood and a measure of security, and ... for him to lose the sense of identity with his own class, to which he is bound no longer by the links of common hardships, handicaps, and injustices and the constant call to arms in class warfare.' (1961:69)

Security is important in this process, and fringe benefits contribute to it. The factory worker's

> '... security of employment does not fall very much behind that of an office worker. He has a recognised niche and social position, he is attached to his work-place by many institutional arrangements such as pension rights and other fringe benefits, which are constantly increasing.' (ibid)

Postan saw the removal of status differences between manual and non-manual workers as contributing to embourgeoisement. Fringe benefit provision is a factor in this process.

> 'In fact, what recent studies have shown is that the most important differentials of grades, which continued to set the clerical and supervisory ranks above the others, were the symbolic marks of status and esteem - the prestige of being classified as staff, greater security of tenure, membership of pension schemes, longer holiday leave, pleasanter physical conditions of work, separate provision for eating and washing. Yet in the more up-to-date establishments even these marks of status were in the process of being whittled down by agreements conferring staff status and long-term contracts of employment on manual employees (this ... at the time of writing, was proposed by the electricity concerns and by the chemical industry in the UK) by company pension schemes, by longer

allowances for annual holidays and by striking improvements in cleanliness, lighting and ventilation in modern plants.' (Postan, 1967:322)

If embourgeoisement theorists give a reason for believing that differences in fringe benefit provision between manual and non-manual employees are being, and will continue to be, eliminated it is usually related to advances in technology. Blauner has suggested that two different intervening variables might connect technology and benefit provision.

'Because of the high degree of responsibility that continuous process technology demands, management is particularly interested in a permanent, stable work force, and indeed, employment in the oil and chemical industries is often for life. The economist Richard Lester (1959:3) has stated that these industries have moved from a commodity to a welfare concept of employment: "The employer and the prospective employee think of employment in terms of a whole work career - a long-term relationship in which the employer takes on an increasing burden of fringe benefits covering the man and his family, and the employee acquires tenure, job rights and rights to promotion opportunities." ' (Blauner, 1964:130)

The 'welfare concept of employment' ....

'... is a conscious policy, but one which stems naturally from the economic basis of production in continuous process plants. These policies are made financially possible by the high profits of the industries and the relatively small numbers of blue collar workers. Because these industries are so highly capital-intensive, labour is a relatively minor aspect of cost; high wages and fringe benefits therefore do not "hurt" as much as they would in such relatively labour-intensive industries as automobiles and textiles.' (ibid)

The effects of continuous process technology are therefore two. Firstly, it demands responsibility and fringe benefits are presumed to strengthen workers' attachment to the firm. Secondly, it facilitates the provision of benefits because the ratio of capital to labour costs is high.

Dore has described a similar relationship between increasing technological complexity and fringe benefit provision, which he regarded as evidence of a new type of employment relationship between manual employee and company. He, however, put greater emphasis on organisational size than on technology. In a recent study he has developed a 'not overly deterministic' convergence theory, according to which, in Western industrialised societies, 'market-oriented forms of work organisation' are giving way to 'organisation-oriented' forms.

> '... most versions of the traditional theory are at fault in assuming that the market-oriented forms of work organisation which developed in the early industrialising countries are permanent - part of a state of "modernity" which once reached, is never likely to be abandoned.' (Dore, 1970:12)

Japanese employing organisations have proceeded relatively far along the road to 'modernity' while Britain, the 'pioneer' industrialising society, is now lagging farthest behind. Dore called this new type of employment relations 'welfare corporatism'. 'Welfare' describes what will be defined here as fringe benefits. As part of his convergence thesis Dore was suggesting that fringe benefit provision in Britain is growing and will continue to grow.

> 'Changes are taking place in the British employment system... The changes which might be reasonably characterised, however loosely, as "in a Japanese direction" can be grouped under the following headings: changes in the structure of bargaining and in union organisation; changes in pay systems; changes in "the enterprise as community"; changes in the degree of bureaucratisation; and changes in ideology.' (ibid:340)

Under the heading of 'enterprise as community' Dore included

> '... a number of related features which all bear on the way in which a worker conceives of his attachment to the firm and the strength of that attachment. They are:
> 1. increasing welfare and security benefits.

2. increasing recognition of seniority.
3. changes in the status system, particularly the erosion of the manual/white collar divide. ' (ibid:352)

It is difficult to find a clear statement of Dore's explanation of the increase in benefit provision to manual workers in Western industrialised societies. He described many of the 'movements in a Japanese direction' as 'trends', but also suggested that there are 'basic secular trends' determining the direction of development. These were variously characterised as 'increasing technological complexity' (p 11), 'increasing organisational complexity' (p 11), 'the emergence of the large corporation' (p 339), 'the increasing size of organisations' (p 367), and 'the increasingly general desire for social equality' (p 11). A typical statement is

'The Japanese employment system is (apart from certain features stemming directly from Japanese cultural traditions) simply one national manifestation of a phenomenon characteristic of all advanced industrial societies - namely, the adaptation of employment systems to:
1. the emergence of the giant corporation.
2. the extension of democratic ideals of a basic "equality of condition" for all adults at the expense of earlier conceptions of society as naturally divided into a ruling class and an underclass.' (ibid:338)

Dore thus focussed on two 'structural' features of society - organisational size and technology - and one 'ideological' feature - the demand for equality - to explain the extent and growth of fringe benefit provision in Britain (and elsewhere).

Micro approaches

Most discussion of fringe benefits at a micro level refers to provision for manual workers and its effects on their attitudes and behaviour.

Economists tend to believe that the role of benefits is to attract and/or retain employees. Thus Robinson quoted an American consultant:

'"A neo-classical economist might argue that competition for labour would tend to equalise the wages offered for comparable work, including the fringe payments." ' (1968: 102)

Pickles, an industrial relations specialist, used this approach.

'So competition in price-cutting and wage-cutting has given way to competition in the granting of fringe benefits in order to attract labour. Employers continue collectively to resist wage demands for the workers of a whole industry, but they also continue individually to offer, each in his own concern, what in fact are wage increases under other names.' (1962:38)

Some authors have suggested that fringe benefit provision to manual workers will produce a 'moral involvement' in the organisation. While wages only establish a 'cash nexus' between employer and employee, benefits create a wider relationship.

'The"welfare" and "fringe" benefits were on the increase all the time, and they played a part in binding the men to the firm. They were very much appreciated by the men and they were often referred to during the interviews.' (Zweig, 1961:245)

Dore indicated that a particular type of moral involvement is produced by welfare corporatism.

'The favours that count materially - the welfare benefits, the housing, the educational loans and the dormitory accomodation for one's children studying in Tokyo - are all specified and contractual: their distribution is rule-bound and institutionalised as "employee rights". And the loyalty which is bought by these favours is an institutionalised, not a personal loyalty.' (1970:274)

In the discussion of benefits, class and <u>embourgeoisement</u> mention was made of differences in the provision of benefits to manual and non-manual workers. Some theorists have regarded this differential provision as expressing status differences which ought to be eradicated.

'The conclusion that emerges, to my mind, is that class differences limit our economic efficiency and the sooner we can become a less class-ridden society the better.' (Shanks, 1971:67)

'If we are to break down the social barriers which divide

> us and impede our efforts as a nation, we must make a real effort to lift the sense of insecurity and inequality which hangs over so much of the working class. Insecurity and inequality - real or imagined, it makes no difference in this context - are the two great dragons in the path. Their offspring are sloth, suspicion and inefficiency. Where is the St George that will despatch them, and open the road to the dynamic, enriched society of the future?' (ibid.:138)

Many insecurities and inequalities are experienced at work and they include a number of fringe benefits.

> 'In the average factory there are all sorts of subtle class distinctions which emphasise the inferiority of the industrial worker compared to the white-collar or clerical staff - despite the fact that industrial workers may today well be the better paid of the two. The industrial worker normally clocks on half an hour earlier. ... They wear different clothes, they draw their pay in different and less dignified ways. They have two weeks' annual holiday, while the white collar workers frequently have three. Their canteens, washrooms and other amenities are normally much less attractive. They have far less security. They are less likely to be covered by occupational pension schemes than white-collar staff. ... But the implication - nearly always unconscious - is that white-collar workers are in some curious way a part of the firm in a sense in which the industrial workers are not. They are more closely integrated to the management, and they are treated much more often as individuals with their own problems.' (ibid.:156)

Shanks believed that removal of these differences would improve the attitudes of manual workers in the long-run.

> 'Employers normally get a good return on the extra privileges accorded to staff workers. These workers tend to identify themselves with the firm much more than most industrial workers. They show greater loyalty. They are much less ready to leave at a moment's notice for a higher-paid job "down the road". (Promotion prospects and pension rights play a part in this but they are not the only factor by any means). They are far less ready to strike, "go-slow" or "work-to-rule".
>
> It would not be difficult to extend more of these privileges now commonly enjoyed by white-collar workers to industrial workers, and it would in

most cases pay employers in the long-run to do so.' (ibid.:158)

Staff status and staff grade schemes for manual workers, which often include provision of fringe benefits identical with, or approximating to, that for routine white collar workers, have been introduced in some firms. Wedderburn found four principal ideas behind the introduction of such schemes. The first is that differentiation is inherently undesirable. Armstrong described this in the following terms:

> 'It can be argued that for too long we have applied a set of double standards to the employee, particularly to the adult shop-floor factory employee. Away from work he is credited with being mature and responsible, electing into office the government of the country. At work he becomes a second class citizen, his status is lower, his privileges commonly fewer than those of staff workers. Because he cannot be trusted he is on the clock.' (1969)

Secondly, there is the belief that such schemes will induce a 'moral' rather than the more customary 'calculative' involvement on the part of the manual worker.

> 'Since it has been well-demonstrated that certain kinds of non-manual worker are more likely to express "moral" involvement and greater work satisfaction, the argument runs that if manual workers are treated in the same way a non-manual workers, then they too will develop non-manual attitudes towards work.' (Wedderburn, 1969)

Thirdly, particularly important in capital-intensive industries,

> '... granting such "staff" conditions as an annual salary, improved fringe benefits, is seen then as the price to pay for dependability.' (ibid.)

Finally, there is the idea of using such schemes to narrow differentials for workers who are in short supply, to reward long

service to discourage turnover and to reward merit.

Many industrial sociologists and psychologists, most of them American, have adopted a 'psychologistic' approach to the study of workers' attitudes and behaviour. It is psychologistic insofar as it suggests that people have 'needs' which basically derive from human nature and which therefore should be satisfied. There appears to be general agreement about what these needs are and that they are arranged in a hierarchy. Herzberg's hierarchy begins, at the lowest level, with elementary biological needs for food, drink and shelter and progresses to the need to preserve these once obtained (that is, the need for security); the need for luxuries; the need for status; the need for achievement for its own sake (which can never be satisfied as the others can) (Herzberg et al 1957:50).

It is assumed that, in modern industrial society, some of these needs can only be met through the employing organisation and that others should be so met, partly for the sake of the individual (who will be happier), partly for the sake of the organisation (whose goals will be better served) and (at least for some sociologists, for example Mayo, 1949) partly for the sake of the social order (which is likely to gain in stability and integration). For example, Herzberg et al declared

> '... we have been able to meet high minimal levels of physical demand and now we must face the necessity of satisfying the psychological needs of our industrial population, both because of the desire to make people happier, and because we are forced to, in an attempt to increase their performance on the job.' (ibid.:viii)

Argyris predicted that, when there is incongruency between individual needs and organisational demands, adaptive activities will arise such as

> '... absenteeism, turnover, quota restriction, goldbricking, slow downs, trade unions, increasing emphasis on material factors and decreasing emphasis on human factors, non-

> involvement, withdrawal from work and alienation.' (Argyris, 1964:92)

In this context it is agreed that there is some connection between fringe benefit provision and employee attitudes. Herzberg et al., when describing the need for highly motivated employees, indicated that

> '... some recognition of this need has been given through the great popularity of human relations programmes. The widespread use of incentive systems, recreational programmes, fringe benefits, morale and attitude surveys all testify to the willingness of management to give attention to employee attitudes and to spend large sums of money to cope with them.' (op. cit.:viii)

However, fringe benefits can only meet lower order needs. Furthermore, many of the benefits which are provided are neither needed nor wanted. Brown claimed that there were two kinds of welfare: 'good' and 'bad'. Most welfare is bad.

> 'The manager and the industrial relations psychologist have passed from the stage of ruthless exploitation, the carrot and the stick, and a mechanistic attitude to work, to a new stage of fussing, perverted "welfare" and to the same old mechanistic attitude.' (Brown, 1954:278)

Good welfare is seen in terms of security.

> 'Welfare too is an excellent thing, when it is kept within reasonable bounds and rightly conceived. Pensions, sickness benefit, free medical attention and other schemes are of major importance. ... To have security in a job, to know that one can be ill without incurring loss of money or risk of dismissal, to have the assurance that the future is financially moderately safe - these are tremendously valuable benefits.' (ibid.:280)

However, welfare is often used as a substitute for 'proper employment policies.

> '... it happens that in some firms all that is done for the individual is to provide him with an excess of spoon-fed welfare (or so it appears to him) instead of making any attempt to study what he, as a human being, really needs - and what from the angle of industrial efficiency will make him do more work, or stay away from work less.' (ibid.)

Herzberg et.al. described as 'paternalistic' those benefits which are provided by management in anticipation of needs which do not, in fact, exist. Management manufactures needs which are not 'true' ones and which may conflict with other 'true' needs.

> 'In accepting various benefits which these programmes provide for him, the worker finds that following the company's policies and regulations regarding these benefits conflicts with his own needs for self-determination and independence.' (op.cit.)

Such policies will not produce the desired results.

> '... there is no connection whatever between the sort of spoon-fed welfare we have been talking about and good morale. ... Even "good" welfare may exist in an atmosphere of dissatisfaction and poor morale.' (Brown, 1954:88)

There are other problems with benefit provision. Employees may not perceive them.

> '... the employee of the firm which provides them sometimes forgets what a vast difference they make and accepts them as the natural order of things.' (ibid.:280)

Gellerman thought that too much security might have counter-productive effects.

> 'Excessive provision for security may make people more compliant and predictable, but it does not necessarily make them more productive: in fact in organisations where creativity or initiative is desirable too much stress on security can actually reduce overall efficiency.' (1963:155)

Theorists of this complexion would probably agree with Gellerman that fringe benefits should be seen as 'hygiene' factors. Workers will be dissatisfied if they receive inadequate benefits, but giving them more when they are not dissatisfied will not motivate them in any way.

> 'It made little sense therefore to think of motivation for these men solely in terms of paying them well, and providing fringe benefits and an attractive place to work. ... On the other hand, to have deprived them of these things would have caused their motivation to

deteriorate rapidly.' (ibid.:49)

As well as believing that provision of fringe benefits, or welfare, will not motivate employees, Brown also believed that employers ought not to try to use welfare for such a purpose.

> 'Welfare becomes unreasonable when (a) it is done for ulterior motives and used specifically as an incentive, since it then becomes an example of "the greatest treason - to do the right thing for the wrong reason"[1], and (b) when it reaches the stage of managers racking their brains to find some new (and essentially useless) piece of"welfare" to act as a stimulus to work and vie with anything supplied by other companies. Welfare should be regarded as a social act and not as an incentive to increase production... ' (op.cit.:280)

To summarise: macro approaches to fringe benefits have included the study of benefits as labour costs; their effect on the efficient operation of the market; the role of marginal tax rates in determining such provision; the consequences of provision for social inequality, social policy and class structure; and the roles of technology and organisational size in encouraging provision to manual workers. Micro approaches have been concerned with the effect of benefit provision on individual employees (more especially manual) and their relationship with the organisation. Propositions have been advanced that fringe benefits attract and retain employees and that they improve the quality of the employment relationship by evoking loyalty, or, by raising status hence producing a sense of responsibility. On the other hand, some theorists have suggested that, while fringe benefit provision may lead to dissatisfaction if inadequate, it cannot positively strengthen motivation. These propositions will be fully examined later. First, however, comes the task of defining fringe benefits more rigorously and describing them in some detail.

---

1. T.S.Eliot Murder in the Cathedral

Fringe benefits and their definition

The discussion so far has shown that social scientists frequently write about 'fringe benefits' or 'welfare' without explaining precisely what they mean. This makes it probable that the concepts mean different things to different people. Lydall's definition reads as follows:

> '... fringe benefits can be defined as costs of employing labour, other than direct cash payments to employees, which create benefits for employees beyond what is strictly necessary for productive efficiency.' (1968:267)

Rubner also defined them in terms of labour costs but used a much broader definition of costs. He included restrictive practices, breaks during work periods and similar phenomena. While these might be regarded as costs in the sense that the worker could produce more if they were abolished, most economists and sociologists would not regard them as fringe benefits.

The efforts of economists to evolve an acceptable definition often end up as rather lengthy 'working definitions', as in Robinson's account.

> 'Fringe benefits seem primarily to be payments, current or deferred, which, while arising out of the employment performance, are not made directly because of it. They are made because of the occurrence of some other event in conjunction with employment, e.g. retirement, sickness, death. Or they are forms of reward to employees not in direct cash form, arising from or because of employment. Thus subsidised housing is seen as a fringe benefit. The employer makes the equivalent of a payment to an employee which is not made because of the work factors or performance of the employment but because some additional non-wage remuneration is being offered because the employee is in employment with a specific employer.
>
> The relevance of the effect of effort is shifted so that instead of payments being classified according to how they affect effort, they are distinguished by the

> relationship of their receipt to previous effort. If the payment of the reward is based upon employment effort performance it is more probably a wage payment. The employment effort need not necessarily be that of the person or group of persons receiving the payment, as bonuses or lieu rates whereby some groups of workers receive a payment based upon the employment performance of other groups of workers are quite properly regarded as part of wages and salaries and not as fringe benefits.
>
> Where the rewards are based on factors other than effort expended or work performance, and particularly where discrimination is made between different employees in the same occupation who are performing the same type and amount of work, they should be seen as fringe benefits.' (Robinson, 1968:45)

Both author and reader turn, with a sense of relief, to the list of benefits which are actually going to be studied.

The problem of definition stems from the fact that fringe benefits have been viewed from many different viewpoints: as labour costs; as employee benefits; as elements of income; as status entitlements; as evidence of an employer's benevolence; as instruments of tax avoidance; and as social security benefits. This is partly because individual benefits vary both in purpose and consequence. Holidays and canteens, discounts and sick pay, company cars and recreational facilities in some respects fall into different categories. It is also because different 'social actors' view such benefits from varying perspectives. For managers they are often an instrument of employment policy, a means of increasing efficiency or something to be 'administered'. For employees they may mean security in old age, a good meal at dinner-time or a way of cheating the tax-man. For trade union officials they may be a threat to membership figures, something to be bargained about or an opportunity for complaint. For Government they may constitute a relief to the burden of social security on the Exchequer, involve considerable work for the Department of Inland Revenue or be a part of the answer to Britain's poor economic performance.

It is not surprising, therefore, that definition presents a problem. The answer offered here is a 'working definition' suited to the purposes of the thesis.

> 'Fringe benefits are here defined as including every monetary payment, benefit or service provided to the employee by the employer, which does not appear in his ordinary wage packet or salary cheque: the service must be one for which the employee could otherwise pay himself.' (Bevan, 1973: 11)

This definition does not include such features as overtime payment, piece rates and regular bonuses, nor does it cover pleasant work surroundings and flowers outside the factory.

Lydall, Rubner and Robinson all agree in limiting the term 'fringe benefit' to those payments, services and benefits provided for employees, thus excluding benefits in kind and special payments provided for directors and the self-employed which, in many cases are similar to the perks provided for higher managers. This study is also limited to fringe benefit provision to employees, mainly because of lack of data, although there is mention of benefits for the self-employed in the discussion of tax avoidance in Chapter 10 (page309ff) and when the effects of benefit provision on the distribution of advantage are considered in Chapter 12 (page407ff).

A large number of benefits are subsumed under the definition given above. The most important, in terms of generality of provision, are pensions, sick pay, redundancy pay, canteens, sports and recreational facilities, medical services, 'perks', and holidays with pay. These are the benefits which will be considered in the thesis.

(i) Pensions

After holidays, pensions are the most expensive benefit.

> 'They provide a form of long-term security for the worker and in some cases can be manipulated so as to provide greater net receipts of cash over a period of time than the payment of a corresponding amount in the form of wages or salary.' (Robinson, 1968:49)

For highly paid people a suitable designed pension scheme, by making use of tax allowances, can be more attractive than an increase in salary. What have been called 'top-hat pensions' are frequently used more as a tax avoidance device than to provide security in old age, and these will be considered as a perk. Government legislation can favour pension schemes, either by offering tax allowances, or by permitting approved schemes to qualify recipients for exemption from national arrangements.

Schemes may be contributory or non-contributory; compulsory or voluntary; formal or ex gratia. Payments may be based on a number of different calculations: a fraction of salary for each year of service; a fixed amount for each year of service; a proportion of

average salary over the whole period of employment; or a proportion of the final average over the last years of employment. Schemes based on final average salary favour those whose pay increases with seniority and are especially advantageous in an inflationary period. It is clear that the generosity of pension schemes varies considerably.

(ii) Sick pay

The same can be said of sick pay schemes. The employer may, when an employee is absent due to sickness, continue to pay the normal wage or salary, usually minus National Insurance sickness benefit payments, for a certain period. This can vary from a very short period to six months or more. On the other hand, the employer may let his employee rely solely on National Insurance benefits, or supplement these with a fixed sum per week. Waiting periods for sick pay vary from no time at all to more than ten days, in some cases. Schemes may be formal, or operated at the employer's discretion. Most are non-contributory.

(iii) Redundancy pay

Redundancy

> '... is in some way associated with losing a job ... in circumstances which did not follow from industrial misconduct, and with at least some inference that the consequence will be unemployment.' (Robertson, 1965:247)

Redundancy payments are 'connected with the process of losing a job' (ibid.) and involve compensation for the loss of that job. Before the 1965 Redundancy Payments Act such payments were voluntary. Since 1965 some employers have provided compensation for redundancy beyond that required in the Act.

(iv) Canteens

Canteens are generally subsidised although employees

usually make some payment. There may be segregation on the basis of status. In some cases manual workers eat in self-service canteens, white collar workers have table cloths and service (and there may be different canteens for different kinds of white collar worker), while the directors and senior managers have a dining-room with cocktails and haute cuisine.

(v) Sports and recreation facilities

These are usually open to all employees and their families. Some require a subscription. Managers of such facilities are attempting to 'professionalise' their occupation, and the Recreation Managers' Association of Great Britain has recently started an educational course leading to a certificate and full membership status.

(vi) Medical services

These are provided on the premises and designed to deal with, or prevent, industrial accidents and diseases, and, in the case of some firms, to treat general ailments. Personnel may include, along with doctors and nurses, a dentist and chiropodist. The non-industrial use of these services is usually justified in terms of absenteeism avoided as well as the goodwill they are presumed to generate among employees. Insurance schemes for private medical care, normally only available for senior personnel, will be considered as a perk.

(vii) Perks

This category includes such benefits in kind as housing, discounts, travel allowances, loans, assistance with house purchase, life assurance, 'top-hat pension' schemes, share option schemes and company cars. Some of these are of negligible financial value, while others can be very valuable indeed. The latter tend to be restricted to Board members and senior executives.

(viii) Holidays with pay

These are the most expensive benefit for employers. They differ from other benefits in that they are virtually universal for permanent employees, and are usually included in the coverage of collective bargaining, where this exists. The amount of payment and its method of calculation vary considerably between industries, firms and occupations.

The justification for classifying these diverse benefits under one heading lies in two areas of similarity which coincide with the macro and micro approaches outlined above. Firstly, they give the recipient, either currently or in the future, access to, or control over, scarce resources. That is, they are part of the distribution of 'income' in its widest sense (hereafter referred to as the distribution of advantage). Secondly, all the benefits are elements in the employment policies of employers and it is reasonable to assume that most employers attempt to use them to secure the goals of the organisation. The thesis is mainly concerned with these two properties of fringe benefits, at both theoretical and empirical levels, and with the relationship between them. In the next chapter these two features will be linked within a theoretical framework relevant to the remainder of the study.

The study covers fringe benefits to employees and, as discussed on page 30, does not include the self-employed. For reasons of time and because there is not very much data easily available, the study does not cover women as a separate category, although it is known that women are less likely than men to be covered by pension and sick pay schemes (Royal Commission on the Distribution of Income and Wealth, Report No 6, 1978:68). For the same reasons most of the evidence concerns benefits in private manufacturing industry, although there is some

consideration of some benefits in the public sector in Chapter 5 (page135) and Chapter 10 (page344). No evidence of benefit provision in other sectors of the economy is presented, and, for this reason, and because there is no reliable data relating fringe benefit provision to the money income of recipients, no firm conclusions about the effect of the growth of benefit provision on the distribution of income, or the distribution of advantage, could be drawn (see Chapter 12:407ff.).

Chapter 2: Contract, Class and Ideology

In this chapter those structural and ideological features of modern Britain which have given rise to, and influenced, fringe benefit provision, are described. Following one of Plamenatz's definitions, ideology is viewed as persuasive belief and theory. It is

> '... overtly descriptive and explanatory. Sets of beliefs or theories that are ideological purport to tell us how things are or were, and how they come or came to be so. ... Ideology is primarily "persuasive" and is only, if I may so put it, secondarily "prescriptive".' (1970:76)

However, such ideology

> '... need not be false. That is to say, the word ideology, used in the sense I am now discussing, is often applied to sets of beliefs or to theories which are not false, or are so only to a small extent. They are accepted uncritically, or if not always uncritically, then for other reasons besides their being thought to be true. No doubt, those who accept them believe that they are true, unless they merely pretend to accept them.' (ibid.:79)

Problems associated with the relationship between social structure and ideology will not be discussed here. Structure will be taken as describing 'system' variables such as class, status, power, technology and size of company, while ideology is concerned with people's values, and their beliefs about and explanations of the system. Such values and beliefs are related to the position of the individual or group in the social structure. They, and the behaviour they produce, can be studied using an 'action approach', but this needs to be set in a structural context.

> 'The social world is manipulable to a variable, often limited extent; some structures of meaning cannot be sustained because they conflict with the meaning structures of others or with external objects. It is erroneous to see social action as an automatic playing out of role expectations, or as a mechanical reaction to situational constraints; but it is equally erroneous to limit sociological concern to systems of meaning. Social action theory in these terms provides an inadequate basis for explaining action i.e. the behaviour of actors forced to reconcile their interpretations of the situation with those of others, and with the external constraints of geography, of scarce desired objects, etc.' (Martin and Fryer, 1973:184)

Chapter 1 showed how social scientific interest in fringe benefits has focused on their distribution and on the role they play in the employer-employee relationship. These two aspects of benefit provision can be linked within an analysis of the class structure recently developed by a number of sociologists. Goldthorpe has presented a view of social stratification in terms of advantage and power.

> 'The idea of advantage is thus suggested in order to fulfil a role in studies of stratification at what we may term the "distributional" level, analogous to that of "power" at the "relational" level.' (Goldthorpe and Bevan, 1977:3)

Crouch has suggested:

> 'At the core of both class relations and industrial relations is the economic relationship of domination and subordination: the labour contract. In exchange for his wage the worker places his labour at the disposal of the employer. This relationship is distinguished from other commercial contracts in that the worker accepts the role of subordination. It is because of this "authority step" that the exchange is inherently an unequal one. For a specific wage payment the employer acquires a generalised capacity to control the labour. For such a relationship to persist the worker must be more dependent on holding his job than the employer is on retaining him; or as Blau has formulated a similar point, an exchange becomes unequal when one party to it has more freedom to choose whether or not to enter the relationship.' (1975:30)

Hyman and Brough used a similar analysis.

> 'For within a capitalist political economy, employment is at the same time an economic relationship and one of control; and this duality is in turn closely associated with the inter-dependence of wealth and the ownership of the productive system. ... Through the asymmetry of the employment contract those with the privileges of economic ownership - and their agents and functionaries - have the right to issue orders; those with only their ability to labour to dispose of are constrained to obey.' (1975:4)

The unequal

> '... exchange relationship around employment provides the basis for the fundamental dichotomous class model, with the class which buys labour and then deploys it being the dominant class in the unequal exchange, and that which offers labour and subjects itself to control constituting the subordinate class. The inequality of the exchange implies at one and the same time an inequality of economic reward and an authority relationship; and it is in the capacity of these dimensions to have major consequences for the lives of actual persons that the tendency for class relations to assume an empirical form consists.' (Crouch, op.cit.:33)

The unequal labour contract, then, has implications for the distribution of resources, or advantage, and for power relations within employing organisations.

The distribution of advantage

Following Crouch, class is treated as

> '... an analytical relationship rather than as the identification of empirical groups of persons. To some extent this is to adopt the approach of the French structuralist Marxists, who see concrete human persons as simply the "bearers" of structural variables. The present analysis differs from them in that, having demonstrated the relevance of class factors "in the last analysis" attention is here concentrated on the many intervening variables that distort and obscure these factors in everyday society. ... In all complex societies the dominant/subordinate relationship is highly differentiated.' (ibid.:28)

In terms of this analysis Parkin's attempt to find empirical referents for class (which included fringe benefits) is misguided.

> 'Parkin takes further the process of simplification in relating empirical classes to an analytical relationship. He attempts to fit the entire population into two classes (dominant and subordinate) on the basis of empirical observations of life chances and very generalised statements about the nature of dominant and subordinate roles. ... But the manual/non-manual barrier is not the domination subordination barrier though many of the factors which support its importance are the product of different relations to subordination and domination. Much of the

> emphasis in these attempts is placed on inequalities in fringe benefits at work, or cultural differences.' (ibid.:36)

The dominant and subordinate functions are carried out by numerous individuals in different occupations. They use various criteria, including the manual/non-manual status distinction, to stake their claims to scarce resources. The resulting distribution of advantage does not correspond with the dichotomous class model, but is more continuous and hierarchical than such a model would predict.

The extent to which income distribution is 'normatively grounded' is a question that is likely to be of increasing interest to sociologists. Ideology is clearly important.

> 'The major reason, however, why the powerful rarely need to make their power visible and obvious is that all the social institutions, mechanisms and principles which it is crucially important for them to have accepted and legitimised are accepted and legitimised already and come under no serious threat. These range far beyond such basics as the institutions of private enterprise and profit-making. They cover such matters as the influence of wealth and resource-control over economic, social and political decision-making; over the content of the mass media and communications; and over the major objectives of the economic system. Crucial for them too, is the virtually universal acceptance of class and status stratification, and of the hierarchical organisation of work with its massive inequalities of authority, reward, status and job autonomy. Essential, in turn, for the acceptance of these inequalities are such cultural beliefs as, for example, that those in authority ought to enjoy higher rewards than those they command, and that the alleged (and probably engineered) scarcity of a particular skill, talent or ability justifies its holder in demanding a larger allocation of life chances than those of more common or modest attainments.' (Fox,1974:277)

Labour 'supply' factors which are used by employees to reinforce their claims to resources include skill, responsibility and training; claims to higher status; and organisation[1].

---

1. These three categories correspond with Weber's characterisation of the forms of stratification: class, status-group and party.

> 'Among the complex forces determining money rewards in industrial society, therefore, are not only the various supply positions (as shaped by social forces) of the marketable skills and aptitudes, relative to the demands for them (likewise shaped by social factors) but also the principle, which occupants of high-discretion roles seek to have widely accepted, that work of their high status deserves greatly superior rewards.' (ibid.:52)

Solidarity and organisation among employees regulates the competition for work and makes possible collective, as opposed to individual, bargaining with all its weaknesses for the unorganised worker. This is the basis of trade union negotiation over wages and conditions, and the reason why so much emphasis is put on collective action and solidarity in working class cultures.

Fringe benefits are elements of income and are likely to vary by occupation as employees make use of their differential scarcity, status or ability to organise to claim income.

Labour 'demand' factors will also affect the distribution of income, and, hence, fringe benefits. These include type of technology used and the demand for the product which is being manufactured. These factors are discussed further in the next chapter.

Employer-employee relations

The main goal for employers and top management in productive enteprises is the making of profits. This usually involves questions of efficiency, productivity and growth. Until fairly recently the 'salient problems for managers were technical, financial and commercial' (Roeber, 1975:ix). Human problems, especially at the manual level, were 'mediated away in the market place' (ibid.), mainly because unemployment was high or was expected to be high. Since the war unemployment has been relatively low and the Welfare State has offered increasingly valuable support during short periods of unemployment. The resulting relative increase in the power of employees has shown itself in the 'human problems' which management have increasingly faced. The behaviour which concerns employers includes high labour turnover, absenteeism, restrictive practices, unwillingness to accept change, and 'go-slows' and strikes.

In their relations with employees two main problems arise for employers and managers. In a market economy there is free movement of labour and the employer has the problem of attracting and retaining suitably trained and experienced workers at all levels of the enterprise. Once employed, there is the problem of motivation. Attempts to improve this may involve providing direct financial incentives (stengthening the 'cash nexus') or using policies designed to affect the quality of the involvement of employees - to make it more 'moral' and less 'calculative'.

One feature of the labour contract which has not yet been considered is its specificity.

> 'The purposive contract, on the other hand, is the characteristic legal institution of an exchange economy which is strongly market oriented and based on the use of money. "It is a contract made to complete a specific transaction or to further a discrete objective. Only a tenuous and temporary association is created. The purposive contract is infused with the spirit of restraint and delimitation: open-ended obligations are alien to its nature; arms-length negotiation is the key-note." (Selznick, 1969:54). The emphasis is on a transitory arrangement for limited and specific performance.' (Fox, op.cit.:153)

While labour contracts are specific, according to occupation, varying amounts of discretion are left in the hands of the employee to exercise as he sees fit. Employers use a variety of means to persuade the employee to exercise that discretion in ways which will benefit the enterprise. Their main source of power is 'remunerative but they also make use of 'normative' power in various ways (Etzioni, 1961:5).

Employees who are given wide areas of discretion are likely, in the right circumstances, to respond with 'high-trust' behaviour.

> 'The relationship between top management and the occupant of a high-discretion role can usefully be explored ... with the aid of a model characterised as a reciprocal balance of high trust in which each bears towards the other a sense of diffuse long-term obligation.' (Fox,op.cit.:98)

The 'right' circumstances include suitably high rewards.

> 'There has already emerged from the present analysis one reason why occupants of high-discretion roles who fix other men's rewards are likely to be careful to offer those who establish a persuasive claim to high status such career and pay prospects as are congruent with their own.

> To do otherwise would weaken the principle on which their own privileges rest. But there is a further reason for doing so.' (ibid.:57)

His superiors

> '... can offer a level of rewards, perquisites, opportunities, and prospects which make it clear that they see him as one of themselves; one of their community; one of the favoured fraternity whose rewards and prospects must, of course, match heavy "responsibilities" now and heavier still to come. In these ways they can hope to ensure that he exercises his discretion along lines they would approve. To repeat Goldner's proposition, the fact that a "withdrawal of effort" by occupants of high-discretion roles "is much less visible" requires top management to seek "a different kind of commitment from them than it did from manual workers" (1965:80). Evan, too, we noted as emphasising the need, since high-discretion role performance "cannot be objectively evaluated", for ensuring that occupants of such roles are loyal and trustworthy.' (ibid.:58)

At the other end of the 'discretion' scale, despite all the controls that can be applied through technological and organisational design, supervision and specification in the labour contract, some control is left in the hands of the manual worker.

> 'Beyond what commands can effect and supervision can control, beyond what incentives can induce and penalties prevent, there exists an exercise of discretion important even in relatively menial jobs, which managers of economic enterprises seek to enlist for the achievement of managerial ends.' (Bendix, 1963:251)

However, manual workers are rarely 'morally' involved in the enterprise, or motivated to use this discretion in its interests. Fox has suggested that one reason for this is the very limited amount of discretion which is allowed to these employees.

> 'The absence of commitment or moral involvement which the manager so often deplores in the lower ranks of the organisation is, in considerable measure, a consequence of the low-discretion roles that he and his forerunners have designed for them and for earlier generations of employees who have bequeathed their low expectations and responses to their children.' (op.cit.:64)

While seldom making attempts to increase the discretion in manual workers' jobs, employers attempt to induce high-trust responses using other policies.

> 'While retaining the menial jobs they hope, by means of welfare policies, verbal appeals, ideological persuasion, and other techniques which all stop short, however, of

> institutionalising high trust, to arouse the personal involvement and commitment that are its sought-for manifestations. ... Disappointment is not inevitable. Our theoretical framework provides the possibility that under certain conditions management may be able to bend the ideological perspectives of employees to such effect that they fully legitimise the highly unequal distribution of discretion and bring to their own low-discretion roles high-trust behaviours and attitudes.' (ibid.:151)

Between the high-discretion and low-discretion roles described here, there lies a continuum.

> '... social and economic exchanges are presented here as polar extremes simply to sharpen the contrast for theoretical purposes and to simplify the exposition. Between the extremes lies a continuum along which relative diffuseness of obligation and relationships of high trust shade off into relative specificity of obligation and relationships of low trust.' (ibid.:72)

A group of 'marginal' employees falls into the 'shaded' area. The amount of discretion remaining to many routine white collar workers is low, but, for historical reasons and because of their 'proximity to the dominant function' they may still receive 'high-status' rewards.

> 'The members of a group on the fringes of the high-discretion world - a position from which they might easily move, by their own decision or top management's, into the low-discretion world where they could take up an overtly oppositional conflict stance and rely solely on their effectiveness as an organised pressure group - may aspire instead to cling to the benefits of high status by stressing such characteristics as these, hoping that for top management they will tip the scales marginally in favour of the group continuing to be accorded some, at least, of the privileges of the high-status fraternity. And, indeed, in the absence of positive pressures impelling top management otherwise, a group whose roles have been gradually slipping down the discretion scale may, through management inertia, succeed through the display of these secondary characteristics in retaining some high-status benefits.' (ibid.:52)

On the other hand, some workers in this category have adopted a strategy of 'instrumental collectivism' (below: 45).

Employers, then, in their relations with employees, have been concerned

with problems of attraction and retention, and the need to involve employees so that any discretion they exercise is used to benefit the enterprise. The importance of these problems, and the best ways to deal with them will vary between occupations and firms, and one would expect to find correspondingly different managerial strategies in these regards. The most important variables here are occupation, technology, product and size of company. Insofar as employers use fringe benefits to assist in solving these two problems, provision is likely to vary as these structural features vary.

Employers in the public sector come under additional pressures. In the first place, one of the Government's concerns has been to encourage employers to use 'modern employment policies' in the hope that these will increase national productivity. This has meant that they have felt obliged to introduce such policies themselves. Also public sector employers come under more pressure (expressed particularly through Parliament and the media) to act in accordance with the principle of 'social responsibility'. Such pressures have affected benefit provision in the public sector (see Chapter 5: 135 and Chapter 10: 344). Furthermore, Governments have not felt able to encourage benefit policies designed to avoid taxation or incomes policies which they themselves have imposed, and this has had particular effect on benefit provision to senior executives and their equivalent in the public sector (Chapter 5:141).

Trade unions and Government

Employers are not the only group with an interest in fringe benefits, although it is the employer who makes the decision about which benefits, if any, a particular employee should receive. Action to influence these decisions is taken by trade unions and by Governments. It is useful, at this point, to examine briefly the ways in which these actors exert their influence and pursue their aims in Britain.

The power of trade unions is based on organisation, or what Weber described as 'party'. This power may be used within the employment relationship, or in the wider political arena, for the protection or advancement of the interests of trade union members. This may, at the ideological level at least, include some notion of changing certain features of society. Richter has suggested that

> '... running along with the business unionism current in British unions there has always been a strong socialist stream - beginning in the early 19th century, gathering force in the late 1880s, and reaching a climax in the Labour Party's adoption of its socialist platform in 1918. On the other hand, as one looks back at the British unions' true political action in the present century, it is clear that the movement resisted such political action on any sustained basis and resorted to it only when necessary either to ward off, or remedy, legal interference with the established bargaining system, or in reaction to a severe crisis situation.' (1973:22)

'Business unionism' as practised in the United States, is rarely found in Britain, and the phenomenon with Richter described would be more aptly named 'instrumental collectivism'. Parkin has seen this as deriving from the 'subordinate value system'.

> 'A no less important element in the accomodative outlook is the "instrumental collectivism" typified by the trade union movement. ... the fact that unionism is closely geared to the moral framework of the subordinate value system, exemplifies what is perhaps the defining characteristic of this meaning-system; namely, its uneasy compromise between rejection and full endorsement of the dominant order.' (1971:91)

Protection and promotion of trade union interests have predominated over the notion of achieving larger political and social changes in post-war Britain.

> '... contrary to the widespread impression that the unions were engaged during the period in furthering far-reaching socio-political objectives, it is contended here that the union leadership altogether abjured political action in a substantive or programmatic sense. The leaders felt they could continue to conduct traditional pure and simple unionism successfully without significant involvement in national economic and political policy formation. Second, although they maintained the historic alliance with the Labour Party and indeed, beginning in the early 1950s, greatly expanded that commitment at Parliamentary Party level, they did <u>not</u> rely on it either for their conventional bargaining function or for broad social policy purposes.' (Richter, op.cit.:17)

The TUC described the aims of the trade union movement to the Donovan Commission in the following terms:

> 'These objectives can be distinguished as follows:

(i) improved terms of employment
(ii) improved physical environment at work
(iii) full employment and national prosperity
(iv) security of employment and income
(v) improved social security
(vi) fair shares in national income and wealth
(vii) industrial democracy
(viii) a voice in government
(ix) improved public and social services
(x) public control and planning of industry.' (1968:33)

Wages and terms of employment are most important.

'... there can be little doubt that improved wages and terms of employment stands at the top of the list. ... trade unions see higher wages as being a most effective means of enhancing the economic welfare of their members: they also regard their capacity to win higher wages through collective bargaining as one of their most effective methods of attracting membership.' (ibid.:33)

Richter stressed the importance of collective bargaining.

'... the underlying objective of political action in the post-war years was simply the achievement, maintenance, or restoration of "free collective bargaining". Whenever there is a threat to the legal status of unionism or to free collective bargaining, trade unionism moves towards genuine political action to counter the threat.' (op. cit: 218)

He suggested that, between 1946 and 1967, trade union leaders'

'... main motivations in the political arena during the period were: (a) to retain the alliance[1] as a sort of insurance policy to protect the bargaining system; (b) to enhance their own bureaucratic image and security as leaders vis-a-vis the membership; (c) to help assure the continuance of a Labour Party leadership that would not intrude into the traditional bargaining system.' (ibid.:17)

More recently, under the influence of the continuing economic crisis, the trade unions and Labour ~~Party~~ Government have drawn closer together. The unions have acquiesced in successive incomes policies, and in return demanded economic and social policy measures, many of which have been enacted. However, collective bargaining is still regarded

---

1. With the Labour Party.

as the right way of establishing wages under normal conditions. Banks saw this emphasis on the importance of bargaining as a challenge to classical capitalism, but not to the structure of inequality.

> '... the trade union struggle to remove legal constraints on collective bargaining implies, in all industrial societies, a rejection of the classical capitalist conception of economic organisation. In place of unfettered, individual competition, the trade unions worked for, and apparently desire to continue, a system of collective regulation in the detailed day-to-day application of which their representatives will play an important role. At the same time, the fact that this is conceived as collective bargaining means that the sale and purchase of labour power will continue into the foreseeable future. ... Trade unions, it may be said, prefer a collective to an individual employer, but they always assume that there will be an employer to bargain with. There is no question of their members sharing the employer's role among themselves. The elevation of the social position of the rank and file does not mean this. Rather does it mean a steady rise in the level of living of the worker. Hence, in the British context, the demand for a minimum wage level, never to be eroded by rising costs of living, has been accompanied by trade union agitation for improved benefits and services by a welfare state, to which employers are entitled as much as workers. Beyond the minimum, however, there is no demand for equality.' (Banks, 1970:61)

While collective bargaining is the preferred, and most frequently used, of the trade union instruments, unions do use other methods to achieve their aims.

> 'The main methods used by trade unions can in broad terms be distinguished as follows:
> (i) collective bargaining
> (ii) joint consultation
> (iii) autonomous job regulation
> (iv) services for members
> (v) influencing Government
> (vi) political action
> (vii) international activities.' (TUC evidence to Donovan, op.cit.:47)

The chief methods used by trade unions in their actions relating to

fringe benefits have been lobbying of the Government by the General Council of the TUC and individual unions, the provision of relevant services by the TUC, and collective bargaining.

It is assumed in this study that, while the State is not a neutral force in modern society, it has some 'relative autonomy' to act as a 'countervailing power' (Crouch, op.cit.:43)

> 'The institutions of the State, together with those of economic production, may be regarded as of major importance in setting the context of stratification in modern societies. In this sense, then, it is true - indeed truistical - that the power of the State, resting ultimately on its monopoly over the means of physical force, serves to maintain the existing form of stratification. However, this does not mean that the State has a purely passive role. It does not preclude the possibility of State intervention, arising out of party, or other political action, being specifically directed towards the modification of the structure of power and advantage among individuals and groups within society.' (Goldthorpe and Bevan, op.cit.:6)

Since the war, in addition to social policy activities, which have affected the distribution of advantage, the Government have adopted an increasing number of co-ordinating and planning functions in order to stabilise the economy, to enable capitalism to operate more efficiently than it would otherwise do. In particular, they have accepted resonsibility for the maintenance of full employment. This has produced secondary problems relating to the balance of payments and inflation, which they have had to attempt to solve. They have also taken a more direct role in industry, through nationalisation and subsidies.

The Labour Government of 1945 to 1951 maintained many of the extensive controls which had developed during the war, for most of their period of office. They also nationalised a number of industries, including electricity, coal, gas, railways, road haulage and civil aviation. In the 1950s the Conservative Government played a much less active role in economic and industrial development, placing emphasis on the broad management of the economy and 'holding the ring'. Young and Lowe suggested that, although

> '... the Government had become more prepared to be more involved in the affairs of industry in peace time by the

> end of the 1950s this was still very much the exception to its basic overall approach.' (1974:13)

A major increase in Government intervention took place in 1962, and the extent of such intervention by the Conservative Government between 1962 and 1964 paralleled that of the Labour administration which came into power in 1964.

> 'A combination of factors ... lies behind the growth of detailed, often interventionist policies in the 1960s and early 1970s. The basic underlying reason has been the continuing existence of the basic economic problems of the lack of growth, the balance of payments deficit and the other economic problems outlined at the beginning of this chapter. Politically, the most sensitive of these problems has been unemployment.' (ibid.:181)

In its attempt to encourage full employment, growth and a healthy balance of payments, while at the same time discouraging inflation, the Government have a number of instruments at their disposal. These include economic and fiscal controls, legal regulation, encouragement and exhortation, provision of advice and services and financial inducements. In addition to these economic goals, the Government have also accepted responsibilities relating to 'citizenship' in the Welfare State (Marshall,1950). These include the establishment of certain minimum conditions of work, and of a minimum standard of living. They have also been concerned with the distribution of income among the population and tried to use the taxation and social security systems to effect some redistribution of income.

All these policies are subservient to, and contribute to, the major goal of the maintenance of the social order more or less in its existing form. In this context, attempts have been made to influence the growth and development of fringe benefit provision. In some cases these attempts have been by-products of a policy aimed at some other goal, while in others particular benefits have received direct attention.

Employers, then, are trying to attract, retain and motivate employees. Trade unions are protecting and promoting the interests of their members, as they see them, while Governments are intervening at various points. How employees respond to these influences is an important and interesting question.

Employees

The 'psychologistic' approach to the study of workers' attitudes and behaviour in relation to employment was described in Chapter 1 (p 24). It has been adequately criticised by a number of commentators and one example will suffice here.

> '... while from a psychological standpoint the attempt to specify the range and structure of human needs may be legitimate and relevant, one cannot proceed directly from this to specify the wants and expectations of particular individuals in regard to some given aspect of their social lives. For wants and expectations are culturally determined variables, not psychological constants; and from a socio-logical standpoint what is of major importance *is* the variation in the ways in which groups, differently located in the social structure, actually experience and attempt to meet the needs, which at a different level of analysis may be attributed to them all.' (Goldthorpe *et al*, 1969:178)

It is necessary to establish which elements of the individual's 'location in the social structure' are likely to influence his attitudes and behaviour at work, and affect his perception of, and reaction to, the fringe benefits he receives. Various 'personal' factors such as age, sex, family circumstances and health[1] may be important in this regard but will not be considered in this study, which concentrates on elements of social structure and their effects on fringe benefits.

Occupation is clearly important in locating an individual in

---

1. These factors are important, of course, because of social definitions, and they are not independent of the social structure.

the social structure and in this study three occupational statuses are distinguished: manual, routine white collar and managerial. Within these three categories there is considerable occupational variation. However,

> '... persons do not react in a deterministic, mechanical way to certain features of their work or employment situation. They react in terms of the meanings they ascribe to the situations they are exposed to, in terms of their expectations and aspirations. In some cases these are generated by extra-work involvements and histories, but in other cases they are developed and transmitted within the person's occupation. Occupational value-belief systems are not, after all, limited to the professions; non-professional occupations, including working class occupations and deviant occupations tend to involve definite views of the skills required for their real work tasks, of the "proper" nature of their occupational tasks, of the characteristics of a "real" member of the occupation and other associated occupations and the society at large.' (Salaman, 1975:227)

While 'occupational value-belief systems' may be found at all levels of the occupational hierarchy, generally speaking the higher up the hierarchy one goes, the more likely it is that work will be a central life-interest, and that occupation will be more important in influencing values and beliefs than the local community or the enterprise.

Parkin suggested that the social and political attitudes of manual workers were subject to influences from three 'meaning-systems'. The dominant value-system has its source in the 'major institutional order' and encourages deference and/or aspiration among the working class. The subordinate value-system, arising within the local working class community, produces an accomodative response among the subordinate class. The radical value system has its source in the mass political party based on the working class. Any worker's social and political attitudes will depend, to an extent, on his access to these three meaning systems. The social milieu in which he lives and works is very important in determining what that access will be. For example:

> 'Both deferential and aspirational models are extracted from the dominant value- or meaning-system; but whether one rather than the other is accepted as a workable moral framework seems, to some extent at least, to be related to structural variations within the subordinate class. There are, for example, various indications that deferential attitudes tend to be most marked among groups and individuals who directly experience the social influence and judgments of dominant class members.' (Parkin, 1972:86)

Lockwood's three ideal type workers - the deferential, privatised and proletarian - correspond with Parkin's three meaning systems and Lockwood also argued that they were generated by different industrial and community milieux (1975:17). Subsequent research suggests that these three types, and their hypothesised structural determinants, are not complex enough to explain the divergent, and sometimes contradictory, attitudes and behaviour found within and between occupational groups (Bulmer, 1975). Apart from individual history, three sociological factors appear to be important in the determination of attitudes to work: occupation, the 'sub-culture' of the employing organisation (or department) and the local community. These factors contain within them a wealth of more 'basic' variables.

Wedderburn and Crompton found consistent differences between skilled manual workers and general or process workers working for the same company in the same community.

> 'In so far as there were differences of attitude between (the general workers) they appeared to derive as much from what the worker himself found in the employment situation as from his prior expectations and orientations. On the other hand, the tradesmen were clearly much more influenced by their general occupational role and by the way their beliefs and expectations had been shaped in the process of acquiring their craft, that is by forces outside the immediate work situation.' (1972:108)

Within employing enterprises a sub-culture develops according to the history of the enterprise, managerial style, labour turnover and the local community.

> 'The culture of an enterprise is the customary and traditional way of thinking and behaving within it. It is shared to a greater or lesser extent by all members, and new members must learn it, and at least partially, accept it, if they are to stay. It includes the way managers customarily behave; their own and subordinates' attitudes towards authority, responsibility and discipline; the value placed upon tasks performed; the ways of performing them; and the less conscious customs and taboos.' (Martin and Fryer, 1973:70)

The authors described two particular cultures.

> 'Some enterprises, for example Quaker firms like Cadburys and Rowntrees, have developed a distinctive culture centred upon social responsibility and concern for their employees.' (ibid.)

A more authoritarian kind of paternalism was found at Casterton Mills. Paternalist capitalism

> '... was characterised by authoritarianism, tempered with generosity on the part of the Mills, and deference, tinged with resentment, on the part of the employed - a combination of attitudes familiar from Lane and Roberts' study of Pilkingtons'.' (ibid.:26)

The community in which the firm was located played a vital part in the maintenance of the firm's sub-culture. The Casterton family had established the pattern in the 19th century and it was sustained by Casterton's

> '... geographical isolation, well-established commercial and kinship ties with surrounding rural areas, demographic stagnation, imbalanced occupational structure, low educational level and emotional as well as economic dependence upon a limited number of employers, especially the Mills.' (ibid.:26)

Mann emphasised the importance of managerial ideology in the way in which the 'crisis' at Birds' was handled.

> '... once management decided on how to react to the crisis, its ideology was the main determinant of worker attitudes throughout the company. ... These components of the Birds' management style can clearly be treated independently of

> technology (though they obviously have more to do with profitability) in their effects upon worker attitudes and behaviour. Yet managerial style is rarely given much attention by industrial sociologists.' (Mann, 1973:101)

Fox recently suggested that six possible patterns of management-employee relations could be distinguished: traditional; classical conflict; sophisticated modern; standard modern; sophisticated paternalist; and continuous challenge (1974: Chapter 7).

As discussed above routine white collar workers have benefited from

> '... a diffuse association with those in positions of genuine power. They enjoy the advantages of a partial and contingent parallel in work tasks and qualifications as well as in some cases a place, however modest, in the same hierarchy of control - with those in elite and dominant occupational roles.' (Hyman and Brough, 1975:226)

They are correspondingly more likely to make use of the dominant value system in understanding social and political issues. Parkin argued that, when employees are in regular face-to-face contact with employers or managers, or are members of local status systems

> '... nationally derived symbols of class and status are reinforced by becoming "operationalised", as it were, through personal contact and regular social encounters with high-ranking members of the community.'(Parkin, op. cit.:86)

For some routine white collar workers, the occupational sub-culture and the sub-culture of the enterprise will encourage adoption of the dominant value system. This may be reinforced by their social relations outside work, if they choose to mix only, or mainly, with other white-collar workers.

However, routine white-collar workers are in a marginal position, and in some cases will experience little contact with 'high-ranking' members of the organisation. Outside work they may mix with

relatives and friends who are manual workers and as a result the subordinate value system may be more salient to them. Rather than responding with deference, or with aspirations, such workers may move towards

> '... trade unionism as a form of "instrumental collectivism" in the service of the "privatised" interests of consumer power and domestic living standards.' (Goldthorpe and Bevan, op.cit.:47)

Work is a more 'central' life-interest for managerial employees. One of the central conclusions of Sofer's study was that

> '... "the company" plays a crucial role in the psychological life space of the executives and technical specialists whom it employs.' (1970:338)

Either occupation or organisation may be more important in influencing attitudes and behaviour.

> '... the person within an organisation is simultaneously following an occupation. He may identify himself primarily with one or the other, and within it, with particular sub-departments, specialised skills and viewpoints. Organisations, like occupations, have their own sub-groupings, sub-cultures and deviants and their own role flexibilities. There may well be a mainstream of mobile managerial personnel within the organisation reflecting in their speech and behaviour certain collectively held values, but there will be room for differentiation as well.' (ibid.:146)

There are a wide variety of managerial occupations, and differences in individual attitudes to those occupations. In any organisation there are a number of functions to be performed: commercial, productive, administrative, technical, maintenance and personnel (Clements, 1958:23). The Pahls described a typology of managers used in a BIM study, which included: the mobile manager (internal); the mobile manager (external); the thwarted manager; the specialist/technocrat manager; the recessional manager (the hidden redundant); the old-boy manager; and the back-bone manager. They commented:

> 'While accepting that "any manpower system generates relative failures", the report does not face up to the problem of what would happen if all managers really did share the same striving attitudes. If they were all active movers measuring their success by the speed of promotion, totally committed to their work and constantly striving to innovate, surely there would be widespread discontent and unrest. A diversity of ideologies is essential.' (Pahl and Pahl, 1971:38)

Sofer also stressed the variations in orientation to work among managerial employees, quoting Gross

> '... it would be misleading to think that in its upper ranks the organisation consists of "an undifferentiated set of striving careerists". There are, as he says, many different orientations towards organisational success. These include not only Presthus's "upward mobiles" and Down's "climbers" but also, as the same writers suggest, "indifferents" who are not deeply committed to their careers in the organisation, "ambivalents" who can neither renounce their claims nor accept the discipline necessary to obtain their ambitions, and the "conservers" who opt for convenience and security. Added to this significant variations in orientations to work clearly exist between different phases of the life cycle.' (op.cit.:146)

Differences will be found according to the situation of the employing company.

> 'A company in a rapidly changing situation cannot, if it is to be successful, be very bureaucratic; as jobs change authority relationships become more flexible and many of the rules cease to be appropriate.' (Stewart, 1967:13)

Managers in bureaucratic firms have to behave differently from those in more flexibly organised firms. Size of company will affect experiences, as will industry, locality and style of management.

Clements has summed up the situation:

> 'It looks as if managers constitute many non-competing groups. Industrial management appears to be a host of diverse jobs entailing diverse techniques and experience, different standards and types of education, and different

attitudes and sets of principles.' (op.cit.:159)

While managers may have different attitudes towards success and to their work, it is likely that most of them will use the dominant value system to provide the concepts and theories which assist them in making sense of their situations, and of society. The equivalent of a 'subordinate value system' may develop among junior managers in large firms, manifesting itself in increasing 'privatisation'.

It is clear that questions concerning the orientations to work of employees at all levels of the enterprise are still, to a considerable extent, empirical questions. At various points in this chapter the importance of ideology has been stressed. Employers, unions and Government all make use of it in attempts to influence employees and others to act in the ways that they think they should. The dominant, subordinate and radical meaning-systems are all based on ideology.

Ideology

Recent research has emphasised the

> '... danger of exaggerating the coherence and stability of the prevailing values; moral values are on the contrary typically abstract, ambiguous and even contradictory,...' (Hyman and Brough, op.cit.:207)

Mann described the 'pragmatic acceptance' by subordinate classes of their limited roles in society (1970) and recent research by Blackburn and Mann showed that the social ideology of workers employed in nine different enterprises in the same town

> '... was not a highly developed and coherent one of a proletarian or radical kind which clearly structured social imagery and socio-political attitudes.' (Goldthorpe and Bevan, op.cit.:42)

The ideology which was shared by these manual workers contained elements both of opposition to, and acceptance of, the status quo, that is, a mixture of elements from both dominant and radical meaning-systems.

Plamenatz distinguished 'at least two levels of ideology: sophisticated and unsophisticated' and

> '... in a community or other group in which there are several sophisticated ideologies, there may be only one that is unsophisticated.' (op.cit.:18)

> 'Often a community or group have several distinct ideologies, each of them coherent enough in itself, some overlapping with others, which yet do not, taken together, form a system of beliefs which is a coherent whole. Ideologies to which people resort on different kinds of occasion need not be consistent with one another.' (ibid.:72)

It is suggested that there are three 'sophisticated' ideologies which have been important in the development of British culture, and which are still important in influencing the values of communities, groups and individuals living within that culture. The ideologies are more or less coherent, although elements of each are not necessarily incompatible with all the elements of the other two. They provide both cognitive and value elements for understanding and improving society. They will be described under the headings of 'liberalism', 'corporatism' and 'socialism', and they vary in the emphasis which they put on the values of freedom, order, fraternity and equality, and in the way in which they see individuals and groups as being related to each other, and to society. The dominant value system includes values from liberalism and corporatism, and, to a much lesser extent, from socialism, often inconsistently. The values of the radical meaning-system derive more directly from socialism. The ideologies have been simplified and their presentation ignores any disputes or inconsistencies within them.

The values associated with liberalism are freedom, individualism, competition and conflict. Individual pursuit of self-interest is seen as optimising the welfare of all. 'Liberals' have emphasised the importance of freedom from interference by the State, or by any other authority that is not strictly necessary. That individuals should be able to choose their own pleasures, to "go to the devil in their own way", has become an important element in British culture.

The notion of individual exchange is important. The basic principle underlying exchanges is that 'an individual who supplies rewarding services to another obligates him.' (Blau, 1964:89). Blau distinguished two types of exchange between individuals; economic and social.

> 'Economic institutions, such as the impersonal market and the contract that stipulates the precise terms of exchange are designed to separate concern with distinct objects of exchange from other considerations and to specify the exact obligations incurred in a transaction, thus maximising the possibility of rational calculation.'

> 'Social exchange, in contrast, involves unspecified obligations, the fulfilment of which depends on trust because it cannot be enforced in the absence of a binding contract.' (ibid.:112)

The idea of economic exchanges between individuals is fundamental to liberalism. In the academic world concern with the maintenance of liberal principles is most often found among economists, Milton Friedman being, perhaps, one of the more extreme examples.

The values important to corporatism are order, functional co-operation, collectivism and harmony (Crouch, 1975:97-102). Societies and organisations can be run in a corporatist manner. Individuals must be tied to the society or organisation by more than an economic exchange process. This can be attempted by putting the emphasis on <u>social</u> exchange processes.

> '... only social exchange tends to engender feelings of personal obligation, gratitude and trust, purely economic exchange does not.' (Blau, op.cit.:94)

> 'Social exchange ... involves favours that create diffuse future obligations, not precisely specified ones, and the nature of the return cannot be bargained about but must be left to the discretion of the one who makes it.' (ibid.:93)

Until the favours have been reciprocated the initial giver has power over the recipient.

> 'By providing unilateral benefits to others, a person accumulates a capital of willing compliance on which he can draw whenever it is in his interests to impose his will on others, within the limits of the significance the continuing supply of benefits has for them.' (ibid.:28)

Blau suggested that social exchange processes might help to integrate the members of an organisation.

> 'If the members of an organisation or generally those subject to governing leadership, commonly agree that the demands made on them are only fair and just in view of the ample rewards that leadership delivers, joint feelings of obligation and loyalty to superiors will arise and bestow legitimating approval on their authority. ... By expressing legitimating approval of and loyalty to, those who govern them, subordinates reciprocate for the benefits their leadership provides, but they simultaneously fortify the imbalance of power in the social structure.' (ibid.:30)

The organisation may be authoritarian or democratic in the way it attempts to establish what Crouch has described as 'private corporatism' (1975:101).

> 'Among the numerous interesting phenomena which impress the foreign observer of American economic life, not the least interesting is the occasional emergence of industrial enterprises which appear to him, and, indeed, to some Americans, to have developed the characteristics, not merely of an economic undertaking, but of a kind of polity. Their rule may be a mild and benevolent paternalism, lavishing rest-rooms, schools, gymnasia, and guarantees of constitutional behaviour on care-free employees; or it may

> be a harsh and suspicious tyranny. But, whether as amiable as Solon, or as ferocious as Lycurgus, their features are cast in a heroic mould. Their gestures are those of the sovereigns of little commonwealths rather than of mere mundane employers.' (Tawney, 1964:168)

A second process which corporatists might attempt to invoke involves the notion of rights and duties arising from status. Gouldner drew a distinction between the 'norm of reciprocity', which includes both economic and social exchange, and rights and duties deriving from status.

> 'Specific and complementary duties are owed by role partners to one another by virtue of the socially standardised roles they play. These may require an almost unconditional compliance in the sense that they are incumbent on all those in a given status by virtue of its occupancy. In contrast, the generalised norm of reciprocity evokes obligations towards others on the basis of past behaviours.' (1973:241)

Concern with '<u>anomie</u>', the break-down of social order and the need to re-integrate the individual into society goes back a long way. Durkheim proposed the revival of the guild, or occupational association, as one way in which a 'new sort of moral discipline' might be established (1952:378-384). Mayo believed that workers could be integrated into modern industrial corporations, primarily through the use of human relations techniques, and that this would benefit the individual, the organisation, and society in general (1949). Marshall suggested

> '... many people think that the solution of our problem lies in the development of more limited loyalties, to the local community, and especially to the working group. This latter form of industrial citizenship, devolving its obligations down to the basic units of production, might supply some of the vigour that citizenship in general appears to lack.' (1950:80)

The values of greatest importance to socialists are equality and 'fraternity'. Fraternity, or brotherhood, includes those elements of social relations which do not depend on specific exchanges and in which groups or communities are more important than individuals.

Notions of 'generalised social exchange', altruism, and the 'norm of beneficence' are important in this ideology. Ekeh distinguished between 'collectivistic' and 'individualistic' orientations in exchange theory. The former focus on 'generalised exchanges'. While reciprocation does take place, the original giver does not receive from the person to whom he gave. There are a number of forms which such an exchange might take. For example, A → B → C → D → E → A; or ABCD → E, ABCE → D, and so on. Generalised social exchanges can create social solidarity within a group that arises out of the process of giving and receiving. Ekeh suggested that this is the type of exchange relationship which Mauss was describing in The Gift.

> 'The morality of social exchange, accordingly, is to be sought in the relationship between groups or subgroups, or between their representatives. Thus a denial of self-interest is implied in Mauss's conception of social exchange. The triple obligation of social exchange - to give, to receive, and to repay - are to be understood not in the idiom of self-interest, but in terms of interpersonal, hence, inter-group, relations. Every social exchange transaction creates social bonds that not only tie one person to another and to society but one segment of society to another. Moreover, the morality that emerges from these social bonds exists as a reality sui generis and informs social interactions and activities in society.' (1974:33)

The morality generated by generalised exchanges is 'higher' than that produced by bilateral exchanges between individuals.

> 'The morality of restricted exchange is bound to be brittle, with little of trust involved. A quid pro quo attitude pervades interpersonal relationships and a belief that common investments and goods from which individuals can gain indirectly and ultimately, are not workable, persists in social life. ... Wholly different is the operation of the morality of generalised exchange. Trust of others; trust that others will discharge their obligations to the the enrichment of society rather than for their exclusive narrow self-interests; the willingness to give others the benefit of the doubt; these are the true attributes of the morality of generalised exchange. Societies with a morality of generalised exchange employ a credit mentality; the belief that individuals are credit worthy and can be trusted to pay back what they owe.' (ibid.:59)

Economic exchange, social exchange and generalised social exchange can be regarded as points on a continuum where the variable is 'the degree to which reciprocity is calculated'. At one end of the continuum is the legal contract, at the other is altruism. The altruistic giver will not expect to receive anything from the recipient, and will give for a reason other than direct personal benefit. He may expect others to give and also, should he ever need it, to receive from others. The recipient is often anonymous. Gouldner suggested that, in order for societies to function, there must be more than the norm of reciprocity.

> 'If men were guided solely by the norm of reciprocity many who needed help might never receive it and would be destroyed or deeply discontent. At any given time there are some persons who cannot reciprocate benefits they once received. Some, such as those stricken with serious illness, are manifestly unable to do so within any foreseeable future. Some, such as children, are unable to do so within the time that the donor may have need of such reciprocation. And some, such as the mentally handicapped, are clearly unable to reciprocate at all or ever.' (op.cit.:261)

> '... the moral code of any relatively stable social system will contain a principal component that requires men to do more than conform with the norm of reciprocity, and also, to do more than is required of them by the specific obligations of their concrete social statuses.' (ibid.:266)

Gouldner described this principal component as the 'norm of beneficence'.

> 'This norm requires men to give others such help as they <u>need</u>. ... As we view it here the norm of beneficence is a diffuse one encompassing a number of somewhat more concrete normative orientations such as "altruism", "charity", or "hospitality". In short, the norm calls on men to give something for nothing.' (ibid.:266)

While, for the individual, the norm of beneficence specifies a different kind of behaviour from that established by the norm of reciprocity, this does not mean that the norm of beneficence is not based on reciprocity. Alan Fox has pointed out that, if society is to behave in the way which Gouldner describes, a set of attitudes must be reciprocated which promise help if needed (personal communication).

There is concern among some observers in modern capitalist societies that 'social' action is continuously being eroded and replaced by 'economic' action. The former is particularly necessary in social policy, so that people who cannot particpate in the mainstream productive activities of advanced industrial societies (that is, those that are paid for) will obtain a reasonable share of resources and advantages.

> '... to pursue social policies which extinguish the visible expression of fellowship reduces the probability of men perceiving that such sentiments are shared by others, thereby increasing their own difficulty in retaining these sentiments themselves.' (Fox, op.cit.:373)

However,

> 'The principles of economic exchange continue ... to be propagated with a conviction approaching that of religious faith. Its more fervent prophets direct their teaching far beyond the limits of the economy by urging its application to ever wider fields of social policy, through the extension of the market principle and the reduction of diffuse social sentiments of fellowship to specific exchanges of money and services.' (ibid.:374)

Recently, Titmuss has been the main propagandist for an increase in fraternity. He distinguished two areas of human intercourse based on different principles: the 'social market' and the 'economic market' (1968:22). In a more recent study he considered

> '... those areas of personal behaviour and relationships which lie outside the reciprocal rights and obligations of family and kinship in modern society. We are thus chiefly concerned - as much of social policy is - with "stranger" relationships, with processes, institutions and structures which encourage or discourage the intensity and extensiveness of anonymous helpfulness in our society; with "ultra obligations" which derive from our own characters and are not contractual in nature. In the ultimate analysis it is these concerns and their expression which distinguish social policy from economic policy.' (1970:212)

He described the economic market in the following terms.

> '... one of the functions of atomistic private market systems is to "free" men from any sense of obligation to or for other men regardless of the consequences to others who cannot reciprocate, and to release some men (who are eligible to give) from a sense of inclusion in society at the cost of excluding other men (who are not eligible to give).' (ibid.:239)

While principles of the economic market become more widespread, the need for 'gift relationships' is growing.

> 'First ... gift-exchange of a non-quantifiable nature has more important functions in complex large-scale societies than the writings of Levi-Strauss and others would suggest. Second, the application of scientific and technological developments in such societies, in further accelerating the spread of complexity, has increased rather than diminished the scientific as well as the social need for gift relationships. Third, for these and many other reasons, modern societies now require more rather than less freedom of choice for the expression of altruism in the daily life of all social groups.' (ibid.:224)

Most socialist commentators who are concerned with equality and inequality have recently concentrated on demonstrating how much inequality still remains in modern capitalist societies such as Britain.

Chapter 3: Structure, Action, Fringe Benefits and their Consequences

This chapter is concerned with linking the theoretical ideas of the last chapter with the empirical evidence presented in Parts II and III. It also briefly discusses the consequences of fringe benefit provision, and considers the methods used in collecting and collating the evidence. Consideration of more technical aspects of the data collection and analysis can be found in Appendix A.

Structure

One reason why fringe benefits are of interest is because provision has grown considerably since 1945. Chapter 4 establishes the extent of that growth.

In Chapter 2 it was suggested that the distribution of earnings is affected by labour supply factors including skill, training and responsibility (p38). It was also suggested that the problems which employers face in attracting, retaining and motivating employees vary according to occupation (p43). For both these reasons, and insofar as employers use fringe benefit provision in their employment policies, one would expect such provision to vary according to occupation. The form such variation takes is investigated in Chapter 5.

Blauner's argument that technology and fringe benefit provision for manual workers are connected was described in Chapter 1 (p18). He suggested that continuous process technology demands responsibility, that fringe benefit provision is likely to attract responsible workers and to attach them to the firm and, further, that the high ratio of capital to labour costs facilitates the provision of benefits. Arguments presented in Chapter 2 confirm that employers' policies are likely to be influenced by the technology they use (p39 and p43) and this may well include fringe benefit policies. One would expect firms that use predominantly mass production techniques to be least

generous with benefits, since they do not require very 'responsible' employees and the ratio of capital to labour costs is not usually high. Firms using predominantly unit production techniques might be more generous since they will require more responsible employees, although fringe benefits will be relatively expensive, since the ratio of labour to capital costs is usually high.

The industry in which a firm operates may influence benefit provision in a different way. Firms in industries where demand for the product is expanding are, ceteris paribus, more likely to use 'modern policies' to attract, retain and motivate employees, while firms in stable or declining industries are likely to be more 'traditional' in their employment policies, relying more on policies which were modern at the time of the major expansion of the industry[1]. In Chapter 7 data are presented which, while they are not in a form to allow the testing of either of these hypotheses, do show a relationship between industry (broadly defined) and fringe benefit provision, and suggest ways in which these hypotheses might be refined for testing in a specially-designed research project.

In Chapter 1, Dore's hypothesis that fringe benefit provision is related to size of company was described (p19). A possible reason for this arises out of the argument in Chapter 2. Employers in large companies are likely to have a problem of motivating employees, particularly lower-level employees, and they may be more likely to use welfare policies in an attempt to increase moral involvement. The problems produced by large size have been described by a number of commentators.

> 'The basic thesis is that size is positively associated with bureaucratisation and, in turn that bureaucratisation is inversely related to organisational identification and commitment and, therefore, to organisational effectiveness.' (Ingham, 1970:144)

---

1. I am grateful to John H. Goldthorpe for suggesting this hypothesis.

Florence described the process which takes place as organisations grow in the following terms:

> 'As organisations become larger it might be expected that cohesions between their members would become more tenuous. Contrasting larger and larger plants, I have pictured ... the gradual loss of "matiness" between employer and employed, of first names and of the team spirit (few teams known to sport have more than fifteen members); and the emergence, often by necessity, of check-numbers, of output records, clocking in, office segregation, and a bureaucratic hierarchy - in short, of "depersonalisation", paper work and institutionalism.' (Florence, 1964:116)

Ingham argued that the quality of employee involvement varies between large and small organisations, because different forms of interaction are appropriate.

> 'In all industrial organisations workers are brought together for a limited and <u>specific</u> purpose. However, in the small firm, other aspects of interpersonal relationships apart from those necessary for the industrial situation are brought into authority relationships to an extent which is impossible in the large plant.' (op.cit.:83)

Inter-action between people is important in small firms.

> '... the low membership allows for the large majority of potential social relationships to be realised. Consequently, development of a system of norms which govern the instrumental activities of the organisation may be reinforced by face-to-face interaction on both the horizontal and vertical levels. Thus, it is possible for workers to <u>identify</u> with the organisation and its goals which, it might be added, are more "visible" in small firms than the large plant. This identification tends to engender commitment.' (ibid.:39)

This identification leads to moral rather than calculative involvement.

> '... in small firms of the type I have described, workers are to some extent <u>morally</u> involved in the enterprise in so far as their involvement is based, at least in part, on identification. That is to say, these workers are not merely attached to their organisation by the cash nexus - but are, in effect, committed. Thus a degree of <u>identive</u> power (the power derived from the ability to make people identify) may be exercised by management in small firms.' (ibid.:53)

Ingham found a 'self-selection' mechanism at work - employees who were seeking moral involvement in work tended to choose to work for smaller firms. However, this does not alter the fact that, for whatever reason, employees in small firms are more likely to be morally involved than those in large firms, so that employers in the former are less likely to be looking for ways of increasing the moral involvement of their employees.

To the extent that employers use benefits to increase moral involvement and not for other reasons unconnected with size of firm, a relationship between size and benefit provision might be expected.

Two other possible processes linking benefit provision and size of company have recently been suggested by Ashall and Child (1972). The first is that economies of scale operate in the provision of employee services and benefits, and that employers are likely to take advantage of these. The second has to do with 'the operation of Parkinson's Law'. Murlis has recently argued that the

> '... the expansion of the personnel function has led to the development of specialist staff functions, such as training, salaries administration and industrial relations, to advise and assist with the implementation of company personnel policy. The introduction of these functions has varied according to the demands of different sizes of company and different personnel philosophies. As the scope of benefits is extending many larger companies are appointing managers within the personnel function with special responsibility for benefits administration. This practice is encouraging research into new types of employee benefits and is contributing to the sophistication of some company policies.' (1974:7)

Ashall and Child suggested that, rather than these specialists being appointed to administer programmes agreed at a higher level, they are appointed because the organisation is large and then they initiate the benefit programmes.

In Chapter 6 the relationship between size of company and fringe benefit provision is examined in the light of the above hypotheses.

The action approach

The four 'actors' whose behaviour influences the provision of fringe benefits and the consequences of that provision are employers, trade unions, Government and employees.

In Chapter 2 (page40) it was suggested that one area in which employers face problems is that of employee behaviour. The need to attract, retain and motivate employees to use any discretion their tasks allow in the interests of the organisation has become more important in the post-war period than it was before. Fringe benefit policies might be useful, or employers might think that they will be useful, in solving all three of these problems of efficiency. Alternatively, employers might, in theory at least, give benefits for altruistic reasons, or to attract employees away from membership of trade unions.

The decision as to whether or not to introduce benefits, which benefits are chosen and the underlying rationale, will be the result of discussions and arguments between managers under a variety of influences and pressures. The circumstances leading up to any decision to introduce a benefit for a particular group of employees will be peculiar to the firm involved. Roeber's study of the introduction of the Manpower Utilisation and Payment Structure (MUPS) and Weekly Staff (WSA) Agreements at ICI (1975) describes one example of the complicated inter-weaving of pressures which can act on employers and managers - in this case resulting in the desire to reduce manning levels, labour turnover, absenteeism and the scope of local plant bargaining. The employers wished to gain greater control of their labour force in order to increase efficiency:

> 'Improvements in productivity were the goal, massively complex and prevasive changes in the design of jobs, wages structure and the basic contract between workers and the company were the means of attaining it.' (Roeber, 1975:53)

There were also some managers who hoped that the agreements would lead to reduced employee support for the trade unions.

> '... it was one of the aims of MUPS (less explicitly for WSA) to encourage the growth of "staff-type" attitudes, implicitly replacing a commitment to union values with a commitment to the company. Moreover, there was unquestionably a group of managers who hoped that MUPS would, by providing a direct link to the shopfloor, cut through the attempts of shop stewards to control communications between workers and managers.' (ibid.:291)

Despite the complexity of the situations in which benefits are often introduced in practice, it is suggested here that it is possible to describe a number of 'models' of the ways in which employers and managers might expect benefits to influence employees. They are a more easily controlled form of income than earnings and most of them provide for human needs beyond the need for current income. Provision may be expected to show evidence of an employer who cares for the welfare of his employees, bringing him corresponding benefits. Apart from altruism, which is not expected to change attitudes or behaviour, employers may hope that benefits will attract employees away from membership of, or allegiance to, trade unions and their values, or that they will increase productive efficiency in some way (these may be related).

In particular, benefits might (i) increase physical efficiency directly through the improvement of physical or mental health or well-being; (ii) attract and retain employees; (iii) motivate employees by increasing their moral involvement in the enterprise as the result of a social exchange process (Chapter 2:59) which exchanges gratitude and loyalty for benefits; (iv) motivate employees by increasing their moral involvement in the enterprise by the use of benefits to confer or reflect higher status which is accompanied by new responsibilities and duties (Chapter 2:61). These three aims and four processes are discussed further below.

Once introduced, even if the benefits are not achieving what the employer hoped for, it is very difficult to withdraw them since they have become part of the accepted remuneration of employees.

It is, in fact, unlikely that employers in modern organisations actually act in conformity with the 'norm of beneficence' (Chapter 2:63) since this is not their purpose. However it is to the advantage of employers in these organisations that employees should believe that they are acting altruistically, since this can be very effective in producing a response. Gouldner argued that

> ' ... while a specific action may be motivated by the norm of beneficence, the consequences of this benign action ramify far beyond its link to the starting norm. Even if a donor defines his act solely in terms of the norm of beneficence, and entirely without reference to past aid received or future aid expected, this does not mean that an action is interpreted by the recipient as the donor conceives it.' (op.cit.:276)

> 'The paradox is this, there is no gift that brings a higher return than the free gift, the gift given with no strings attached. For that which is truly given freely moves men deeply and makes them most indebted to their benefactors.' (ibid.:277)

Claims by employers to be acting in accordance with the principle of 'social responsibility' or concern with the 'welfare of employees' should be regarded suspiciously.

A second possible reason why employers provide fringe benefits is to prevent membership of, or decrease allegiance to, trade unions. Union membership may be strongly discouraged, but this may be compensated for by generous benefit provision. Alternatively, union membership may not be discouraged, but it is hoped that members would show greater loyalty to the enterprise, because of the benefits, than they would to any union.

The four ways in which benefit provision might contribute to improved efficiency in a firm have been described above (page 73).

Fringe benefits taken individually provide particular advantages. Pensions, sick pay and redundancy pay increase security. Canteens can provide nutritionally adequate and enjoyable meals. The use of sports and recreation facilities may improve physical and mental fitness and offer opportunities for social relations with other employees. Medical services prevent and treat accidents and illnesses. Particular perks enable an employee to consume something he might otherwise be unable to afford, while holidays with pay provide an opportunity for rest, recuperation and enjoyment.

All these benefits may further be regarded as providing employees with increased income. If there were no pensions, sick pay and redundancy pay, people would have to save to provide the equivalent income in times of dependency. Food not provided in the canteen would have to be paid for at full rates, while outside sports and recreational facilities are often expensive. The medical services provided by many companies benefit employees by saving them time and, if sick pay does not exist, or is not so high as wages or salary, by enabling them to return to normal income faster. Perks frequently represent a large amount of income: a top-hat pension scheme, the payment of children's school fees and low interest loans, for example, can be very valuable indeed. Holidays with pay represent income provided for 'nothing', and thus increase the pay for the total work done in one year.

In any company a sub-culture may develop where fringe benefits are accepted and defined as 'status entitlements' (Shils, 1968). The way in which these benefits are provided can influence whether this happens or not. If separate canteens are built and different sorts of food and service provided in each, and their use is restricted to particular employees, then it is likely that canteens will be

used, at least by some employees, to establish status differences. Employers may regard competition for status as useful to them in integrating employees and giving them something to aspire to. In the case of manual workers a number of fringe benefits, including pensions, sick pay and longer holidays, have been explicitly defined as status entitlements in what have become known as 'staff status' and 'staff grade' schemes. These often include other changes designed to reflect the improved status of the manual worker, for example, the abolition of "clocking-in", payment by annual salary, and paid time-off for domestic reasons. Staff status schemes usually include all manual employees, while staff grade schemes provide status improvements for some selected manual employees.

Turning to the four processes whereby benefit provision might increase the efficiency of employees it is clear that benefits may be used in an attempt to attract and retain employees. The mode of attraction will depend on what employees want out of a job, or what employers think they want out of a job. They may present fringe benefits as income (at lower tax rates), as entitlements to status, as evidence of a caring employer. In these cases, if the policies are successful, the <u>strength</u> of the attachment of an employee to a firm or employer may be increased, although the <u>quality</u> of that involvement may not be changed at all. Some benefits are linked to length of service in an effort to retain employees. Some employers may introduce benefits because competitors in local labour markets (or the national labour market for managers) have done so, and they fear they will lose employees, or not attract new ones, as a result.

Sick pay, canteens, sports and recreational facilities, medical services and holidays with pay all might directly improve the physical or mental health of an employee (or both), as a consequence improving his performance at work.

It is sometimes envisaged that benefit provision will change or reinforce the quality of involvement of an employee in the firm, through a social exchange process. The employer provides benefits, with no strings attached, but it is clear that he expects a return some time.

> 'Paternalism is attractive to some employers because it makes them the giver of favours for which they expect gratitude, loyalty and hard work. Such an employer is likely to feel righteous indignation if his employees are not grateful - "look at all I have dome for them".' (Stewart, op.cit.:140)

'Paternalism' is concerned with loyalty to a person. Benefits are often given in a 'constitutional' manner, as described by Dore (see above p21) and Tawney (see above p59), with the aim of invoking loyalty to the organisation. This loyalty and gratitude should encourage the employee to use any discretion in his job in ways beneficial to the employer. The outcome may be less time-wasting, fewer restrictive practices or, perhaps, a more accepting attitude to change.

> 'What some of the diverse adherents of welfare hoped for was a reversal of that trend towards impersonality, mutual indifference, and lack of trust in employment relations which idealists saw as destructive of the social bond and a few progressive businessmen saw also in terms of the effect on their profit and loss account. The logic seemed clear enough. If the current trend, legitimised by a popularised political economy, towards specificity in the relations between master and men was now producing costs in excess of benefits, the trend must be marginally reversed by re-introducing a measure of diffuseness. On the assumption of reciprocity, this could be achieved by the master demonstrating a degree of concern with the welfare of his employees both within and, equally important, beyond the immediate work situation. As employees responded, the mutual bonds of personal loyalty and commitment would be reknit.' (Fox, op.cit.:196)

Dore implied that 'welfare corporatism' is rather different from paternalism (p21). However, the process envisaged is very similar in both cases. Although in corporatism the benefits provided are 'specified and contractual' rather than dependent on the decision of an individual, the return is not specified. The imbalance is, theoretically, restored by feelings of gratitude towards the organisation.

When fringe benefits are specifically presented as status entitlements it is hoped that employees will act as people of higher status 'should' and in ways beneficial to the organisation. As discussed in Chapter 1 (p23) in the 1960s some employers made deliberate attempts to convince manual employees that their status had risen as the result of staff status schemes.

> 'Among managements concerned to reduce low-trust responses yet unwilling to make structural changes the hope still survives that ways may be found of evoking high-trust commitment from lower-level employees without incurring the risks and possible costs of changing job definitions, authority relations, and control systems. Prominent among recent ideas is that of assimilating manual workers to "staff status" by such means as the abolition of clocking in; their inclusion in pension and sickness benefit schemes; weekly or monthly payment in place of an hourly rate; and equalisation of holiday entitlements and terms of notice.' (Fox, op.cit.:347)

Apart from altruism, hostility to trade unions, and the desire to increase efficiency, there is a fourth reason, considered in Chapter 2 (p40) why employers might provide benefits to a small group of employees. Top management employees frequently decide their own remuneration and those of similar employees. Suggestions at this level that fringe benefits are necessary to attract and retain candidates of the 'right qualifications' and experience may happily coincide with the defence of their own standards of living in the face of attacks on it by the Inland Revenue and successive incomes policies.

Chapter 5 establishes that fringe benefit provision to manual workers, routine white collar workers and managerial employees has varied. In Chapter 8 evidence relating to the motives of employers in providing fringe benefits to each of these three groups of workers is considered separately.

Trade unions have bargained with employers about fringe

benefits and, through the TUC, they have made approaches to Government. The extent to which they have done these things, and their attitudes towards benefits, are the subject of Chapter 9. These attitudes are rather different from those of either management or Government. They tend to view benefits both from the point of view of their members, and in relation to the effects they are likely to have on trade union membership and loyalty. Their ideological stance in respect of benefits is an uneasy mixture of socialism and liberalism and this affects the benefits they are most interested in, and their actions in relation to them. Recognising that one of the aims of employers in providing benefits has been to increase the loyalty of employees to the firm, and also because of their experience of 'truck' in the 19th century, trade unions have traditionally been suspicious of benefit provision.

One of the aims of trade unions, as described to the Donovan Commission, has been 'security of employment and income', while another has been 'improved social security'. Pensions, sick pay and redundancy pay have been seen by unions as provision for employees in times of dependency, when they are unable to work. This can be done either through the employer or the State. Adherence to the liberal principle of collective bargaining suggests that unions should try to include these benefits in their regular bargains with employers. On the other hand, the socialist strand of union thought indicates that these benefits should be provided on the basis of need and are the responsibility of the community or the State rather than the employer. In 1968 Titmuss distinguished three models of redistribution which can underlie income maintenance systems. These vary according to where the responsibility for providing for times of dependency lies, and the emphasis put on distribution according to contribution (a market principle), compared with distribution according to need (a socialist principle). They can usefully be extended to four.

The 'individualised actuarial model' is based on the notion of voluntary contract, and the individual premium is related to individual risk, that is to say, contributions are as closely related to individual risk as possible. Redistribution takes place among

contributory members of the scheme, between those to whom the contingency occurs and those to whom it does not.

The 'group insurance model' is often based on the same beliefs on the part of members, but the contract tends not to be voluntary, and the individual premium is often not related to risk. This is the case with occupational pension schemes. The contributions of employee and employer are related to earnings, often being regarded as 'deferred pay' and, therefore, participants do not regard themselves as involved in a process of redistribution according to need. However, occupational pensions are not deferred pay, strictly speaking, since, if the pensioner dies, rights to the 'pay' lapse, or, if widows' pensions are paid, they are reduced. That is to say payment is made on the basis of need, rather than contribution, although the weekly amount of pension paid is related to weekly contribution, which in turn is related to wages or salary, rather than risk. In this case the responsibility for income maintenance in old age devolves on the employer.

The 'national insurance model' is based both on the idea that payment of benefit should be related to the fact of contribution, so that pension, sick pay and unemployment can be regarded as earned, and the notion that resources should be redistributed from rich to poor. Under national insurance the individual premium is not related to risk, it is related to earnings, the contract is not voluntary and, because some people earn so little while working, there is usually a contribution from general taxation which is progressively applied to all income. In effect national insurance is a scheme under which resources are redistributed from those who are working to those who are not but who have earned these resources as a result of previous work and contributions.

The 'social security model' is wholly based on the idea that resources should be redistributed from rich to poor. While insurance

> '... is mainly concerned with enabling some individuals to provide against future contingencies; social security is

> mainly concerned with meeting present needs in the whole population.' (Titmuss, 1968:133)

The union movement has not agreed about which model of income maintenance should underlie provision for times of dependency in Britain, and their thinking has often appeared confused. The 'individualised actuarial model' and the 'social security model' may be taken as extremes - the first being as closely related as possible to 'contribution' and the second as closely as possible to 'need'. The intervening models combine contribution and need as bases of payment in times of dependency in varying proportions. The union movement has not pressed for either extreme model, although, in ideological terms, the debate has been conducted between those who put more emphasis on need and State provision, and those who call for negotiated occupational schemes providing deferred pay which is related to occupational earnings.

Those unions whose members tend to have occupational schemes have supported and advocated the 'group insurance model', while those whose members have mostly been forced to rely on the State scheme have been concerned to ensure that there is adequate State provision for those who have worked regularly without the need to have recourse to other means, such as the Supplementary Pension. There has been general union support for two State systems - national insurance for employees and past employees, and social security for 'non-employees'. While unions have emphasised the <u>right</u> to national insurance benefits, which relates to the contribution principle, they have never suggested that the amount of benefit paid should be actuarially related to the amount of contribution paid, and have regularly demanded a greater Exchequer contribution out of general (progressively applied) taxation, and, thus, some redistribution of resources from rich to poor. The debate between those in favour of better occupational schemes, and those urging an improvement in the State scheme is examined in Chapter 9.

Employees are now capable of providing themselves with food while at work, and also of organising their own leisure activities and it is unlikely that these services will be of much concern to

unions, except perhaps at shop-floor level when grievances may focus on poor canteens or such like. Health and safety at work are more important to employees and should be to unions, and one would expect them to take a greater interest in the provision of medical services.

Perks play a small part in the remuneration of most manual workers and, by their nature, are not normally the subject of collective bargaining, so that unions are not likely to be very interested in perks at this level. Another of the aims of the trade union movement which was listed to the Donovan Commission was 'fair shares in national income and wealth' (see above, p45) and if unions take this seriously they may be interested in the perks which are often provided to senior managers.

Since the war unions have viewed holidays with pay as a 'term of employment' and collective bargaining now almost invariably covers wages and holidays, if nothing else.

The attitudes and activities of successive Governments which have affected fringe benefit provision reflect yet another standpoint. Since early in this century Government have accepted responsibility for the old, and more recently they have done so for employees in time of sickness. Government may be interested in encouraging provision of these benefits by employers on the grounds that it will reduce the financial burdens, particularly those of old age, on the Exchequer, and reduce public expenditure as a whole. This may be seen as particularly important in times of economic crisis when external creditors, or potential creditors, are calling for a reduction in the proportion of national income which is spent by the Government. On the other hand, the socialist notion that provision for times of dependency should be based on need and citizenship rather than desert and contribution, has had some influence on both Labour and Conservative Parties.

Government may also encourage provision of sick pay and pensions by employers as elements in staff status schemes, or as a means of reducing inequalities at work, in the hope that labour relations will improve and, hence, productivity and growth. Provision of benefits for income security can be encouraged or discouraged using fiscal policy, incomes policy, exhortation and example, as well as legislation.

Government may view canteens and recreation facilities as important for the physical welfare of employees, which might be seen as a 'good' in itself, or as necessary for maximum productivity. A certain level of medical services might be established as a minimum standard and services above this standard may be encouraged. On the other hand, lack of interest or discouragement by Government of provision of these services may stem from a fear that high labour costs will cause a lack of competitiveness in international markets. Provision might be encouraged by legislation, fiscal policy and by research and verbal encouragement.

Since perks are frequently used to avoid tax Government should discourage their provision by legislation, and taxation rules, designed to close the loopholes in the system. Some perks may be encouraged, such as pensions and life assurance. In practice, the Inland Revenue finds itself negotiating with companies and individuals so that, while the full amount of tax is not paid, the workload of Revenue officials is reduced, and it is made easier for them to trace at least some of the perk income of recipients.

Government may favour holidays with pay because they are politically popular, or because they refresh employees and lead to greater productivity in the long run. They might oppose holidays which are too long because they push up labour costs and reduce relative efficiency. Holidays with pay can be established by legislation, as is the case with statutory holidays and holidays in Wages Council

industries. Otherwise exhortation and example might be used.

The Government policies which have affected fringe benefit provision can be considered under five headings: taxation policy; social policy; incomes policy; employment policy and fringe benefit policies in the public sector. These are the subject of Chapter 10.

So far as employees' responses to benefit provision are concerned the most interesting questions relate to the larger question of whether they respond in the ways that employers hope. It has been suggested above that, apart from altruism, where no response is expected, and the aim of maintaining declining living standards among those with higher incomes, employers will use benefits to attract employees away from allegiance to trade unions, or to increase productive efficiency. Behaviour which they might hope to change through benefit provision includes: working harder/faster on the job; reducing restrictive practices; reducing absenteeism and lateness; increasing willingness to accept change; reducing labour turnover. Four processes whereby benefit provision might affect behaviour were suggested, although, as discussed further in Chapter 11, the relationship between these processes and behaviour is problematic. Benefits might increase productive efficiency directly by increasing physical or mental well-being. They may attract and retain good employees, improving the quality of the labour force and reducing labour turnover. They may integrate employees by invoking feelings of gratitude and loyalty, or by improving status, and this may lead to changes in the behaviour described above.

The questions about employees' responses to benefit which are examined in Chapter 11 are:

do they increase productive efficiency?

what processes, if any, does benefit provision lead to ? - attraction and retention? gratitude and loyalty? Are they viewed as status entitlements, with corresponding duties and responsibilities?

It was suggested in Chapter 2 (p50) that an 'action' approach to the study of employees' responses to benefits is more appropriate than a 'psychologistic' one. It cannot be assumed that all employees will respond in the same way to benefit provision, because, for example, it meets certain 'human needs'. The way in which benefits

are defined, the expectations of recipients, their values and attitudes, will affect their responses. In other words, ideology (or 'meaning systems') are important. If all employees make use of the same ideology or meaning system then employees may respond to benefits in a similar way (apart from personal differences), but this is a matter for argument and evidence, not assertion.

Consequences

In Part IV, following a summary of the major findings of the study, the consequences of the growth of fringe benefit provision in Britain, since the war, are assessed. In particular, the consequences for freedom, social order, inequality and fraternity are considered. In this section the attitudes of 'typical' liberals, corporatists and socialists towards fringe benefits are examined.

Rubner represents the liberals. As shown in Chapter 1(p13) he made no secret of his opposition to benefits, claiming in the introduction of his book on the subject:

> 'The liberty to spend one's earnings in a manner that others consider foolish is to me an ideal worth fighting for.' (1962:x)

Anything that is not a direct or proportional reward for services rendered is a 'fringe'.

> 'When the personal status of an employee has no effect upon his output, all additional payments made to a worker by virtue of his sex, age, number of children, length of service must be treated as fringes for they are not a direct or porportional reward for services rendered.' (ibid.:18)

Fringe benefits have a feudal connotation.

> 'It was the philosophy of capitalism, with its exaltation of labour as a mere factor of production, that has a supply-and-demand price, which abrogated the "fringes" inherent in feudalism.' (ibid.:133)

Many fringe benefits are given

> '... not because they are believed to be the most desirable form of remuneration from the point of view of the employee, but because they protect the good name of the company.' (ibid.:141)

The main causes of the growth of benefit provision are income tax and the 'novel attitude of union bureaucrats' (ibid.:135). Rubner concluded that fringe benefits 'are affecting the moral fibre and the material norms of our society' (ibid.:173). They are doing this by restraining human liberty, reducing efficiency, missing opportunities for rises in the standard of living, and encouraging union bureaucracies.

Flanders, in criticising the idea that business has social responsibilities, adopted a liberal position. He quoted Levitt with approval:

> '"In the end business has only two responsibilities, to obey the elementary canons of everyday face-to-face civility and to seek material gain." ' (1966:1)

Levitt went on to suggest that, if business becomes too interested in social responsibility, it will be transformed from

> '... an important and desirable economic functional group into an all-knowing, all-doing wise father on whom thousands are directly dependent for cradle to grave ministration. This is the kind of monolithic influence the corporation will eventually have after it becomes so occupied with its social burden, with employee welfare and the body politic.' (ibid.:1)

Flanders emphasised the need for respect for the 'intrinsic worth of the human personality'.

> 'One possible yardstick, which can be applied to industry, is the attitude adopted towards managerial paternalism. By paternalism is meant the use of power to impose values on people, which they would not freely accept, for their alleged benefit. It may be associated with a manifestly autocratic style of management, but equally with a manipulative approach to labour relations which employs more subtle techniques to control motivation. In either case it treats workers as objects, not as persons, to be

> cajoled where they cannot be coerced. In depriving them of opportunities to work out their own salvation by choosing the good for themselves it is an affront to their dignity. A mere bestowing of benefits can never compensate for the insult of being treated with the contempt implicit in being thought incapable of moral choice.' (ibid.:16)

Chapter 8, which describes managerial ideology and practice, is full of examples of the corporatist approach to benefit provision. Durkheim suggested that his 'reconstituted corporations' should have some responsibility for providing income in time of need.

> 'To them therefore falls the duty of presiding over companies of insurance, benevolent aid and pensions, the need of which is felt by so many good minds but which we rightly hesitate to place in the hands of the state, already so powerful and so awkward.' (1952:380)

Socialists have largely been interested in pensions, sick pay and perks. Titmuss's distinction between fiscal welfare, occupational welfare and social welfare were discussed in Chapter 1 (p14). The three systems operate as virtually distinct, stratified systems.

> 'Yet despite this division, they all in varying degree signify that man can no longer be regarded as simply a "unit of labour power", they all reflect contemporary opinion that man is not wholly responsible for his dependency, and they all accept obligations for meeting certain dependent needs of the individual and the family. (1958:53)

However,

> '... as at present organised, they are simultaneously enlarging and consolidating the area of social inequality.' (ibid.:55)

The influence of occupational schemes on social policy has been emphasised by George:

> 'The whole structure of occupational fringe benefits is an extension of the wage and salary structure and therefore its underlying philosophy has no egalitarian demands in it. In addition, occupational schemes have had a very marked effect on the statutory social security schemes because they have helped to strengthen the belief that the state scheme must provide benefits for a minimum standard of living only. '(1973:27)

Occupational schemes, by their emphasis on earned benefits, not only lead to increased social inequality, but also, as discussed in Chapter 2 (p63), reduce the level of fraternity in advanced capitalist societies.

Methods

In Part II four problems are approached empirically:
(i) Which fringe benefits have grown since 1945 for manual workers, routine white collar workers and managerial employees ?
(ii) How are fringe benefits distributed by occupation ?
(iii) How are fringe benefits distributed in relation to technology and industry ?
(iv) How are fringe benefits distributed in relation to size of company ?

These questions cover a long time-span and a wide range of relationships. Primary research would have been impracticable. Luckily, there is an adequate amount of secondary data available, although it is not always in the most suitable form. The main source of evidence in Part II is a study of manufacturing industry carried out by Wedderburn and Craig in 1968. This covered employment conditions, including a number of fringe benefits, for six 'typical' employees: manual worker; foreman; clerical worker; technician; middle manager and senior manager. A 'typical' employee was aged between 35 and 40 and had five years' service. The researchers were assisted by the Department of Employment and Productivity in drawing a stratified, random sample and achieved a 55% response rate, which 'is encouragingly high for an enquiry of this kind' (Craig, 1968:7). Wedderburn

and Craig were very kind in allowing me to use their 'raw' data, as well as published results (Wedderburn, 1970 (a) and 1970 (b); Wedderburn and Craig, 1969 and 1974). Further technical details relating to this survey can be found in Appendix A.

Another major source is a survey of manual workers done in 1960 by Reid and Bates. They sent questionnaires to a random sample of firms, and received only betwen 10% and 20% in return. The sample was clearly biased (Appendix A:437) and resulted in an over-estimate of the extent of benefit provision to manual workers. However, it seems possible to use the data to make comparisons according to industry and size of company.

Part II also makes use of published Government statistics, namely the Labour Costs Surveys of 1964 and 1968, the New Earnings Survey of 1970, and a number of Government publications including four surveys of occupational pensions (Government Actuary, 1956; 1963; 1967; 1971) and a survey of sick pay (Ministry of Pensions and National Insurance, 1961). It has not been thought necessary to include technical details of Government statistics and surveys.

The data in Reid and Bates' survey and the two Labour Costs Surveys cover all employees, male and female. It is likely (Chapter 1:34) that employers provide benefits less frequently for female employees than they do for males and the inclusion of all employees may produce estimates of benefit provision from these three surveys which are lower than those derived from surveys of male employees only (for example, Wedderburn and Craig's survey). However, where the data were presented in terms of the percentage of employers providing a particular benefit, or making some expenditure on it, the resulting estimates are more likely to apply to male employees taken alone than to females. This is because nearly all firms employ some men, so that when asked if they provide a particular benefit for employees, or spend some money on it, they will reply affirmatively, even if they do not provide the benefit for some employees. As suggested above, if they do provide a benefit, it is likely either to be provided to

all employees, or to male employees only. Where the inclusion of female employees, and the differential distribution of such employees among different industries, will affect the statistics, is when the measure of benefit provision is the average expenditure on benefits per employee. This is the case for the data used to compare benefit provision between private manufacturing industry and some industries in the public sector in Chapter 5 (p135ff.)

Data from personnel management journals and Incomes Data Service reports have also been used. For executive fringe benefits data have been taken from a series of annual studies of executive salaries and benefits done by Inbucon/AIC Management Consultants. These studies are not based on random samples, but include companies who are interested in the results of the studies and who have cheaper access to them by participating in them. For this reason the results cannot be taken as representative of executive fringe benefit provision in Britain since the early 1960s. However, since the partidpating companies are not likely to be very different from year to year, they can be used to show how benefit provision has changed over time.

In Part III an attempt is made to answer the following questions:

(i) What have been the aims of employers in providing fringe benefits to (a) manual workers (b) routine white collar workers and (c) managerial employees ?
(ii) What have been the aims of trade unions in relation to benefits, and what have they done in this respect ?
(iii) How have Government activities affected benefit provision ?
(iv) How has benefit provision affected the attitudes and behaviour of (a) manual workers (b) routine white collar workers and (c) managerial employees ?

Evidence concerning managerial ideology and practice comes from successive publications of two personnel management journals since 1945, and numerous other articles and studies. The relationship between managerial ideology and employer practice is problematic. Child pointed out:

> '... after the Second World War, as before it, there was an important distinction between the activities of the managerial movement and British managers at large. The gap was narrowed somewhat after the beginning of the war by the remarkable development of new writers, the steady growth of membership among the various management institutes and recently, by the rising interest in management education.' (Child, 1969:113)

He suggested that there had been some hostility in the relationship between management thinkers and practising managers.

> 'In the British case, there is also evidence that management thought, a system of knowledge superficially so attractive ideologically and technically, was never in fact whole-heartedly accepted by most practising managers. Not only did managers openly express their criticisms of management thought, but equally management intellectuals themselves expressed their exasperation at managers' lack of concern for their ideas. The continuing low membership of management institutes over the years indicates the distance between intellectuals and practitioners.' (ibid.: 237)

This does not mean that the ideas and values in management ideology are not useful to, and used by, managerial practitioners. The latter

are likely to use an 'unsophisticated' ideology most of the time, which may be full of inconsistencies and fed from a variety of sources. One important source is managerial ideology. Fox suggested:

> 'The processes by which these teachings have passed into managerial attitudes and folklore are various and subtle. One can perhaps trace, in descending order of fullness and precision of presentation, a number of channels - extended formal education courses with standard text-books, shorter courses of training, evening classes and week-end schools, articles in technical and professional journals, isolated talks at association meetings, discussion with older colleagues, and most widespread of all, perhaps, patterns of responses "learned" from seniors without any examination ever being made of underlying assumptions and ideas.' (1966:369)

Evidence of trade union activities comes mainly from successive annual reports of the TUC. In Chapter 9 the ideological arguments which have been conducted there, and the actual efforts of the TUC and its members to affect fringe benefit provision, are described. Other evidence comes from a variety of secondary sources.

Information on Government activity in this area has been found in a number of sources. The Royal Commission on the Taxation of Income and Profits (1955) and annual Inland Revenue Reports provide most of the data on taxation. Information on social policy comes mainly from Walley (1972), Fraser (1973) and Kincaid (1975). Crouch (1975) was very useful for incomes policy, while other information comes from the Department of Employment Gazette and other sources. Evidence on employment policy again comes from numerous sources, while information on benefit provision in the nationalised industries comes mainly from the Labour Costs surveys of 1964 and 1968.

Nearly all the evidence relating to employees' responses to benefit provision comes from attitude surveys, and there is little data relating benefits to behaviour. The main studies are Cotgrove et al's 'nylon spinners' (1971), chemical workers at 'Seagrass'

(Wedderburn and Crompton, 1972); 'Company A' (Wedderburn and Craig, 1965); 'Company B' (Reeves, 1973); Bird's (Mann, 1973); the 'affluent workers' (Goldthorpe et al, 1968); 'Gourmets' (Beynon and Blackburn, 1972); a BIM survey of employee benefits (Murlis, 1974); 'Casterton Mills' (Martin and Fryer, 1973); an IPM survey of staff status schemes (1965); a study of such schemes by Craig (1969); Dale's study of clerks (1962); and studies of managerial employees by Sofer (1970), Clements (1958), the Pahls (1971), Lewis and Stewart (1961) and McDougall (Personnel Management, 1973).

In most of these cases only one or two questions from a survey are of use for the study. Since there are so many surveys involved, each providing a rather small amount of the total evidence, it has not been regarded as necessary to include research details of these studies where they have been published. Available details on unpublished studies can be found in Appendix A.

PART II: FRINGE BENEFITS: GROWTH, OCCUPATIONAL DISTRIBUTION, AND STRUCTURAL CONSTRAINTS

Chapter 4: The Growth of Fringe Benefit Provision since 1945

Fringe benefit provision in Britain has grown considerably over the last fifty years or so. In 1913 Seebohm Rowntree searched for employers to attend a conference on welfare work and provision and found only thirty. By 1928 there were about one thousand employers interested in such matters, and by 1945 the number had grown to many thousands (Rowntree, IWPM, 1945: 105). In 1958 it was pointed out in the Editorial of the IWPM journal that:

> 'Today pensions, canteens, social activities, ... holidays with pay, ... sick benefit funds, ... and a hundred and one fringe benefits, virtually unheard of in 1918, are accepted as part of the industrial and commercial life of the country.' (p61)

This chapter is concerned to establish that fringe benefit provision in Britain has grown since the war, and to examine the shape of that growth as an initial step in establishing its causes. Wherever possible evidence of provision to manual workers, routine white collar workers and managers will be presented separately, since theoretical arguments have been put suggesting systematic differences in provision to these types of employee (Chapter 2: [illegible]). However, while most of the data distinguish between manual and non-manual employees, the latter group includes both routine white collar workers and managers.

It was also suggested in Chapter 2 (p44) that influences on employers in the public sector would not be identical with those on employers in the private sector and, accordingly, one would not expect similar distributions of benefits or patterns of growth in these two sectors. Unfortunately, there are few data available on the growth of benefits in the public sector, but what could be found is considered. Provision of benefits in the public

and private sectors is compared in Chapter 5. No data could be found for the private service sector.

Employers have had different attitudes to benefit provision for men and women, and where possible differences between the sexes will be considered. However, some data cover all employees, while others are restricted to men only. In the former case, where the variable is percentage of employers providing the benefit, the figures are likely to be more applicable to male employees than females, assuming that men are more likely to receive most benefits than women (Chapter 3:86). Whether the effect of sex on benefit provision varies according to occupation is not known.

Given that benefits are differentially distributed according to occupation (Chapter 5), size of company (Chapter 6), industry (Chapter 7) and probably sex, benefit provision to employees may change over the years because of (i) changes in the occupation structure (ii) changes in the size distribution of companies (iii) changes in the industrial structure (iv) changes in the proportion of women in the labour force or (v) changes in the employment policies of owners and managers in relation to all employees or to some groups of employees. Unfortunately, the data available which can be used to show some changes in benefit provision since the war, are not in a form which will help in assessing the extent to which these five factors have been important in influencing changes in benefit provision. Some such changes, such as a growth in the proportion of employees in the white collar sector (see below:115), will affect the distribution of benefits (and thus income) between individuals or families while not affecting the distribution between recognised social groups, such as manual and non-manual workers, or routine white collar workers and managers. Other changes, such as the introduction

by a number of employers of new pension schemes for their manual workers will, ceteris paribus, affect the distribution of benefits between social groups, this having implications for class structure, as well as the distribution of income between individuals or families. The effect of fringe benefit provision and its growth on social inequality is discussed further in Chapter 12 (p407) In this chapter, wherever possible 'growth' in benefit provision will be considered both in terms of the absolute numbers of people covered by benefits (or firms providing them) and according to the proportions of occupational groups covered (or the proportions of firms providing benefits to particular occupational groups).

Pensions

An estimate of the growth of pension coverage for all employees since 1936 is provided in Table 4.1 over the page. There has been a considerable growth in the number of people covered by occupational pension schemes since 1936. After 1952 (earlier figures are not available) growth in provision only occurred in the private sector, the number of people covered in the public sector remaining constant. Between 1967 and 1971 the number of people covered by pension schemes declined by about one million. Table 4.2 shows that this decline occurred mainly among manual workers in the private sector (coverage of manual workers in the public sector remained the same) and there is further evidence that schemes for male manual workers were most affected (Government Actuary: Fourth Survey of Occupational Pension Schemes, 1972:6).

Table 4.1 The Growth of Occupational Pension Schemes: 1936-1971

(Number of employees covered)

Year	Private Schemes (million)	Public Services and Nationalised Industries (million)	Total (million)
1936	1.6	-*	-*
1951	-*	-	6.3
1952	3.1	4.0	7.1
1956	4.3	3.8	8.1
1958	5.0	3.8	8.75
1960	5.5-6.0	3.8	9.3-9.8
1963	7.2	3.9	11.1
1964	6.5-7.0	3.8	10.3-10.8
1967	8.1	4.1	12.2
1971	7.0	4.1	11.1

Sources: 1936-1964: Wiseman (1965:170)
1967: Government Actuary, Third Survey of Occupational Pension Schemes (1968:8)
1971: Fourth Survey (op.cit.:6)

* No data available

Table 4.2 The Growth of Occupational Pension Schemes for Manual Workers: 1956-1971

(Number of employees covered)

Year	Private Sector (million)	Public Sector (million)	Total (million)
1956	2.3	1.8	4.1
1963	3.9	1.8	5.7
1967	4.1	1.7	5.8
1971	3.1	1.7	4.8

Sources: 1956 and 1963: Government Actuary, A New Survey of Occupational Pension Schemes (1966:11)
1967: Third Survey (op.cit.:8)
1971: Fourth Survey (op.cit.:6)

This fall was not expected, but more detailed analysis of the 1967 and 1971 results confirmed that most of the decline was a genuine development rather than a statistical artefact (Fourth Survey:5). One important factor is that between 1966 and 1971 there was a fall of about one million in the number of male

employees accompanied by a rise in the number of employers and self-employed (DOE Gazette, 1973:1086). Also, a comparison of returns from some employers who responded to both the 1967 and 1971 surveys showed, in many cases, a decline in the proportion of members of schemes to employees. Reasons for this decline were miscellaneous and there did not appear to have been a conscious, consistent policy of retrenchment (Fourth Survey;7).

The number of non-manual workers covered by occupational schemes grew from 3.8 million in 1956 to 6.4 million in 1967 (Table 4.3 below). Most of the growth occurred in the private sector and much of it may have been due to an increase in the number of employees in this group rather than the introduction of new schemes for employees who did not have them before. There was an increase in the number of non-manual employees in the labour force of about 3 million between 1951 and 1971 (calculated from Table 3, Goldthorpe and Llewellyn, 1977:279).

Table 4.3 The Growth of Occupational Pension Schemes for Non-manual workers; 1956 - 1971

(No of employees covered - male and female)

Year	Private Sector (million)	Public sector (million)	Total (million)
1956	2.0	1.8	3.8
1963	3.3	2.1	5.4
1967	4.0	2.4	6.4
1971	3.9	2.5	6.4

The number of non-manual workers covered by occupational pension schemes remained constant between 1967 and 1971, although there seems to have been a small decline in the number of non-manual males covered. In 1967 4.7 million men were members of schemes and 1.7 million women (Third Survey:8); in 1971 4.6 million men

were covered and 1.8 million women (Fourth Survey:6).

Over the period, occupational pension schemes have improved. However, as Chapter 5 shows (p119), there is still a wide variation in the generosity of pension schemes.

Sick pay

It seems generally agreed that the number of occupational sick pay schemes, and the number of employees covered by them, have increased since the war, although few systematic surveys have been done in this area. The Ministry of Labour suggested, in their Sick Pay Schemes: a Report, that

> '... it may be reasonable to assume that in the private as in the public sector the provision of sick cover for manual workers was stimulated by the end of the second world war, and perhaps, by the attention focussed on social security and care during sickness by the introduction of the National Insurance schemes and the National Health Service in 1948.' (1964:7)

By the mid-1960s most non-manual workers received sick pay as a matter of course.

> 'It is now generally recognised that sick leave with full pay is a normal condition of employment for salaried administrative staff, and lower staff grades are rapidly coming to secure similarly generous schemes. ... The Institute of Office Management in a survey of about 200,000 office workers, found that in all the 753 establishments in the sample, sickness payments were given under a definite scheme or as an ex gratia payment.' (Reid, 1965:216)

As Table 4.4 shows, in mid-1961 the MNPI found that about seven million manual workers were covered by formal or informal sick pay schemes. This survey covered both men and women, although the report indicated that there was probably very little difference in the proportions of each covered at the time. The survey found that in 1961 100% of manual workers in the public sector were covered by occupational sick pay arrangements, suggesting that growth in provision of sick pay for these employees occurred mostly in the late 1940s and the 1950s.

Table 4.4 Occupational Sick Pay Schemes for Manual Workers, 1961

	Public sector (million)	Private sector (million)	All (million)
Total no. of employees male and female:	2.5	13.5	16
Covered by sick pay arrangements:	2.5	4.5	7
% coverage:	% 100	% 33.3	% 43.8

Source: Ministry of Labour (1964:5)

In 1970 the New Earnings Survey estimated that 62.9% of all male manual employees were covered by sick pay schemes, which suggests an increase of about 20% since 1961 (DOE Gazette, 1971: 705) which must have occurred in the private sector.

Table 4.5 Occupational Sick Pay Schemes for Non-manual Workers, 1961

	Public sector (million)	Private sector (million)	All (million)
Total no. of employees male and female:	3	3.5.	6.5
Covered by sick pay arrangements:	3	3	6
% coverage :	% 100	% 85.7	% 92.3

Source: Ministry of Labour (1964:5)

Table 4.5 shows the Ministry of Pensions and National Insurance estimate of the coverage of sick pay schemes for non-manual workers in 1961. All non-manual workers in the public sector were covered. The New Earnings Survey estimated that in 1970 91.6% of all male non-manual employees were covered by sick pay schemes (DOE Gazette, 1971:707), suggesting that no increase in the proportion of non-manual workers covered by sick pay took place, although the number of non-manual workers covered will have increased, due to the growth in number of these employees (see below:115).

Like pension schemes, many sick pay schemes have been improved during the period under consideration. But, again like pension schemes, there are still considerable differences in provision (Chapter 5:122).

Redundancy Pay

When the Redundancy Payments Act was passed in 1965 there were many different types of redundancy agreement, ranging from informal understandings between employers and unofficial workers' representatives to recorded, formal agreements negotiated between employers and official trade union representatives, the former being more common.

There is no doubt that the number of company redundancy agreements grew considerably between 1945 and 1965. A comparison of Ministry of Labour surveys in 1959 (Security and Change, 1961) and 1963 (Ministry of Labour Gazette, 1963: 50) shows that significant developments took place in the intervening years. In 1963 the Ministry found 371 company policies (compared with 236 in 1959) in companies employing a total of 1,750,000 people (compared with 1,105,000 in 1959). A small number of the policies disccvered in the 1963 survey had existed in 1959 but were not known to the Ministry at that time, but most of them were introduced in the intervening period. Fifty-two per cent. of the policies examined in 1963 included severance payments, compared with thirty-nine per cent. of the policies examined in 1959. However, financial provision for redundancy was not common in the early 1960s. The 1964 Labour Costs Survey found that only 5.8% of companies claimed such provision for manual workers, and 5.6% for non-manual workers (DEP, 1968:12/13).

Following implementation of the Redundancy Payments Act the 1968 Labour Costs Survey showed an increase in redundancy payments. 19.9% of companies had made payments to manual workers and 13.9% had done so for non-manual workers (DOE, 1970:24/25). A survey of redundancy policies undertaken by the BIM in 1969 (which was not based on a random sample) found that there was still considerable variation in the procedures followed by British companies. About half of the companies questioned said they would give payments as laid down in the Act if redundancy arose, while the other half said they would exceed the provisions of the Act (Personnel Management, May 1969:13).

Canteens

> 'It was in the 1920s that the industrial canteen burgeoned into full flower. The idea that the employer should provide cheap, hot meals gained ground rapidly among those

> companies which considered themselves progressive. The depression of the 1930s and the rationing of the 1940s did nothing to undermine the notion, and it was not until the 1950s that the assumptions on which this type of welfare expenditure is based were seriously questioned.' (Elliott, 1965:303)

There was considerable growth of factory canteen provision during and immediately after the war, mainly resulting from Government pressure (see Chapter 10:295). The growth of provision between 1943 and 1956 can be traced from the annual reports of the Chief Inspector of Factories and is shown in Table 4.6. Until 1956 the Factory Inspectorate Service which was set up during the war to administer the Factories (Canteens) Orders.

Table 4.6 The Growth of Factory Canteen Provision: 1943-1956

Year	Factories with 250 or less employees	Factories with more than 250 employees	Total
December 1943	-	-	10,577
1944	-	-	11,630
1947	8,659	4,666	13,325
1948	9,882	4,835	14,717
1949	10,849	4,979	15,828
1950	11,714	5,092	16,266
1951	11,350	5,812	17,162
1952	11,344	5,916	17,260
1956	-	-	19,322

Sources: Successive Ministry of Labour Gazettes.

Between 1943 and 1956 the number of canteens appears to have doubled. Beyond 1956 systematic data were not collected by the Government, but there is evidence of a small decline in the proportion of firms providing canteens during the 1960s (although the decline is so small that it may be a statistical artefact). In 1964 61.3% of firms in manufacturing industry spent some money on canteen provision for their employees (Labour Costs Survey, 1964, op.cit.:10/11) while in 1968 the proportion was 59.2% (Labour Costs Survey, 1968, op. cit.:22/23). Factories which do not provide canteens are usually

small (Chapter 7:167)

> 'Today almost every company of any size has a canteen... In building a new factory it has been automatic to include a canteen.' (Elliott, op.cit.:303)

As Chapter 5 shows (p126) the existence of canteen facilities did not vary much by occupation in 1968, although the actual facilities provided to different occupations were sometimes different. It is not possible to assess the extent to which facilities for different groups grew at different rates over the period due to lack of data, although, as Table 4.7 shows, there was considerable growth in the provision of subsidised lunches for executives in the private sector between 1962 and 1971. There is no corresponding information for executives in the public sector.

Table 4.7 The Growth of Subsidised Lunches for Executives: 1962-1971

Year:	Proportion of sample receiving lunches (%)
1962	35.5
1963	40.4
1964	46.5
1965	59.0
1966	61.8
1967	69.9
1968	79.3
1969	84.6
1970	80.7
1971	82.4

Sources: Successive annual studies of executive salaries and fringe benefits by Inbucon/AIC Management Consultants.

Each year the sample of companies responding to the survey was slightly different and thus the results shown in Table 4.7 may reflect not only a growth in provision, but also changes in the composition of the sample. To obtain a more accurate idea of the extent to which benefits had grown respondents in 1974 were asked about past practice. Their answers suggest a small decline in provision of lunches to executives between 1969 and

1974 (see Table 4.8). However, comparison of Tables 4.7 and 4.8 suggests that the 1974 samples was not so generous in food provision as the samples of 1969, 1970 and 1971.

Table 4.8 The Decline in Subsidised Lunches for Executives 1969 - 1974: 1974 sample

Year	Proportion of sample receiving lunches (%)
1969	71.2
1970	67.0
1971	66.1
1972	62.6
1973	65.0
1974	64.2

Source: Inbucon/AIC Survey of Executive Salaries and Fringe Benefits (1974)

Chapter 5 (p139) shows that, in 1968, employers in the private sector spent more per employee per year on canteen services than employers in the public sector. There is no evidence which can be used to show changes in provision separately for the public and private sectors.

Sports and recreation facilities

Elliott sugested that the attitudes of employers towards sports and social clubs have changed as they have become more cost conscious and as employee use of the facilities has declined (1965:307). This is frequently suggested in writings in personnel management journals, but the evidence supporting it is not easy to find. In fact, the Labour Costs Surveys show a slight increase in the proportion of employers claiming expenditure on recreation facilities, from 13.8% in 1964 (op.cit.:11) to 17.6% in 1968 (op.cit.:23). It does seem clear that the nature of the facilities provided and used has been changing.

> 'At present accurate information about the activities of most of the 6,000 or so industrial sports and social clubs in the United Kingdom is hard to come by. The only group about which much is known are the 340-odd

clubs whose secretaries are members of the Industrial Sports Club Association. But even from this admittedly limited evidence, it is clear that the nature of industrial recreation is changing. ... One of the most interesting developments is the trend towards co-operation between industrial clubs and local authorities for the communal use of facilities as recommended by the Pilkington Report.' (Tait, Industrial Society, 1969:47)

'A new impetus is apparent among company social activities bringing different activities and a different purpose. Team games are difficult to organise because of the changing age groups being employed, long journeys to sports fields and increasing shift working arrangements. The changes taking place are more in keeping with present social patterns: activities which involve the family, interests that are combined with personal hobbies and most of all activities which have an outward-looking purpose, e.g. helping old age pensioners.' (Industrial Society, 1969:57)

There is no information available on the growth of recreation facilities in the public and private sectors, taken separately, or for manual and non-manual workers, although such facilities are usually open to all employees (Chapter 5:126). Chapter 5 (p139) shows that some areas of the public sector spent more per head on facilities in 1968 than the private manufacturing sector (eg 'mining and quarrying') while others spent less (e.g. the non-industrial civil service and local authorities).

Medical services

There is not much evidence available on the growth of medical services in factories. The Dale Committee, reporting on industrial health services in 1951, suggested that

'... some employers have found it desirable to engage doctors and nurses, partly to help them in complying with ... statutory requirements and partly to provide standards above the requirements of the law in a spirit of enlightened management and in recognition of a moral obligation to their workpeople. Although some such

> appointments were made long before any inspectors were appointed by the State, the number for a long time remained very small. The growth of the medical services in industry owes much to a stimulus provided by two world wars.' (Report of a Committee of Enquiry on Industrial Health Services, 1951:5)

Nevertheless, a survey undertaken by the Factory Inspectorate early in 1949 found that only 1.85% of a total of 243,769 factories had definite arrangements for medical services, other than statutory examinations of young people, and that there were only about 230 full-time factory doctors, although there were a considerably larger number working part-time in industry (ibid.:2 8)

Between 1964 and 1968 there was a very small increase in the proportion of companies showing expenditure on medical and health services. In 1964 39.5% of companies claimed such expenditure (Labour Costs Survey, 1964:11) while in 1968 the proportion had risen to 43% (Labour Costs Survey 1968:23). Some of the Acts of Parliament bringing nationalised industries into existence required occupational health services to be established. In 1951, for example, the National Coal Board employed 26 full-time doctors and similarly wide coverage was provided by the Railway Executive and the London Transport Executive of the British Transport Commission (Dale Committee Report, op.cit.:9). However, the evidence in Chapter 5 (p139) shows that in 1968, while employers in 'mining and quarrying' spent most per employee on medical services, employers in the private manufacturing sector were next most generous in this regard, with the non-industrial civil service and local authorities spending very little. However, the need for such services in these different occupations would vary.

Industrial medical services are likely to be available to all employees, although the use made of them may vary by occupation. For example, executives may have obligatory annual

check-ups, while manual workers have more industrial accidents. There is no information available to indicate whether provision or use has grown differentially.

While provision of industrial medical services has grown over the period, employers' attitudes and behaviour in relation to the occupational health services they do provide still comes under considerable criticism. A recent article in Personnel Management criticised the forms which expenditure on occupational services has often taken, with its emphasis on treatement, and 'stream-lined chromium-plated surgeries' which often duplicate nearby National Health Service facilities.

> 'Some of the large organisations in the private sector have, of course, developed first-class occupational health services, such as that of ICI, which includes one of the most efficient industrial hygiene laboratories in the world. ... If the leaders of industry really believed that healthful conditions at work and proper arrangements for primary treatment were essential to the successful conduct of a business, much of the need for occupational health services would disappear. As it is a sizeable number of industrialists would cheerfully turn the hands of the clock back a hundred years.' (Keatinge, Personnel Management November 1969:50)

Perks

The discussion of the growth in provision of perks covers housing, company cars, interest-free or -reduced loans, special discounts, family and educational allowances, subsidised travel, non-accountable expenses, life assurance, medical insurance and share option and share purchase schemes. Housing is best considered separately.

There is little systematic information available on the extent of employer provision of housing in the United Kingdom, and it is not possible to estimate the growth or decline of such provision since the war. It does not appear to be very great among

the population at large, and is generally restricted to certain industries and occupations; particularly coal-mining and agriculture. Table 4.9 shows that in 1970 very few employees received board and lodging or free accomodation from their employers.

Table 4.9 Percentage of Respondents Receiving Full Board and Lodging or Free Accomodation from their Employers. 1970

	All employees		Full-time manual adults	
	Males	Females	Men	Women
	%	%	%	%
Free full board and lodging:	0.8	0.6	0.7	1.5
Free housing or accomodation but not full board:	1.5	0.3	1.2	0.4

Source: New Earnings Survey, 1970. DOE Gazette (1971:133)

It is likely that more people will live in subsidised housing. Wedderburn and Craig found that 10% of their companies claimed provision of housing, or subsidised housing, for their manual workers. Corresponding proportions for other employees were: foremen - 17%; clerical workers - 11%; technicians - 11%; middle management - 9%; and senior management - 8%. These are likely to be over-estimates of the proportion of the population living in subsidised housing since the sample was restricted to the private manufacturing sector and did not include establishments employing less than 100 people (Craig, 1969:54)

Many agricultural workers receive board and/or lodging or a cottage from their employers. Available evidence (see Table 4.10) shows that the proportion of agricultural workers living in employer-provided cottages remained fairly constant between 1963 and 1969, rising very slightly over the period.

Table 4.10 The Growth of Housing Provision to Agricultural workers: 1963 - 1969
(% of workers receiving housing)

Year ending 31st March	Board and/or lodging		Cottage	
	England and Wales	Scotland	England and Wales	Scotland
1963	4.5	7.2	48.7	65.8
1964	4.8	9.4	48.8	66.7
1965	4.0	8.4	50.9	68.5
1966	4.4	7.9	52.6	68.9
1967	5.4	7.5	49.1	70.6
1968	4.5	7.0	48.9	69.9
1969	5.5	6.4	50.6	70.8

Sources: Successive issues of the Ministry of Labour/DEP/DOE Gazette.

Tables 4.11 and 4.12 show a decline in the provision of housing for executives between 1962 and 1971, although such provision has never been very great.

Table 4.11 The Decline in Housing for Executives: 1962-1971

Year	Proportion of sample receiving housing
1962	4.0
1963	2.2
1964	1.6
1965	3.0
1966	-
1967	3.2
1968	2.0
1969	2.8
1970	2.1
1971	2.5

Sources: Inbucon/AIC surveys of executive salaries and fringe benefits, 1962-71.

Table 4.12 The Decline in Housing for Executives: 1969-74
(1974 sample)

Year	Proportion of sample receiving housing
1969	2.4
1970	1.5
1971	1.8
1972	1.4
1973	1.4
1974	0.9

There is not enough evidence to establish whether the provision of perks to manual workers and routine white collar workers has grown or fallen during the period, although there is an indication of a slight increase in provision. Generally speaking these employees receive few perks. Comparison of the 1964 and 1968 Labour Costs Surveys shows an increase in the proportion of companies claiming expenditure on family and educational allowances and marriage gratuities in the private sector. Data are not available for the public sector taken as a whole. For manual workers the increase was from 0.3% to 2.4% and for administrative, technical and clerical workers from 0.5% to 4.7%. Other items are not comparable since the data were not analysed under the same headings in the two years (Labour Costs Survey 1964:13 and 1968:25)

There are a number of executive fringe benefits for which information for the private sector is available in the Inbucon/AIC surveys (see Tables 4.13 and 4.14). It should be remembered that the samples from which these data were taken were not random, although they probably give a fair indication of the extent of growth of provision of benefits to executives. Chapter 5 (p140) shows that these fringe benefits are much less frequently available for executives in the public sector and it is not likely that provision of them has grown very much since the war for these employees.

Table 4.13 Changes in the Provision of Perks to Executives: 1962 - 1971

(% of employees receiving benefits)

Year	Sole use of company car	Allowance for use of own car	Non-accountable expenses	Free life assurance
1962	35.0	7.6	6.6	5.7
1963	32.5	3.9	3.3	3.2
1964	35.5	6.1	2.1	39.5
1965	37.0	24.0	3.0	68.0
1966	39.0	18.7	-	69.5
1967	43.1	30.4	4.5	70.7
1968	45.4	27.3	3.3	-
1969	62.7	21.9	-	-
1970	64.8	22.7	-	-
1971	74.4	20.2	-	-

Table 4.13 (continued)

Year	Free life assurance other than out of pension plan	BUPA membership	Top hat pension
1962	-	2.6	-
1963	-	2.2	-
1964	-	11.5	-
1965	-	20.0	-
1966	-	19.9	36.5
1967	-	26.0	20.8
1968	-	26.4	18.6
1969	23.1	18.0	35.5
1970	25.7	20.9	29.6
1971	19.5	23.3	19.3

Sources: Inbucon/AIC Surveys, 1962-1971

Table 4.14 Changes in the Provision of Perks to Executives: 1969-1974 (1974 sample)

Year	Sole use of company car	Allowance for use of own car	Free life assurance: up to 3 x salary	Free life assurance: exceeding 3 x salary	Free medical insurance
1969	49.7	18.7	-	-	14.5
1970	50.2	19.7	-	-	16.7
1971	54.6	17.1	-	-	17.5
1972	55.8	14.5	-	-	17.3
1973	55.2	14.5	-	-	26.4
1974	62.0	12.3	53.1	22.2	30.1

Table 4.14 (continued)

Year	Top hat pension	Assistance with house purchase	Share option scheme	Share purchase scheme
1969	28.7	-	-	-
1970	23.1	-	-	-
1971	25.6	-	-	-
1972	21.1	-	-	-
1973	23.6	6.3	2.5	5.1
1974	19.3	4.7	4.2	4.3

Overall, Table 4.13 suggests considerable growth of perk provision for executives in the 1960s. The popularity of different perks waxes and wanes over the period, and this can be related to changes in the taxation rules governing benefits (Chapter 10:313ff.) Table 4.14 shows the development of benefit provision from 1969 to 1974 for a single sample of executives. Compared with the samples of 1969, 1970 and 1971, the 1974 sample was, in those years, rather less well-provided with benefits. Benefit provision for this sample did increase between 1969 and 1974, although not so much as provision seems to have increased in the 1960s.

The two tables taken together show that, since 1962, the provision of a company car has increased considerably; allowances for the use of the executive's own car were fewer in 1974 than 1967 but still more frequent than in 1962; non-accountable expenses were no longer recorded after 1968 when they stopped being tax-deductible; free life assurance, which was almost non-existent even as part of occupational pension plans in 1963, was provided to three-quarters of executives in the 1974 sample; free medical insurance, giving access to private medical facilities grew considerably, while provision of top-hat pension schemes has declined. Not much can be said about assistance with house purchase and share option and share purchase schemes, since there is no data prior to 1973. There is no data at all on interest-free or -reduced loans other than for house purchase.

Holidays with pay

In the late nineteenth century holidays for manual workers were

extremely rare, although salaried employees usually received one or two weeks paid holiday. Following the First World War, and associated with considerable industrial unrest, a number of agreements were reached between employers and unions which included provision of holidays with pay. These covered roughly one million manual workers. Between 1922 and 1936 there were few new agreements but between 1936 and 1938 the number of workers covered increased rapidly from 1½ million to 4 million (Cameron, 1965). In 1938 the Amulree Committee, which was inquiring into holidays with pay, estimated that out of a total of 18½ million employed people, 7¾ million were in receipt of paid holidays. Cameron suggested

> 'The position at the beginning of the Second World War, therefore, was one in which the long process of establishing the principle of paid holidays was almost completed.' (Cameron: 283)

In December 1944 10 million workers were in receipt of paid holidays and by December 1946 this had grown to between 11 and 12 million. By the end of 1946 nearly all workers received six working days holiday and six public holidays, and in a few cases they received twelve days (ibid.: 284). Between 1949 and 1959 the length of holiday provided for manual workers (in addition to public holidays) in most industries increased from one to two weeks. A Ministry of Labour survey concluded that

> '... in very few industries are wage earners entitled to only six days (or one week) of paid holidays, and again in very few are they entitled to more than two weeks.' (Ministry of Labour Gazette, 1959: 89)

By 1969 still only a minority of manual workers were entitled to three weeks annual holiday (IDS, 1969: 5). However, there was a movement in that direction and in August 1973 Personnel Management reported:

> 'A recent survey shows that out of 93 industries in the United Kingdom, ten are still giving only two weeks'

paid annual leave, only 23 give more than three weeks and those industries giving four weeks' leave can be counted on the fingers of one hand.' (p3)

There is little information on holidays with pay for routine white collar workers. They have traditionally done better than the average manual worker in this area. The best general estimate suggests an increase in provision since early in the century, although it is difficult to establish precisely when increases took place. A survey, in 1967, of some 150 firms, showed that 65% of all the clerical workers in the sample had a basic entitlement of three weeks. About 20% of the employees had an entitlement of four weeks or more after qualifying periods of anything up to twenty years (IDS, op.cit.).

Data for executives, shown in Table 4.15, demonstrate an increase in the length of holiday provision between 1962 and 1971.

Table 4.15 The Growth of Holidays with Pay for Executives 1962 - 1971
(% of employees receiving given no. of days)

Year	10-14 days	15-19 days	20-24 days	25-29 days	30 days or over	n.a.
1962	6.4	47.6	32.0	4.0	0.8	9.2
1963	6.1	56.2	32.9	4.2	0.4	0.2
1964	3.5	65.0	28.1	2.3	1.0	0.2
1965	5.0	58.0	34.0	2.0	-	1.0
1966	1.8	57.1	38.5	2.3	0.3	-
1967	2.0	53.8	40.1	3.0	1.1	-
1968	1.2	48.4	47.6	2.2	0.6	-
1969	0.4	40.7	53.7	4.4	0.8	-
1970	0.2	29.8	63.8	5.5	0.8	-
1971	0.2	21.7	70.9	5.6	1.6	-

Sources: Inbucon/AIC Surveys, 1962-1971

In 1962 slightly more than half of the sample received less than 20 days holiday, while in 1971 slightly more than three-quarters received 20 days or more.

There are a number of different arrangements for calculating holiday pay for manual workers. Most still receive lower pay for a holiday week than for a working week, although there has been some

pressure recently from employees and unions for an increase in holiday pay from minimum to normal rates, and some progress in this direction. The holiday pay of white collar workers is usually a simple continuation of weekly or monthly pay (IDS op.cit.).

There is no information distinguishing the development of holidays with pay in the private and public sectors. Evidence in Chapter 5 (p143) shows that, for white collar workers, employers in the public sector were, on average, more generous than those in the private manufacturing sector, giving longer average holidays and spending more per employee on holidays. This was not true for operatives, where private sector employers were more generous in the length of holiday provided than employers in 'gas, electricity and water' and in the non-industrial civil service and local authorities, and more generous than the latter in the amount spent per employee on holidays every year.

Conclusion

The most noticeable changes in benefit provision over the period were:

1. Canteen provision for all employees grew, particularly in the 1940s and 1950s. Provision of medical services and recreation facilities probably grew, the former earlier in the period, but there is no clear evidence of this growth.
2. Holidays with pay increased in length for manual workers, routine white collar workers and executives, although the differential provision between these workers was, on average, maintained.
3. For manual workers in the private sector pension and sick pay provision grew so that both the numbers of employees and the proportion covered increased (there was a decline in the number of manual employees over the period). Growth has been documented for the 1960s and may have occurred earlier. In the public sector provision of these benefits came earlier so that after 1960 there was little growth in provision.
4. For non-manual workers the number of employees covered by

pension schemes grew considerably in the later 1950s and 1960s in both the public and private sectors, as did the number of poeple employed as non-manual workers. Whether the proportion of employees covered by pension schemes grew or not is not known, although there is evidence that, while the numbers of non-manual employees covered by sick pay arrangements grew, the proportion covered remained constant.

5. Executive perks grew considerably in the 1960s and early 1970s, although the actual perks provided changed. As arrangements were made for particular perks to be taxed, these became less popular and new ones were introduced or extended. Growth in provision of company cars and executive lunches were particularly noticeable in this period.

It was suggested at the beginning of this chapter that possible reasons for changes in benefit provision were changes in the occupation structure, the size distribution of companies, industrial structure, the sex distribution of employees and the employment policies of owners and managers. There is a problem when one claims there has been 'growth in benefit provision' since the phrase can mean different things to different people. There may be a greater number of people covered by benefits; a greater proportion of people in a particular group of employees, such as manual workers, may be covered by benefits; more employers may provide benefit schemes; a higher proportion of employers may provide schemes. The number of routine white collar workers and executives in the employed population grew considerably between 1945 and the 1970s, so that any growth in the proportion of these employees provided with a particular benefit, involves a growth in the number covered as well, but this is not true the other way round. The number of manual workers in the employed population fell between 1945 and the 1970s, so that any growth in the number of these employees covered by benefits, implies an increase in the proportion covered, although again, the opposite is not true.

Changes in the occupation structure may lead to changes in the proportions of groups of employees covered by benefits, unless the employees who are added, or subtracted receive benefits to

the same degree as the original group of employees. If benefits were provided differentially between groups of employees and there are changes in the relative sizes of these groups in the population, and differentials are maintained, then there will be changes in the number of employees covered by benefits.

One change in the occupational structure which is likely to have caused the total number of people receiving some benefits to grow is the proportionate increase in white collar employment mentioned above. In 1951 64.2% of male and female employees were manual workers, compared with 59.3% in 1961 and 54.7% in 1971. Corresponding figures for male manual workers as a proportion of male employees were 68.4% in 1951, 65% in 1961 and 58.8% in 1971 (Goldthorpe and Llewellyn, 1977:279). It was shown above that the total number of white collar workers receiving sick pay and pensions increased with the increase in their numbers in the labour force, although there is evidence that the proportion of white collar workers covered by sick pay had not increased, and there was no evidence in this regard relating to pensions. Whether this increase in numbers covered by these schemes resulted from the addition of more white collar workers to firms which already provided benefits for existing white collar employees, from the establishment of new firms which gave their white collar employees these benefits from the start, or from changes in the practices of employers, or from a combination of these factors, is not known. The distribution of benefits by occupation (very broadly defined) is considered in the next chapter.

Another change, which may have affected the number and/or proportion of white collar workers receiving benefits, probably causing less growth in provision than there would otherwise have been, is the change in the sex composition of the labour force which has taken place almost entirely in the white collar sector. Between 1911 and 1966 a steady increase in the proportion of female workers in the white collar labour force took place, while the proportion in manual employment remained almost static. Between

1966 and 1971 there was no change in the female share of either manual or white-collar employment, but the female share of the total occupied population rose during this period because of the overall growth in white-collar employment and the decline in manual employment (Price and Bain, 1976:346)

Other changes which may have affected benefit provision since the war are the growing size of companies, and changes in industrial structure. These variables and their relationship with benefit provision are considered in Chapters 6 and 7 respectively.

Chapter 5: The Distribution of Fringe Benefits by Occupation

It was suggested in Chapter 2 that employers faced with the problem of obtaining the compliance of employees are likely to adopt different employment policies towards different types of employee, depending on their position in the occupational hierarchy (pp40-44). In Britain a strong status distinction, which is reflected in, and reflects, managerial ideology and practice, has developed between manual and non-manual workers. Within the non-manual group, managers have become distinguished from clerks and other routine white collar workers. Employment policies aimed at these three groups of employees have often been based on different premises and, in this chapter, the extent to which fringe benefit provision has varied between these three groups is examined.

It was argued in Chapter 2 (p44) that employers in the public sector have been influenced by factors which do not operate on employers in the private sector to the same extent. In particular they have come under pressure to set an example in using modern employment policies, and to act in a 'socially responsible' manner, mainly because there is more public control of employment in this sector. They have encouraged public sector unions to negotiate about conditions of employment beyond wages and holidays, including sick pay and pensions. A comparison of benefit provision in the public and private sectors follows consideration of benefits provided by occupation in the private manufacturing sector. No information on benefits in the private service sector could be found.

The evidence comes from the Labour Costs Surveys of 1964 and 1968 and from Wedderburn and Craig's 1968 survey of manufacturing industry. This means that no account can be taken of changes in occupational differentials in benefit provision over time. The Labour Cost surveys distinguished between 'operatives' and 'administrative, technical and clerical workers' and covered both male and female employees (see Chapter 3: 86), while Wedderburn and Craig's survey differentiated six types of male employee: manual worker, foreman, clerical worker, technician, middle manager and senior manager. The distribution of each benefit (pension, sick pay, redundancy pay, canteens, recreational facilities, medical services, perks and holidays with pay) taken separately will be considered first. The distribution of numbers of benefits provided to each of the six occupational categories in the Wedderburn and Craig sample will then be examined in an attempt to assess

the overall generosity of employers to different types of employee.

The private manufacturing sector

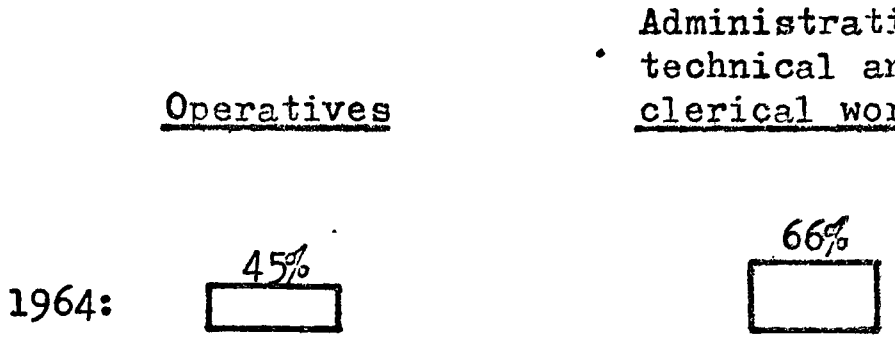
(i) Pensions

Table 5.1 shows the distributions of pensions by occupation in 1964 and 1968

Table 5.1 Pensions by Occupation, 1964 and 1968

Payments into pension funds and direct payments of pensions, death grants, etc.

(% of firms making payments to male and female employees)



Sources: Labour Costs Survey (1964:12)
Laoour Costs Survey (1968:25)

In 1964 21% more firms claimed expenditure on pensions for administrative, technical and clerical workers, than did for operatives. The corresponding percentage in 1968 was 22%. These surveys included firms employing 25 people or more and, as Chapter 7 shows, very small fir are less likely to provide pensions for employees. Table 5.2 (see over page) shows the distribution of pension schemes by occupation for firms employing more than 100 people.

Almost 100% of these companies provided a pension of some kind for their white collar workers: 97% did so for management, 96% for foremen, 94% for technicians and 92% for clerical workers. In comparison, only 75% if firms provided some pension for their manual workers. Nearly all the white collar workers were members of formal schemes, while only 65% of manual workers belonged to formal schemes.

Table 5.2 Pensions by Occupation, 1968

(% of firms making payments to male employees)

	Manual worker	Foreman	Clerical worker	Technician	Middle manager	Senior manager
Formal scheme	65%	93%	91%	94%	95%	94%
Ex gratia pension	8%	2%	2%	—	1%	1%
Both	2%	—	—	—	1%	1%
Any pension	75%	96%	92%	94%	97%	97%

Source: Craig (1969:52)

10% of manual workers either receive ex gratia pensions, which are likely to be smaller than formal schemes' pensions, or both a formal and an ex gratia pension. Ex gratia pensions are rarely provided for white collar workers.

Pension schemes vary in generosity and non-manual workers usually fare better than manual workers in this regard. In Wedderburn and Craig's sample:

> 'In 48% of the establishments the pension for operatives is calculated as a fixed amount for each year of service compared with between 12% and 18% for non-manual workers. Pensions related to service and based on salary throughout service are given to operatives in a quarter and non-manual in about a third of establishments. But pensions based either on final salary, or salary in the last years of service are most common for all non-manual workers - 41-44% of establishments, and only given to operatives in 16% of establish-

ments.' (Craig, op.cit.:28)

This difference in methods of calculation does not necessarily operate to the detriment of manual workers, since their life-cycle earnings tend to follow a different pattern from those of non-manual workers. The former reach a peak of earnings in their late thirties and early forties and then earnings tend to fall off, while non-manual workers' highest earnings tend to come later in life. However, given inflation, it is important to have a pension based on final salary or wage, unless some other allowance is made for inflation, which is rare. Also, in practice, fixed sums are often small and frequently add only £1 a week to the retirement income since the Supplementary Pension under the State social security scheme has always been larger than the national contributory pension, and any income (apart from £1 a week which is 'disregarded') from other sources is counted against claims for Supplementary Pensions.

Wedderburn and Craig also investigated differences in pension schemes within firms

> '... taking into account two things only; whether the scheme exists, and the general basis of assessment of the pension. This rather rough and ready comparison ignores the voluntary/compulsory and the contributory/non-contributory differences which also exist, and therefore almost certainly over-estimates the number of firms giving equal treatment to all grades.' (ibid.:29)

They found that 31% of firms in the sample provided the same pension arrangements for all grades. 52% distinguished only operatives, giving the same treatment for all other grades, while 7% treated non-managerial non-manual grades and operatives alike, and 9% had various combinations with the same treatment.

Sick pay

Table 5.3 shows the distribution of various forms of sick

pay by occupation in 1964 and 1968.

Table 5.3 Sick Pay by Occupation, 1964 and 1968

(% of firms making payments)
& employees - male and female

	Operatives	Administrative, technical and clerical workers
1964		
Wages/salaries during absence due to sickness and injury	42%	67%
Payments into sickness funds	8%	3%
Direct payments to sick and injured employees (not wages/salaries)	6%	1%
1968		
Wages/salaries during absence due to sickness and injury	45%	67%
Payments into sickness funds	10%	8%
Direct payments to sick and injured employees (not wages/salaries)	4%	1%

Sources: Labour Costs Survey (1964:13)
Labour Costs Survey (1968:25)

More firms provided payments into sick funds and direct payments other than wages and salaries for operatives than did for administrative, technical and clerical workers in both 1964 and 1968. These two methods of supporting employees in time of sickness are usually the least generous and the least formal, and do not suggest an automatic

assumption of responsibility for the income maintenance of employees in time of hardship. The payment of wages or salaries in times of absence due to sickness or injury does suggest acceptance of such responsibility, and in both 1964 and 1968 a higher proportion of firms made such payments to administrative, technical and clerical workers than did to operatives. As with pensions somewhat over 20% more firms claimed expenditure for non-manual workers than did for manual workers.

Table 5.4 shows the expenditure on sick pay by occupation in Wedderburn and Craig's sample.

Table 5.4 Sick Pay by Occupation, 1968

(% of firms making payments to male employees)

	Manual worker	Foreman	Clerical worker	Technician	Middle manager	Senior manager
Formal scheme	46%	65%	63%	65%	63%	63%
At employer discretion	8%	27%	33%	31%	33%	33%
Any scheme (including 'Other schemes)	57%	94%	98%	97%	98%	98%

Source: Craig (1969:50)

While over 90% of firms in the survey provided some form of sick pay for their white collar workers, only 57% of firms did so for their manual workers: 46% of firms provided a formal scheme, while 8% provided a sick pay at the discretion of the employer and 3% some 'other scheme'. So far as the existence of a scheme is concerned there was little difference in treatment between routine white collar workers and managers.

Schemes at the discretion of employers may be more or less advantageous than formal schemes.

> 'Manual workers whose normal earnings include substantial amounts of overtime and bonus pay may therefore receive substantially less than normal earnings as sick pay. Non-manual workers on a fixed salary (foremen and clerical workers in 66% of the establishments in our sample, technicians in 72%, and management in 98%, as against operatives in 3%) are more likely to receive full normal pay for the initial period of sickness absence. This pay will probably exclude any overtime, but as we have already seen, non-manual workers other than foremen are much less likely than operatives to do regular paid overtime.' (Craig, op. cit.: 26)

Operatives were less likely to have National Insurance deducted from sick pay, reflecting the fact that sick pay for operatives was more often not the same as normal earnings (ibid.: 51)

So far as duration of benefit is concerned

> '... there is a wide range in time between firms, from under four weeks (for operatives in 10%, non-manual in 2-4% of establishments) to six months and over (for all grades in between 24-32% of establishments). And there is a marked difference between operatives and other grades when it comes to additional time allowed on reduced sick pay. In 51% of establishments with a formal scheme, operatives are allowed no additional period once the period of full sick pay is exhausted, compared with foremen and clerical workers in 15%, technicians in 14% and management in 11%.' (ibid.: 27)

Craig also compared sick pay policies towards different types of employee <u>within</u> firms, taking into account the existence and type of sick pay scheme and the length of time on full and reduced benefits. 16% of establishments treated all grades alike in these respects, including the few establishments where there was no scheme for anyone. In 65% of establishments operatives were treated differently and less favourably than all the other grades. In 49% (included in the 65%) operatives were treated differently from all the other employees. In the remaining 16% management usually had

better terms than clerical workers and technicians.

Table 5.5 shows the extent to which provisions of pensions and sick pay went together for the different occupations in Wedderburn and Craig's sample. A score of 0 signifies that neither a pension nor a sick pay scheme was provided, while a score of 2 signifies that both were.

Table 5.5 Income Security Benefits by Occupation, 1968

(% of employers providing benefits to male employees)

Number of benefits	Manual worker	Foreman	Clerical worker	Technician	Middle manager	Senior manager
0	15%	1%	—	1%	1%	1%
1	37%	8%	9%	6%	3%	4%
2	48%	91%	91%	93%	95%	95%

Source: Wedderburn and Craig's data

The table shows that, while 43% of firms provided no sick pay and 25% no pensions to manual workers (Tables 5.2 and 5.4), only 15% of firms provided neither. For white collar workers there was no firm which did not provide either a pension or sick pay to clerical workers, while only 1% did not to foremen, technicians and managers. The vast majority of firms provided both benefits for white collar workers while 37% of firms provided only one benefit for manual workers. This was more likely to be a pension than sick pay.

Redundancy pay

Table 5.6 shows the percentages of employers claiming expenditure on redundancy pay for manual and non-manual workers in 1964 and 1968.

Table 5.6 Redundancy Pay by Occupation, 1964 and 1968

(% of firms making payment)

Provision for redundancy	Operatives	Administrative technical and clerical workers
1964	6%	6%
1968	20%	14%

Sources: Labour Costs Survey (1964:13)
Labour Costs Survey (1968:24)

In 1968 manual workers were more likely to receive redundancy payments than non-manual workers, while in 1964 there was no difference. The Redundancy Payments Act had intervened: in 1965. Greater provision to manual workers in 1968 may have reflected the fact that manual workers were more likely to be made redundant than non-manual workers, rather than generosity to manual workers. Unfortunately Wedderburn and Craig did not ask any questions about redundancy payments.

Services

Canteens, sports and recreation facilities and medical services will be considered together in this section. The Labour Costs surveys do not give information separately for operatives and administrative, technical and clerical workers, suggesting that there is not much difference in provision by occupation. This one would expect, since canteens and recreation facilities include a large element of capital cost which may as well be used by everyone. The same reasoning applies to full-time medical personnel, since general use will probably lead to a more efficient use of their time. Information from the Wedderburn and Craig survey confirms that most firms do not

provide the services differentially according to occupation. This is illustrated in Table 5.7.

Table 5.7 Services by Occupation, 1968

(% of employers providing service to male employees)

	Manual worker	Foreman	Clerical worker	Technician	Middle manager	Senior manager
Canteen	89%	89%	84%	87%	84%	84%
Recreation facilities	60%	60%	60%	61%	58%	58%
Medical services	49%	49%	50%	54%	50%	50%

Source: Wedderburn and Craig data.

There is very little difference in provision of any of the three services by occupation. Manual workers and foremen fare best for canteens and technicians for recreation facilities and medical services. This is probably explained by the fact that small firms are less likely to employ technicians and less likely to provide services (see Chapter 7:167). The difference in provision of any service between ~~the~~ occupations is, at most, 5% of firms.

There does not appear to be any significant difference in the content of recreation facilities or medical services provided for the different occupations. This may not apply to some higher management, but information about holiday facilities abroad or annual medical check-ups and so on was not asked for in this survey. It does not apply to canteen provision. While 42% of firms had a canteen which was shared by all grades, 27% had at least three canteens, for works, staff and management respectively. Slightly

more than 10% of firms provided no canteen and:

> 'The proportion where operatives (works) are separated from staff and management is only slightly higher than the proportion where works and staff eat together while management have separate facilities.' (Craig, op.cit.:32)

These proportions were 11% and 6% respectively (ibid.:55).

So far as medical services are concerned Wedderburn and Craig

> '... did not ask about any differences in what was provided for the various grades, but the Industrial Society found that 81 per cent of the firms they questioned provided the same medical services for manual and non-manual workers whether such services were in excess of statutory requirements or not.' (ibid.:31)

The same applied to recreation facilities.

> 'This is also not an area where there is any obvious differentiation. ... Of those who did provide sports facilities, almost all were shared by different grades, the 2 per cent who provided facilities for separate grades representing only 5 or 6 establishments.' (ibid.:31)

Perks

Only two perks were asked about in the 1964 Labour Costs Survey (various types of allowances and 'payments in kind') and only three in 1968 (allowances, luncheon vouchers and 'other payments in kind'). Table 5.8 shows the distributions of expenditure on these perks between operatives and administrative, technical and clerical staff. In these surveys only very small proportions of employers admitted to expenditure on either allowances or payments in kind, or, in the case of 1968, luncheon vouchers, for either opratives or administrative, technical and clerical workers. In both years employers were more likely to provide perks for white collar workers than for operatives, and this applied to all the perks under consideration.

Table 5.8 Perks by Occupation, 1964 and 1968

(% of firms making payments)
to employees - male and female

	Operatives	Administrative, technical and clerical workers
1964		
Family allowances and allowances for education of employees' children	0.3%	0.5%
Payments in kind	4%	7%
1968		
Family allowances allowances for education and marriage gratuities	2%	5%
Other payments in kind	5%	8%
Luncheon vouchers	4%	9%

Sources: Labour Costs Survey (1964:13)
Labour Costs Survey (1968:25)

Wedderburn and Craig's survey of firms employing more than 100 people, showed a considerably higher proportion of firms providing the perks that were asked about (which was not an exhaustive list) for both manual and non-manual workers. Table 5.9 shows the distribution of six perks by occupation.

Discounts were provided in between 27-34% of firms - 27% providing them for manual workers and 34% for middle managers. The lowest proportion of firms (10%) provided loans for manual workers, while almost double this proportion (19%) did so for senior managers. The highest proportion of firms provided travel for manual

Table 5.9 Perks by Occupation, 1968

(% of employers providing perk)
to male employees

	Manual worker	Foreman	Clerical worker	Technician	Middle manager	Senior manager
Discounts	27%	31%	32%	33%	34%	33%
Loans	10%	12%	13%	14%	16%	19%
Travel	8%	5%	5%	6%	5%	4%
Housing	4%	7%	5%	5%	5%	7%
Allowances	1%	1%	1%	1%	1%	1%
Company car business and private	—	—	—	1%	15%	61%

Source: Craig, (1968:54)

---

workers (8%) with only half this proportion (4%) doing so for senior managers. Foremen and senior managers fared best with housing (7% of firms provided it for them) while manual workers did worst (4%). Only 1% of firms provided allowances for any type of employee.

It is in the provision of company cars for business and private use that the main distinction in the provision of perks is revealed. No firms provided vehicles for manual workers, foremen or clerical workers, 2% did so for technicians, 15% for middle management and 61% for senior management. The other perks, whose provision was shown, in Chapter 4, to have grown considerably in the 1960s, such as life assurance schemes, BUPA membership, top hat pensions and so on, were not covered in this survey. They are unlikely to be provided for

employees other than managers, and are most frequently provided for senior managers.

Table 5.10 shows the distribution of the number of perks provided by individual employers to each category of occupation. 0 indicates that no perks were provided to the employee, 4, that 4 perks were provided. Although the maximum score possible was 6 no employer provided more than 4 perks to any one employee and that was rare.

Table 5.10 Number of Perks by Occupation, 1968

(% of employers providing given number of perks to male employees)

Number of perks	Manual worker	Foreman	Clerical worker	Technician	Middle manager	Senior manager
0	63%	57%	59%	55%	46%	20%
1	28%	31%	29%	31%	36%	46%
2	8%	11%	11%	12%	15%	25%
3	2%	1%	1%	2%	3%	7%
4	ø[1]	—	—	ø	ø	2%

Source: Wedderburn and Craig data

This table confirms the pattern of perks provision which applies to senior managers, because company cars for private use are largely confined to senior managers. Inclusion of other perks would produce an even bigger contrast. There is a gradual improvement in the

---

1. This indicates that the proportion of firms providing the benefit was less than 0.5%.

chances of an employee receiving at least one perk as occupations change from manual to clerical, foreman, technician and middle management, with 54% of the latter having at least one perk, compared with 37% of manual workers. The chances then leap to 80% for a senior manager.

Holidays with pay

In 1968 administrative, technical and clerical workers received, on average, 21.2 days holiday, approximately 2½ days more than operatives, who received 18.6 days (Labour Costs Survey 1968:47). Table 5.11 shows Wedderburn and Craig's results for the same year, covering firms employing more than 100 people and showing variations within the white collar group. Scores of 'holiday benefits' were constructed as follows: less than 15 days holiday =0; 15-20 days = 1; 21 days and over = 2; any extra holiday = 1. Thus the minimum score is 0 and the maximum score is 3.

Craig reminded

> '... that our "typical" employees with five years' service may have different entitlements both because of different starting points for gaining additional holiday and because of differences in the speed of gaining additional time.' (p21)

Additional holiday was most usually based on length of service.

> 'Table 20 shows that service was the most usual basis for granting additional holiday. The maximum for some was already reached at five years, for others after ten, fifteen or even twenty years' service. Responsibility of grade was taken into account most often with management, less often with foremen, technicians and clerical workers, and rarely with operatives. Age was taken into account in a few cases.' (ibid.:21)

Table 5.11 shows that the main difference in provision was between manual workers on the one hand and white collar workers on the other. Clerical workers and technicians fared marginally

Table 5.11 Holidays by Occupation, 1968

(% of employers providing number of holiday benefits)
to male employees

Number of benefits	Manual worker	Foreman	Clerical worker	Technician	Middle manager	Senior manager
0	48%	13%	10%	9%	7%	5%
1	43%	53%	54%	55%	48%	50%
2	8%	31%	34%	33%	40%	37%
3	1%	3%	2%	3%	6%	8%
Mean number of benefits	0.6	1.2	1.3	1.3	1.4	1.5

Source: Wedderburn and Craig data

---

better than foremen, while members of management did slightly better again. Almost half of the firms provided manual workers with no 'holiday benefits', that is, less than 15 days holiday a year and no extra holiday, compared with 13% of firms doing so for foremen, the least privileged of the white collar group in this respect. At the other extreme, only 9% of firms provided manual workers with 2 or 3 'holiday benefits' compared with at least one-third of firms doing so for white collar workers. The difference in provision is illustrated further in the comparison of the mean number of 'holiday benefits' accruing to each type of worker. Manual workers receive 0.6 'benefits' while senior managers receive 1.5 'benefits' on average.

Choice of when to take holiday also varied with occupation.

> 'As well as being less likely to have as much holiday as all the non-manual grades, operatives are less likely to be able to choose when to take their holidays. Table 23 shows that in 61% of establishments operatives have no choice, compared with foremen in 38% and clerical workers and technicians in 17% of establishments.' (Craig, op.cit.: 22)

Craig also looked at differences within firms.

> 'If we disregard differences in length of holiday between firms and look simply at whether the entitlement is the same or different for different grades we find that in 42% of the establishments operatives are alone in having the shortest holiday; this includes 27% where clerical workers, technicians, foremen and management are treated alike, i.e. the only difference is between operatives and the rest. 19% of the establishments have the same length of holiday for all grades after 5 years' service, and another 22% for all except the management grades. ... in over two-thirds of the establishments the eventual maximum holiday entitlement would differ for the different grades, and in another 14 per cent would still be different for senior management.' (ibid.: 21)

Overall provision of fringe benefits

As explained in Appendix A an overall measurement of the generosity of each firm in the Wedderburn and Craig sample was constructed. Any employee might, theoretically, receive between 0 and 15 'fringe benefits'. Table 5.12 shows the distribution of firms providing different numbers of fringe benefits to the 6 categories of employee.

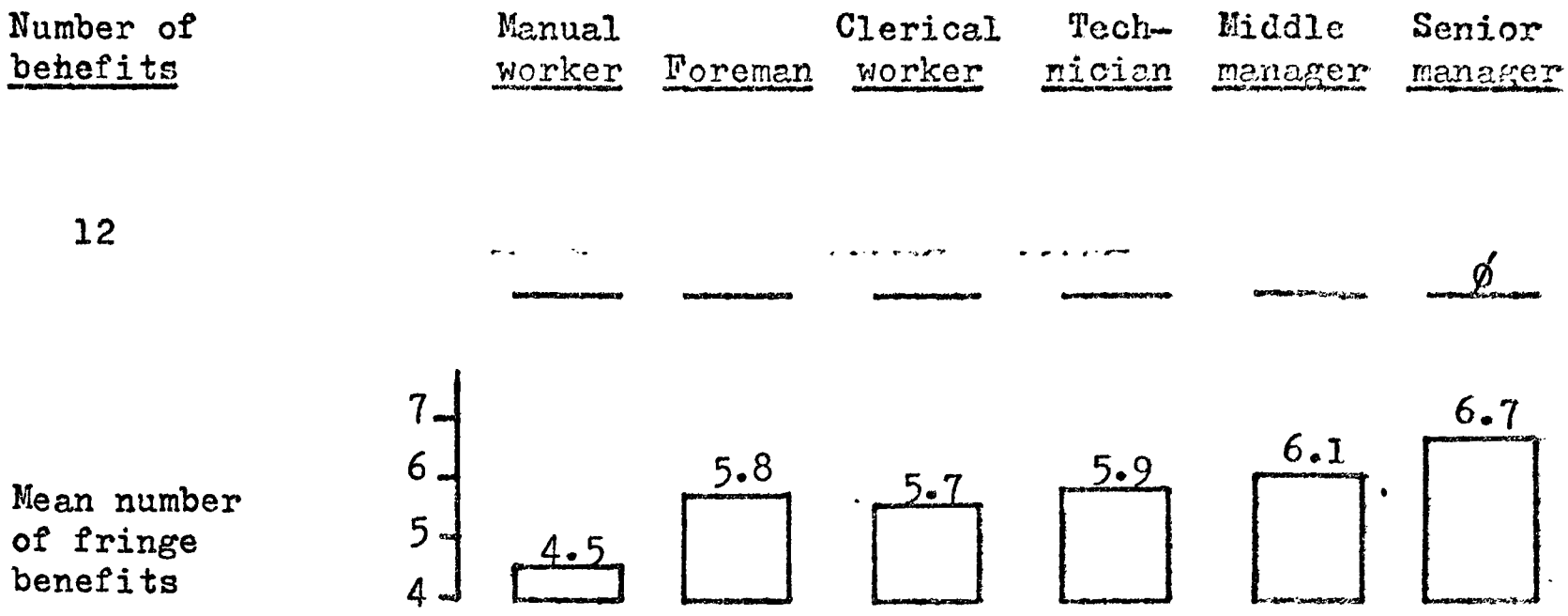
At the bottom of the table the average number of fringe benefits provided for each occupation are shown. They range from an average of 4.5 benefits for the 'typical' manual worker to 6.7 benefits for the 'typical' senior manager. Routine white collar workers receive a similar number of benefits: clerical workers fared least well (5.7 benefits) and technicians best (5.9 benefits) with foremen in between with 5.8 benefits - 1.2 more than the average manual worker. Middle managers were closer to routine white collar workers than to senior managers with 6.1 benefits. Senior managers received, on average 0.6 benefits more than the middle manager. Whether a particular middle manager is closer to the routine

Table 5.12 The Number of Fringe Benefits Provided by Occupation

(% of employers providing given number of benefits)
to male employers

Number of benefits	Manual worker	Foremen	Clerical worker	Technician	Middle manager	Senior manager
0	2%	—	—	1%	—	—
1	5%	1%	—	—	—	—
2	11%	6%	3%	2%	2%	1%
3	18%	6%	10%	7%	5%	3%
4	16%	10%	12%	11%	11%	11%
5	13%	19%	19%	20%	14%	11%
6	19%	26%	23%	23%	25%	20%
7	9%	15%	19%	19%	21%	22%
8	6%	11%	10%	11%	11%	16%
9	1%	6%	5%	6%	8%	12%
10	1%	1%	1%	1%	3%	5%
11	—	—	—	—	ø	1%

Table 5.12 (continued)



Source: Wedderburn and Craig's data

white collar worker or the senior manager over his life-time depends on his career possibilities and achievements.

The more detailed distributions in the Table show that roughly similar proportions of firms provided 4, 5 or 6 benefits for all occupations, with rather more doing so for manual workers and rather less for senior managers (47% compared with 42%). The chief differences lie at the extremes, with 36% of firms providing less than 4 benefits for manual workers, compared with 4% doing so for senior managers, and 17% providing more than 6 benefits for manual workers with 56% of firms doing so for senior managers.

Employers in the public sector

The Labour Costs Survey of 1968 provides data which give some idea of differences in benefit provision to employees in the public and private sectors in that year. These data, which cover male and female employees, are presented in terms of the average amount spent per employee per annum, and, given that women receive fewer benefits than men, on average, are likely to be affected by the different proportions of women employed in the different

industries. Table 5.13 shows the proportions of female workers (operatives and administrative, technical and clerical workers taken separately) in each of the industry groups considered in this section.

Table 5.13 Female workers as a % of employees in private manufacturing industry and public sector 'industries'

	Operatives	Administrative, technical and clerical workers
All manufacturing industries	29	31
Mining and quarrying	1	14
Gas, electricity and water	4	30
Transport and communications	8	40
Non-industrial civil service and local authorities	61	46

Source: Labour Costs Survey (1968:19/20)

Unfortunately, it is not possible to assess the extent to which differential employment of women in these industries influences the figures presented below.

(i) Pensions

Table 5.14 shows the average expenditure in 1968 on superannuation and private pension funds for operatives and administrative, technical and clerical workers taken separately, by employers in private manufacturing industry (an approximation to the 'private sector') and employers in a number of 'industries' which are either dominated by public sector industry, or consist of

employees of the Government and local authorities (an approximation to the 'public sector').

Pensions:
Table 5.14 / a comparison of 'private' and 'public' sectors

(Average expenditure per employee - male and female)

	Operatives[1] (£s per year)	Administrative, technical, and clerical workers[2] (£s per year)
All manufacturing industries	14.4	79.1
Mining and quarrying	27.0	216.4
Gas, electricity and water	46.5	138.9
Transport and communications	60.7	113.3
Non-industrial civil service and local authorities	15.1	98.2

Source: Labour Costs Survey ,1968 1. Table 30, p56
2. Table 31, p56

Operatives in transport and communications had most spent on their pensions, on average, (compared with other operatives) while those working for Government and local authorities had only slightly more spent on their pensions, on average, than operatives in the private manufacturing sector. This figure probably is low because of the high proportion of women employed in Government and local authority service. Administrative, technical and clerical workers in mining and quarrying had very expensive pensions, though here there was a relatively low proportion of women, which may help to explain the relatively high average expenditure. White collar workers in the public sector were, on average, more generously provided for than manual workers in the public sector and white collar workers in the private manufacturing sector.

(ii) Sick pay

Table 5.15 shows differences in expenditure on sick pay in 1968 by employers in private and public sectors, according to occupational category.

Table 5.15 Sick pay: a comparison of 'private' and 'public' sectors

(Average expenditure per employee - male and female)

£s per year

	Operatives		Administrative, technical and clerical workers	
	Wages paid for absence due to sickness and injury[1]	Provision for sickness[2]*	Salaries paid for absence due to sickness and injury[3]	Provision for sickness[4]*
All manufacturing industries	4.0	0.6	17.2	0.4
Mining and quarrying	4.2	0.1	36.6	-
Gas, electricity and water	31.1	0.1	23.2	0.1
Transport and communications	19.7	0.8	39.2	-
Non-industrial civil service and local authorities	11.7	-	34.9	0.1

Source: Labour Costs Survey, 1968
1. Table 18, p42
2. Table 30, p57
3. Table 21, p46
4. Table 31, p57

*This is payments into special sickness funds to provide benefits for employees.

Apart from 'mining and quarrying' the public sector industries spent considerably more, on average, on sick pay for operatives than did private manufacturing industry. For administrative, technical and clerical workers the gap between provision by industries in the public sector, and the private manufacturing sector was not so large, but it was still considerable. Employers in 'gas, electricity and water' spent a higher average amount on operatives than they did

on administrative, technical and clerical workers. Annual average expenditure for sickness and injury depends on two factors: the amount of sick pay paid per day lost, and the amount of sickness and injury that there is, and it is likely that in this industry there was more sickness absence among operatives, rather than that they received higher rates of sick pay than white collar workers.

(iii) Services

In Table 5.16 data are provided showing average expenditure on subsidised services in 1968 by employers in the private and public sectors, for all employees. No data are available separately for operatives and white collar workers.

Table 5.16 Services: a comparison of 'private' and 'public' sectors

(Average expenditure per employee - male and female)

	Canteens, restaurants and other food services (£s per year)	Medical and health services (£s per year)	Recreational, cultu and educational services (£s per year)
All manufacturing industries	8.9	2.3	1.3
Mining and quarrying	0.6	5.2	2.3
Gas, electricity and water	7.4	2.1	2.1
Transport and communications	6.1	1.4	1.0
Non-industrial civil service and local authorities	2.5	0.3	0.8

Source: Labour Costs Survey, 1968 Table 32, p58

Employers in the private sector spent more, on average, on canteen services for employees than those in the public sector, those in 'mining and quarrying' spending particularly little. On the other hand, these employers spent most per head on medical services and recreational, cultural and educational services. Employees in the non-industrial civil service and local authority service had

least spent on medical and recreational services.

(iv) Perks

Table 5.17 shows the distribution of some perks according to industry in 1968.

Table 5.17 Perks: a comparison of 'private' and 'public' sectors

(Average expenditure per employee - male and female)

£s per head

	Total expenditure on these perks	Assistance with housing	Subsidised transport	Provision of clothing	Removal and transfer expenses
All manufacturing industries	4.8	0.5	0.9	2.2	1.2
Mining and quarrying	18.6	9.6	6.8	0.7	1.5
Gas, electricity and water	8.2	1.0	0.8	4.3	2.1
Transport and communications	11.7	0.3	1.7	8.0	1.7
Non-industrial civil service and local authorities	9.8	2.7	0.7	2.1	4.3

Source: Labour Costs Survey, 1968 Table 32 pp58/59

Taking housing, transport, clothing and removal expenses together 'mining and quarrying' were the most generous employer spending £18.6 per head per annum on these benefits. Employers in private manufacturing industry were least generous, spending, on average, £4.8 per annum, on each employee. There are no separate figures for operatives and administrative, technical and clerical employees. Table 5.18 shows that white collar workers in private manufacturing industry had considerably more spent, per head, on group life insurance than operatives in any industry, and white collar workers in the public sector.

Table 5.18 Group life insurance: a comparison of 'private' and 'public' sectors

(Average expenditure per employee - male and female)

£s per head

	Operatives[1]	Administrative, technical, and clerical workers[2]
All manufacturing industries	1.2	6.4
Mining and quarrying	-	0.9
Gas, electricity and water	0.1	0.3
Transport and communications	-	0.3
Non-industrial civil service and local authorities	-	-

Source: Labour Costs Survey, 1968 1. Table 30, p56
2. Table 31, p56

So far as 'executive perks' are concerned, it is likely that employees in the public sector receive fewer, less valuable benefits than their counterparts in private industry (see Chapter 2: 44). Public sector employers are more likely to be criticised in Parliament and the press for using benefits to avoid tax or incomes policies, and are more accountable than employers in the private sector. That public sector employees at 'executive' level do receive fewer of the recognised executive perks is borne out, to some extent, by evidence presented in Table 5.19, which is on the next page. This does not cover all of the major perks for executives but does suggest that senior employees in the nationalised industries are less likely to have the sole use of a company car, reduced-interest loans, assistance with house purchase, share purchase schemes, or expense allowances, than their counterparts in private industry. Furthermore, some public sector employers, who gave evidence to the Royal Commission on the Distribution of Income and Wealth in relation to the reference on higher incomes, argued that, for political reasons, they did not provide such an attractive fringe benefit package as many employers in the private sector (Royal Commission on the Distribution of

Table 5.19 Executive perks: a comparison of 'private' and 'public' sectors, 1973

(% of employees receiving perk)

	Nationalised industries	Private
Sole use of a company car, with or without chauffeur		
Board members	66.3	89.8
Senior executives	43.9	79.3
Board members and senior executives		
Reduced-interest, or interest-free loans other than for house purchase	0.4	10.0
Assistance with house purchase	-	8.2
Share purchase or option scheme	-	18.9
Expense allowances	4.9	8.6

Source: Office of Manpower Economics, Survey of Top Salaries, 1973. Quoted in the Third Report of the Royal Commission on the Distribution of Income and Wealth 'Higher Incomes from Employment', 1976:90)

Income and Wealth, 'Selected Evidence Submitted .. for Report No 3: Higher Incomes from Employment: written evidence of the British Railways Board, page 62; written evidence of the British Steel Corporation, page 67; oral evidence given at a joint meeting with representatives from British Rail, the Post Office, the National Coal Board, the Electricity Council, British Gas, and the British Steel Corporation, page 312). However, the fact that it is more difficult for employers in the public sector to provide executive perks for managers and their equivalents, may mean that other benefits have developed for these employees which have not been included in statistics, such as sabbatical leave, the opportunity to attend courses and seminars, early retirement arrangements where pensions are almost as good as those at retiring age.

(v) Holidays with pay

Table 5.20 shows the average number of days paid holiday provided to employees in private manufacturing industry and some public sector industries, in 1968.

Table 5.20 Holidays: a comparison of 'private' and 'public' sectors

(Average number of days per annum per employee - male and female; including annual, public and customary holidays)

	Operatives		Administrative, technical and clerical workers	
	No. of days[1]	Amount paid (£)[2]	No. of days[1]	Amount paid (£)[3]
All manufacturing industries	18.6	56.1	21.2	97
Mining and quarrying	22.7	81.4	25.5	115.6
Gas, electricity and water	18.3	68.0	24.2	113.9
Transport and communications	21.4	69.7	26.0	108.6
Non-industrial civil service and local authorities	16.5	32.7	25.7	118.3

Source: Labour Costs Survey, 1968 1. Table 23, p47
2. £ per head per annum; Table 18, p42
3. £ per head per annum; Table 21, p36

For operatives, in terms both of the number of days paid holiday provided and the amount paid per head for holidays, employers in 'mining and quarrying' were the most generous, and those in the non-industrial civil service and local authorities, the least generous. Employers in private manufacturing industry provided, on average, more days paid holiday than the civil service and local authorities, and employers in 'gas, electricity and water', although

the cost per head was less than the cost of holidays for employers in 'gas, electricity and water'.

For administrative, technical and clerical employees, employers in 'transport and communications' provided the highest average number of days paid holiday, while those in the non-industrial civil service and local authorities spent the most money per head on holidays. Employers in private manufacturing industry were least generous to white collar workers, both in the number of days paid holiday provided, and in the amount paid for holidays per employee.

Conclusion

The most notable findings of this chapter are:

(i) The main difference in provision of sick pay and pensions in the private manufacturing sector comes between manual and non-manual workers. In 1968, less than half of the firms in a Government survey, which covered male and female employees, provided sick pay for manual workers, compared with two-thirds who did so for non-manual workers; half provided pensions for manual workers, compared with three-quarters providing them for non-manual workers. There was not much difference in provision for different groups of male white collar employees, apart from 'top-hat' pensions, which are normally restricted to senior managers. Pensions for manual and non-manual employees in the public sector (apart from the non-industrial civil service and local authorities[1]) on average cost more per employee than pensions in the private manufacturing sector, in 1968. The same was true of sick pay, the only exception here being manual workers in 'mining and quarrying'.

(ii) There were no occupational differences in the provision of canteens, sports and recreational facilities or medical services. There was no information on whether the actual services provided as recreational facilities and medical services varied according to occupation, but in Wedderburn and Craig's 1968 sample, half

---

1. This may be explained by the high proportion of women employed in this 'industry'.

the firms provided different facilities for different occupational groups. In almost one-third of the firms there were three canteens - for works, staff and management. Employers in the private manufacturing sector spent more per employee on canteens than public sector employees in 1968, and more than some public sector employers on both medical services and recreational facilities, less than others.

(iii) The most noticeable difference in perk provision in the private manufacturing sector occurred between senior managers and other employees, there being a whole category of benefits which are usually reserved for senior management. Public sector employers spent more per employee (manual and non-manual) on assistance with housing, subsidised transport, provision of clothing and removal expenses, than employers in private manufacturing industry, but less on group life insurance for white collar workers. Private sector employers provided more generous executive perks.

(iv) The main difference in holiday provision in the private manufacturing sector came between manual and non-manual employees. Public sector employers provided longer holidays for non-manual workers than employers in the private manufacturing sector, but employers in 'gas, electricity and water' and the non-industrial civil service and local authorities provided less holiday, on average, than employers in private manufacturing industry, for operatives.

Chapter 6: Fringe Benefits and Size of Company

In Chapter 3 it was suggested that, on the whole, large organisations are more likely to provide fringe benefits for their employees than small organisations. Three possible connections between size and benefit provision were suggested:

(a) Larger organisations are likely to depend on bureaucratic and impersonal methods to maintain the compliance of employees, particularly those lower in the hierarchy. Managers in these organisations will be faced with more problems in this regard and, to the extent that fringe benefits are used to maintain and increase involvement at work, one would expect their provision to vary with size.

(b) Employers in larger organisations are likely to take advantage of the economies of scale which operate in the provision of some benefits and services.

(c) Large organisations are more likely to employ personnel specialists who, subsequent to appointment, will initiate various benefit schemes.

In this chapter the extent of the relationship, if any, between benefit provision and size of company will be examined. The distributions of each benefit by size will be considered first for manual and non-manual workers, then the number of benefits provided by companies according to size will be examined. This information will help in assessing the three hypotheses described above.

> 'Most studies of the "size effect" have neglected to discuss which "sizes" are important in determining structural changes in organisations; the choice of the sizes to be contrasted seems to have been, in many cases, purely arbitrary.' (Ingham, 1970:63)

Since secondary sources are being used in this study the size distinctions made in those studies will have to be used here. The

Labour Costs Surveys distinguished three size groups: 25-249 employees; 250-999 employees; 1,000 or more employees. Reid and Bates differentiated eleven size groups, which have also been combined into four size groups comparable to those used by Wedderburn and Craig. In some cases Wedderburn and Craig's data is presented for three size groups: 100-499 employees; 500-999 employees; over 1,000 employees. When four groups are used the last group is broken down into two groups employing 1,000-1,999 and over 2,000 employees.

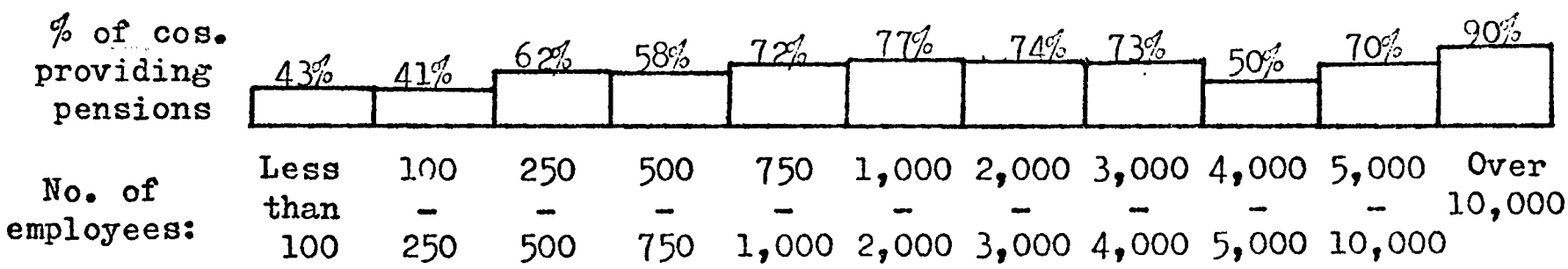
The benefits for which data are available are pensions, sick pay, canteens, sports and recreation facilities, medical services, perks and holidays. There is no relevant information for redundancy pay.

Pensions

Table 6.1 shows the distribution of pensions for manual workers by size of company in 1960 and 1968. The data under 1960 (B) is the same as that used in 1960 (A), but combined in such a way as to make it comparable with the data for 1968.

Table 6.1 Pensions by Size of Company - Manual Workers

1960 (A)



1960 (B)

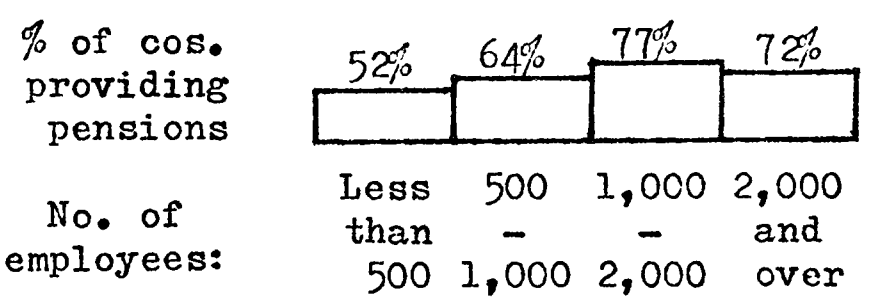
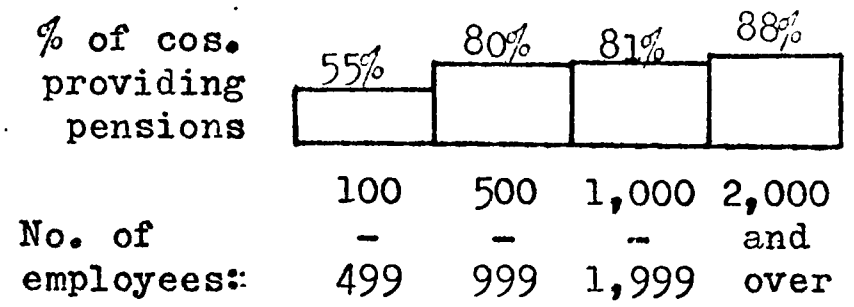


Table 6.1 (continued)

1968



Sources: Reid and Bates (1965:77)
Craig (1969:72)

In 1960 there were noticeable difference in pension provision between firms employing less than and more than 250 people, and firms employing less than and more than 750 people. Firms larger than this did not vary their provision systematically according to size. The 1968 data confirm that size of company has some effect on pension provision to manual workers: 45% of the smaller firms provided no formal pension scheme, compared with only 12% of the largest. A further examination of the data showed that of the 30 small firms which did not proivde any pensions only 8 employed more than 250 people.

Table 6.2 shows the distribution of pensions by size of company to five types of non-manual worker in 1968.

Table 6.2 Pensions by Size of Company - Non-manual Workers.

1968

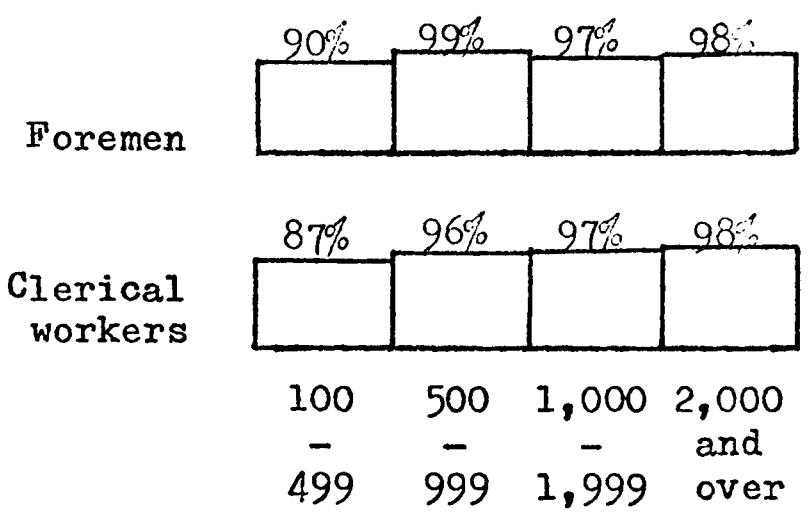
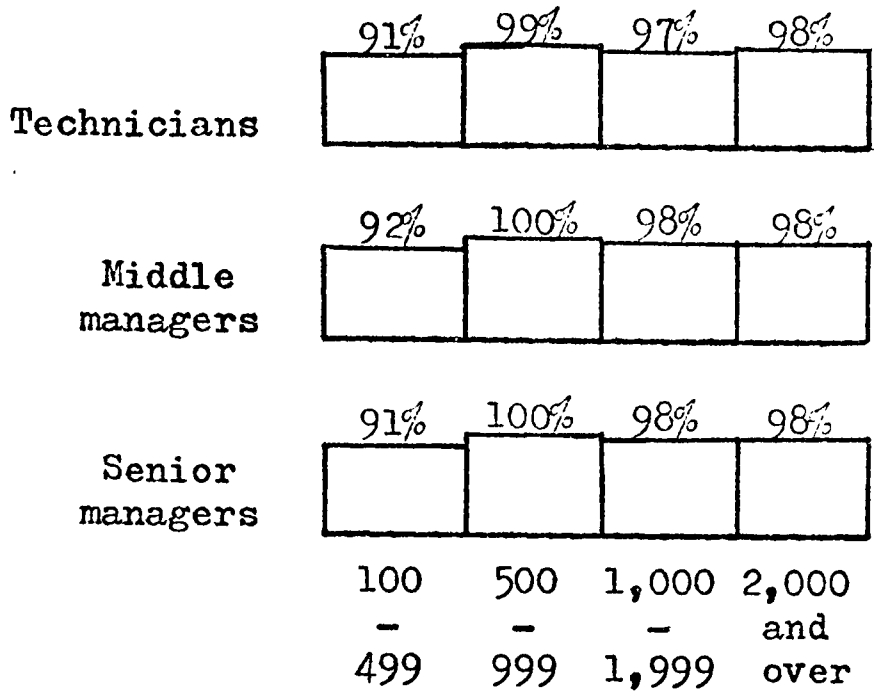


Table6 .2 (continued)



Source: Craig (1969:72)

Very few white collar workers do not receive a pension scheme, but those who do not are most likely to be members of firms employing less than 500 people.

Sick pay

Table 6.3 gives information on the distribution of sick pay to manual workers in 1960 and 1968 by size of company.

Table 6.3 Sick Pay by Size of Company - Manual Workers

1960 (A)

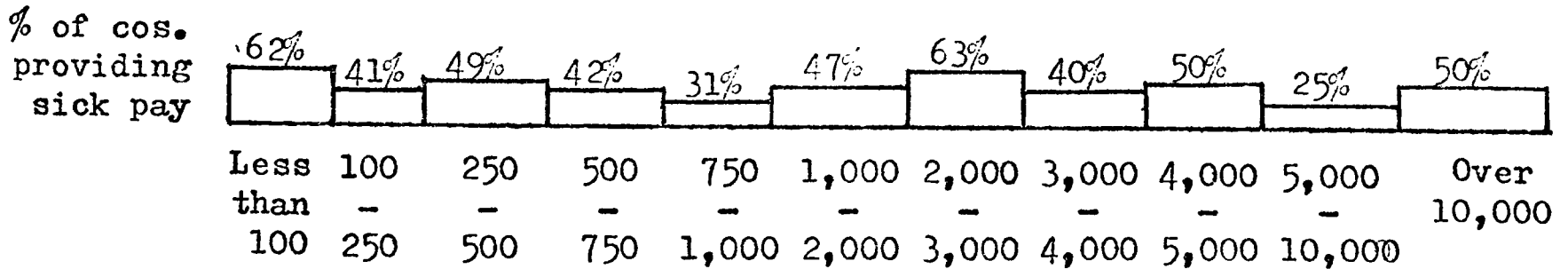
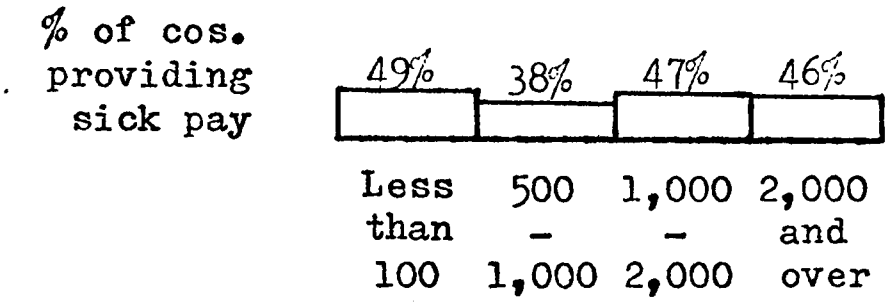


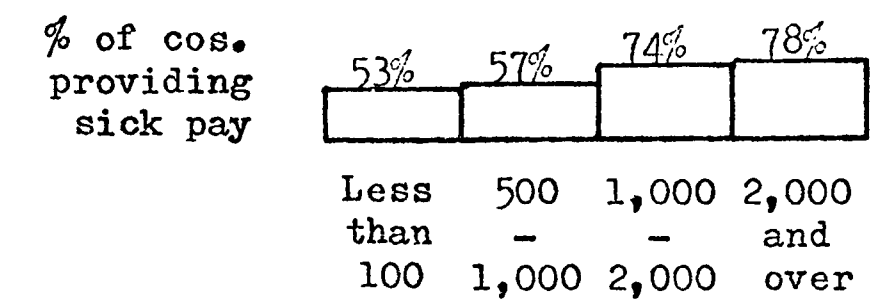
Table 6.3 (continued)

1960 (B)



Source: Reid and Bates (p77)

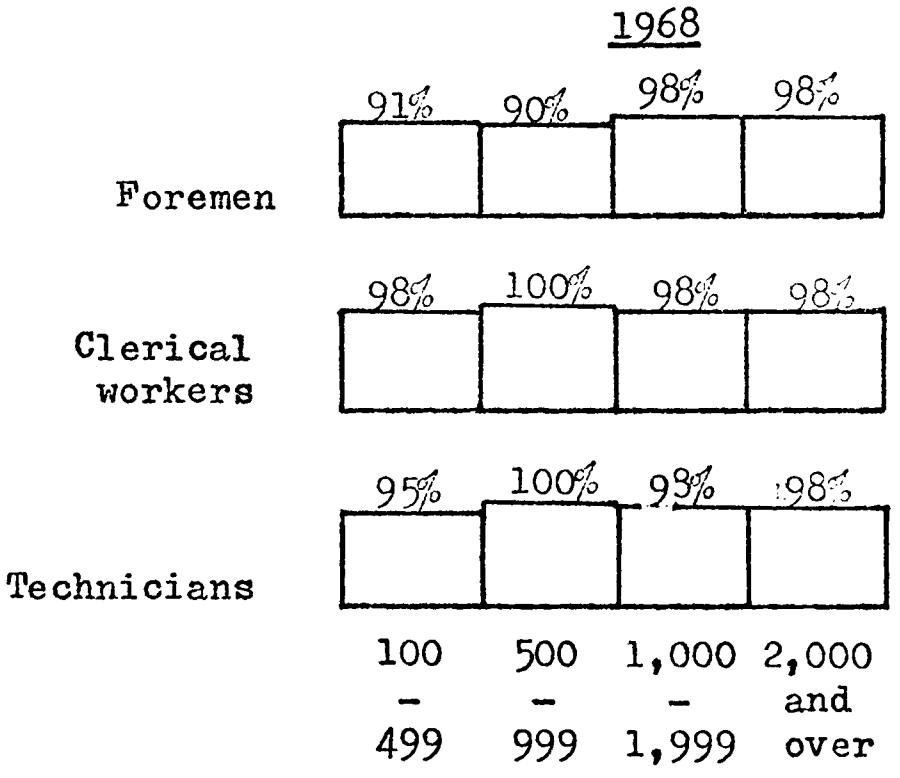
1968

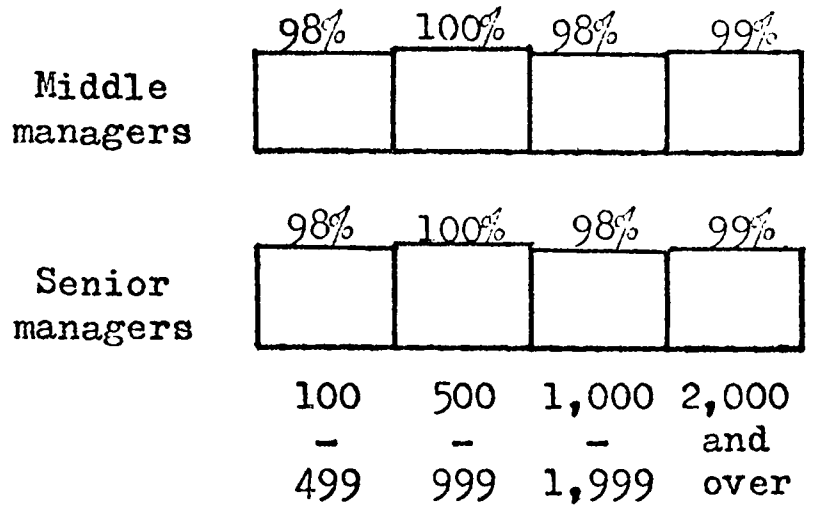


Source: Wedderburn and Craig data

In the 1960 sample the size of company does not appear to have affected the provision of sick pay to manual workers in a consistent way. The 1968 sample shows a difference between firms employing less than 1,000 people on the one hand, and more than 1,000 on the other. 25% more of the firms in the largest group provided sick pay than did in the smallest group. Table 6.4 gives comparable data for non-manual workers.

Table 6.4 Sick Pay by Size of Company - Non-manual Workers.





Source: Craig (p69)

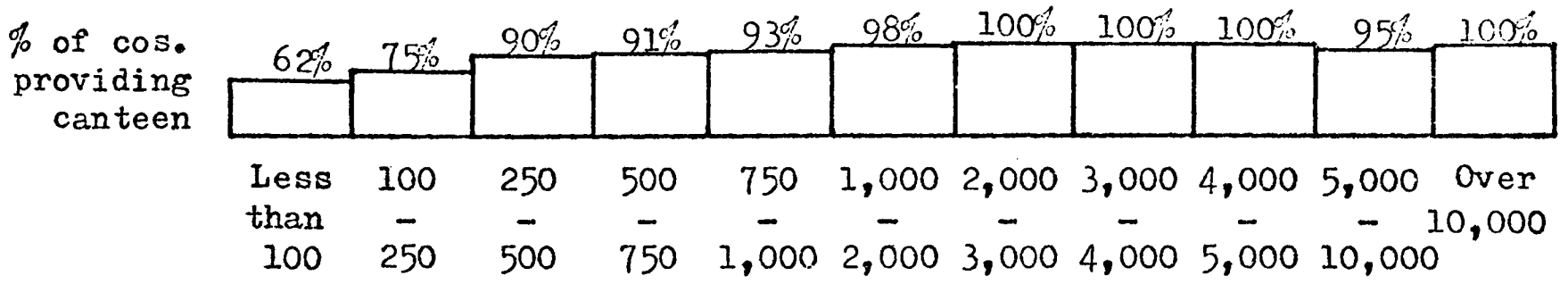
As with pensions, very few non-manual workers do not receive sick pay. For managers there was no relationship between sick pay and size of company. For foremen, there was a small difference between firms employing less than 1,000 people and those employing 1,000 or more, while for technicians the difference lay between firms employing less than 500 people and those employing 500 or more.

Canteens

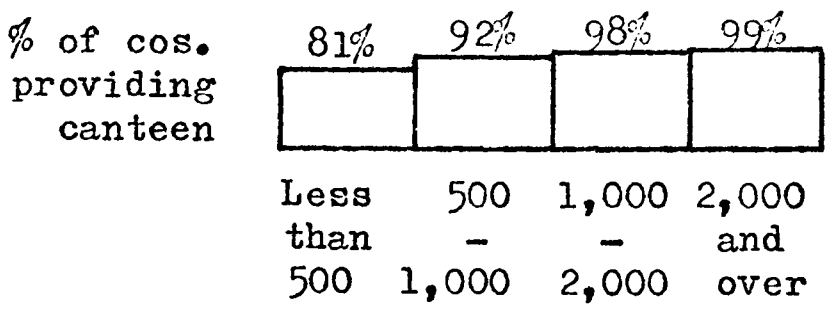
Table 6.5 shows the distribution of canteens by size of company for manual workers in 1960 and 1968, while Table .6 does the same for non-manual workers in 1968.

Table 6.5 Canteens by Size of Company - Manual Workers

1960 (A)



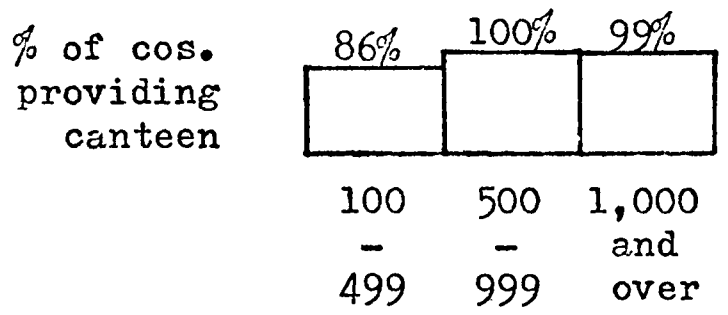
1960 (B)



Source: Reid and Bates (p77)

Table 6.5 (continued)

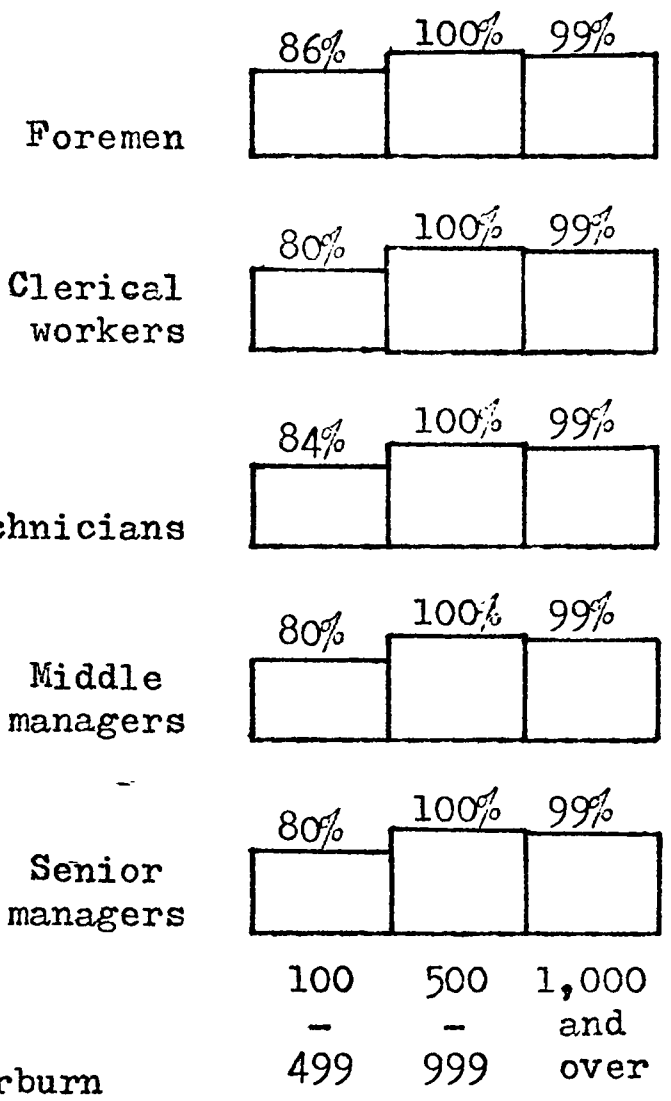
1968



Source: Wedderburn and Craig data

Table 6.6 Canteens by Size of Company - Non-manual Workers.

1968



Source: Wedderburn and Craig data

Canteen provision is related to size of company. In the 1960 sample few companies employing more than 1,000 people did not provide canteen facilities, while in 1968 nearly all firms with more than 500 employees provided a canteen. Most firms which did not provide a canteen in 1960 employed less than 250 people, and a closer examination of Wedderburn and Craig's data showed that of the 13 small firms which did not provide a canteen for manual workers, only 1

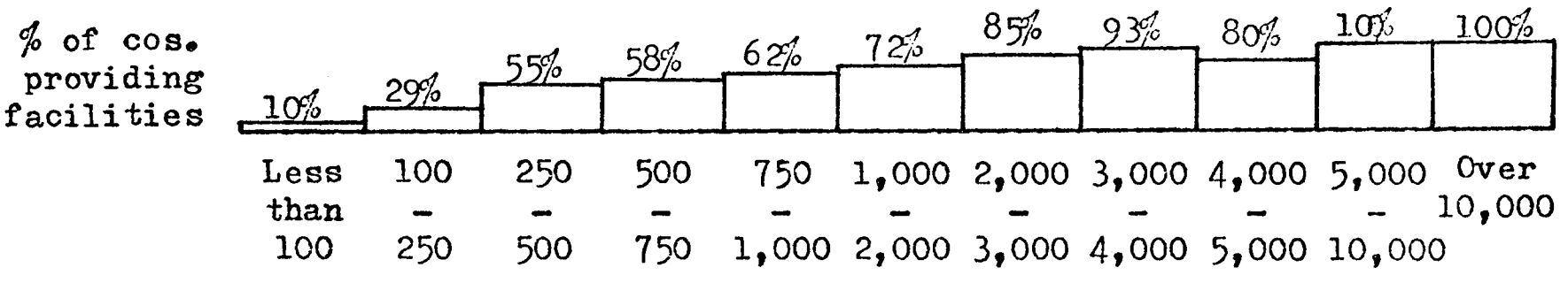
employed more than 250 people.

Sports and recreation facilities

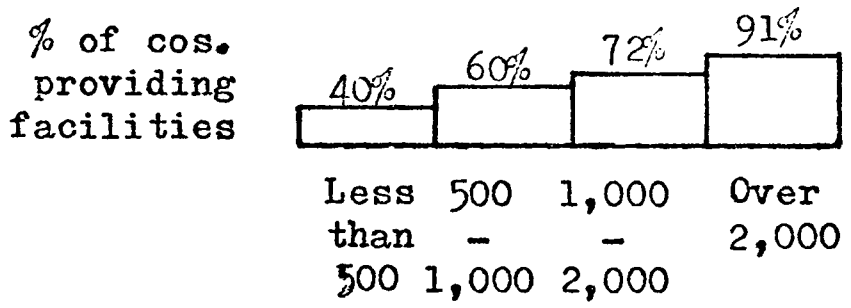
Table 6.7 shows the relationship between recreation facilities and size of company for manual workers in 1960 and 1968, while Table6 .8 does the same for non-manual workers in 1968.

Table 6.7 Recreation Facilities by Size of Company - Manual Workers

1960 (A)

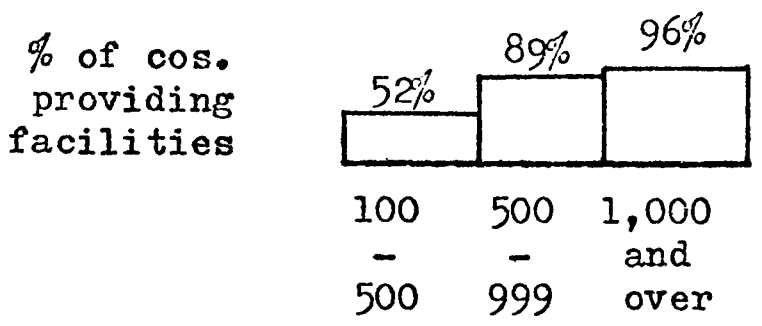


1960 (B)



Source: Reid and Bates (p77)

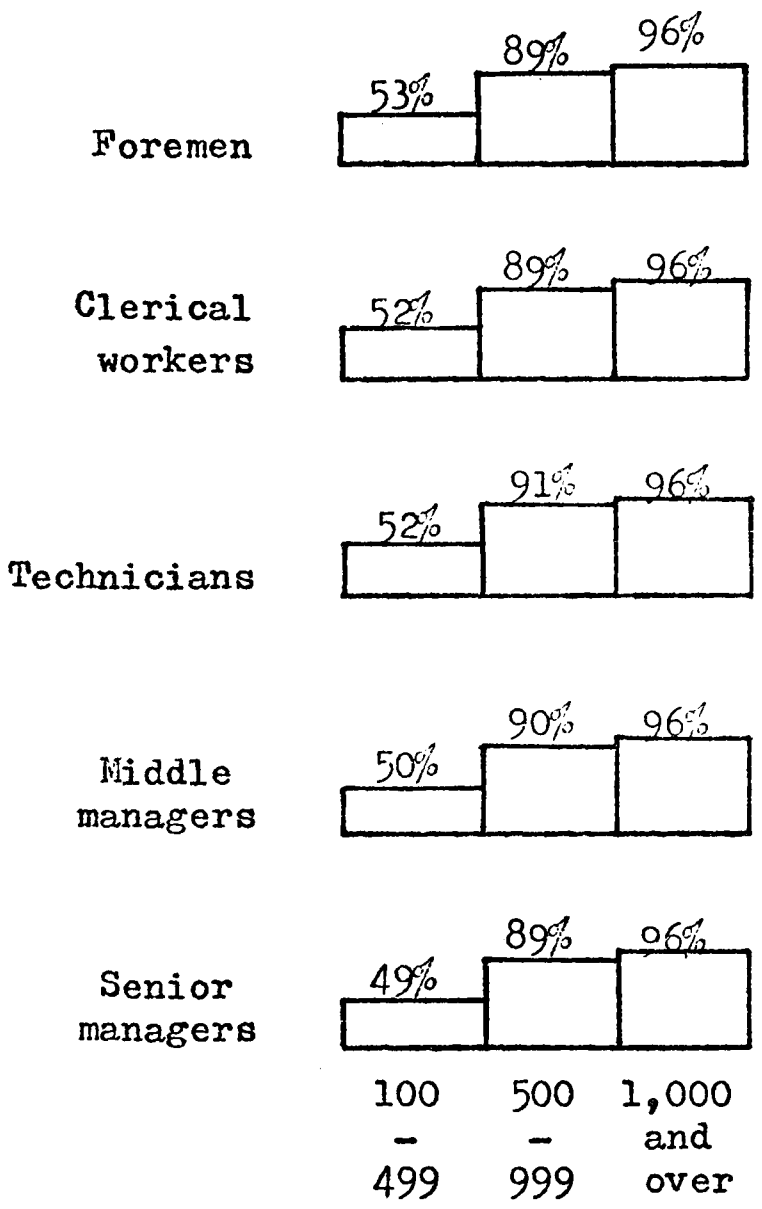
1968



Source: Wedderburn and Craig data

Table 6.8 Recreation Facilities by Size of Company - Non-manual Workers

1968



Source: Wedderburn and Craig data

The provision of sports and recreation facilities is even more strongly related to size of company than canteen provision for both manual and non-manual employees. This is shown both by the 1960 and

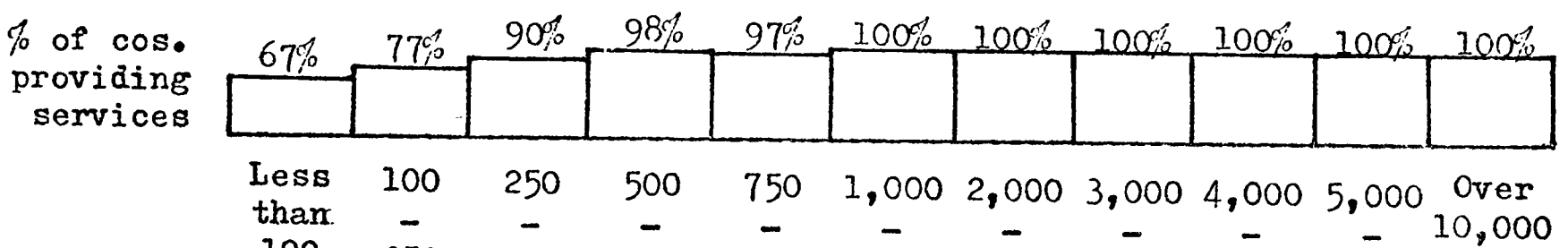
the 1968 surveys. In the latter sample almost all firms employing more than 1,000 people provided these facilities, while in the 1960 sample this was the case with firms employing more than 3,000 people.

Medical services

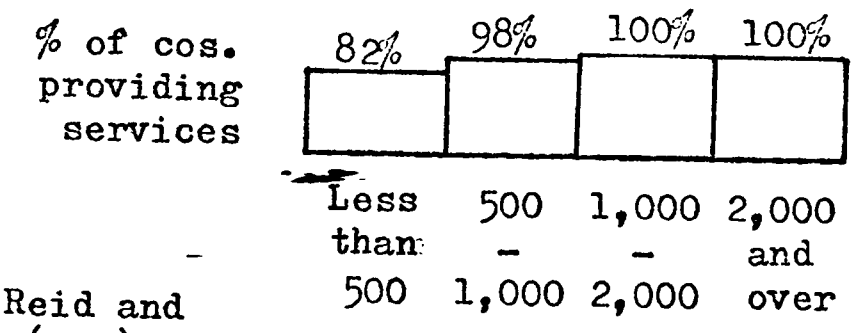
The distribution of medical services by size of company for manual workers in 1960 and 1968 is shown in Table 6.9 and the corresponding distribution for non-manual workers in 1968 is given in Table6 .10.

Table 6.9 Medical Services by Size of Company - Manual Workers.

1960 (A)

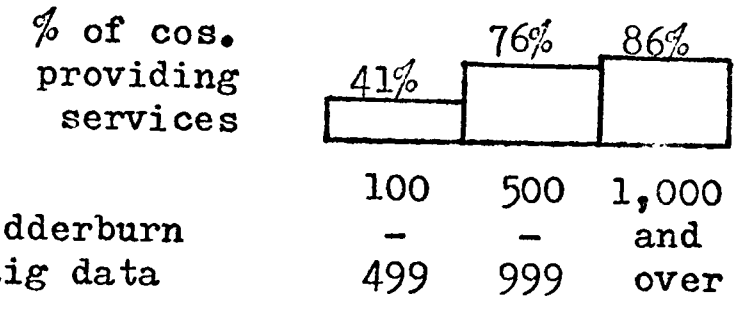


1960 (B)



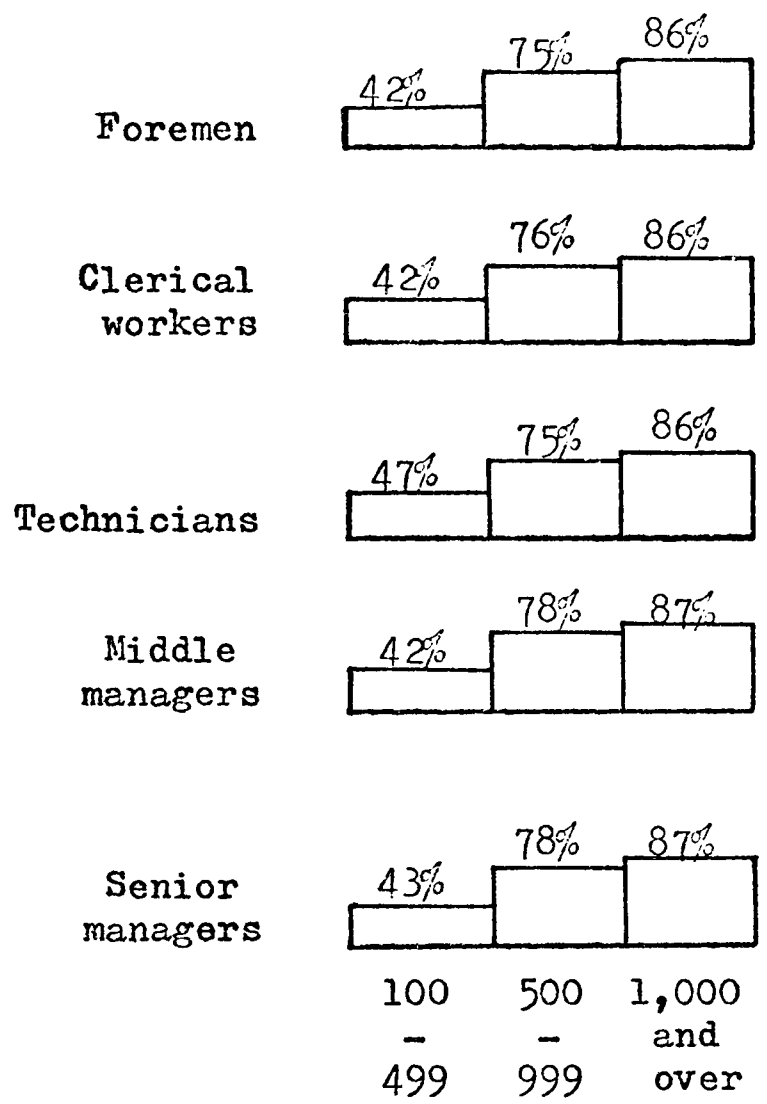
Source: Reid and Bates (p77)

1968



Source: Wedderburn and Craig data

Table 6.10 Medical Services by Size of Company - Non-Manual Workers. 1968

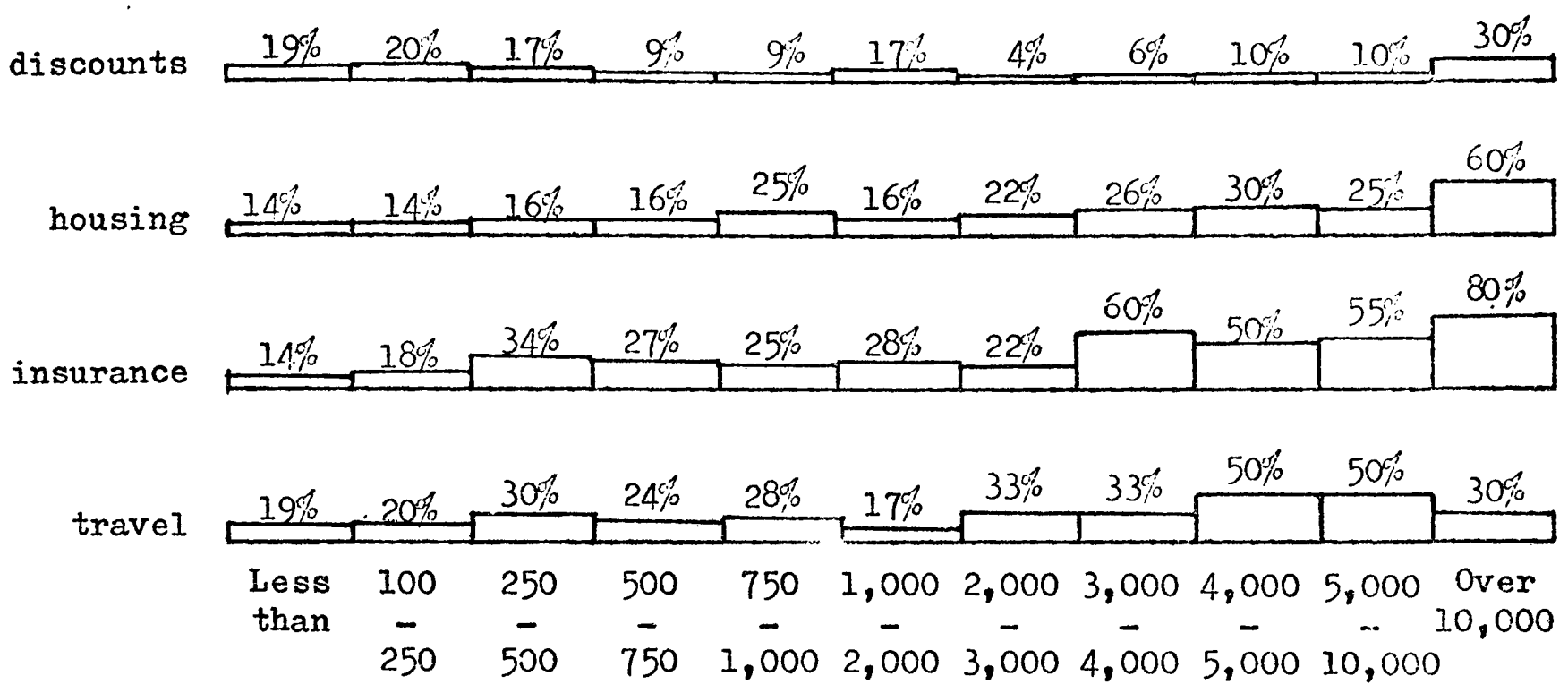


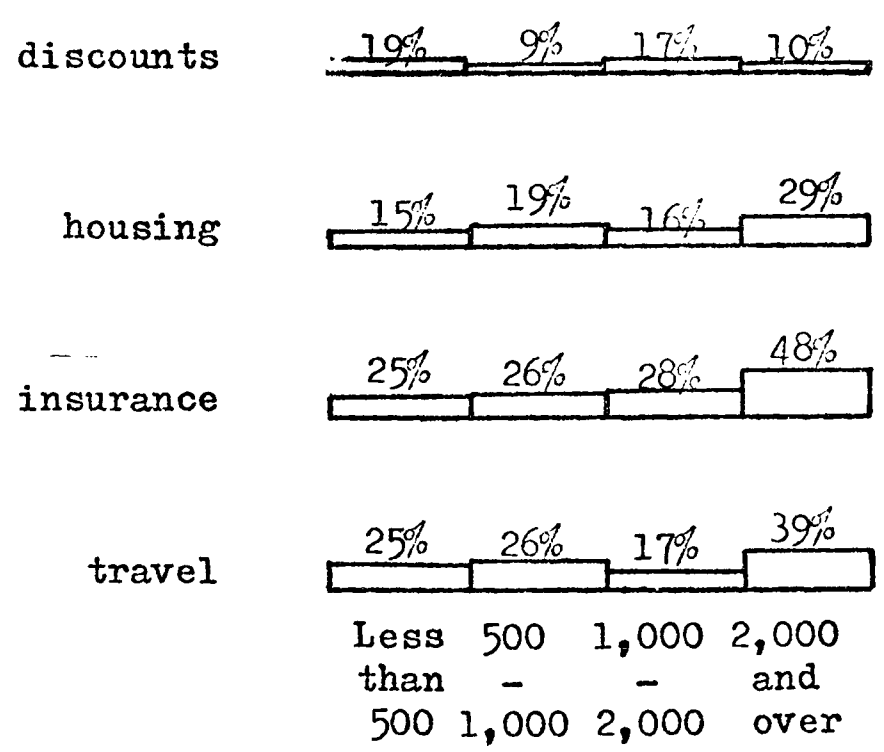
The relationship between the provision of medical services and size of company is marked for noth manual and non-manual workers.

Perks

Table 6.11 shows the distributions of discounts, housing, insurance and travel provision to manual workers by size of company in 1960, while Table 6.12 shows the distributions by size of company of discounts, housing, travel and loans for manual workers in 1968.

Table 6.11 Perks by Size of Company - Manual Workers. 1960

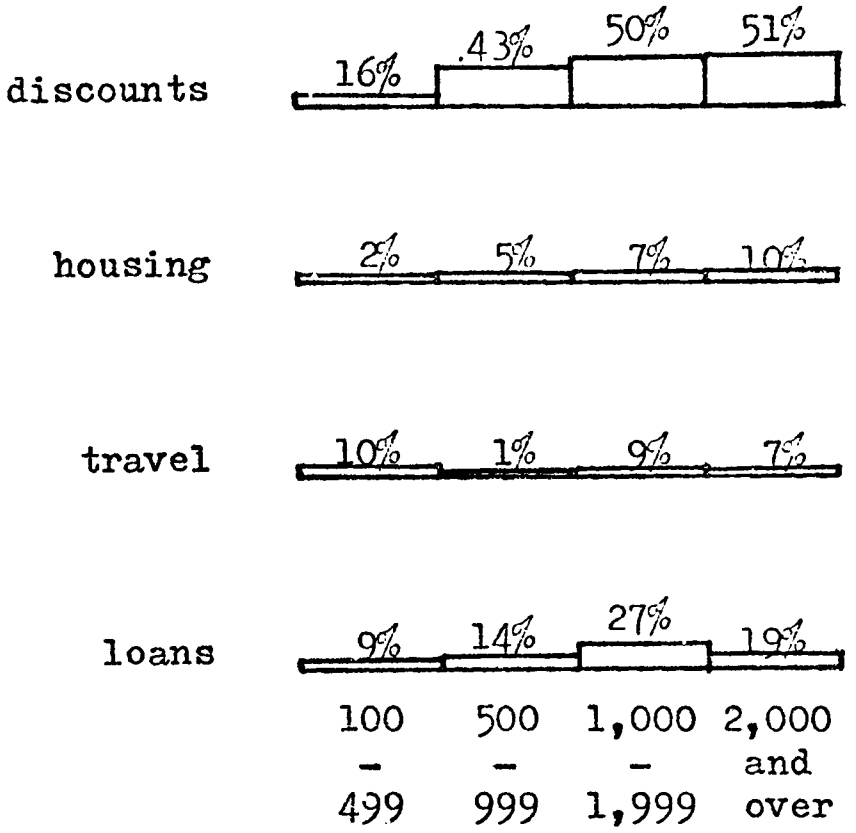




Source: Reid and Bates (p77)

Table 6.12 Perks by Size of Company - Manual Workers. 1968

% of companies providing

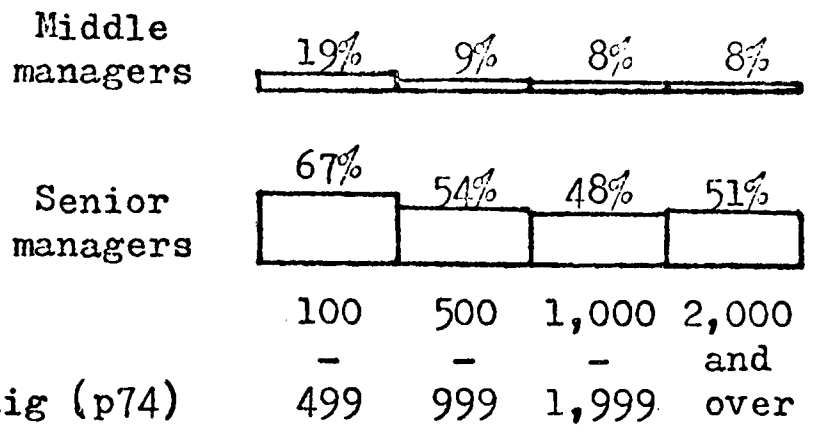


Source: Craig (1969:74)

There is some relationship between size of company and provision of perk in that the largest companies are most frequently more generous. However, provision of discounts, housing and travel in 1960 and travel and loans in 1968 for manual workers was not linearly related to size of company. Tables 5-8 in Appendix C (p385) show that the relationships between provision of discounts, housing, travel and loans for non-manual workers in 1968 and size of company were similar to that for manual workers shown in Table 6.12 above. Table 6.13 shows that the provision of company cars for the business and private use of managers was inversely related to size of company.

Table 6.13 Company Cars by Size of Company - Managers. 1968

(% of companies providing cars)

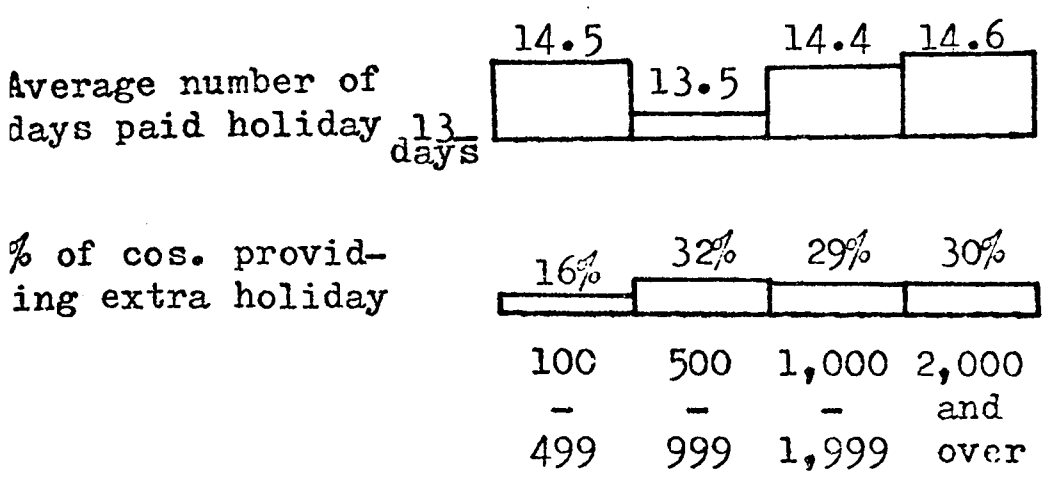


Source: Craig (p74)

Holidays with pay

Table 6.14 shows the distribution of holidays with pay by size of company for manual workers in 1968, while Table 6.15 does the same for non-manual workers.

Table 6.14 Holidays with Pay by Size of Company - Manual Workers. 1968



Source: Craig (1969:65/66)

Table 6.14 shows that there is no clear relationship between the provision of holidays to manual workers and size of company. While the most generous group is that containing firms employing 2,000 and more people, the next in generosity is the group of smallest firms. The provision of extra holiday is not related to size of company either.

Table 6.15 Holidays with Pay by Size of Company - Non-manual Workers. 1968

Average Number of Days Paid Holiday

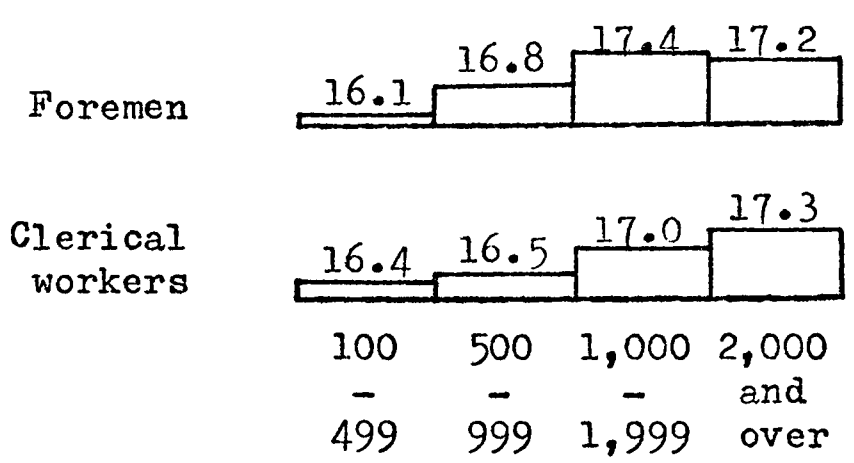
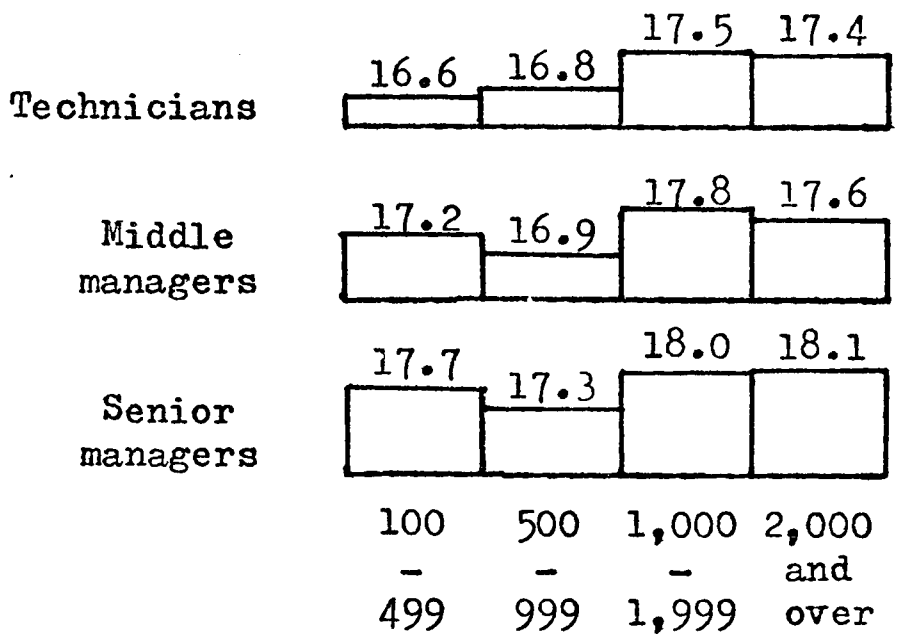
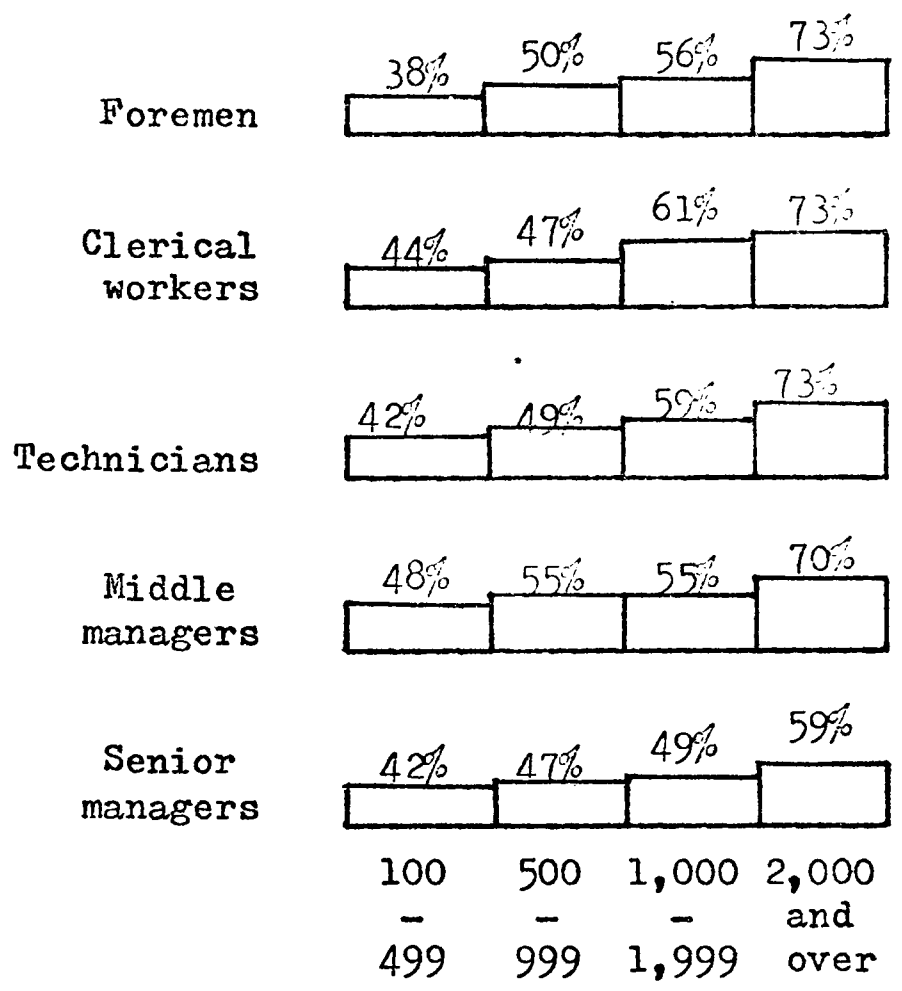


Table 6.15 (continued)



Extra Holiday



Source: Craig (65/66)

Provision of holidays with pay for clerical workers is directly related to size of company, but this is not true for other non-manual workers. There is a direct relationship between extra holidays and size of company for all non-manual employees.

Fringe benefits

Table 6.16 shows the average annual amount spent per employee (manual and non-manual) as a percentage of labour costs by firms according to their size in 1964 and 1968. Since large firms pay higher wages and salaries than small firms, on average, Table 6.16 shows that in both 1964 and 1968 large firms spent more absolutely and proportionately on private social welfare payments and subsidised services. Private social welfare payments include payments into welfare funds to meet future needs, eg pensions, and some direct payments to employees. Subsidised services included medical and health services, canteens, housing, removal and transfer, recreational, cultural and educational services, transport to and from work and clothing (Labour Costs Survey 1968:4). The average amount spent on payments in kind was extremely small and did not vary by size of firm.

Table 6.16 The Cost of Fringe Benefits by Size of Company - All Employees

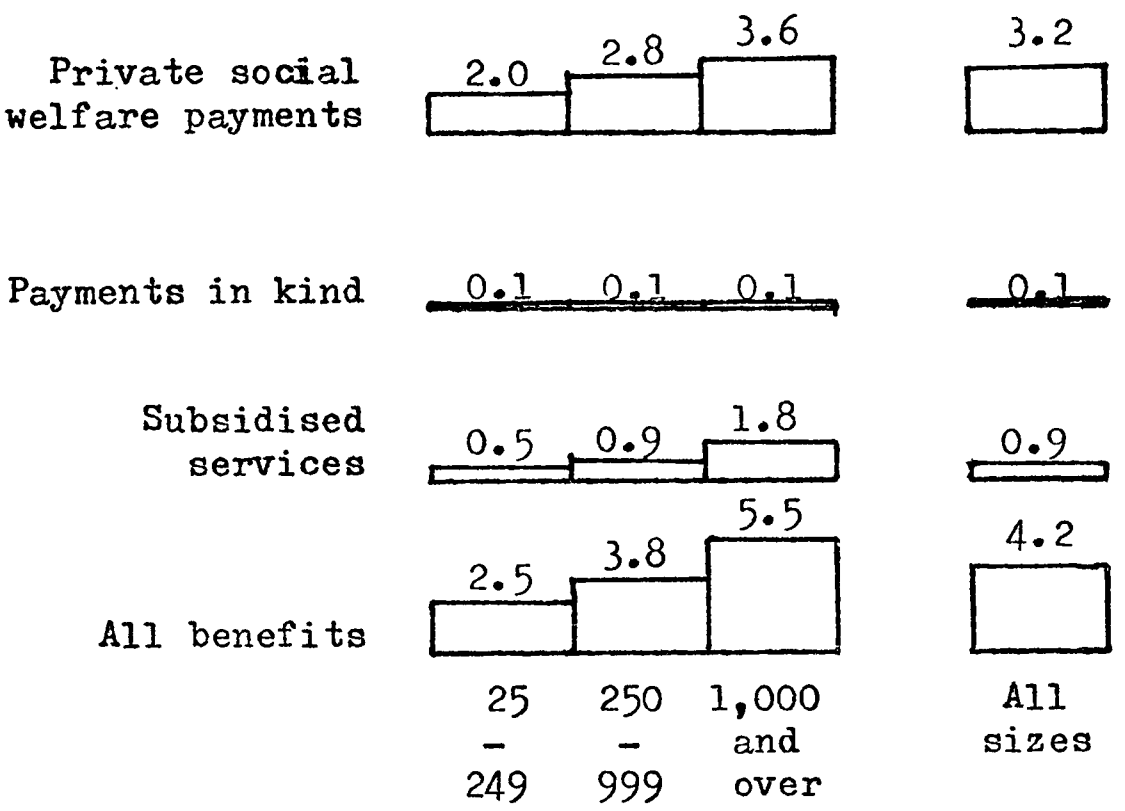
1964

	25 - 249	250 - 999	1,000 and over	All sizes
Private social welfare payments	1.9	2.5	3.6	3.1
Payments in kind	0	0.1	0.1	0.1
Subsidised services	0.5	0.8	0.9	0.8
All benefits	2.4	3.4	4.6	4.0

Source: Labour Costs Survey (1964:12)

Table 6.16 (continued)

1968



Source: Labour Costs Survey (1968:28/29)

Table 6.17 shows the distribution of the number of fringe benefits provided by size of company for six types of employee in 1968.

Table 6.17 Fringe Benefits by Size of Company. 1968

(average number of benefits provided)

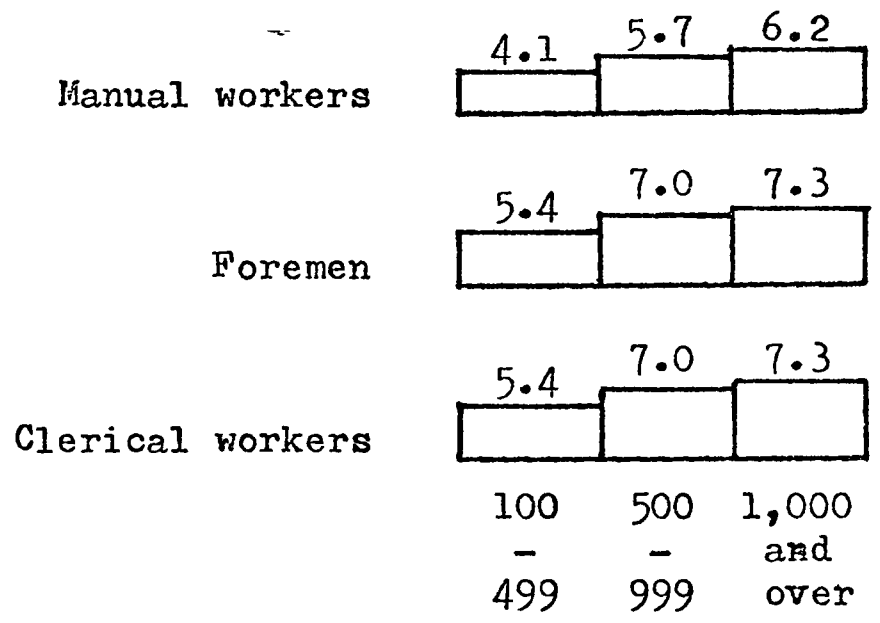
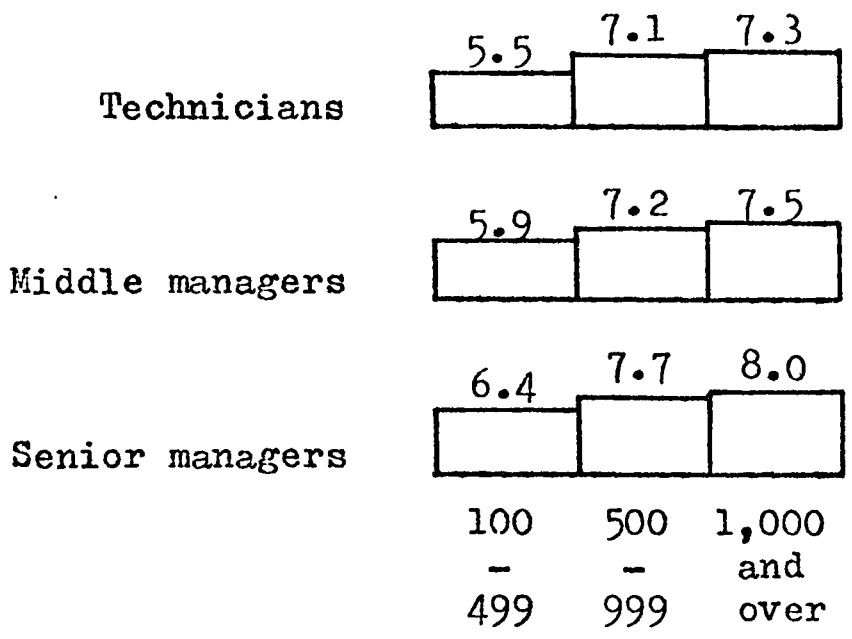


Table 6.17 (continued)



Source: Wedderburn and Craig data

Table 6.17 shows that there is some relationship between fringe benefit provision and size of company. The difference in provision is greatest in relation to manual workers. Large firms provided these employees with, on average, half a 'benefit' more than medium-sized firms , while they provided 2 more benefits than small firms. The difference between small and large firms was slightly smaller for routine white collar workers, and smaller again for managers. The difference between firms employing between 500 and 999 people and those employing more than 1,000 was not very large. Table 9 in Appendix C shows that very few large firms provided less than 2 benefits for manual workers, while 2.4% of medium-sized firms did and 8.3% of small firms. At the other extreme, very few small firms provided more than 8 benefits for manual workers, while 5.5% of medium-sized firms and 7% of large firms did. For all employees the distributions of numbers of benefits looked rather similar for medium-sized and large firms, while the distributions for small firms were more dispersed and there were more firms providing fewer benefits.

The data show that there is a relationship between size of firm and provision of fringe benefits for all types of employee. The

main distinction comes between firms employing less than 500 people and firms employing more, although this may partly be a consequence of the way in which the data were broken down into size groups. Size of firm has less effect on benefit provision to managers than to other employees, and most effect on provision to manual workers.

Taking the different categories of benefit separately, there is quite a strong relationship between size of company and the provision of services, particularly sports and recreational facilities and medical services. There is a smaller relationship between size of company and income security benefits for manual workers. In the case of pensions and sick pay for non-manual workers the very weak relationship with size is largely explained by the fact that nearly all these employees receive the benefits in any case. Perks for all employees are not related to size of company except that there is a weak positive relationship between size and the provision of discounts, and a weak negative relationship between size and the provision of company cars. Taking all the benefits together in 1964 employers in large companies spent an average of £4.6 per employee on benefits, compared with the £2.4 spent by employers in small firms. The large firms in Wedderburn and Craig's sample provided, on average, roughly two more benefits than small firms to manual and routine white collar workers, and 1½ more to managers.

Overall the data show that there is a considerable range of managerial policies in relation to fringe benefit provision, and that size of company is only one rather weak influence which chiefly affects the provision of services and, to a lesser extent, income security benefits for manual workers. The evidence is not very helpful in distinguishing between the processes described at the beginning of the chapter as being possible links between

size of company and benefit provision. There is some support for the idea that economies of scale have some influence, since the services and pensions which (with sick pay) were most strongly related to size of company, are the benefits which are cheaper per head if provided to large numbers of employees.

Chapter 7: Industry and Fringe Benefits

In Chapter 1 the relationship between technology and fringe benefit provision which has been suggested by Blauner, was described (page 18). He suggested that benefit provision for manual workers would be notably higher in firms using continuous process technology, for two reasons. In the first place, the operation of such technology requires a highly responsible, stable and permanent labour force, which an employment policy including fringe benefits will help to achieve (this is more likely in the United States, where state provision of welfare benefits is low). Secondly, the relatively low cost of labour compared with capital will mean that providing benefits will not be so financially important in these firms. This hypothesis was expanded in Chapter 3 (pages 65/66) to suggest that firms which use predominantly mass and batch production will be likely to use benefits less, since they do not require a very 'responsible' work force, and the ratio of labour to capital costs is higher, making benefit provision a relatively more expensive proposition. Firms using mainly 'unit production' techniques will need more skilled and responsible employees and, if the employers regard benefit provision as one way of integrating employees into the firm, then they may provide them. On the other hand, the cost of labour in such firms (and consequently the cost of benefits) will be high in relation to the costs of capital, and this may deter employers in these firms from providing benefits.

A second hypothesis was suggested in Chapter 3 (page66), namely that firms in industries where demand for the product has expanded in more recent times, will be more likely to use benefit policies than firms in declining or stable industries. This is because employers in these industries will recently have wanted to expand their labour force, and/or to use it more efficiently, and will be more likely to have introduced 'modern policies' to achieve this. Firms whose product has been in high demand in the 1930s and since the war will be more likely to use benefit policies than those whose peak demand came in the 19th century and earlier this century, when provision of benefits for manual workers was rare.

The evidence in this chapter, which is the only evidence available with any connection at all to these questions, is not in a form suitable for testing either of these hypotheses.

Classifying a firm according to technology can be difficult (see Rackham and Woodward, 1970). Within any firm there may be different plants in different parts of the country producing different goods. Within any plant different products may be made using different processes, and within any production process there may be a number of different workplace technologies. The form that classification takes should depend on the purpose of that classification. In the case of benefits two variables seem particularly important: (i) the extent to which the technology (ies) demands a responsible workforce, whose tasks contain a relatively high level of discretion which it is important should be used in a particular way and (ii) the ratio of capital to labour costs, which will indicate how expensive benefits will be in relation to other costs. Any research which could offer a conclusive test of the expanded version of Blauner's hypothesis would have to be specifically designed to test it. Firms would have to be classified according to the two variables described above. The available evidence relating benefit provision to industry, measured by SIC Order (see page 168), is not suitable since each Order contains a number of 'sub-industries', which in turn contain a number of firms using different technologies. However, examination of the data relating industry to benefits may offer some ideas about how the hypothesis might be refined.

Classifying firms according to the period of expansion of demand for their major product would also be difficult and research here might be better aimed at finding out initially how, why and when firms making different products in different industries, using different technologies, and experiencing different changes in demand for the product (and technology) actually did (or did not) introduce benefits for manual workers. However, once again the data relating benefits to industry may provide some ideas about this hypothesis.

The relationships between industry, technology(ies) used by a firm, and product(s) are complex and often related to the variable which was considered in the last chapter - size of firm. Technology may influence the size to which a firm grows, and the size of the firm may, in turn, affect the choice of technology, particularly when changes are being considered. After consideration of the relationship between industry group and benefit provision, the effect on that relationship of 'controlling for' size of company will be considered. The data will then be used to suggest hypotheses in this area which require further testing.

The hypotheses described above apply to manual employees. Differentials between manual and non-manual employees in different firms (and industries) are not likely to be the same. Employers using more modern policies may have attempted deliberately to reduce differentials between manual and non-manual employees, and this will be the effect of policies aimed at integrating manual workers using benefits, unless a deliberate attempt is made by employers to maintain the benefit differential by giving non-manual employees, more or better benefits than they had before. No hypothesis relating benefit provision to non-manual workers to technology or industry could be found, and the data will be examined to see if it suggests any hypothesis.

The distribution of benefits by industry

The data presented below are taken from a number of sources. Evidence for manual workers comes from Reid and Bates (1960), the Labour Costs Surveys of 1964 and 1968, Wedderburn and Craig's data (Craig, 1969) and the New Earnings Survey, 1970. For non-manual workers evidence is only available in the two Labour Costs Surveys and the 1970 New Earnings Survey.

In all these studies except that of 1970, classification of firms into industry is based on the 1958 Standard Industrial Classification (SIC)Orders used in Government statistics. In 1968 a revised set of Orders was introduced and these were used in the 1970 survey.

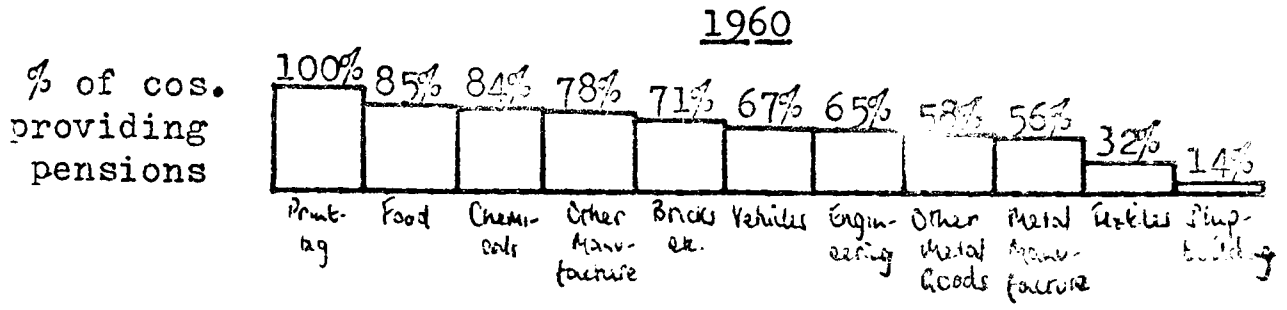
The surveys by Reid and Bates and the two Labour Costs Surveys cover all employees, while Wedderburn and Craig's data and that from the New Earnings Survey cover male employees only. This is not likely to have very much affect on the data, which is presented in terms of percentage of employers providing the benefit (except for the New Earnings Survey) and, for reasons described in Chapter 3 (page86), all the data can be taken as referring to male employees.

(i) Pensions

Table 7.1 shows the distribution of pension provision to manual workers by industry in 1960, 1964, 1968 and 1970.

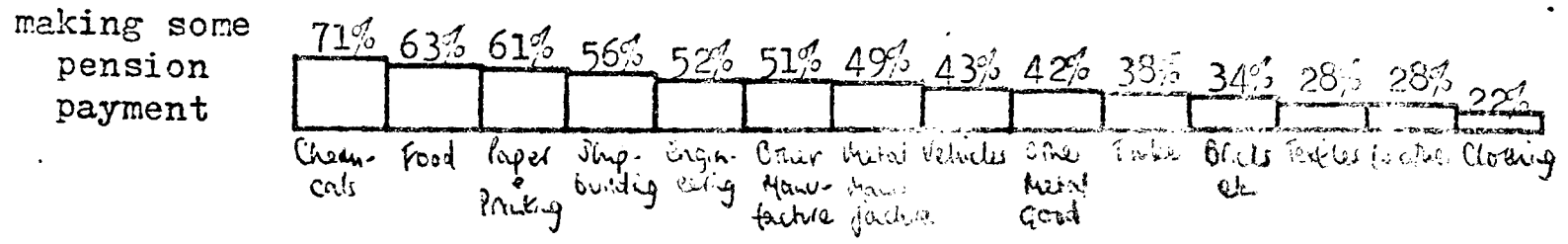
Table 7.1 Pensions by Industry - Manual Workers

1960



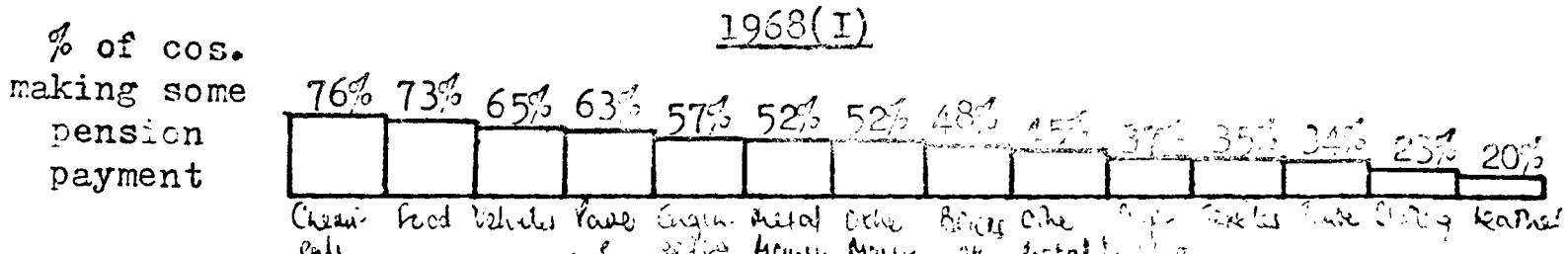
Source: Reid and Bates (1965:73)

1964



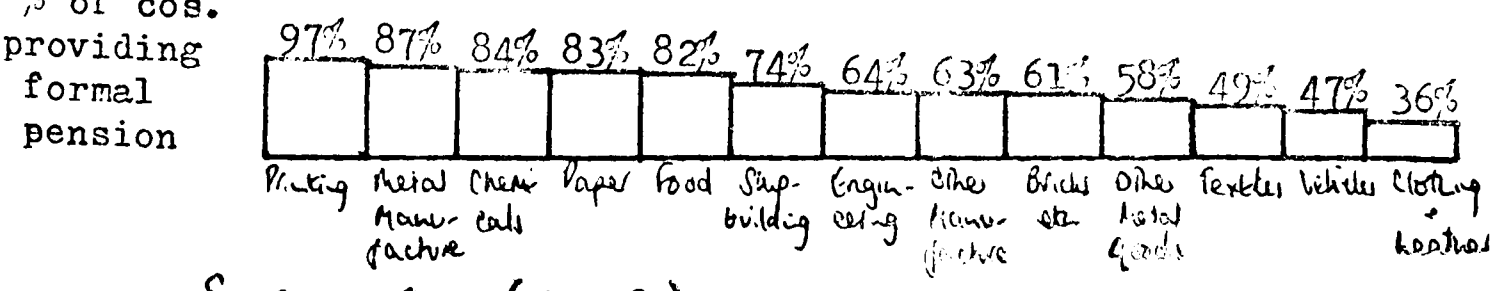
Source: Labour Costs Survey (1964:12)

1968(I)



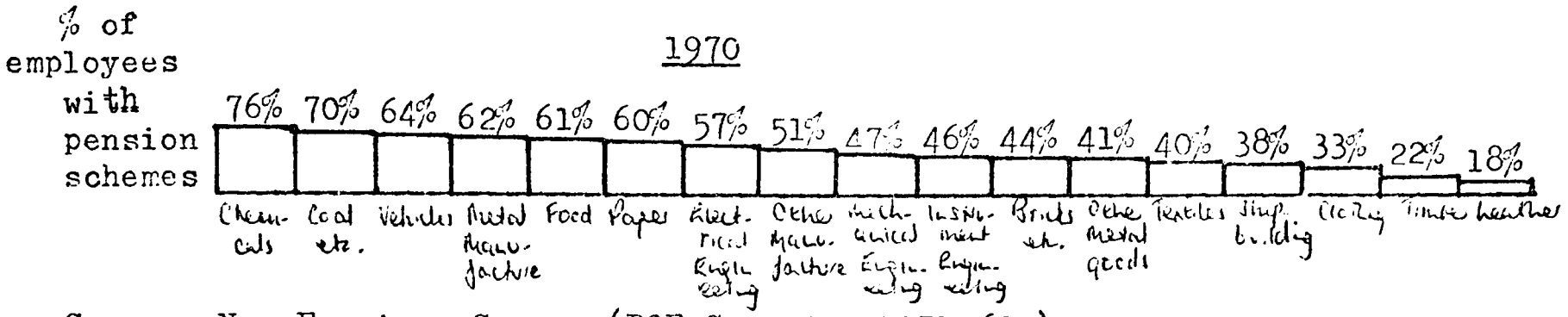
Source: Labour Costs Survey (1968:25)

1968(II)



Source: Craig (1969:91)

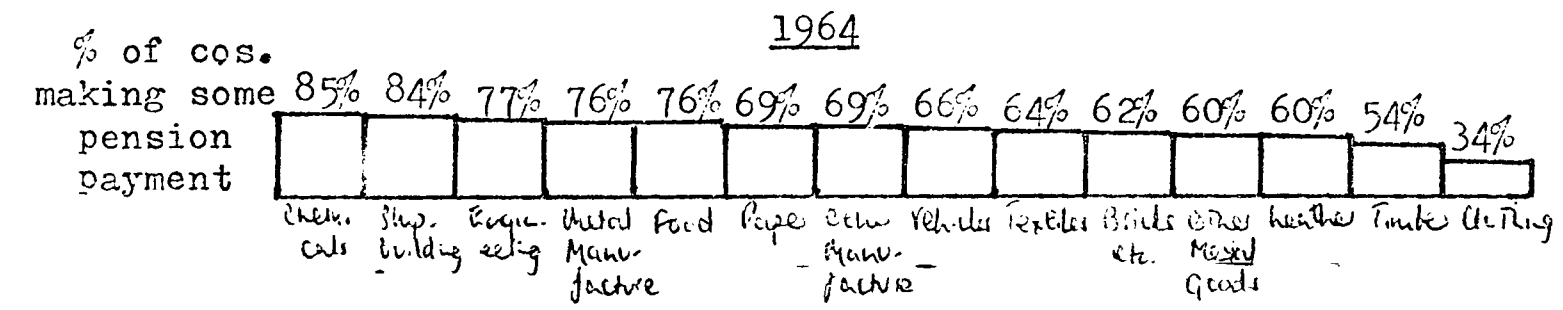
Table 7.1 (continued)



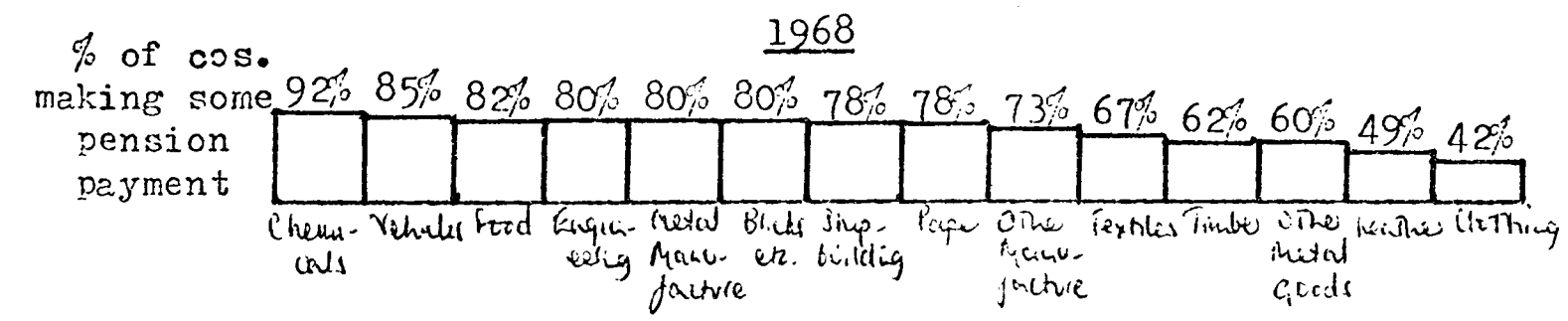
Source: New Earnings Survey (DOE Gazette, 1971:692)

Table 7.1 shows that the most generous industries with pension provision for manual workers are Chemicals, Food and Paper and Printing. In all the surveys these three industries appear among the most generous. Firms in Metal Manufacture and Vehicles appear to be quite generous, although the survey done by Wedderburn and Craig indicated that many of the pension schemes in the Vehicles industry were ex gratia (Craig,1969:91). The Textile industry appears to be mean with pensions, as do Clothing, Leather, and Ship-building.

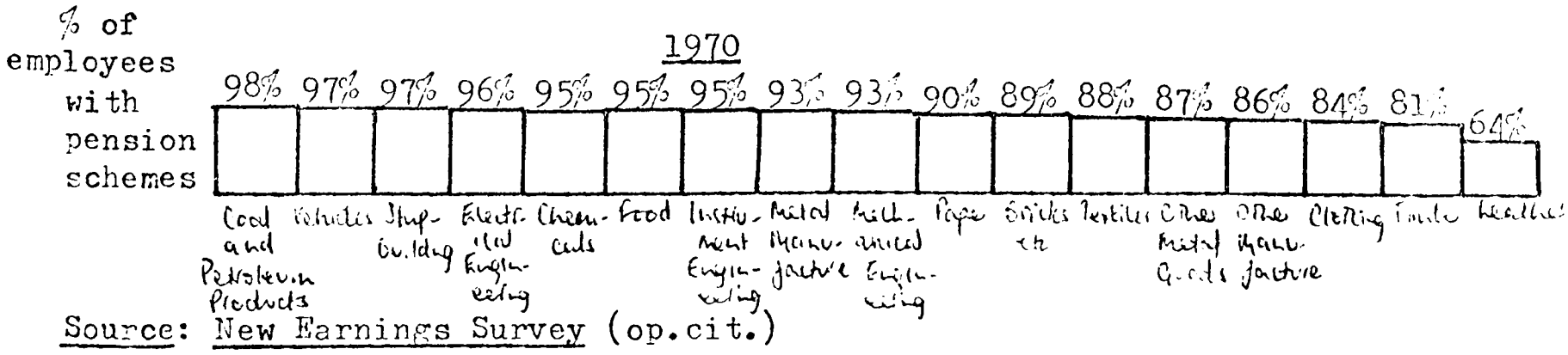
Table 7.2 Pensions by Industry - Non-Manual Workers



Source: Labour Costs Survey (1964:12)



Source: Labour Costs Survey (1968:25)



Source: New Earnings Survey (op.cit.)

Table 7.2 indicates that the differences between industries in provision of pensions for non-manual workers tend to be less marked than they are for manual workers. Chemicals is the most generous industry, and Food, Vehicles, Engineering and Ship-building are near the top. Chemicals, Food and Vehicles were generous to manual workers, while Engineering was average and Ship-building was mean.

Table 7.3 Pensions by Industry: A Comparison of Non-Manual Workers. 1968



Source: Craig (1969:91)

Table 7.3 shows that there is not very much difference in pension provision within the non-manual group, according to industry. All non-manual workers are treated the same in Metal Manufacture, Other Manufacture, Paper and Ship-building, and there is not much difference in the percentage of firms providing pensions

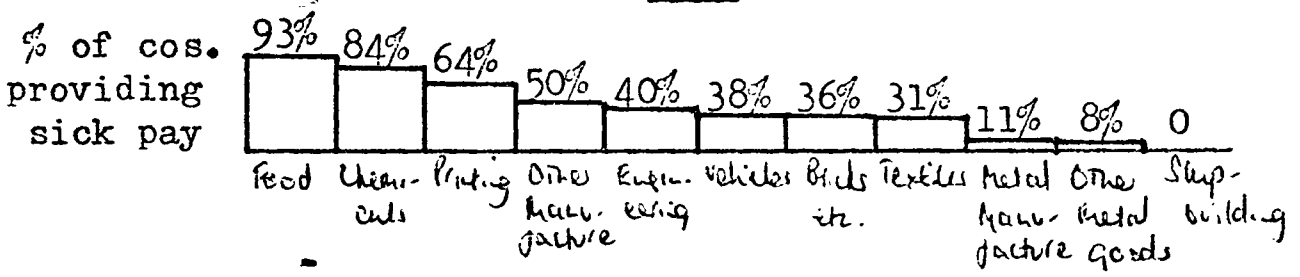
to the different types of non-manual worker in the other industries. Some firms in the Clothing and Leather industries appear to treat clerical workers less well than other non-manual workers when it comes to pensions. Many of the other differences, particularly where technicians and middle managers are better provided for than any other non-manual worker, may be explained by the relationship between, on the one hand, size of firm, and on the other, pension provision and employment of technicians and middle managers.

(ii) Sick pay

Table 7.4 shows the distribution of sick pay provision to manual workers by industry in 1960, 1964, 1968 and 1970.

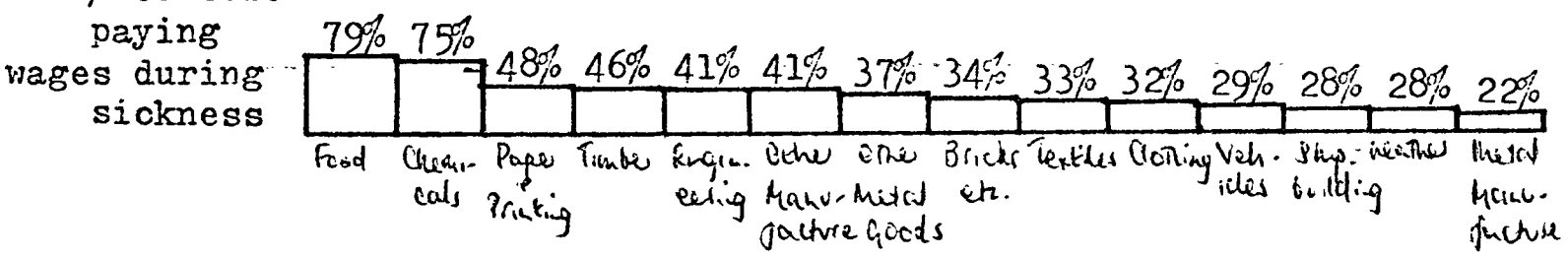
Table 7.4 Sick Pay by Industry - Manual Workers

1960



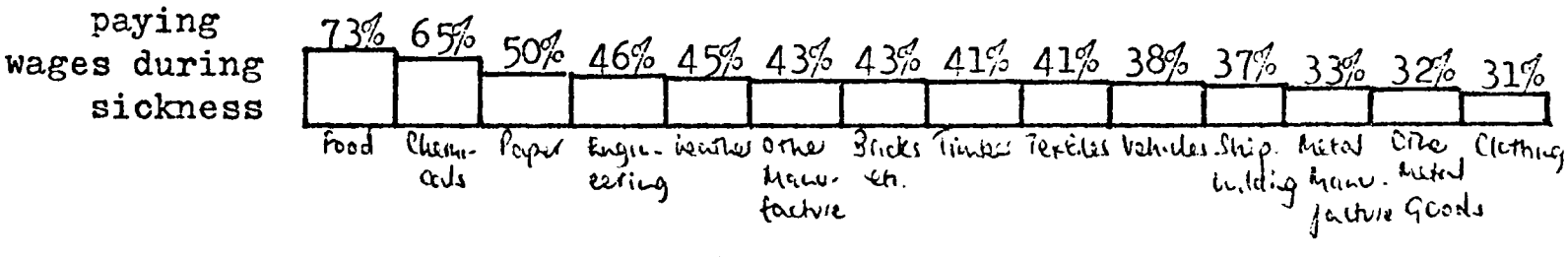
Source: Reid and Bates (1965:73)

1964



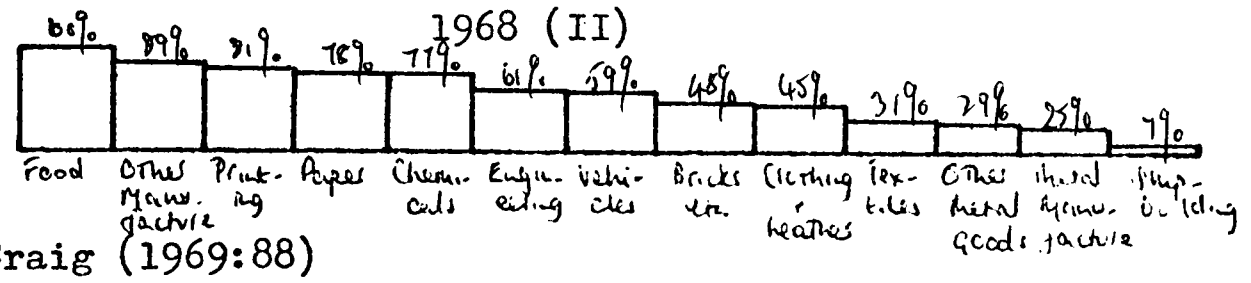
Source: Labour Costs Survey (1964:12)

1968(I)



Source: Labour Costs Survey (1968:25)

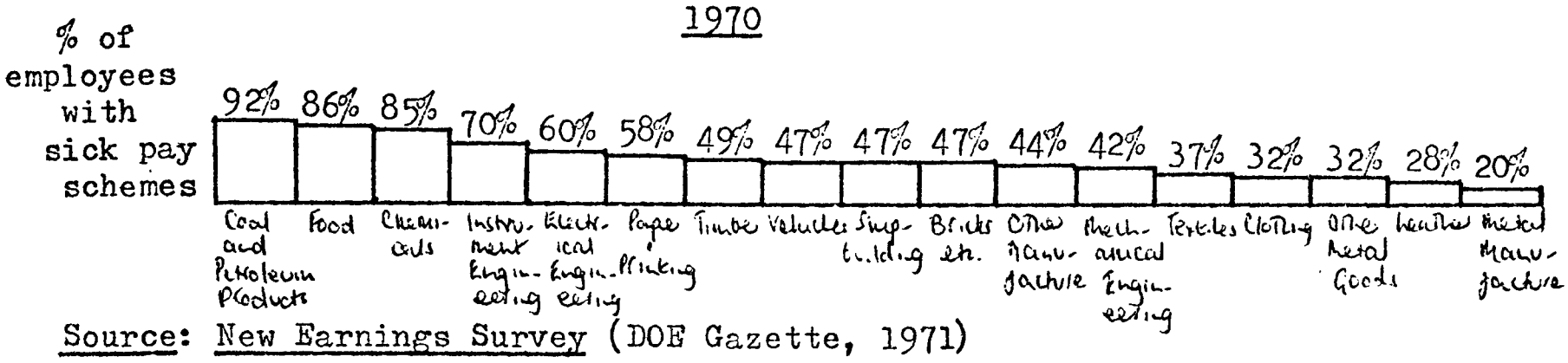
1968 (II)



Source: Craig (1969:88)

Table 7.4 (continued)

1970

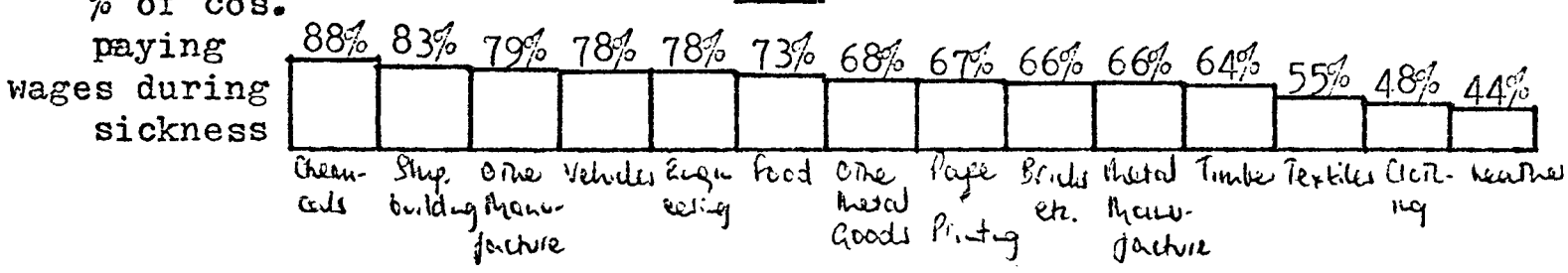


Source: New Earnings Survey (DOE Gazette, 1971)

Table 7.4 suggests that firms in Food, Chemicals and Paper and Printing have been most generous in providing sick pay to manual workers. Employees in some parts of the Engineering industry have received sick pay quite often. Metal Manufacture and Other Metal Goods, with Clothing and Leather and Ship-building are the meanest industries so far as sick pay is concerned. Table 7.5 shows the provision of sick pay to non-manual workers according to industry.

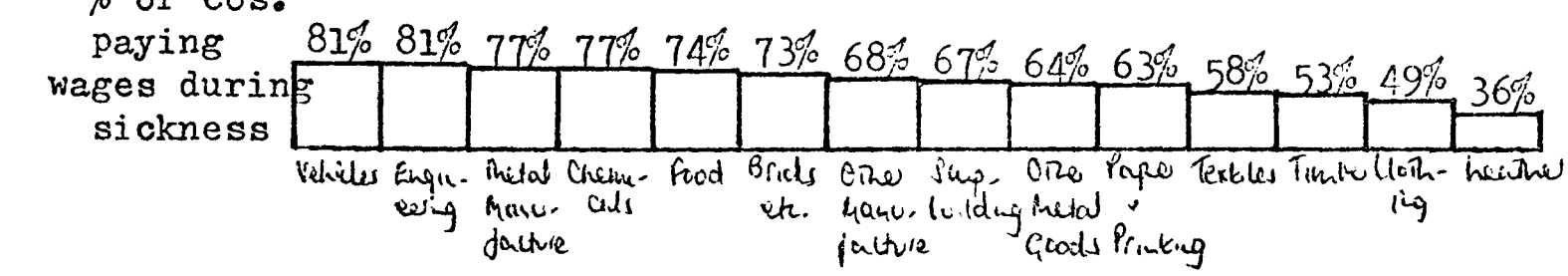
Table 7.5 Sick Pay by Industry - Non-Manual Workers

1964



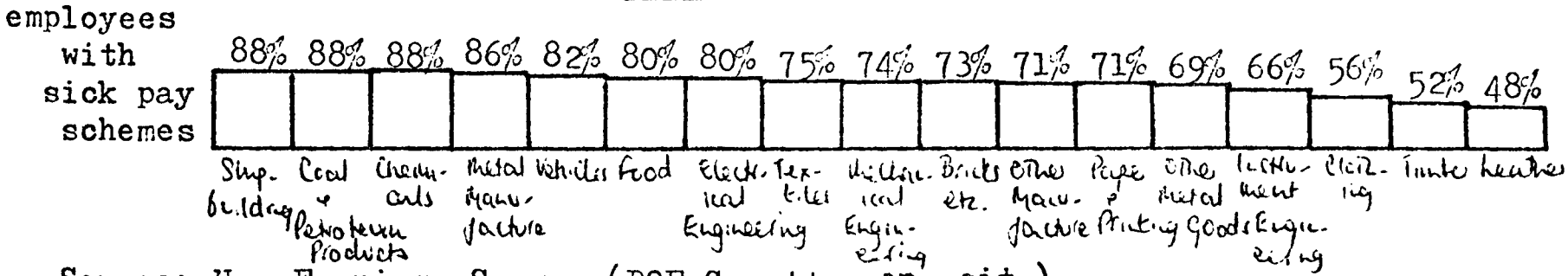
Source: Labour Costs Survey (1964:12)

1968



Source: Labour Costs Survey (1968:25)

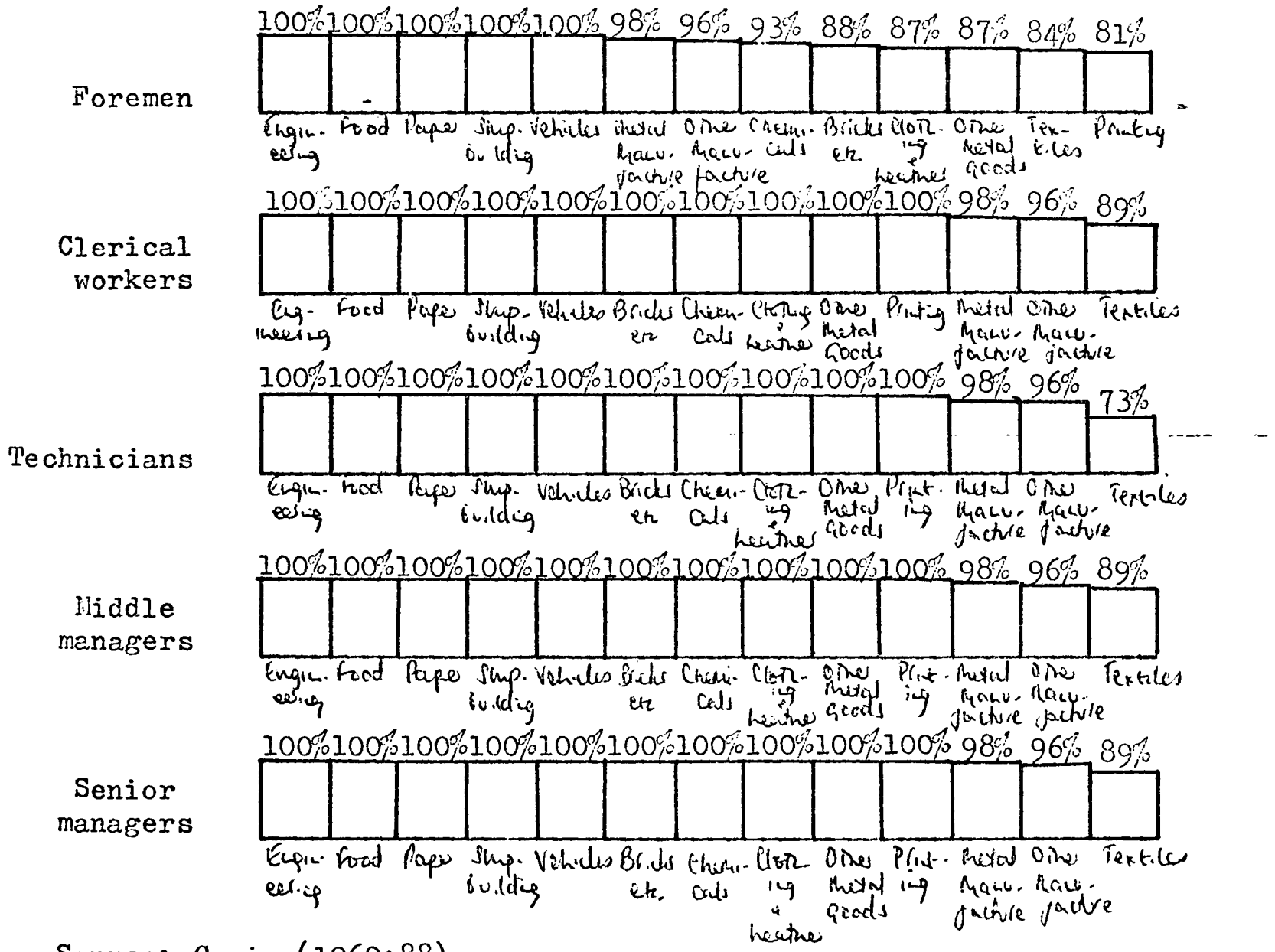
1970



Source: New Earnings Survey (DOE Gazette, op. cit.)

The surveys indicate that Chemicals and Vehicles are the most generous industries in providing sick pay to non-manual workers, closely followed by Ship-building, Metal Manufacture and Electrical Engineering. Leather, Clothing and Timber are the meanest. Table 7.6 shows that there is no difference in the provision of sick pay to senior managers, middle managers and clerical workers, within industries. Technicians in the Textile industry are not treated the same in some firms, while there are firms in Chemicals, Bricks etc, Clothing and Leather, Other Metal Goods, Textiles and Printing who do not provide sick pay for foremen, while they do for other non-manual employees.

Table 7.6 Sick Pay by Industry: A Comparison of Non-Manual Workers. 1968



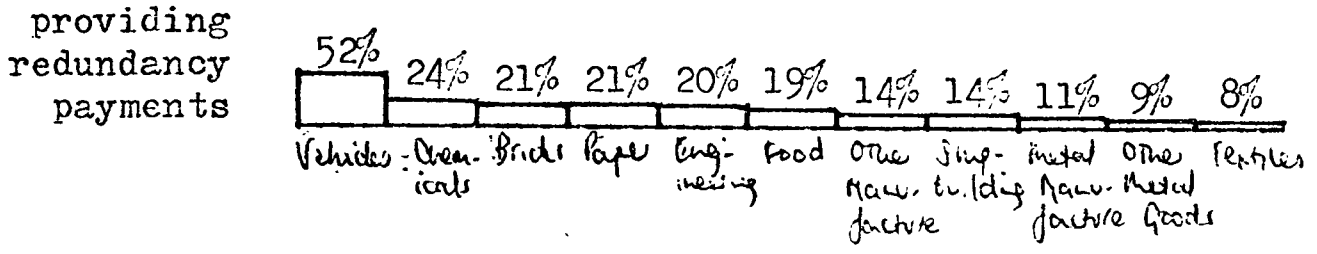
Source: Craig (1969:88)

(iii) Redundancy pay

Table 7.7 shows the distribution of redundancy payments to manual workers by industry in 1960, 1964 and 1968. Table7 .8 shows the distributions for non-manual workers in 1964 and 1968.

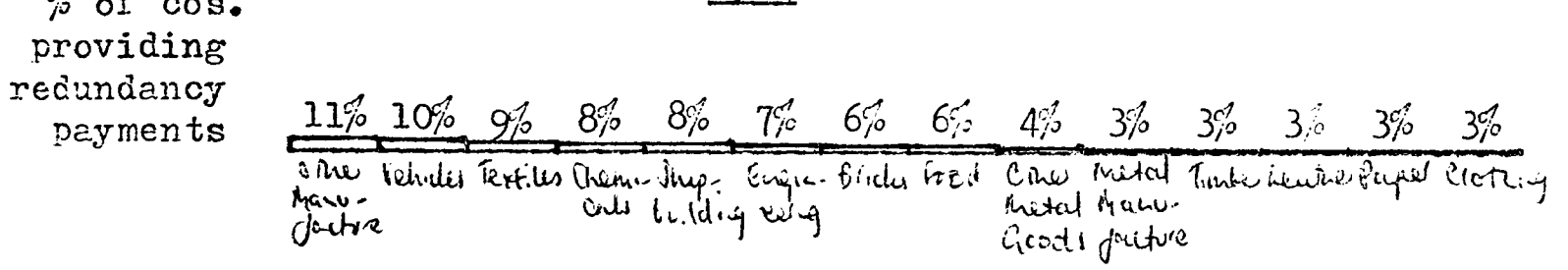
Table 7.7 Redundancy Payments by Industry - Manual Workers

1960



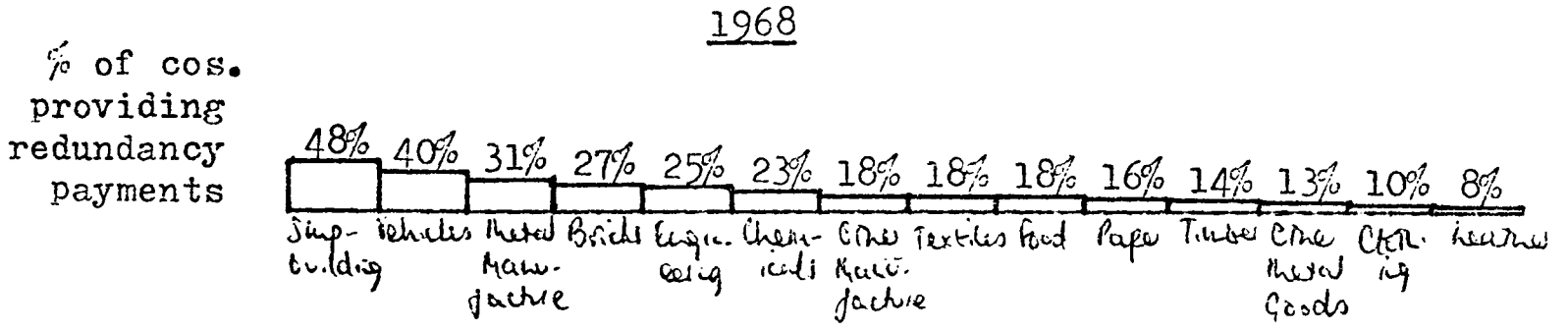
Source: Reid and Bates (1965:73)

1964



Source: Labour Costs Survey (1964:13)

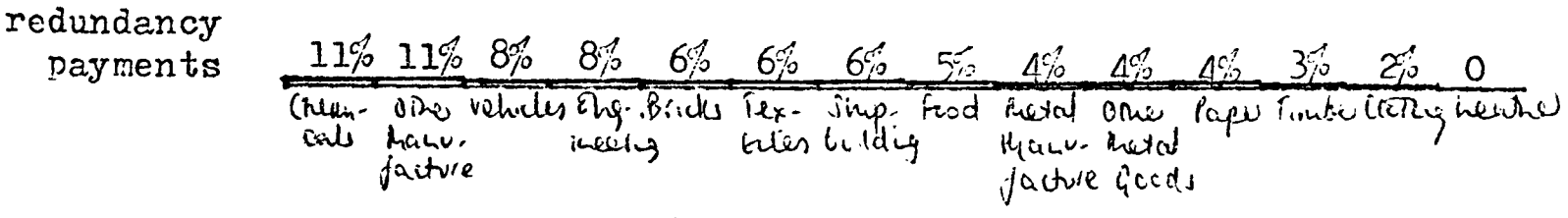
1968



Source: Labour Costs Survey (1968:24)

Table7 .8 Redundancy Payments by Industry - Non-Manual Workers

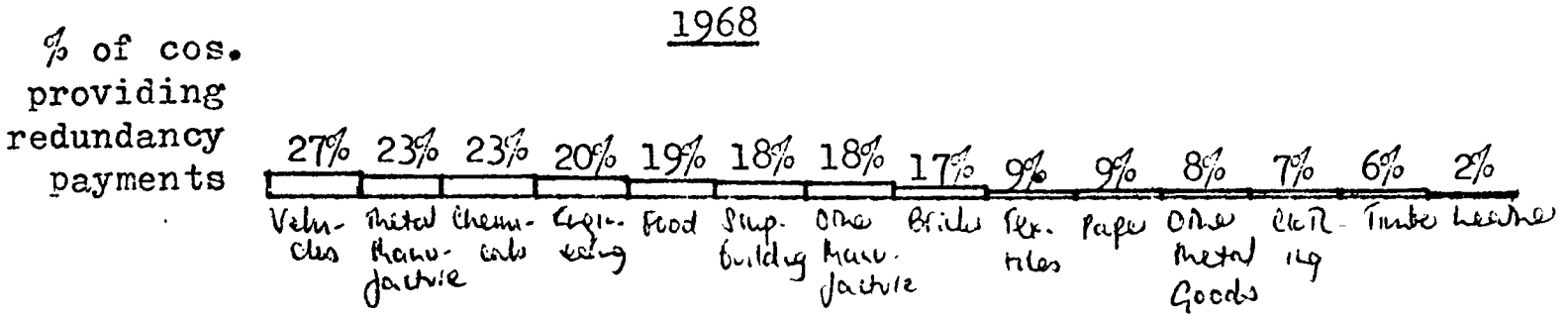
1964



Source: Labour Costs Survey (1964:13)

Table 7.8 (continued)

1968



Source: Labour Costs Survey (1968:24)

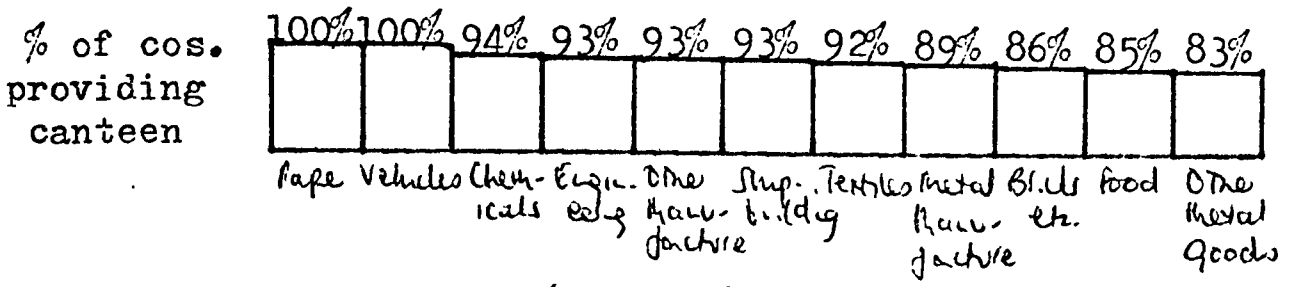
Before the 1965 Redundancy Payments Act there were two surveys of redundancy payments to manual workers, the results of which were rather different. Vehicles and Chemicals were relatively generous in both surveys, while Metal Manufacture and Other Metal Goods were relatively mean. Whether this was because of variations in provision of payments, or in redundancy itself, is hard to say. After the Act, when payments became legally enforceable, Vehicles remained among the more generous industries, and were joined by Ship-building. Timber, Other Metal Goods, and Clothing and Leather were among the industries which did not often provide redundancy payments in 1968.

For non-manual workers the Act seems to have made less difference to the relative generosity of industries than was the case for manual workers. Chemicals, Vehicles and Engineering and Electrical were more generous in both surveys, while Clothing, Leather and Timber were less generous.

(iv) Canteens

Table 7.9 shows the distribution of canteens by industry to manual workers in 1960, Table 7.10 shows the distribution of canteens to all employees by industry in 1964 and 1968, while Table 7.11 shows that, within industries, there was very little difference in provision according to occupation.

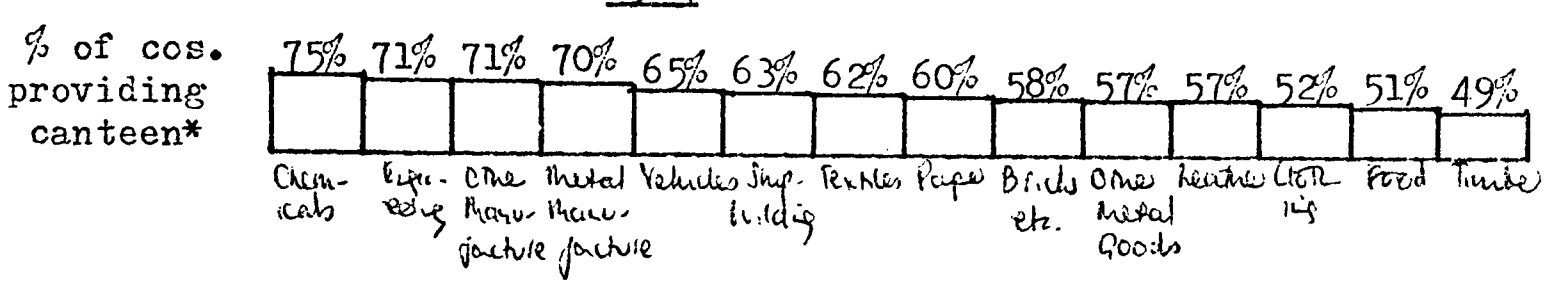
Table 7.9 Canteens by Industry - Manual Workers. 1960



Source: Reid and Bates (1960:73)

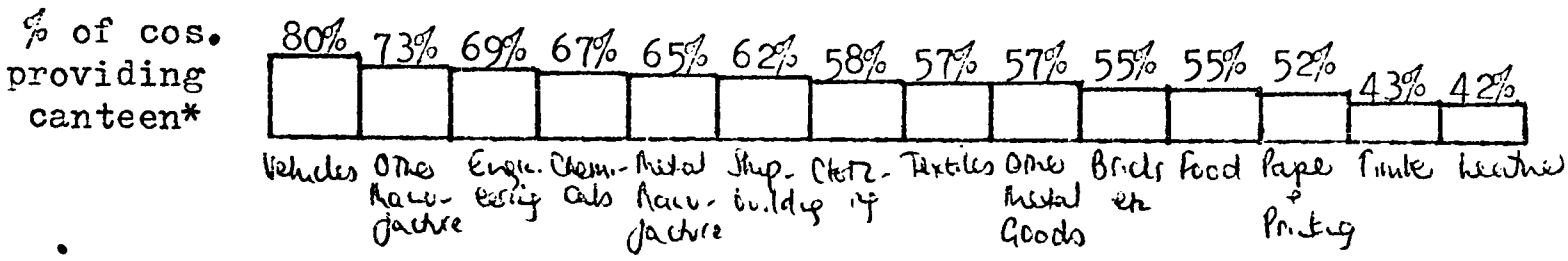
Table 7.10 Canteens by Industry - All Employees

1964



Source: Labour Costs Survey (1964:11)

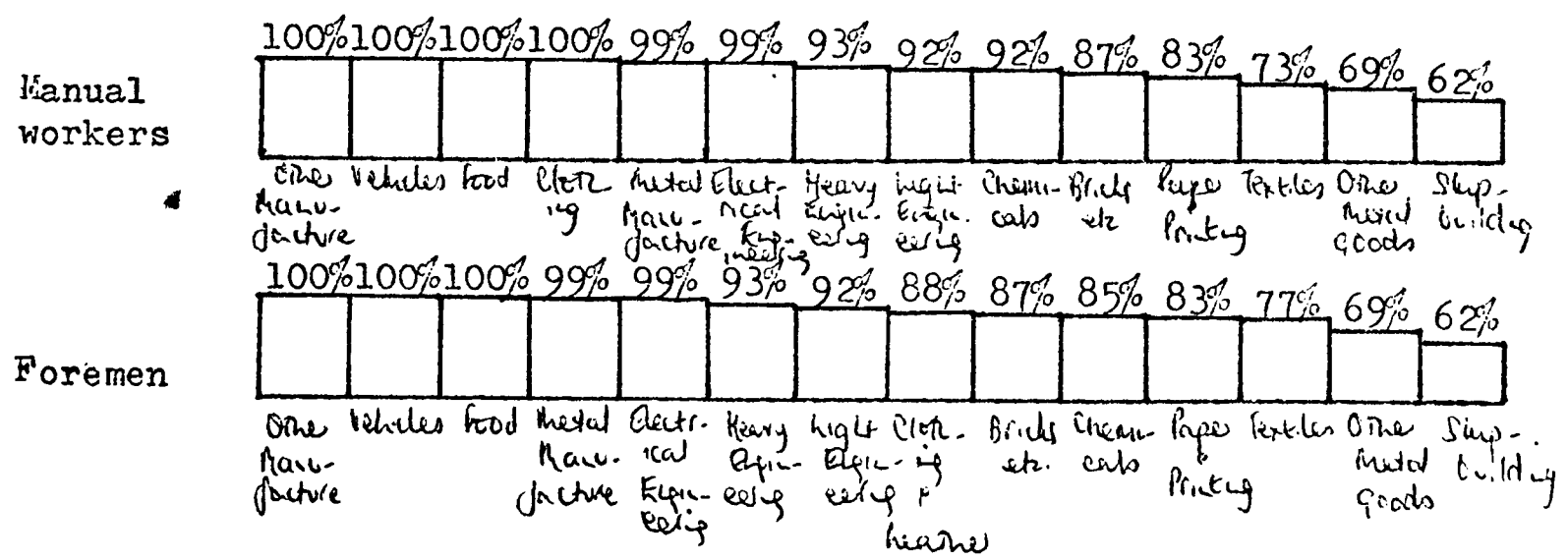
1968



Source: Labour Costs Survey (1968:25)

Table 7.11 Canteens by Industry: A Comparison of Occupations

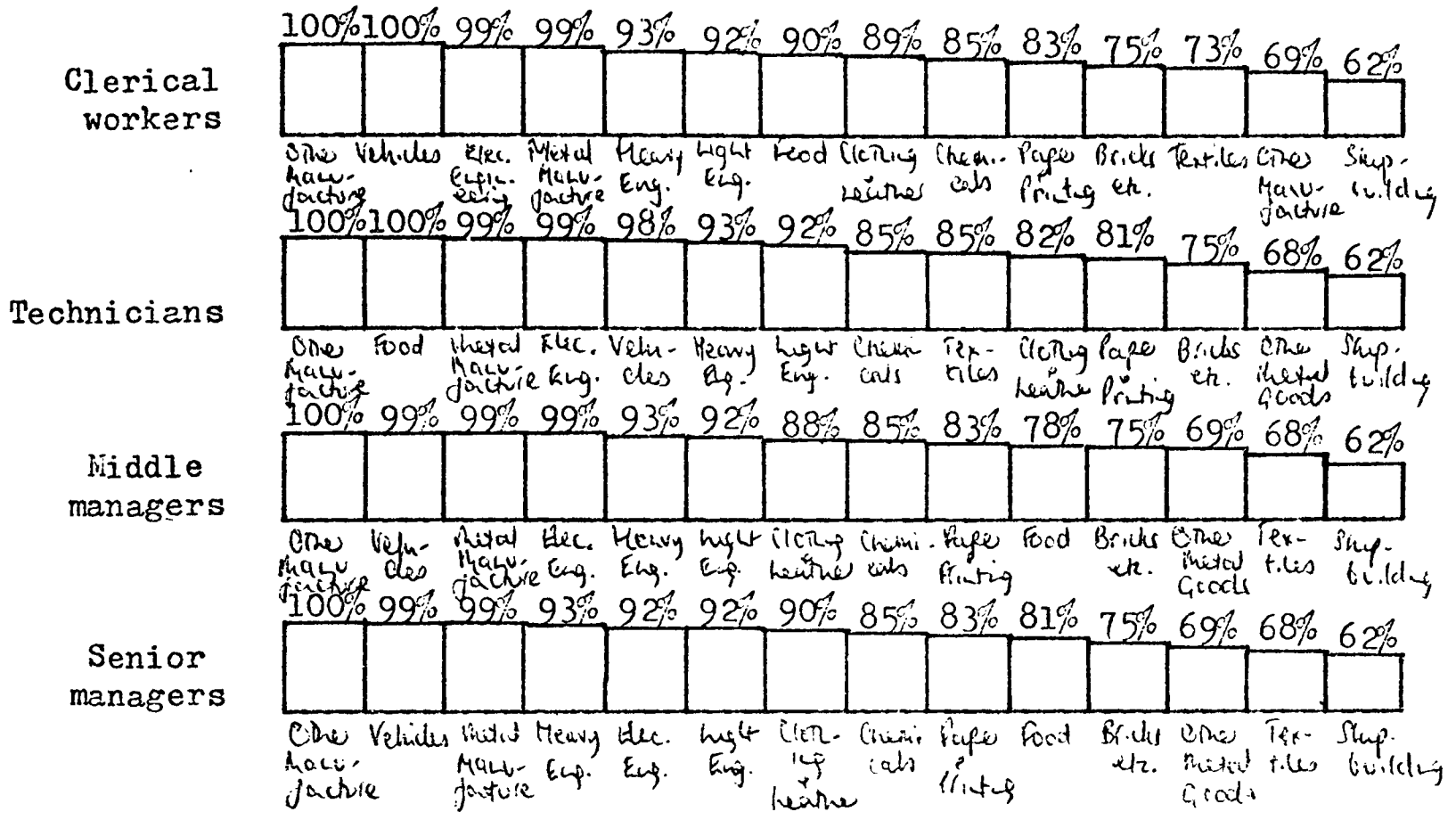
1968



---

* and other food services

Table 7.11 (continued)



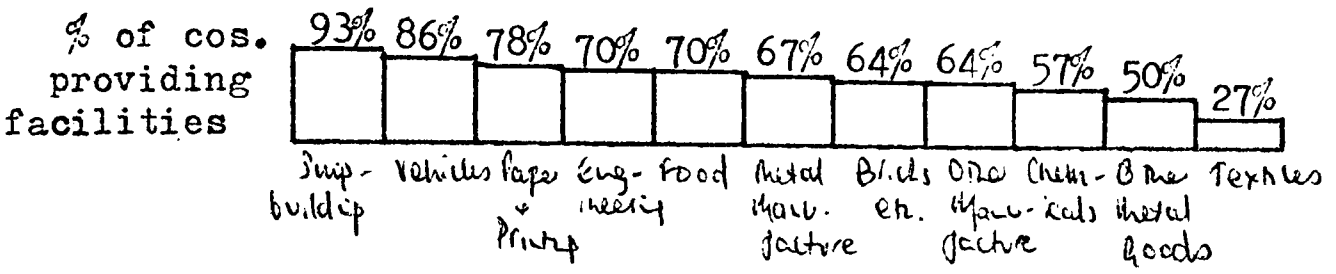
Source: Wedderburn and Craig data

The ordering of the industries is rather different in the different surveys, but there does seem to be agreement that the more generous industries include Vehicles, Metal Manufacture and Other Manufacture, while Food, Other Metal Goods, Timber, and Bricks are among the meaner industries. Table 7.11 shows that most industries do not provide very differently for different occupations, although in the Food industry provision of canteens was more frequent for manual workers, foremen and technicians than for the other occupations, in Clothing provision was high for manual workers and lower for the rest, while in Bricks provision was higher for manual workers and foremen than for the rest.

Sports and recreation facilities

Table 7.12 shows the distribution of sports and recreation facilities by industry to manual workers in 1960. In Table 7.13 distributions of facilities for all employees in 1964 and 1968 are given. Table 7.14 shows differences in provision within industry according to occupation in 1968.

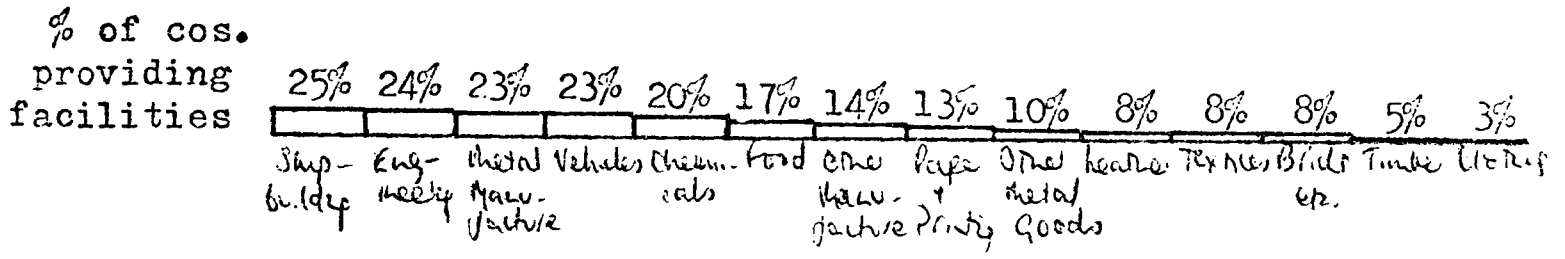
Table 7.12 Sports and Recreation Facilities by Industry - Manual Workers. 1960



Source: Reid and Bates (1965:73)

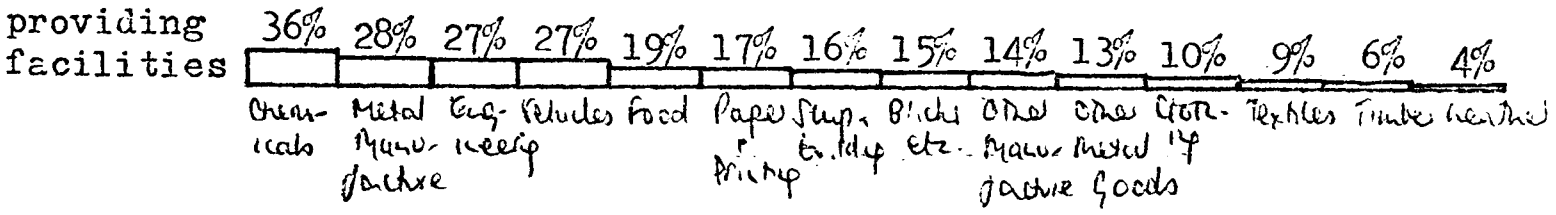
Table 7.13 Sports and Recreation Facilities by Industry - All Employees

1964



Source: Labour Costs Survey (1964:11)

1968



Source: Labour Costs Survey (1968:25)

Table 7.14 Sports and Recreation Facilities by Industry: A Comparison of Occupations. 1968

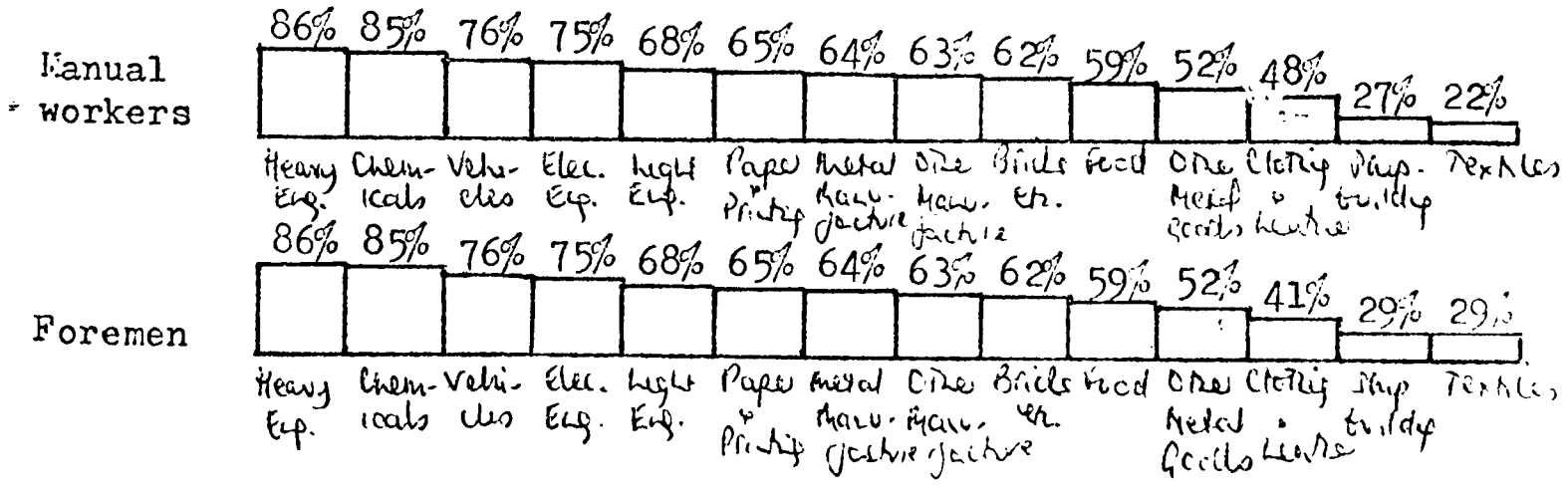
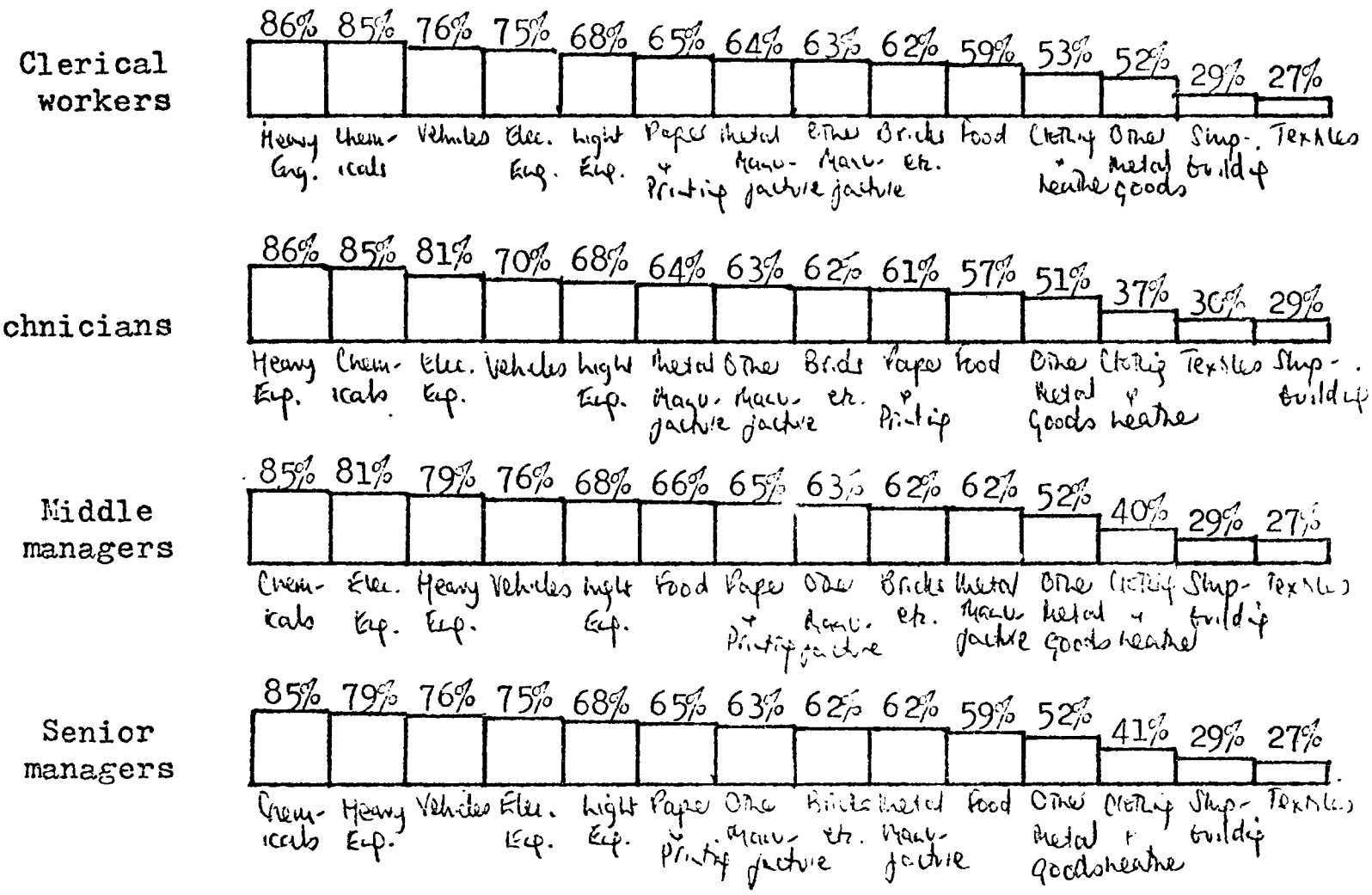


Table 7.14 (continued)



Source: Wedderburn and Craig data

The surveys suggest that the most generous industries for provision of sports and recreation facilities are Vehicles and Engineering and Electrical. Metal Manufacture and Chemicals are also fairly generous. Two of the surveys suggest that Ship-building might be a generous industry, but the firms in Wedderburn and Craig's sample rarely provided sports and recreation facilities. There seems to be general agreement that Textiles, Clothing, Leather and Timber have not been generous in the provision of these facilities.

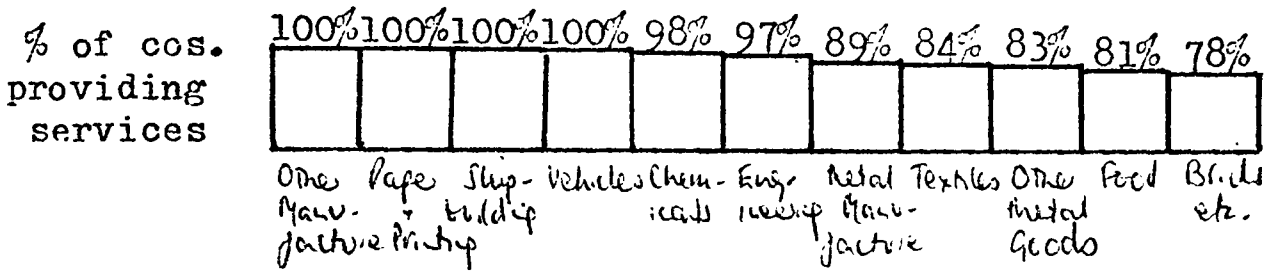
Table 7.14 shows that in all industries there is little difference in provision according to occupation. Manual workers, foremen and clerical workers are treated the same in all industries, except for slight variations in Clothing, Ship-building and Textiles. Technicians in some firms in Engineering and Vehicles appear to be treated differently but this may reflect the fact that some firms in these industries do not employ technicians or their equivalent. Management is not so often supplied with facilities in Heavy Engin-

eering and middle management is less well provided in Food.

(vi) Medical services

The distribution of medical services by industry to manual workers in 1960 is shown in Table 7.15. Table 7.16 covers the distribution of these services to all employees in 1964 and 1968, while Table 7.17 does so according to occupation in 1968.

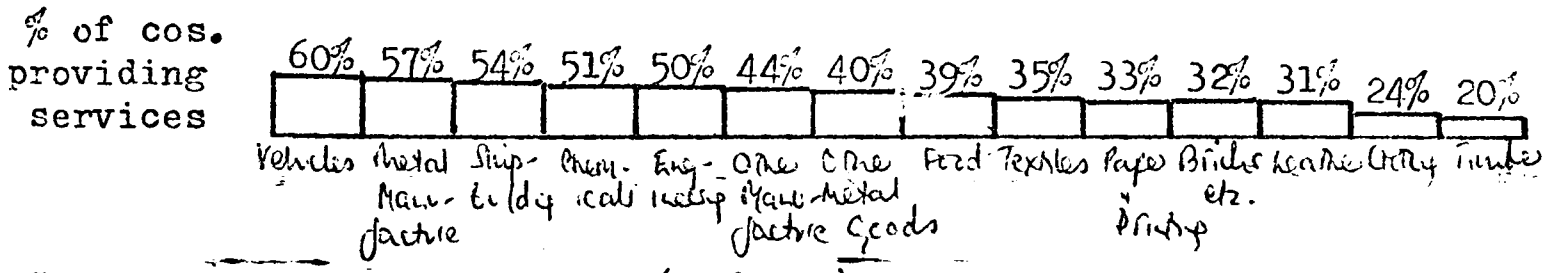
Table 7.15 Medical Services by Industry - Manual Workers. 1960



Source: Reid and Bates (1965:73)

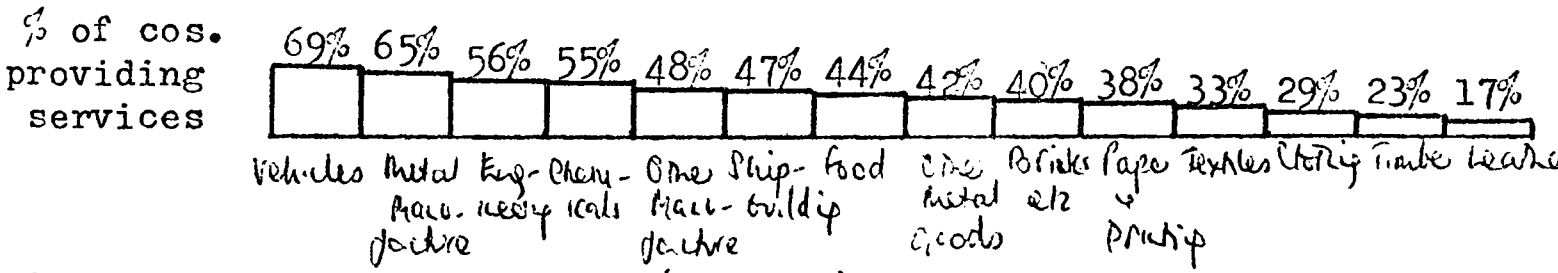
Table 7.16 Medical Services by Industry - All Employees

1964



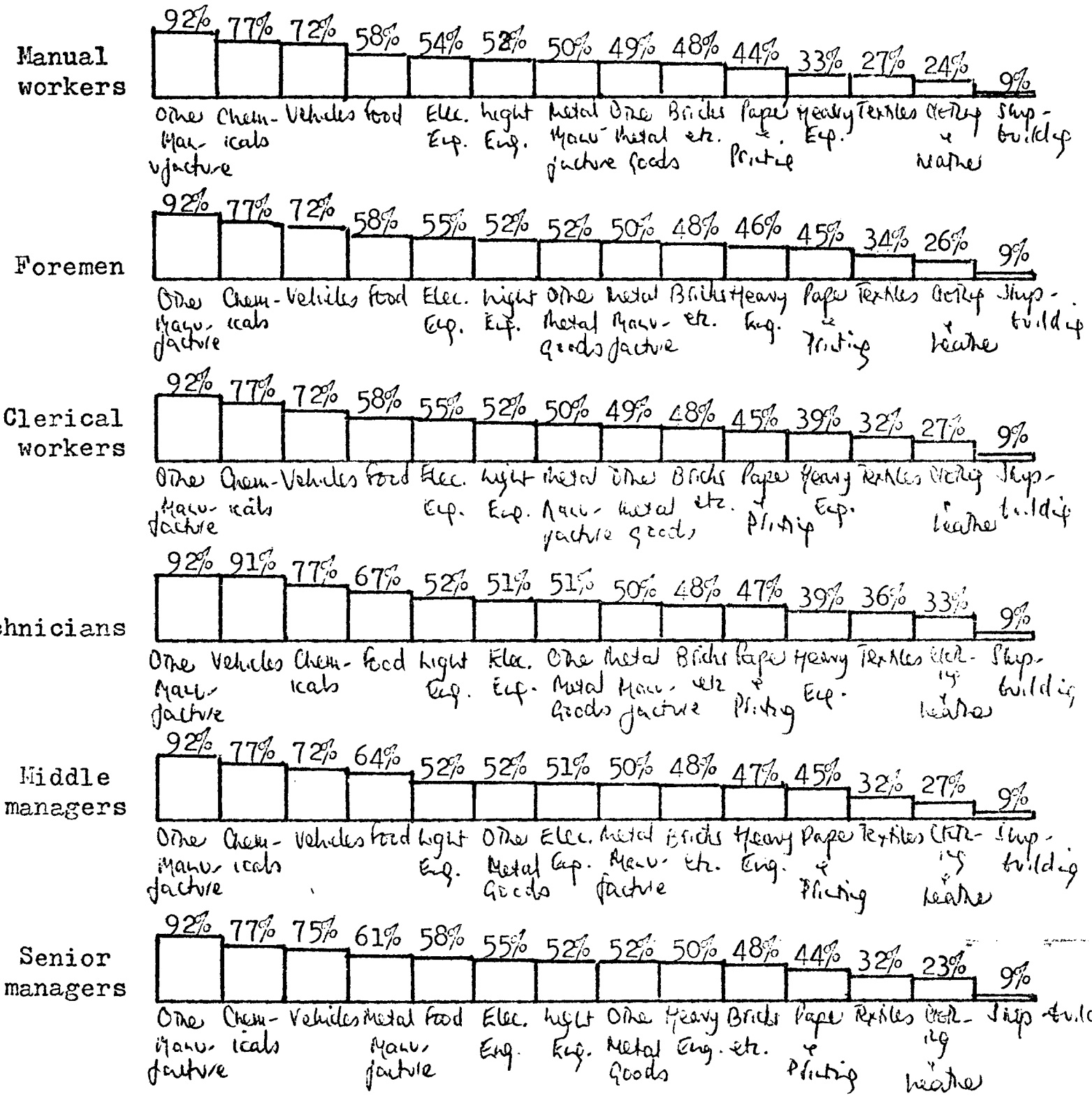
Source: Labour Costs Survey (1964:11)

1968



Source: Labour Costs Survey (1968:25)

Table 7.17 Medical Services by Industry: A Comparison of Occupations. 1968



Source: Wedderburn and Craig data

The most generous industries with medical services are Vehicles and Chemicals, followed by Metal Manufacture and Engineering and Electrical. There is again some disagreement about Ship-building, with two surveys assessing it as a relatively generous industry and the Wedderburn and Craig sample indicating it as mean. Textiles, Clothing and Leather and Timber are among the meaner industries. Differences between occupations are again small. A higher proportion of firms in Heavy Engineering provide medical services for foremen and managers. In

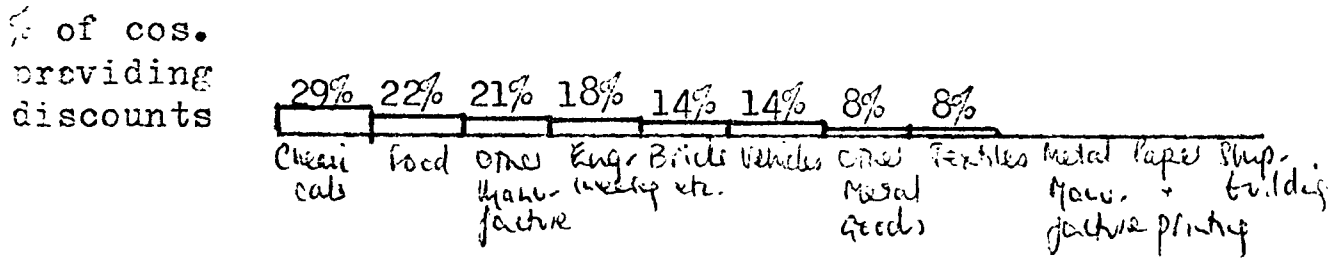
Vehicles, Food and Textiles a higher proportion provide the services for technicians, while a higher proportion in Food do so for middle managers and in Metal Manufacture to senior managers. Some of these results may reflect the fact that firms in some industries do not employ people in all six of the occupations.

(vii) Perks

Table 7.18 shows the distributions of discounts by industry to manual workers in 1960 and 1968. Table 7.19 does the same for travel and Table 7.20 for housing. Table 7.21 shows insurance by industry in 1960 and Table 7.22 loans in 1968. In Table 7.23 the mean number of perks given by each industry to manual workers in 1968 is shown.

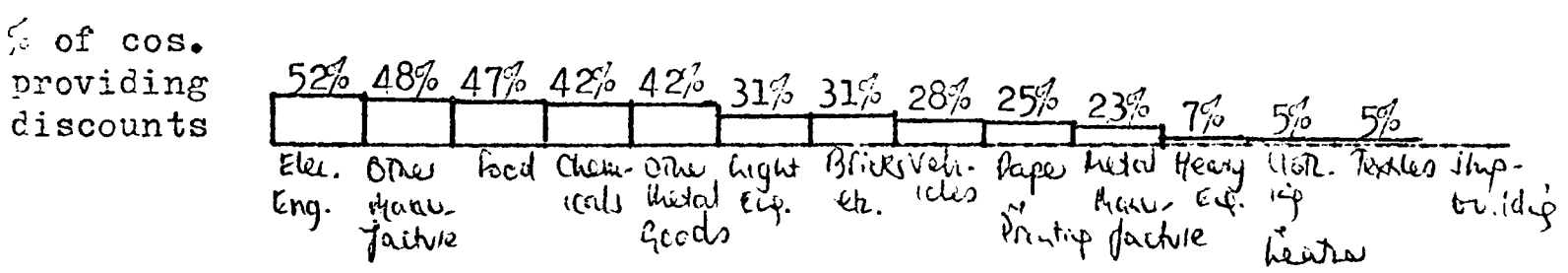
Table 7.18 Discounts by Industry - Manual Workers

1960



Source: Reid and Bates (1965:73)

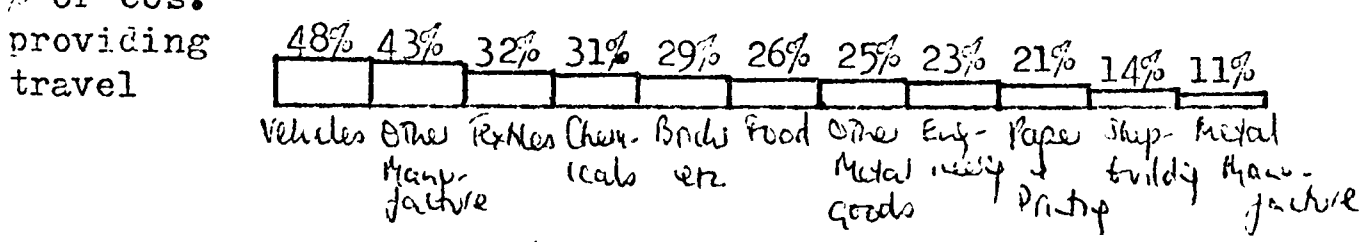
1968



Source: Wedderburn and Craig data

Table 7.19 Travel by Industry - Manual Workers

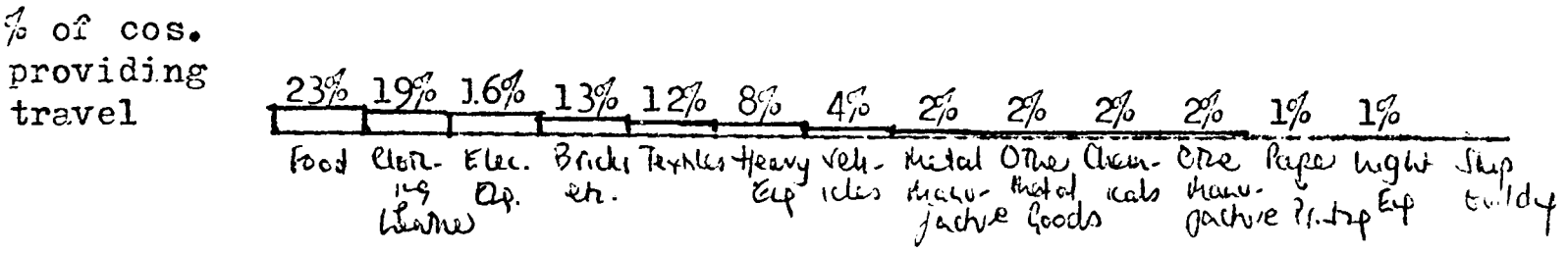
1960



Source: Reid and Bates (1965:73)

Table 7.19 (continued)

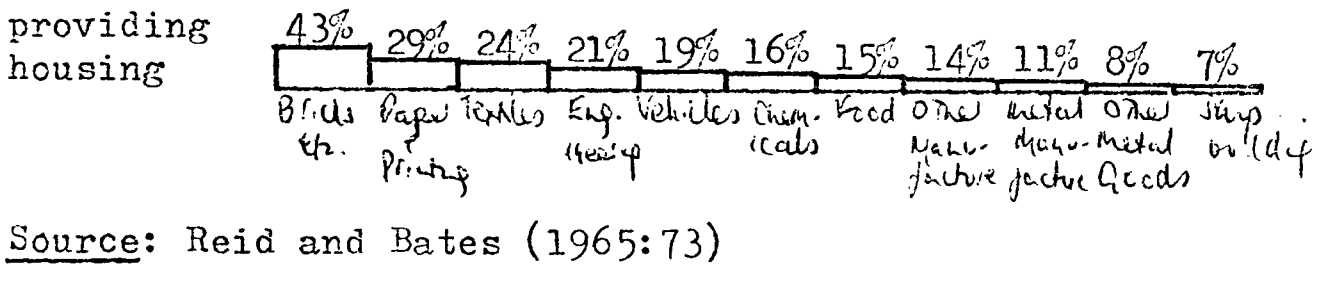
1968



Source: Wedderburn and Craig data

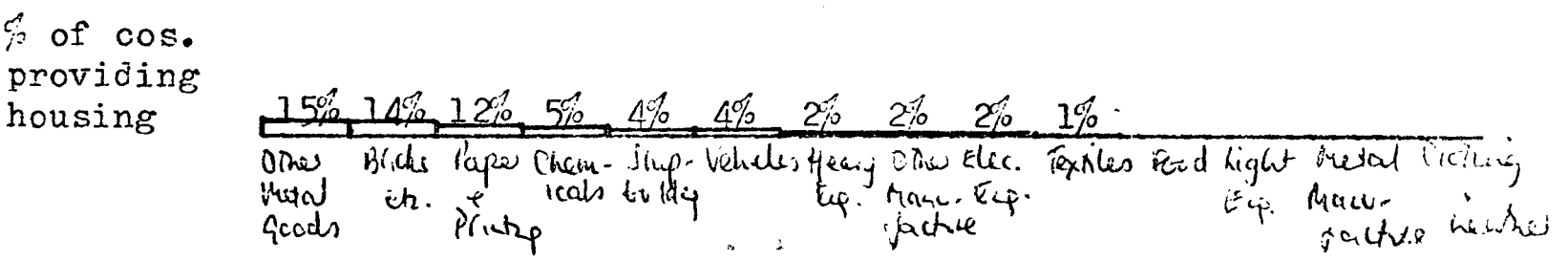
Table 7.20 Housing by Industry - Manual Workers

1960



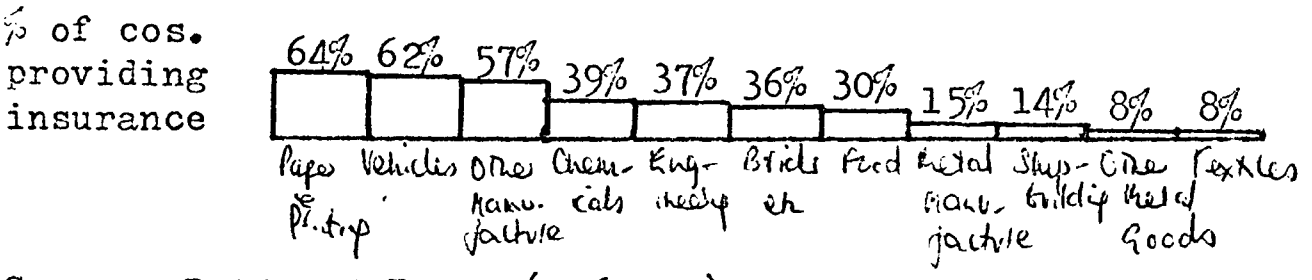
Source: Reid and Bates (1965:73)

1968



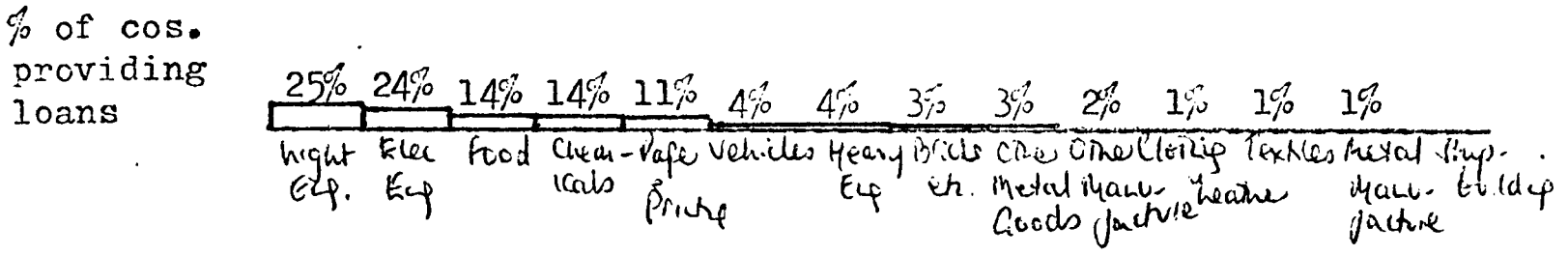
Source: Wedderburn and Craig data

Table 7.21 Insurance by Industry - Manual Workers.1960



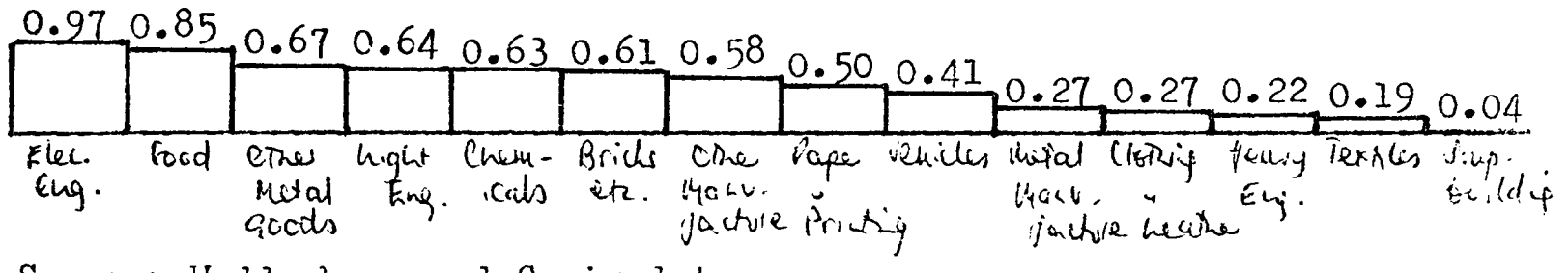
Source: Reid and Bates (1965:73)

Table 7.22 Loans by Industry - Manual Workers. 1968



Source: Wedderburn and Craig data

Table 7.23 Mean Number of Perks by Industry - Manual Workers. 1968



Source: Wedderburn and Craig data

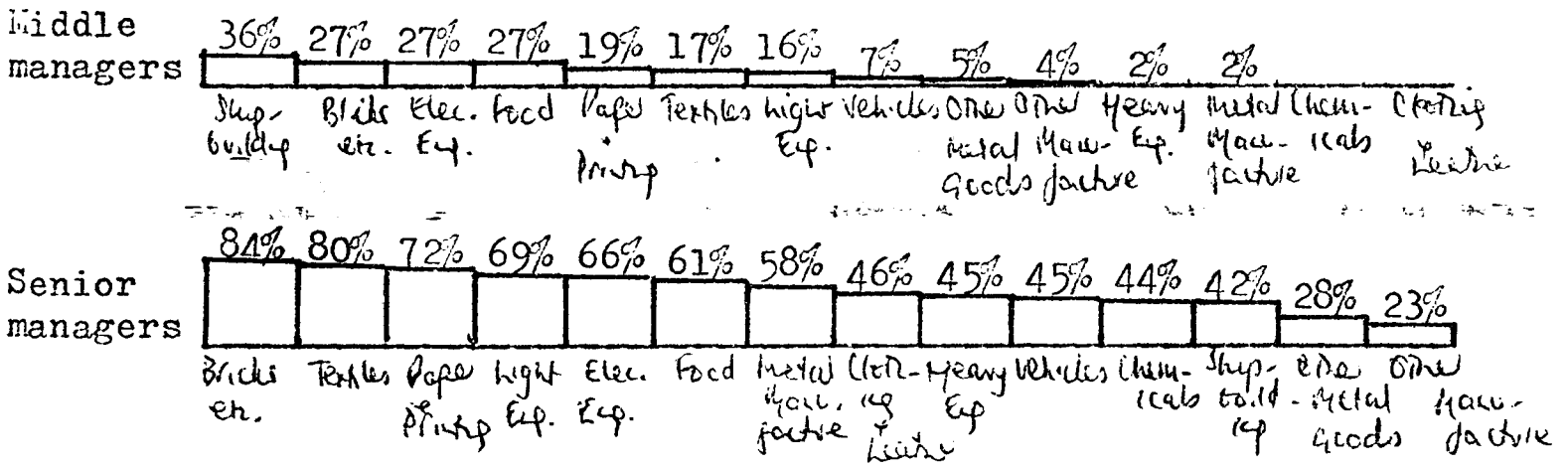
Chemicals, Food, Other Manufacture and Electrical Engineering are generous with discounts, while Ship-building, Textiles, Clothing Paper and Metal Manufacture are mean. Results for Travel vary between the surveys. In 1960 Vehicles and Other Manufacture were particularly generous; in 1968 Food and Clothing were generous. In most industries only a small proportion of employers provide for travel. Bricks and Paper have been generous in providing housing, while most industries are not. Paper and Vehicles are most generous with insurance while Other Metal Goods and Textiles are least generous. Loans are most frequently provided by firms in Light Engineering and Electrical Engineering, while they are less frequent in most industries.

Table 7.23 shows the mean number of perks provided to manual workers by employers in each industry. Electrical Engineering and Food are most generous, then Other Metal Goods, Light Engineering, Chemicals, Bricks, Other Manufacture, Paper and Vehicles are clustered together. A third group of Metal Manufacture, Clothing, Heavy Engineering and Textiles can be seen, while Ship-building is the meanest

of all the industries, with an average of 0.04 perks provided for manual workers.

The distribution of perks to non-manual workers was not very different from their distribution to manual workers by industry in Wedderburn and Craig's sample and the relevant tables can be found in Appendix C (p383). These show that Clothing is more generous to middle and senior managers with discounts than to other occupations, while Electrical Engineering is meaner to managers with travel. Bricks is quite generous in providing loans to foremen, but even more so in their provision to clerical workers and technicians, and more so again with managers. Ship-building is notably generous in housing provision to routine white collar workers, while Paper is quite generous to foremen only. Table 7.24 shows the distribution of the provision of company cars for business and private use by industry for middle and senior managers, while Table 7.25 shows the distribution of the mean number of perks provided by each industry to the five non-manual occupations covered in the 1968 survey.

Table 7.24 Company Cars by Industry - Managers. 1968

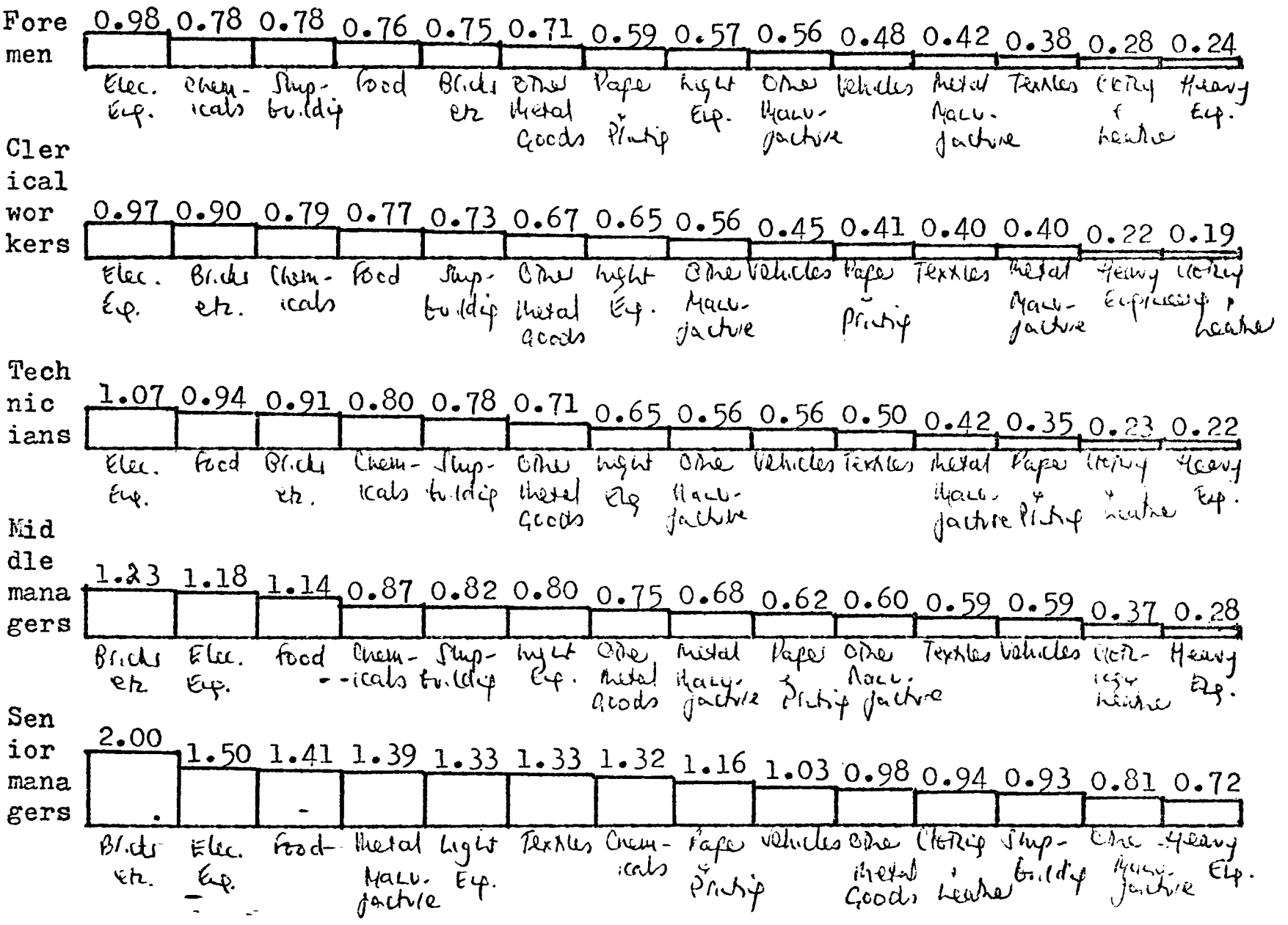


Source: Wedderburn and Craig data

Bricks etc. is relatively generous in providing cars to both middle and senior managers, while Other Metal Goods, Other Manufacture, Heavy Engineering and Chemicals and Clothing are relatively mean to both. Ship-building is relatively generous to middle managers and relatively mean to senior managers, while Paper and Textiles are

more generous with senior than with middle managers.

Table 7.25 Mean Number of Perks by Industry: A Comparison of Non-manual Workers. 1968



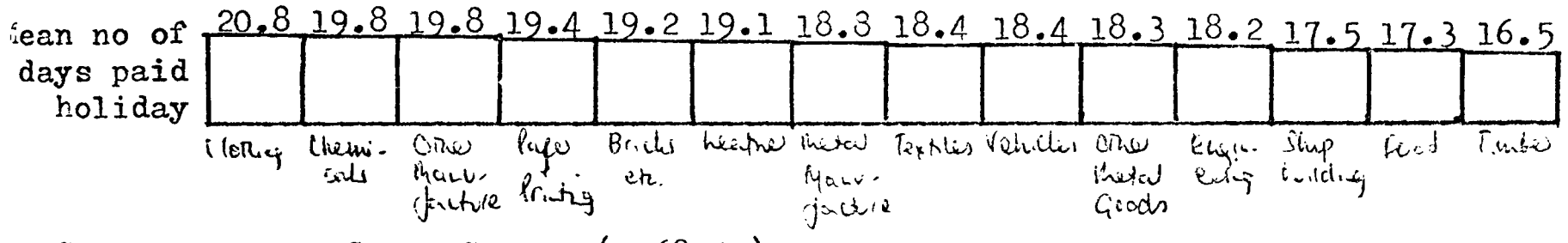
Source: Wedderburn and Craig data

Electrical Engineering i s most generous in perks provision to foremen, clerical workers and technicians, while Bricks etc. is most generous in providing for managers. Food, Bricks etc and Chemicals are generous to all non-manual workers, while Ship-building is generous to all but senior managers. Clothing and Heavy Engineering are meanest to all but senior managers. Other Manufacture were relatively mean to senior managers.

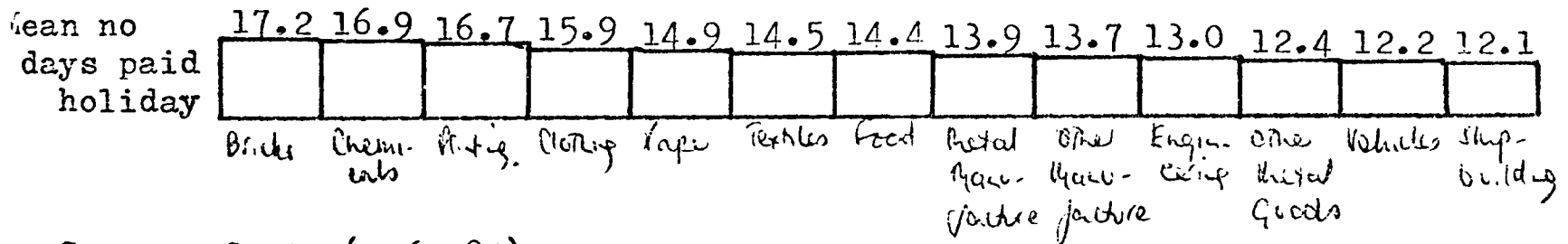
) Holidays with pay

Table 7.26 shows the distribution of holidays with pay to manual workers by industry in 1968 as indicated in the Labour Costs Survey of that year and in Wedderburn and Craig's sample. Table 7.27 shows the average number of days paid holiday by industry in 1968 for administrative, technical and clerical workers, while Tables 7.28 and 7.29 show the distributions of holidays and extra holidays by industry for the five non-manual occupations.

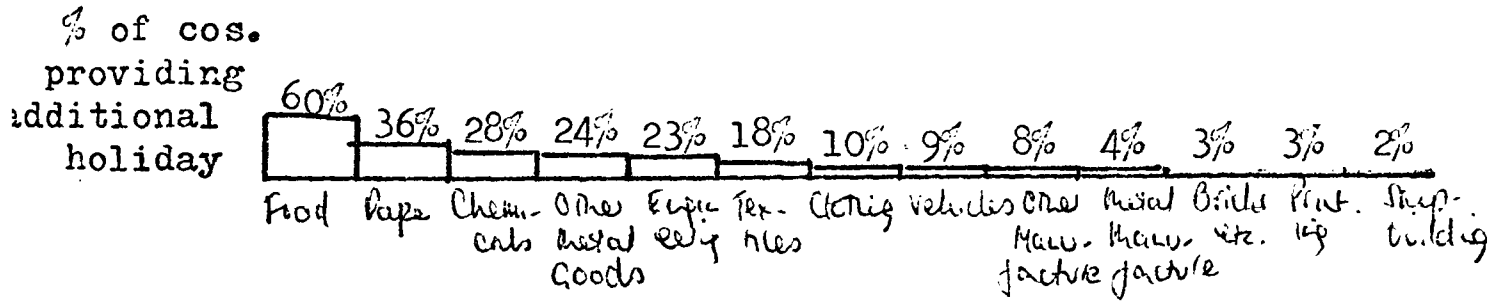
Table 7.26 Holidays with Pay by Industry - Manual Workers. 1968



Source: Labour Costs Survey (1968:47)



Source: Craig (1969:84)

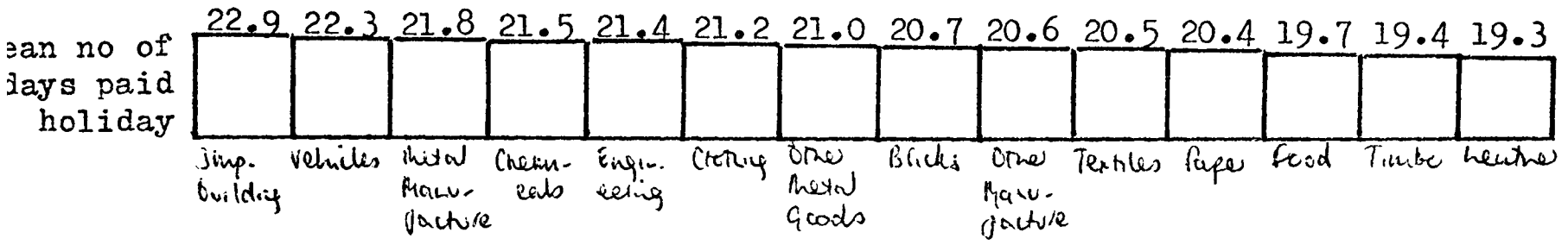


Source: Craig (1969:85)

Both surveys show that Chemicals, Clothing, Paper and Printing and Bricks etc. are among the most generous industries in the provision of holidays for manual workers, while Engineering, Ship-building, Timber and Other Metal Goods and Vehicles are among the least generous.

Industries where firms most frequently provide extra holidays are not the meanest in providing basic holidays.

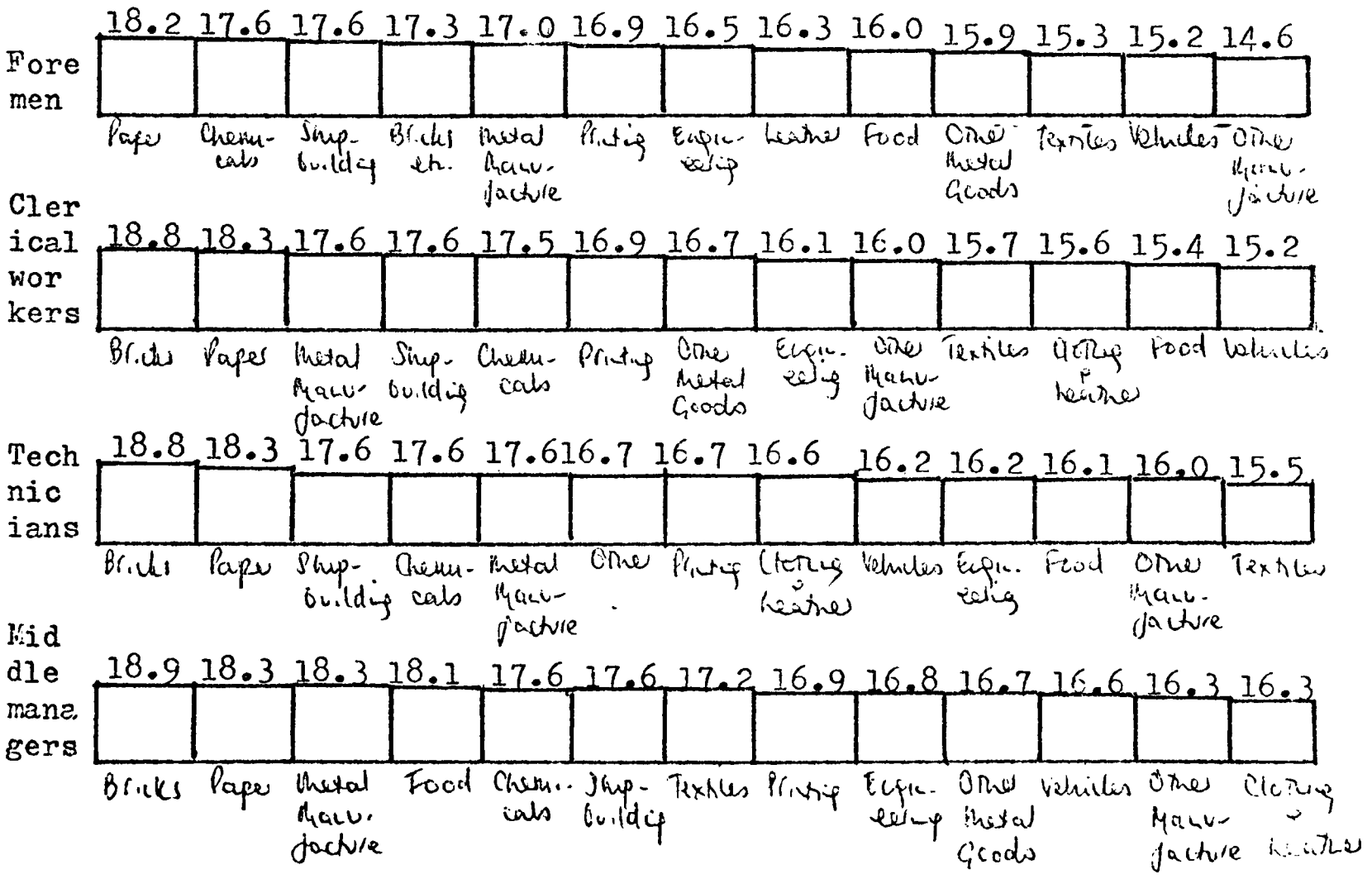
Table 7.27 Holidays with Pay by Industry - Non-manual Workers. 1968



Source: Labour Costs Survey (1968:47)

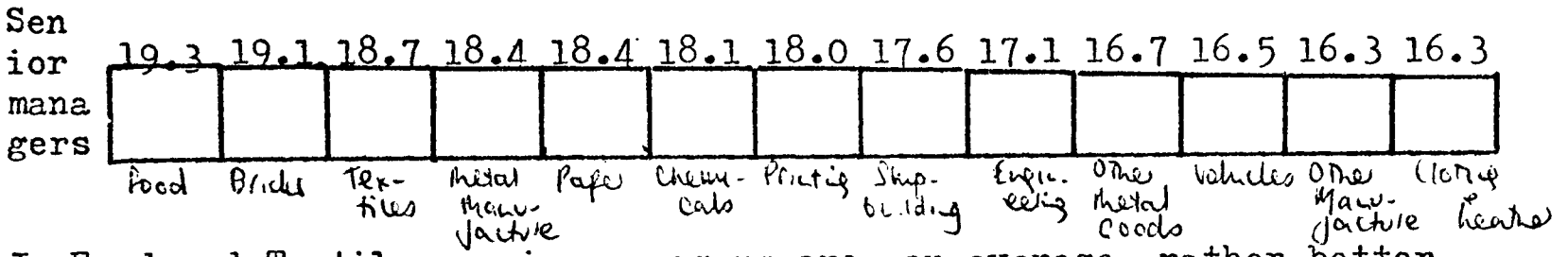
The two most generous industries for non-manual workers - Shipbuilding and Vehicles - were among the meanest in provision of holidays to manual workers. Timber and Food are mean for non-manual as well as manual, while Leather, Paper and Textiles are mean for non-manual and average for manual.

Table 7.28 Holidays with Pay by Industry: A Comparison of Non-manual Workers.1968



Source: Craig (1969:84)

Table 7.28 (continued)



In Food and Textiles senior managers are, on average, rather better off than middle managers, who, in turn, are rather better off than other non-manual workers when it comes to holiday provision. Senior managers are better off than all other non-manual workers in Chemicals and Printing. Senior and middle managers fare better, on the whole, than the remainder, in Metal Manufacture and Engineering and Electrical, while managers and technicians are better off than foremen and clerical workers in Vehicles and Leather. Foremen are worse off than other non-manual workers in Bricks etc. Other Metal Goods and Other Manufacture, but fare better than clerical workers in Leather and Food.

Other Manufacture and Vehicles are relatively mean in holiday provision for all non-manual workers, while Textiles and Food are mean in provision for routine white collar workers, but generous to senior managers. Bricks etc. and Paper are relatively generous in providing for all non-manual workers, while Chemicals and Shipbuilding are relatively generous to routine white collar workers.

Table 7.29 Extra Holidays with Pay by Industry: A Comparison of Non-manual Workers. 1968

(% of companies providing extra holidays)

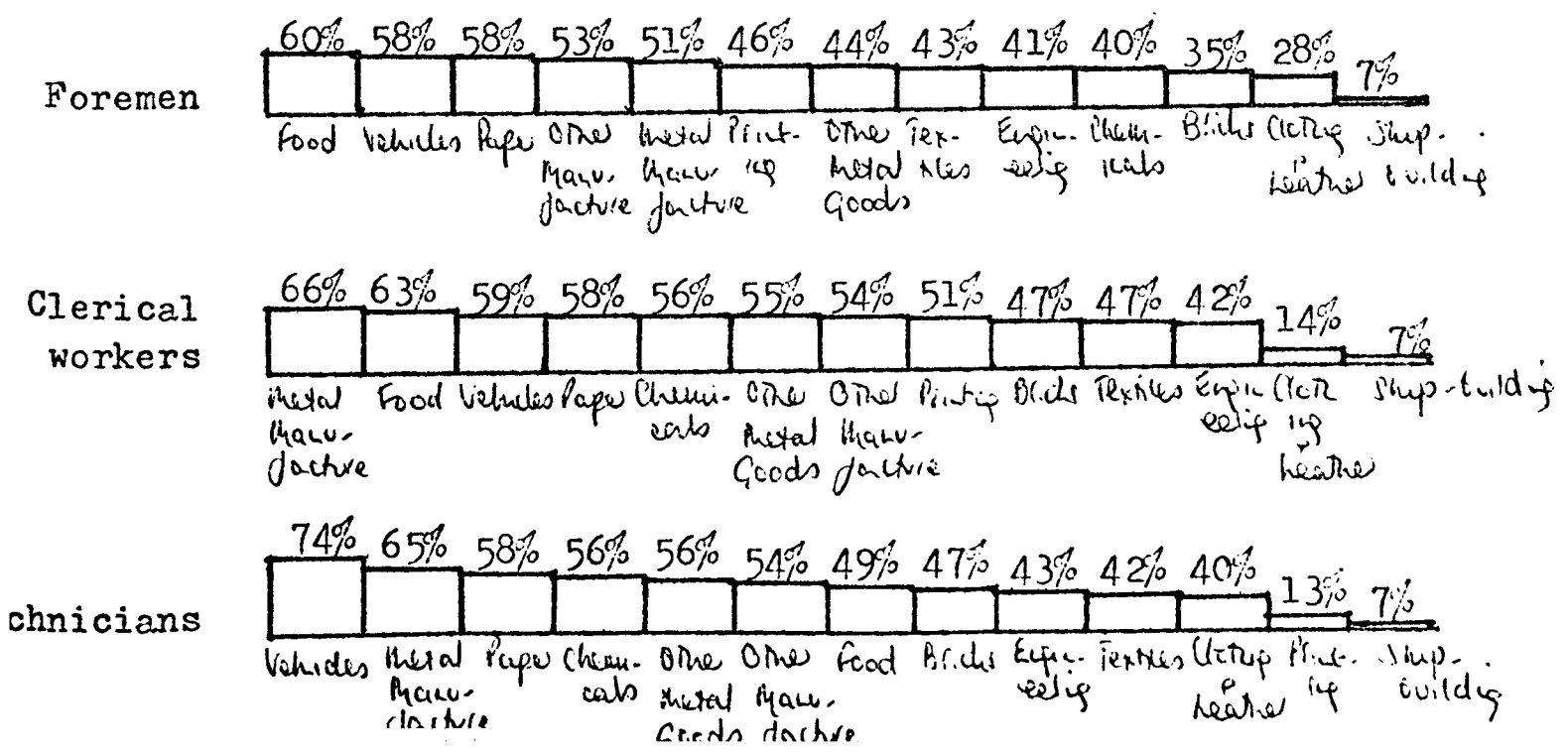
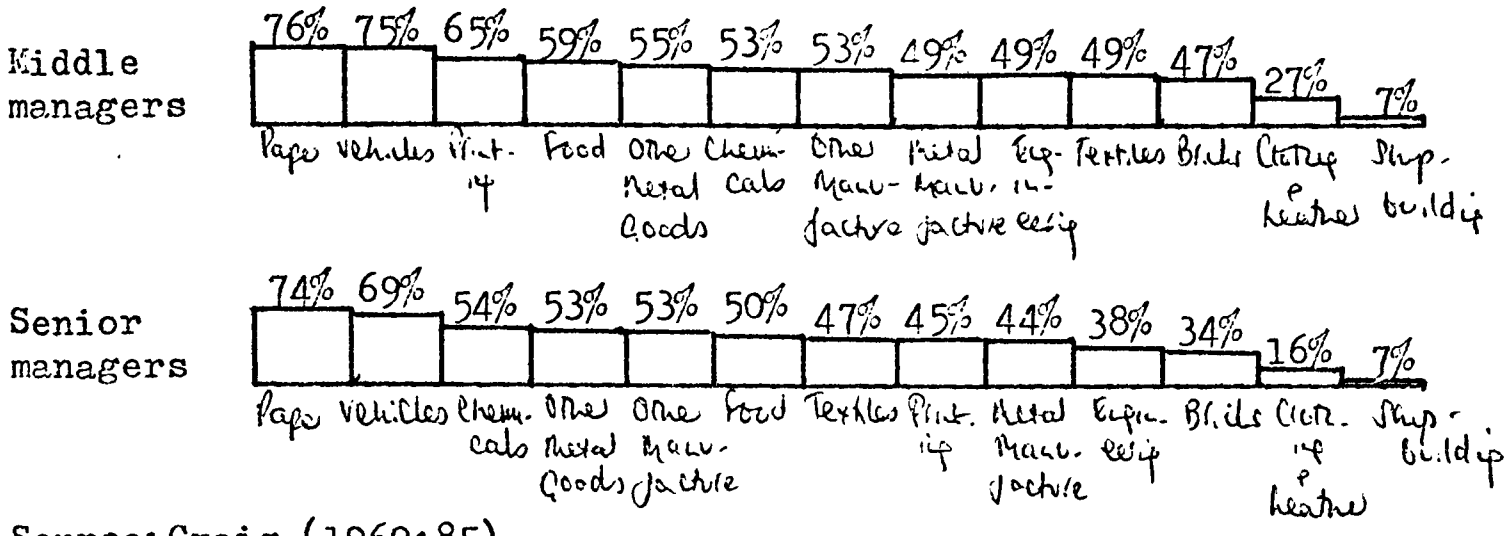


Table 7.29 (continued)



Source: Craig (1969:85)

Ship-building and Clothing and Leather are generally mean in providing extra holidays for non-manual workers. Bricks are particularly mean with foremen and senior managers. Paper and Vehicles are relatively generous with extra holidays for all non-manual workers, Food is generous to foremen and clerical workers and Metal Manufacture with clerical workers and technicians.

Fringe benefits

Table7 .30 shows the distribution of the average number of fringe benefits provided by employers to employees in each industry, by occupation. In Table 7.31 the average 'generosity', for manual and non-manual workers, of employers in each industry is displayed. The measure of 'generosity' is described in Appendix B (p377) and combines all the results presented so far in this chapter.

Table 7.30 Fringe Benefits by Industry. 1968

(Mean number of fringe benefits provided)

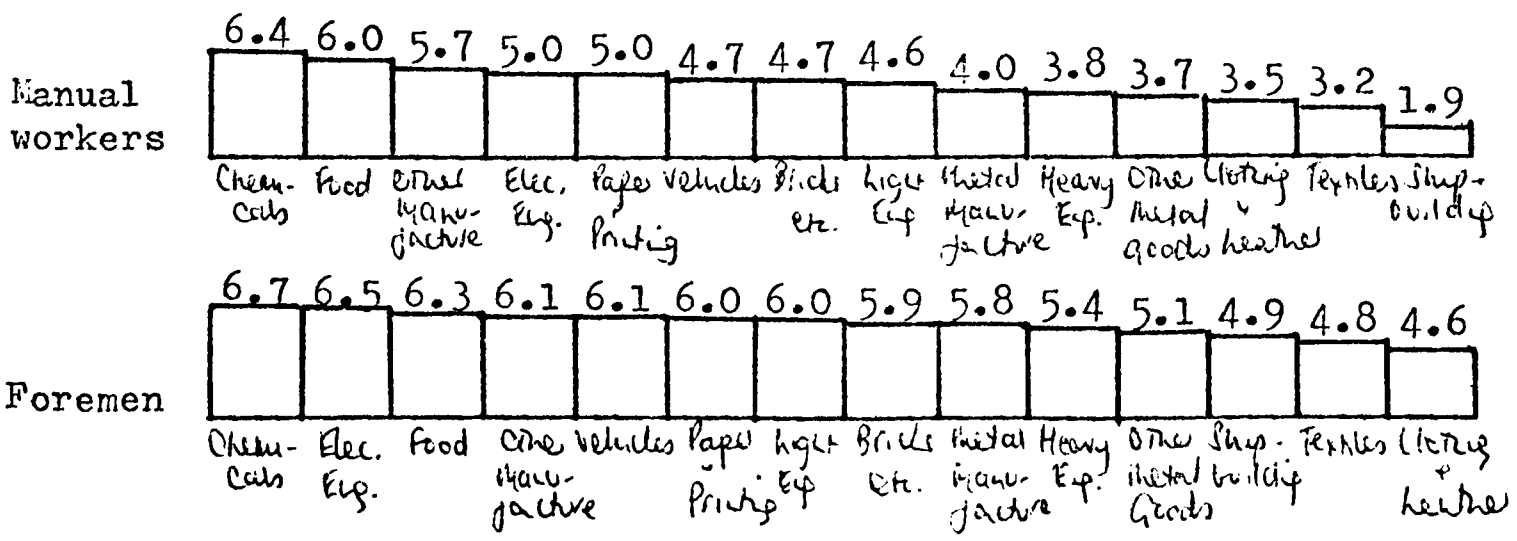
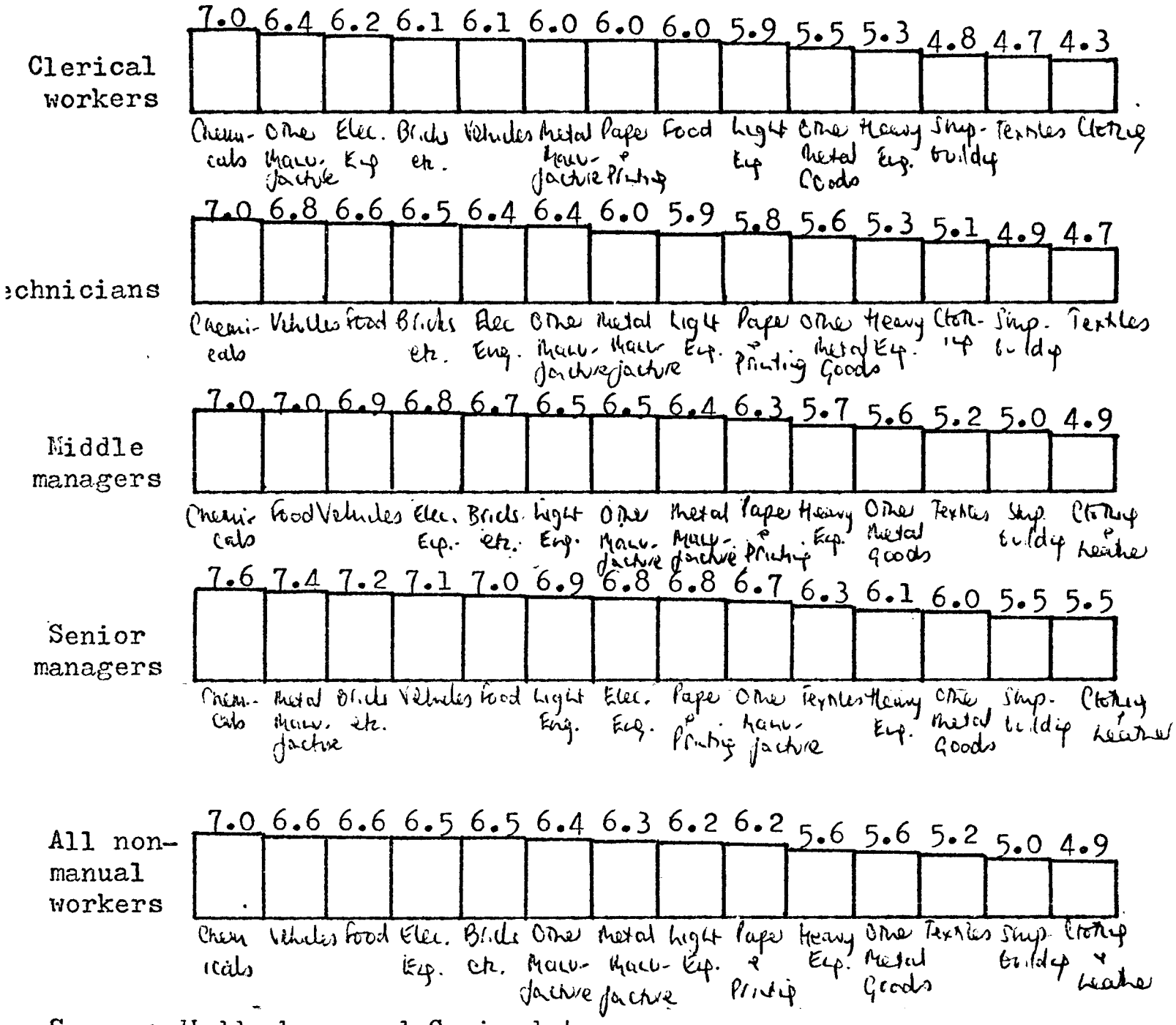
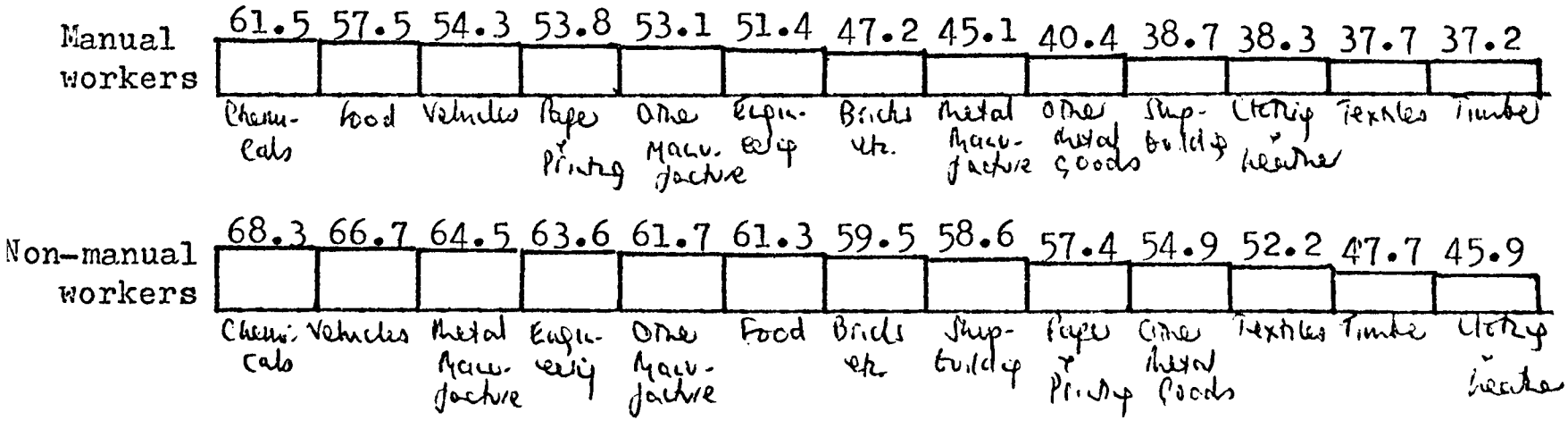


Table 7.30 (continued)



Source: Wedderburn and Craig data

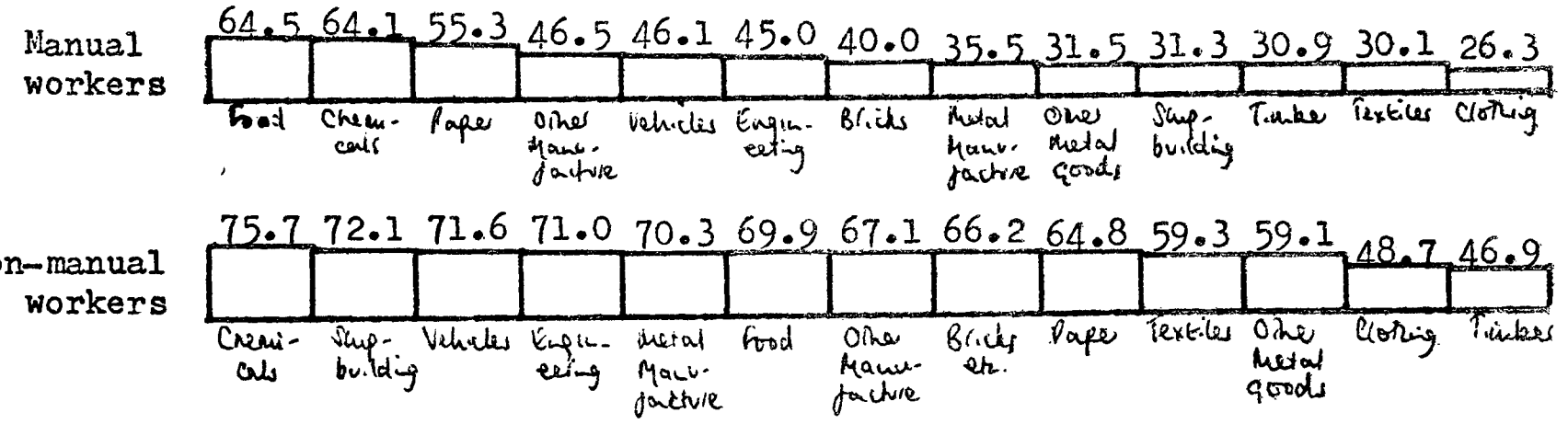
Table 7.31 Fringe Benefits by Industry (II)



Source: All data in this chapter (see Appendix B:377)

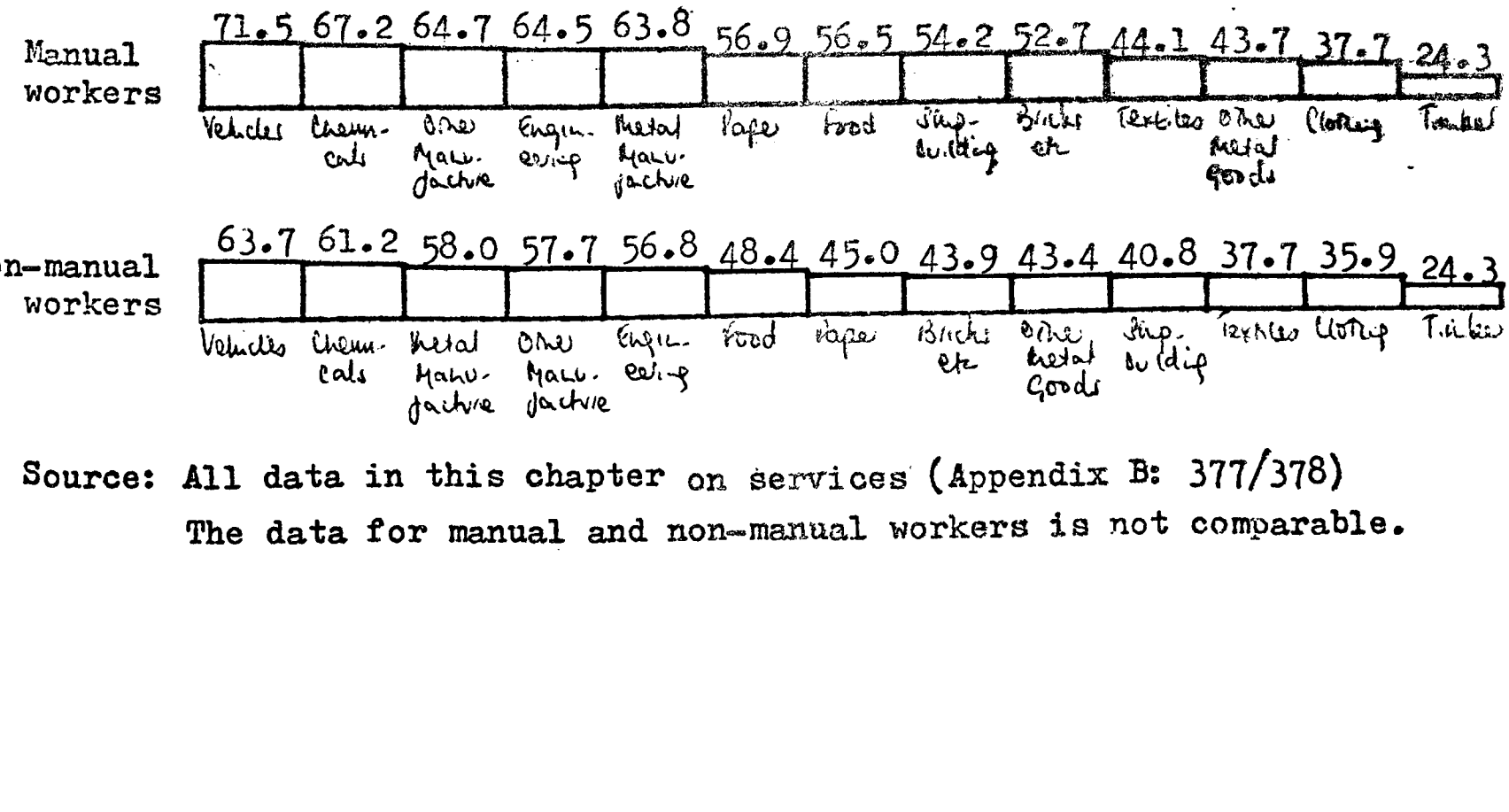
Table 7.32 shows the distribution of security benefits by industry for manual workers and non-manual workers taken separately. Table 7.33 gives a similar distribution for the service benefits, Table 7.34 for perks, and Table 7.35 for holidays with pay. Table 7.32 uses all the data in the sections on pensions, sick pay and redundancy pay above, which is gathered together on pages 449 and 451 of Appendix B, while Tables 7.33 - 7.35 do the same with the sections on services, perks, and holidays respectively.

Table 7.32 Security benefits by Industry



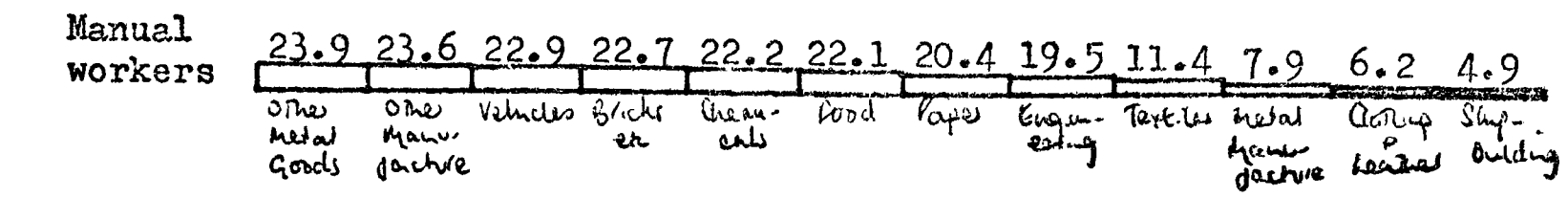
Source: All data in this chapter on security benefits (Appendix B: 377/378)
The data for manual and non-manual workers is not comparable

Table 7.33 Services by Industry



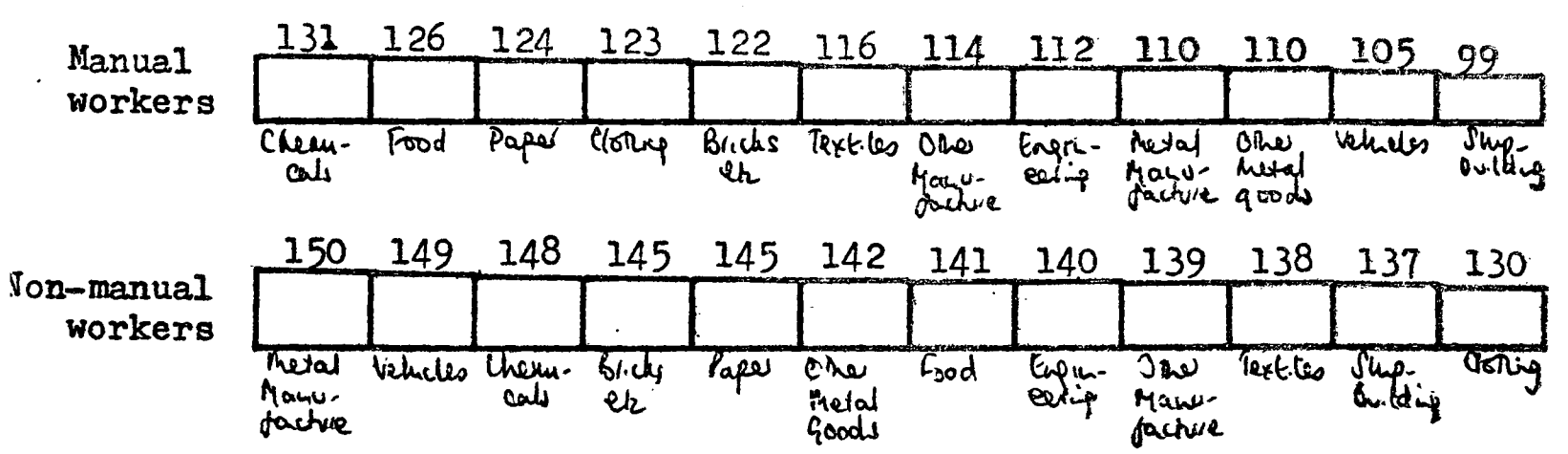
Source: All data in this chapter on services (Appendix B: 377/378)
The data for manual and non-manual workers is not comparable.

Table 7.34 Perks by Industry



Source: All data in this chapter on perks (Appendix B: 377/378)
The data for manual and non-manual workers is not comparable

Table 7.35 Holidays with Pay by Industry



Source: All data in this chapter on holidays (Appendix B: 377/378)
The data for manual and non-manual workers is not comparable

There are not very many notable differences in the ranking of the industries according to the generosity of provision of different benefits. In other words, industries which tend to be generous (or mean or average) with one benefit, tend to be generous (or mean or average) with the others. Outstanding differences for manual workers were: (i) service provision in the Food industry which was average, when overall benefit provision was generous; (ii) provision of holidays in the vehicle industry, which was mean, while overall benefit provision was generous; (iii) provision of sick pay in 'metal manufacture' which was very mean, and of pensions, which was very generous, while provision of other benefits was average; (iv) provision of perks in 'other

metal goods' which was generous while other benefit provision was average to mean; and (v) provision of generous holidays with pay in the otherwise mean clothing industry. There were fewer exceptions for non-manual workers: security benefits in ship-building were more generously provided, relative to other industries, than other benefits, while the same was true of perks in 'bricks, pottery, glass, cement, etc.'.

Before summarising these data in a more digestible form, the influence of size of company on the findings in Table 7.30, for manual workers, will be considered.

The influence of size of company on benefit provision by industry for manual workers.

The size composition of the different industry groups varies and, given that Chapter 6 showed that there was some relationship between size of company and provision of services and security benefits for manual workers, this may interfere with the relationship between industry and benefit provision. Table 7.36 shows the mean number of benefits provided for manual workers in Wedderburn and Craig's sample, by industry and size group, and Figs 7.1, 7.2 and 7.3 depict the relationship between industry, size of company and fringe benefit provision for manual workers more clearly.

The data show that, when size of company is 'controlled for', the relationship betwen industry and fringe benefit provision is affected. However, not all that relationship can be accounted for by the fact that the size composition of different industries varies, and, in some industries, the expected relationship between size of company and benefits does not hold. The data do not help in analysing the actual processes which relate size of company,

Table 7.36 Fringe benefits for manual workers by industry and size of company, 1968

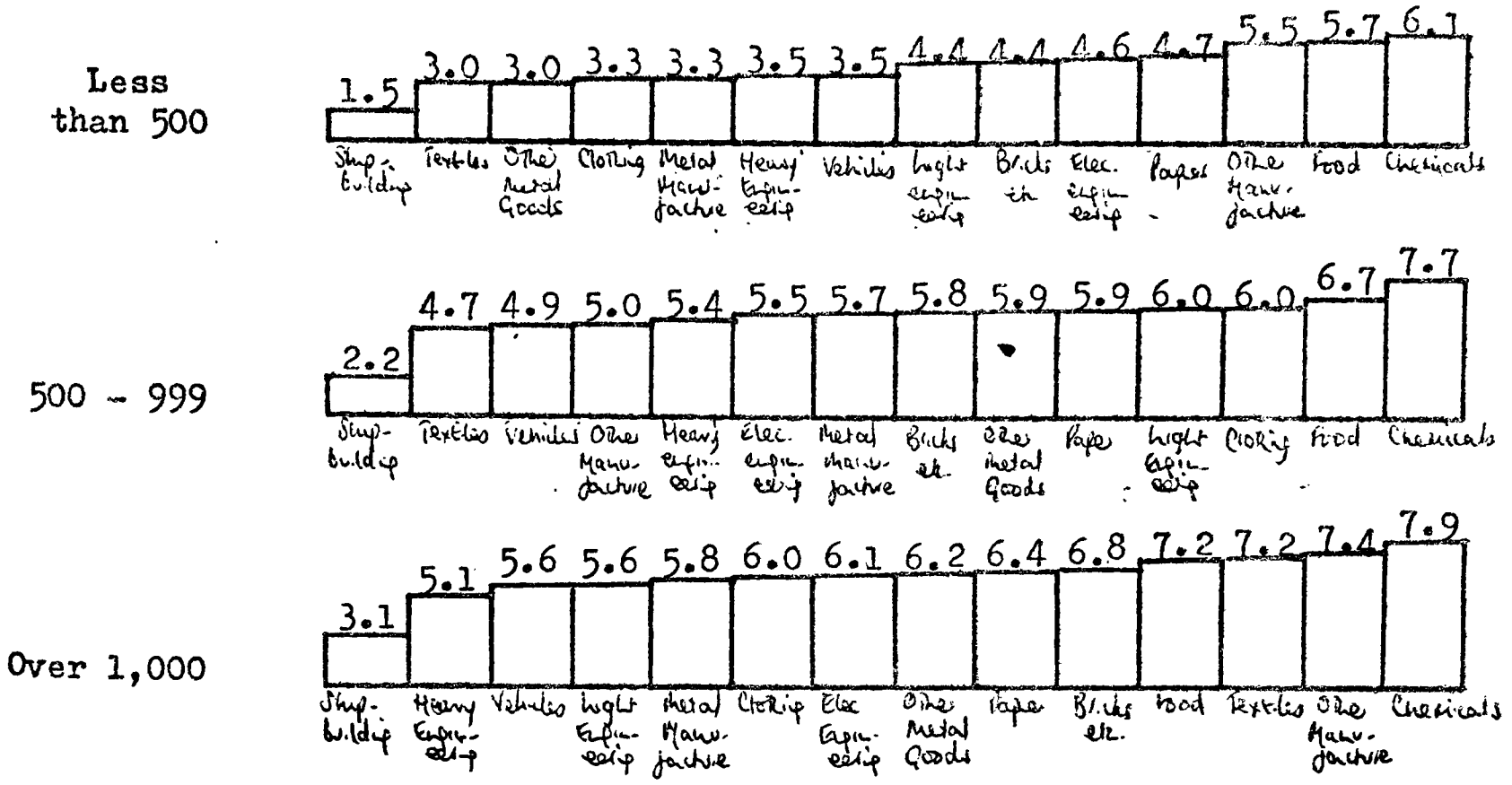
(Mean number of benefits provided)

Industry	Size of company (no of employees) Less than 500	500 - 999	Over 1,000	All sizes
Food	5.7	6.7	7.2	6.0
Chemicals	6.1	7.7	7.9	6.4
Metal manufacture	3.3	5.7	5.8	4.1
Heavy engineering	3.5	5.4	5.1	3.8
Light engineering	4.4	6.0	5.6	4.6
Electrical engineering	4.6	5.5	6.1	5.0
Shipbuilding	1.5	2.2	3.1	1.9
Vehicles	3.5	4.9	5.6	4.7
Metal n.e.s.	3.0	5.9	6.2	3.7
Textiles	3.0	4.7	7.2	3.2
Clothing and Leather	3.3	6.0	6.0	3.5
Bricks, etc.	4.4	5.8	6.8	4.7
Paper and Printing	4.7	5.9	6.4	5.0
Other manufacture	5.5	5.0	7.4	5.7
All industries	4.0	5.5	6.2	4.5

Source: Wedderburn and Craig's data

Fig 7.1 Fringe benefits for manual workers by industry and size of company (I)

(Mean number of benefits provided)



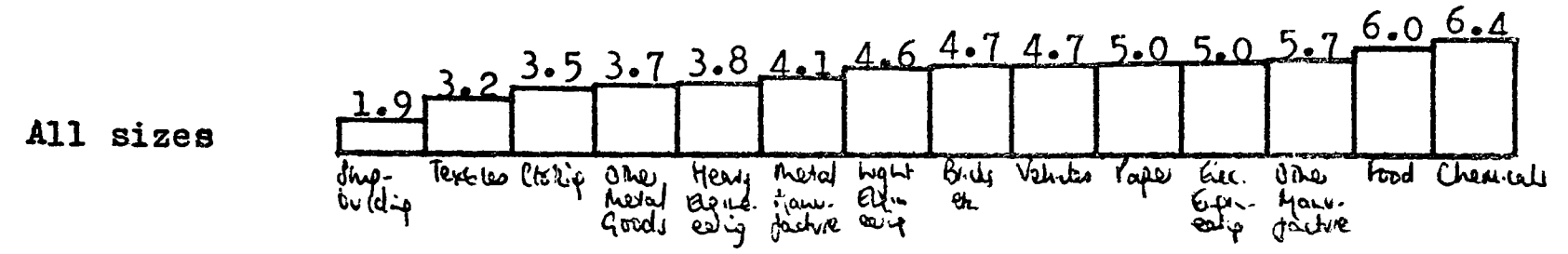
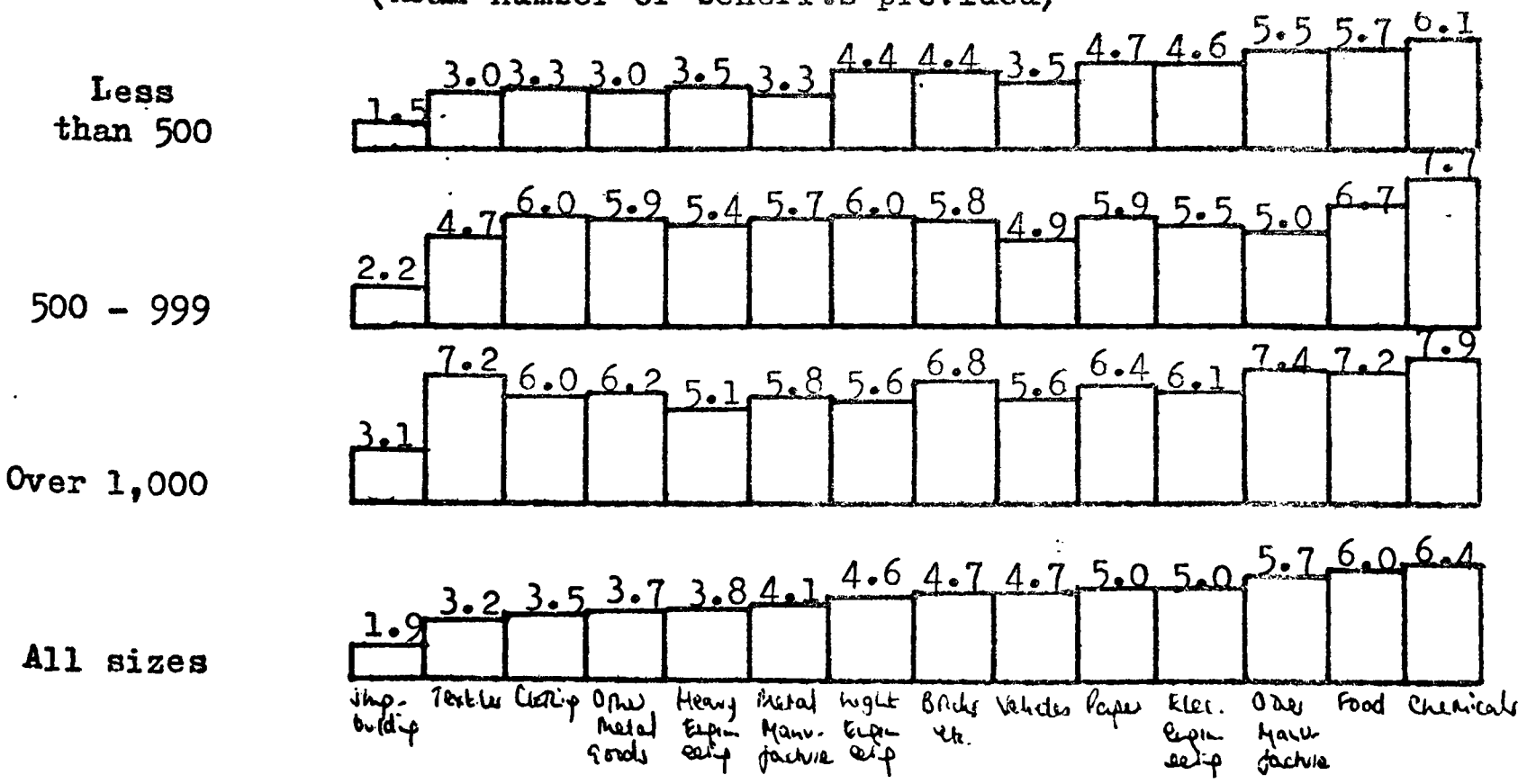


Fig 7.2 Fringe benefits for manual workers by industry and size of company (II)

(Mean number of benefits provided)



Source for both figures: Wedderburn and Crain's data

Fig 7.3 Fringe benefits for manual workers by industry and size of company (III)

(Mean number of benefits provided)

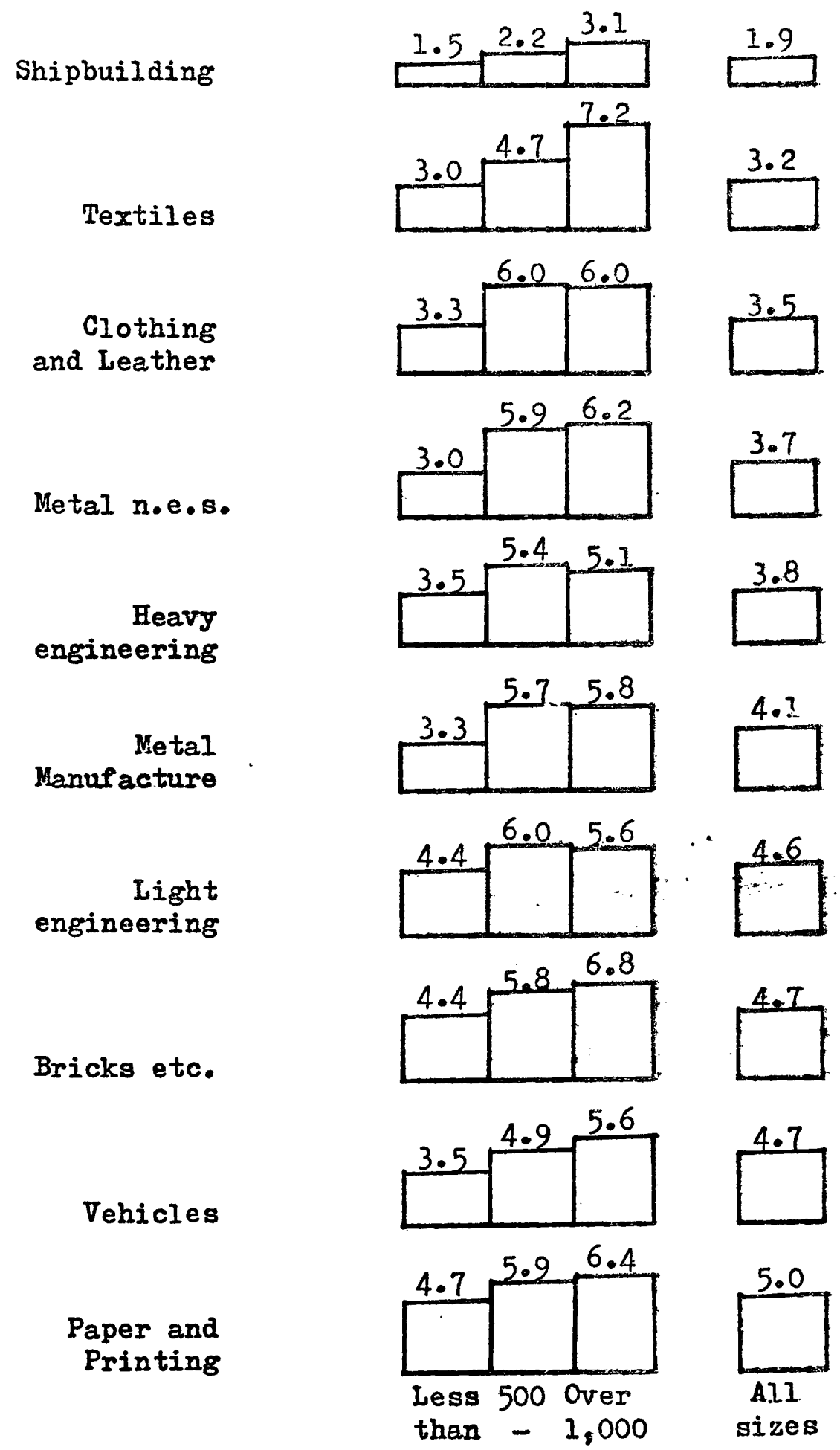
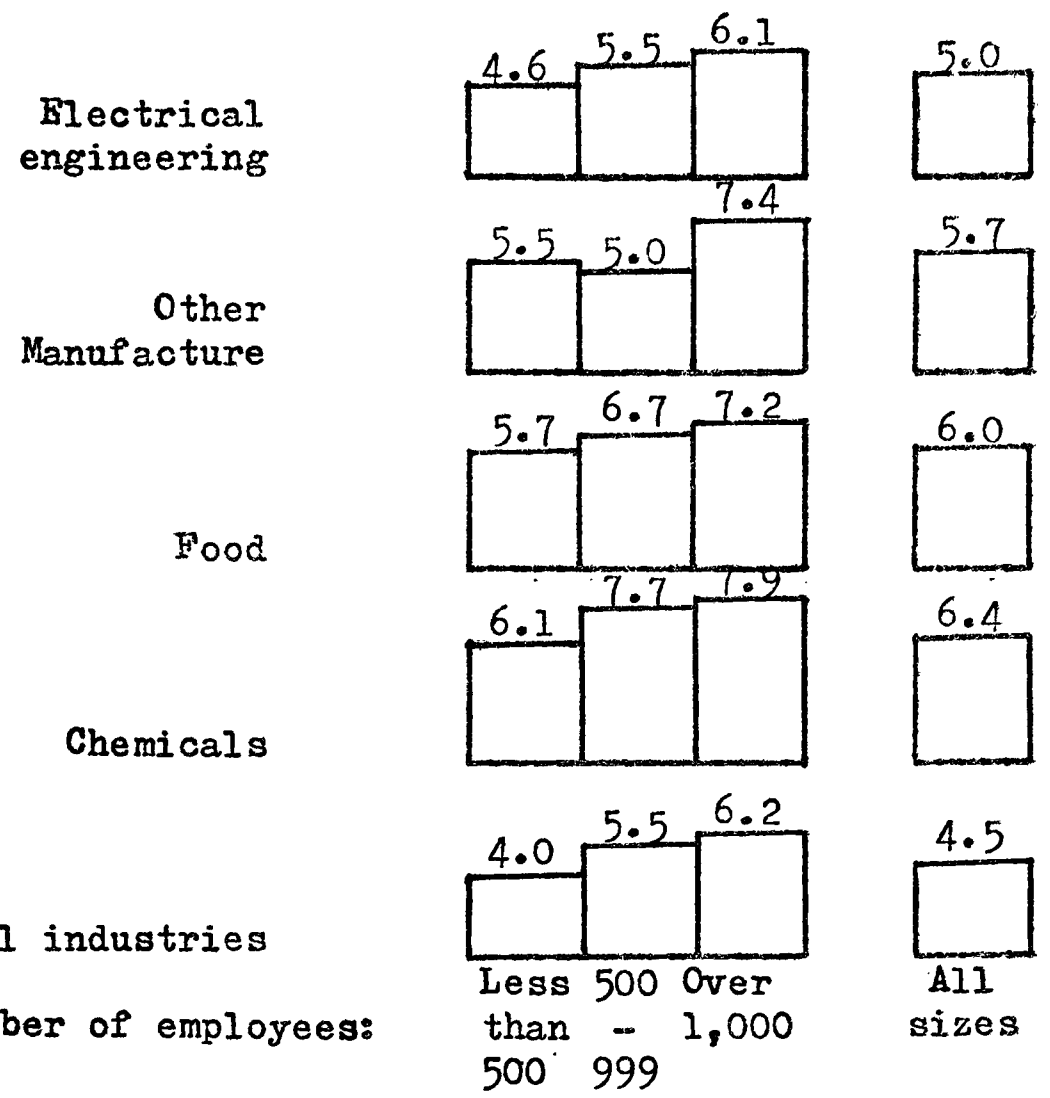


Fig 7.3 (continued)

(Mean number of benefits provided)



Source: Wedderburn and Craig's data

---

industry and benefit provision, and it cannot be assumed that size of company is the 'basic' independent variable, since the industry within which a firm operates, will have an effect on the size of firm. The following conclusions can be drawn from the data:

1. Firms in the ship-building industry provide very few benefits for manual workers, regardless of size of company.
2. Firms in the Chemicals and Food Industries provide very generous benefits for manual workers, regardless of size of company. In both cases the average number of benefits provided increases with size

of company, although there is not very much difference between firms in the chemicals industry employing between 500 and 1,000 employees and those employing more than 1,000.

3. Fringe benefit provision does not vary directly with size in Other Manufacture, Heavy Engineering and Light Engineering.

4. Firms employing less than 1,000 employees in the Textile industry are very mean with benefits for manual workers, while firms employing more than 1,000 are very generous. This can largely be explained by the fact that a number of large firms, or plants within a firm, make textiles from man-made fibres, and are closely associated with the chemicals industry, which provides very generous benefits.

5. Firms of all sizes in the Vehicles industry are not very generous with benefits for manual workers, compared with other industries in each size group, but the industry as a whole ranks quite highly because most of the firms are large, and the average number of benefits provided by large firms is higher.

6. Medium-sized firms in the Clothing industry are relatively generous, compared with other medium-sized firms, while large firms in this industry are about average, and small firms are relatively mean. Overall, the industry ranks low in benefit provision, largely because it contains a relatively high proportion of small firms and these firms are relatively mean with benefits in relation to other small firms.

7. Other Manufacture ranks highly in the overall list of industries mainly because large and small firms in this industry rank relatively highly and there is quite a high proportion of the latter in the industry.

8. Firms of all sizes in Engineering, Metal Manufacture, Bricks etc, Other Metal Goods and Paper and Printing tend to provide about average benefits for manual employees, but, within each size group, the ranking of these industries is different.

Summary of the data described for each industry

Table 7.31 ranks the industries according to their 'generosity' in providing benefits for manual workers in the following order: Chemicals; Food; Vehicles; Paper and Printing; Other Manufacture; Engineering; Bricks etc; Metal Manufacture; Other Metal Goods; Shipbuilding; Clothing and Leather; Textiles; Timber. Clothing and Leather and Timber may be at the bottom of the ranking order partly because they were not included in all the surveys, and the ones they were included in did not, on average, provide any industry with such high scores as the ones from which they were excluded. However, the evidence does suggest that they scored low, in terms of the percentage of firms providing benefits, for most of the benefits under consideration. In this section the benefits provided by each industry are considered.

(i) Chemical and allied industries

This industry has been considerably ahead of the others in fringe benefit provision, easily coming first in the overall rankings for all employees. It has been generous in pension, sick pay and service provision, and relatively generous, compared with other industries, with perk provision to all employees except senior managers, who received company cars for business and private use less frequently than in many other industries. Holiday provision for all employees has been generous. The difference in provision of benefits between manual and non-manual employees has been relatively small[1].

(ii) Food, drink and tobacco

Overall, this industry was the second most generous in providing benefits to manual workers and sixth in provision for non-manual workers. It has been mean with canteen provision, average to good with recreation facilities, and average with medical services, while being very generous in providing pensions and sick pay for manual workers, and average in provision for non-manual workers. Provision of perks for all employees has been

---

1. A table setting out the differences in benefit provision between occupations can be found in Appendix B (p382).

average to good, while holiday provision has been average for manual workers, mean for routine white collar workers and relatively generous for management. There does not seem to have been a strong differentiation within the industry between benefits for manual and non-manual workers.

(iii) Vehicles

This industry has been average to mean with pensions and sick pay for manual workers, foremen, and clerical workers, while being generous to technicians and managers. It has been very generous with services for all employees, generous with perks for manual workers but average to mean with perks for non-manual workers. Holidays for manual workers have been mean; those for non-manual workers average to mean. Overall, the industry was third in the ranking for manual workers and second for non-manual workers. It was suggested earlier that the high placing of this industry could largely be explained by the high proportion of large companies it contains. This is partly confirmed by the fact that the benefits it provides most generously are the services, which are the benefits with the strongest relationship with size of company.

(iv) Paper, printing and publishing

This industry has been relatively generous in providing pensions and sick pay for manual workers, while being average to mean in provision for non-manual workers. Service provision has been average to mean for all employees. Provision of perks has been above average for manual workers, below average for non-manual workers, while holidays for both have been generous. Overall, the industry was ranked fourth for manual workers and ninth for non-manual workers and the manual/non-manual distinction was lower than average. Firms in Paper tended to be slightly more generous than those in Printing.

(v) Other Manufacturing Industries

Firms in this industry group have been average to generous in providing pensions and sick pay for manual workers, while being average to mean in provision for non-manual workers. Service provision has been very generous, perks for manual workers average to generous, while perks for non-manual workers have been average to mean. Manual holidays have been about average, non-manual holidays rather mean. Overall the industry was ranked fifth for both manual and non-manual employees.

(vi) Engineering and electrical goods

This group includes a number of different branches of engineering and Wedderburn and Craig's survey suggested that Electrical Engineering has been most generous in benefit provision, with Light Engineering next, and Heavy Engineering least generous. Taking Engineering as a whole, the industry has been average to good in the provision of income security for all employees, although pension provision has been slightly less generous for foremen and technicians. Firms in the industry have also been generous in providing services, and about average with perks for all employees. Holidays have been average to mean for non-manual workers and mean for manual workers. The industry group was ranked sixth for manual workers and fourth for non-manual workers. The manual/non-manual differential in benefit provision has been noticeable, although not very much above the average for all industries.

(vii) Bricks, pottery, glass, cement, etc.

Sick pay and pension provision has been average to mean for manual workers, clerical workers and foremen, while average for technicians and managers. Service provision has been average to mean for all employees, perks for manual workers have been average, while firms have been generous in perk provision for non-manual workers, particularly managers. Holiday provision for all has been relatively generous. The industry was ranked seventh in benefit

provision to both manual and non-manual workers. The distinction between manual and non-manual workers was about average.

(viii) Metal Manufacture

On average this industry has been rather mean with pensions and sick pay for manual workers, although after 1968 pension provision improved considerably. Pension scheme provision for non-manual workers has been generous, sick pay provision about average. Provision of services has been good for all employees and perk provision average to mean for manual workers and routine white collar workers, average for middle managers and generous for senior managers. Holidays have been of average length for manual workers, but generous for non-manual workers. Overall, the industry was eighth in ranking for manual workers and third for non-manual workers. It has been particularly generous to senior managers, while differences in provision of benefits between manual and non-manual workers have been marked.

(ix) Metal Goods not elsewhere specified

This industry has been relatively mean in the provision of income security benefits to manual workers, mean with pensions for non-manual workers, but about average in providing sick pay for non-manual employees. Service provision has been rather mean for all employees, provision of perks about average, and holidays with pay rather mean. Overall, the industry came ninth in the ranking of the industries for manual workers and tenth for non-manual workers, while the difference in benefit provision between the two groups was about average.

(x) Shipbuilding and marine engineering

This industry has not been generous with pensions and sick pay for manual workers, although it has been more generous with the former, and has been generous with both for non-manual workers. Firms seem to have been relatively generous with services, although this was not the case for Wedderburn and Craig's sample,

and rather mean with perks for all employees. Holiday provision has been very mean for manual workers while generous for non-manual workers. The differentiation between manual and non-manual employees in Wedderburn and Craig's possibly untypical sample of ship-building firms was very marked. Overall the industry came tenth in ranking for manual workers and eighth for non-manual workers.

(xi) Leather, leather goods and fur and Clothing and footwear

These groups are considered together, since the sample of the leather industry in Wedderburn and Craig's sample was too small to be considered alone, and firms in these industry groups have had similar employment policies. Firms in both groups have have been very mean to all employees with pensions, sick pay, services and perks. Holiday provision to manual workers in the leather industry has been average, while it has been mean for non-manual workers. In the clothing industry holidays have been average for non-manual workers and generous for manual workers. Overall, this group was eleventh in the manual ranking and thirteenth in that for non-manual employees. The distinction in benefit provision between manual and non-manual workers was slightly less than average, while technicians did noticeably better than other routine white collar workers and middle managers, possibly because some of the meanest firms did not employ technicians. Evidence earlier in the chapter suggested that part of the explanation for the low ranking of this industry is due to the high proportion of small firms which it contains.

(xii) Textiles

Firms in the textiles industry have been very mean, on the whole with pensions and sick pay for manual and non-manual workers. They have also been mean with services and not very generous with perks, except for those provided to senior managers. Holidays

for manual workers have been average, those for routine white collar workers mean, for middle managers average, and for senior managers, generous. The distinction between manual and non-manual employees has been above average and senior managers have done particularly well. Overall the industry was ranked twelfth on the manual ranking and eleventh for non-manual workers. Firms in this industry which have close ties with the chemicals industry (that is, those which make textiles from man-made fibres) are much more generous in benefit provision to all employees than other firms.

(xiii) Timber, furniture, etc

This industry has been mean in the provision of all benefits to both manual and non-manual workers. Overall, the industry was ranked last for manual workers and twelfth for non-manual workers.

Conclusion

The data in this chapter are hard both to summarise and to draw any conclusions about. The industries which has been most generous in benefit provision to manual workers - the chemical industry, the food industry, vehicles, paper and printing and 'other manufacture' are those which either, have more firms than other industries using continuous process techniques (particularly chemicals, and 'other manufacture' and, to a lesser extent, paper and printing) and/or, have expanded their production in the 1930s and since (notably chemicals, food and vehicles)[1]. The vehicle industry has a relatively high proportion of large firms which have been shown to be more generous in the provision of some benefits than smaller firms (Chapter 6).

---

1. A description of each industry, the technologies they most frequently employ, and a very brief history of their employment records, is contained in Appendix B:371 ff.

The industries which have been meanest in providing benefits for manual workers are timber, textiles, clothing and ship-building. The first three industrial groups contain firms which usually use batch or mass production techniques, while ship-building firms use unit production. Employment in textiles, clothing and ship-building has declined throughout most of the period since the 1920s. The clothing industry has a relatively high proportion of small firms, who provide less generous benefits than larger firms.

These data suggest that the relationship between technology, history of the industry (and firm) and fringe benefit provision is rather a complicated one, which is further complicated by size of company. A possible hypothesis for further testing which relates these variables to fringe benefit provision is suggested below.

Employers will be more likely to provide benefits for manual workers if they have come under pressure to increase the moral involvement of those employees in the firm. Technology can provide one source of pressure, since some technologies require more responsible manual employees than others. Blauner suggested that, today

> '... at least three major kinds of blue-collar factory work exist at the same time: the traditional manual skill associated with craft technology; the routine low-skilled manual operations associated with machine and assembly-line technologies; and the 'non-manual' responsibility called forth by continuous process technology' (1964:)

More discretion is allowed to the first and third categories of manual employee and, insofar as employers use benefits to integrate employees, then it is more likely that they will provide benefits to workers using these technologies. However, there is another factor at work, which is the history of the firm, which will be closely linked to the history of the industry within which the firm operates. Continuous process technology is

relatively new and its introduction will have involved considerable changes in the firms involved. Apart from changes in technology, other events may produce the need for considerable changes in the organisation of production and work. Changes in the product or labour markets are two examples. As a result of such changes new jobs may be created and considerable planning and thought will be put into re-organisation. Recently this will have happened under the influence of 'modern ideas' of employer-employee relations, many of them stemming from the 'Human Relations school' and from personnel managers, both of whom usually advocate fairly generous benefit policies for manual workers. Where continuous process technology has been introduced, an additional facilitating factor is the relative cheapness of benefits, due to the low ratio of labour to capital costs.

Size of company depends, to some extent, on the predominant technology used by that company, but large companies also have more choice when introducing new technologies or extending old ones. Chapter 6 showed some relationship between size of company and benefit provision and it was suggested that large companies were more likely to introduce benefits for manual workers than small ones because of their greater difficulties in integrating these employees, compared with smaller firms.

The hypothesis also suggests that firms which have managed to survive for some time without radical changes (particularly since the 1930s) are less likely, on the whole, to have introduced generous benefit policies for manual workers. This is more likely if they have continued to use old technologies, whether they be craft or machine-based technologies, have not grown very much in size, and have not experienced any 'crises' in the product or labour markets.

In order to assess this hypothesis, further data is required. Evidence of benefit provision in different firms needs to be related to technology, to the relative importance of labour costs in

relation to overall costs; to the size of the company; and to its history and that of the industry within which it has operated.

It is harder to find an explanation of the differential provision of benefits to non-manual workers, by industry. It was suggested in Chapter 2 that employers have adopted different employment policies towards manual workers, routine white collar workers and managerial employees, and Chapter 5 confirmed that this applied to fringe benefit provision. Non-manual workers have traditionally received fringe benefits, particularly pensions, sick pay and holidays with pay, as part of their normal conditions of employment, and there seems no obvious reason why firms in some industries should be more generous in this respect than firms in other industries, except that employers may be trying to maintain differentials between manual and non-manual employees, so that, when manual workers receive generous benefits, non-manual workers also do. In Table 7.31 the ranking of the industries in terms of generosity of benefit provision to non-manual workers, was as follows: Chemicals; Vehicles: Metal Manufacture; Engineering; Other Manufacture; Food; Bricks etc.; Ship-building; Paper and Printing; Other Metal Goods; Textiles; Timber; Clothing and Leather. The difference between the most generous industry and the least generous was considerably less than was the case with manual workers, but the ranking order was rather different. Metal Manufacture, Engineering and Ship-building were higher than they were for manual workers, while Food, and Paper and Printing were lower.

Using Wedderburn and Craig's data the industries can be ranked according to the size of the average differential in benefit provision between manual workers and foremen (Appendix B:453). The order, with the industry with the smallest average differential coming first is: Chemicals; Food; Other Manufacturing; Paper and Printing; Clothing and Leather; Bricks etc.; Other Metal Goods; Vehicles; Engineering; Textiles, Metal Manufacture, and Shipbuilding.

This suggests the hypothesis that attempts have been made by firms in industries where continuous process technology is more often used, or which have expanded in more recent times, to reduce differentials between manual and non-manual employees, a policy which has often been advocated in recent 'management theory' writings. On the other hand, employers may not have consciously intended to reduce differentials, but this may be a consequence of the introduction of new benefits for manual workers, while benefit provision for non-manual workers is left unchanged.

Differentials in benefit provision were largest in industries where few radical 'technological revolutions' have taken place. They are usually maintained in these industries by rather mean provision to manual workers, rather than by especially generous provision to non-manual workers. Non-manual workers in the more 'modern' industries have not generally suffered as a result of lower differentials in benefit provision; both manual and non-manual employees in these industries tend to be relatively well-provided with benefits.

The development of any further hypotheses relating benefit provision for non-manual workers to industry, or technology, requires some information on how, why and when benefits were introduced for these employees, in different firms.

The chief conclusion of this chapter is that more data relating to the hypotheses described above needs to be collected. Unfortunately, in a study with the breadth of scope of this one, this was not possible.

PART III: FRINGE BENEFITS: AN ACTION APPROACH

Chapter 8: Managerial Ideology and Employers' Practice

It was argued in Chapter 2 (p_{40}) and Chapter 3 (p69ff.) that employers and managers, in their day-to-day decision-making, are operating under numerous pressures which come both from within and outside the organisation. The decisions as to whether or not to introduce a particular benefit scheme, in what guise to present it to employees, whether to negotiate it with the unions, and so forth, will be the result of discussions and arguments between a variety of individuals with different ideas. However, it was also suggested that it is possible to construct a number of 'models' of the ways in which employers expect benefit to influence employees. These models will have a strong influence on the decisions made.

In Chapter 3 four main reasons, which may operate separately or simultaneously, why employers decide to provide benefits for employees were suggested: (i) altruism; (ii) the reduction of support for trade unions; (iii) to increase efficiency; (iv) to maintain or improve the economic position of higher managers and their equivalent. It was also argued that, once benefit schemes have been introduced, they will be very difficult to withdraw, even if they do not seem to be achieving what management hoped for, since they soon become built into employee (and union) expectations.

It was further argued that employers will chose benefits as a way of increasing efficiency because they have special properties which money income does not (Chapter 3:72) and they believe that benefits will affect employees in one of the following ways. Benefits such as canteens, recreational facilities and medical services might increase efficiency directly by improving physical and mental well-being, enabling the employee to work longer and harder without becoming tired. Benefits generally might attract and retain a better quality of employee. They might

integrate employees through the generation of gratitude and and loyalty (a social exchange process, Chapter 2:59) or they might integrate employees (particularly manual workers) if they are presented and accepted in such a way that the relative status of employees is enhanced (Chapter 2:61 and Chapter 3:72).

Which benefits an employer chooses to give to a particular group of employees and how he presents them will depend on the process which he is hoping to evoke. To return to the example of ICI, discussed in Chapter 3 (p69) some members of management believed that one element of their productivity agreement should be aimed at integrating manual employees, in order to increase their co-operation. The process they tried to establish was that of raising the relative status of manual workers. They had been using benefits to try to generate gratitude and loyalty among these employees since the inception of the company (Roeber, op.cit.:48). Accordingly, the productivity agreement, in addition to increased wages, provided for an improvement in status entitlements, which included the establishment of an annual salary, paid weekly, and an improvement in the sick pay scheme to make it similar to that provided for non-manual employees.

In Chapter 2 (pp41-44) it was suggested that employers have faced different problems in relation to the employment and motivation of manual workers, routine white collar workers and managers, and that, as a result, they have adopted different benefit policies in regard to these groups of employees. This helps to explain why the provision of different benefits to these different occupational categories has varied (Chapter 5) and had grown differentially since 1945 (Chapter 4). Chapter 4 confirmed that the main growth for manual workers has taken place in service and security benefits and holidays with pay, while perks have been provided for many senior managers who did not receive them before the later 1960s and early 1970s. This growth has involved the introduction of 'new' benefits for these employees, insofar as very few of the received the benefits at all before the war. Routine white collar workers have not had any such <u>new</u> benefits provided specifically for them, although they have had access to the canteens, recreational facilities

and medical services whose provision was aimed, in the first instance, at manual workers. Before the war the majority of routine white collar workers received pensions, sick pay and holidays with pay, and the increase in the number of these employees receiving these benefits has largely been due to the considerable increase in the number of white collar workers in the labour force, in both the private and public sectors. Some employers may have introduced pension and sick pay schemes for routine white collar workers as a new venture, but most of the increase will probably have come about as a result of the growth in numbers employed by already existing employers who already provided the benefits for their routine white collar employees, or as a result of the establishment and growth of new enterprises.

This evidence, taken in conjunction with the theoretical arguments of Chapter 2 (pp40-44) suggests that benefit provision for manual workers has grown since the war largely because employers have, under the influence of full employment and the development of the Welfare State, increasingly felt the need to re-impose lost control over manual workers by new, yet undisruptive, means. Under the influence of the 'Human Relations' school (Chapter 1:24-27) many employers and managers have come to believe that the best way to do this is to try to integrate employees into the firm - to make them more morally involved. Benefit provision is one of the least disruptive ways of attempting this, compared with, for example, job enrichment, although human relations relations theorists would argue that it will not succeed.

Routine white collar workers have not usually presented the same problems of control as manual workers (Chapter 2:43) and it is suggested that the growth in the benefits they receive largely results from the growth in their numbers, and the spread of sick pay and pensions to that minority of workers who did not receive them before the war. It does not seem that new benefit policy initiatives have been made in respect of these workers, except perhaps in the public sector, where unionisation

has been encouraged and fringe benefits (particularly pensions) are the subject of negotiation.

In the latter half of the period problems relating to senior managers have revolved around the question of how employers can help them to maintain their standards of living (and contribute simultaneously to the maintenance of their own) in the face of rising marginal tax rates and incomes policies. This is reflected in the fact that the benefits which have grown for them are the perks, which are designed largely for tax and incomes policy avoidance. Discussions about these benefits have usually been conducted in terms of the attraction and retention of good employees at this level, and the need for incentives to increase effort.

In this chapter evidence from 'managerial ideology', chiefly personnel management journals, with some supplementary evidence relating to the actual behaviour of employers, is considered in relation to the hypotheses described above. The chief questions are:

1. Have discussions of benefits for manual workers been in terms of integration? To what extent have processes of social integration through (i) increasing gratitude and loyalty, and (ii) the improvement of status, been suggested?
2. Have managerial ideologists been concerned with the problems of attracting, retaining or integrating routine white collar workers?
3. How have ideologists discussed benefits for senior managers?

Evidence for manual workers, routine white collar workers and managers is considered separately and in that order.

Manual workers

Before 1914 the idea that employers might need to adopt 'policies' in relation to their employees was a radical one.

> '... any idea of comprehensively managing the worker had captured the attention of but few and very exceptional employers in the years to 1914. The great majority of firms remained indifferent to working conditions and labour management.' (Child, 1969:35)

Most of the exceptional employers were Quakers and members of

the 'industrial betterment' movement.

'Industrial welfare' covered most of the fringe benefits included in this study, although perks were not often available, perhaps because of the Truck Acts. To give one example, in 1900 numerous fringe benefits were available to employees in Rowntree's Cocoa Works at York. These included: housing; elementary classes in writing and arithmetic and continuation classes in maths, English and woodwork; clubs for boating, angling, tennis and chess; regular parties, socials and excursions arranged by the firm and an annual sports' day. In 1891 a 'social helper' to look after the health and welfare of the girls and women was employed. In 1902 suggestions boxes were installed and in 1904 a doctor and dentist were appointed, and a contributory pension scheme introduced. In 1917 a widows' benefit scheme was established and in 1921 a supplementary unemployment benefit scheme for those declared redundant was put into operation. In 1922 a Works' psychologist was appointed.(Briggs,1961:99ff.)

The altruistic or 'religious' motive was obviously strong for employers such as Rowntree: they partly provided welfare because they thought they ought to. Rowntree wrote to Ernest Taylor in 1941

> 'One cannot separate one's religious belief from one's social and economic practice.' (ibid.:228)

Child confirmed the importance of religious belief.

> 'While in some cases the impetus for these experiments may have derived from growing trading difficulties, it is clear that they were frequently inspired by religious motives as in the case of the Quaker employers, Sir William Mather, and a few others. For, while Robert Owen had, early on, insisted that "welfare" paid material dividends there was little scientific evidence for this until the physiological experiments in munition factories during the First World War. Indeed, it appears that some Quaker employers incurred appreciable losses in maintaining such benefits for their employees.' (Child, op.cit.:35)

However, these employers came increasingly to believe that welfare policies were not only demanded by their religious consciences, but would also lead to improved efficiency. Thus Briggs said of Seebohm Rowntree:

> 'Any scheme suggested to him had to justify itself by more than good intentions or virtue: it had to work and to pay.' (op.cit.:123)

The same applied to other employers.

> 'In the case of such firms as Lever's Hans Renold, Mather and Platt, and the larger Quaker companies, welfare had by the late nineteenth century developed significant labour management features. ... This whole group of employers shared a high regard for efficiency, which they increasingly believed to follow from a careful attention to labour management.' (Child, op.cit.:36)

In Experiments in Industrial Organisation Cadbury expressed a belief which is still widely held:

> 'The supreme principle is the belief that business efficiency and the welfare of employees are but different sides of the same problem.' (ibid.:37)

Some employers used fringe benefits to woo employees away from trade unions.

> 'Industrial welfare may also be distinguished according to whether it was designed to close the enterprise to trade unions or whether a more open-minded policy was adopted. Welfare that was little more than an arbitrary dispensation of favours could lead to the worst aspects of paternalism when, as with some railway companies, it represented an attempt to suppress unionism. On the other hand, it appears that those employers who pioneered regular systems of labour management were also more favourable to trade unionism than most.' (ibid.:37)

One reason why employers participated in the industrial betterment movement was to increase the efficiency of their employees. So far as the processes whereby welfare provision might increase efficiency are concerned, there is no evidence of a conscious desire to attract and retain employees, nor was there any notion of changing employee behaviour by improving their relative status. These employers were aware of the possibility of increasing physical efficiency directly. For example, Joseph Rowntree wrote in the Cocoa Works' Magazine in November 1906:

> 'Healthful conditions of labour are not luxuries to be adopted or dispensed at will. They are conditions necessary

> for success. In keen international competition the vigour and intelligence of workmen are likely to be a determining factor.' (Briggs,1961:101)

It was also accepted that welfare provision would 'better' employees in less direct ways, thus changing their attitudes to employment and to the firm. Thus, Joseph Rowntree wrote in the Cocoa Works Magazine in 1902:

> 'I am very anxious that those who are employed in the Cocoa Works may never be regarded as cogs in an industrial machine, but rather as fellow-workers in a great industry, and that the conditions of service shall be such as to quicken the desire of each for self-development in all that is best and most worthy.' (Briggs:99)

As Child has pointed out, these employers were re-thinking the employment relationship.

> '... within their own companies, they moved from adopting a purely contractual view of relationships towards a more solidary and communal emphasis.' (1969:41)

They regarded 'welfare' as part of a programme of labour administration.

> 'Welfare is by no means an isolated series of activities which may or may not be appended to a business organisation. It is rather a method of factory administration in which careful regard is paid to the well-being of the workers, in all the multitude of factory conditions which affect them.' (S.Rowntree, 'The Aims of the Welfare Section' quoted in Briggs, op.cit.:118)

Welfare provision would improve employee attitudes.

> 'I think we may define Welfare work as the provision of an environment which will enable everyone to be and to do his best. ... If you would have a permanently efficient worker you must have a good citizen, adequately paid, and well developed in body and mind, with a healthy outlook on the world, with keen and worthy ambition, and a true conception of his responsibilities to his fellow workers, to the firm for which he works, and to the community.' (S.Rowntree, unpublished address circulated in 1917. Briggs, op.cit.:128)

Between 1914 and 1945 there was an expanding volume of managerial writing and research concerned with the problem of how to increase productivity. Employers' practice, however, lagged behind this managerial ideology. McGivering et al have pointed out that there was

> '... no widespread extension of "welfare" policies or of personnel management until after the beginning of the last war.' (1960:98)

and even this was not a result of managerial initiative.

> 'The large-scale development of these practices in British industry, came about directly as a result of Government example and pressure, followed by compulsion.' (ibid.)

This gap between ideology and practice was noted by Child.

> '... the new literature, and the activity of the management movement at the Oxford and similar conferences continued to remain alien to the great mass of practising managers and employers.' (op.cit.:103)

and

> '... the attempts of many employers in this period to cut wage rates and lengthen hours of work in a desperate search for lower costs was completely at variance with those elementary lessons of industrial psychology which had long been absorbed by the management intellectuals.' (ibid.)

After the First World War the emphasis in managerial ideology shifted from improving conditions of work to improving social relations at work. Welfare, however, was still regarded as important.

> 'We are of the opinion that industrial welfare work, especially when organised as an integral part of management and with the co-operation of employees, has been amply proved to have a beneficial effect, not only on improved relationships, health and social well-being, but also on productive capacity and efficiency, though it is

> usually impossible to measure the results in terms of cash savings.' (Balfour Committee, 1929; quoted in Hyde, IWPM, Jan-Feb 1944:3)

Ideologists were prepared to state openly that their aim was to improve efficiency rather than emphasising concern for the employee. The emphasis had shifted from 'legitimatory concerns to a more technical concern with processes of organisational control' (Child, op.cit.: 48). Sir Stafford Cripps expressed this rather differently in 1944.

> 'In the early days, when welfare was first considered as a duty of the industrialist, the main argument that was advanced in support of this duty was based upon the paternalistic conception of industry. That is to say the firm or company who were running the plant were appealed to as having a moral responsibility for the welfare of their workers. This moral responsibility certainly remains but the more modern conception of welfare is based upon the two-fold contribution that it can make to the social well-being of the worker and the efficiency of production. It is no longer regarded as a matter of kindness and charity, but rather as an essential condition of industrial democracy, and an essential factor in production.' (IWPM, March April 1944:38)

The processes whereby benefits might increase efficiency which were envisaged during this period were: a direct improvement in physical efficiency and greater integration of the employee via an increase in loyalty and gratitude.

As production went on to a war footing the Government became concerned with problems of productivity and with moving many previously immobile employees around the country. To help to solve these problems the Government encouraged, and legislated for, welfare provision, especially the provision of service.

The growth of fringe benefit provision to manual workers since 1945 has been documented in Chapter 5. Here employers' motives for providing benefits and the processes that are seen as operating are considered. Evidence from managerial ideology is followed by an attempt to assess the motives behind actual practice from the rather meagre evidence that is available.

Since 1945 managerial ideology has not contained much discussion of motives for providing fringe benefits to manual workers, the emphasis being on the processes whereby such provision might affect attitudes and behaviour. There is an underlying assumption in most writing on the subject in management journals that benefits are desirable from the point of view of the employee, and that they will produce changed attitudes, greater productivity, a more qualified labour force, or a willingness to accept change. Occasionally the coincidence of the two objectives of treating employees well and efficiency have been pointed out.

> 'So often we continue to make the mistake of acting as though "welfare" and keeping people happy and profitability and efficiency are quite another thing and the two were diametrically opposed. This is simply not true in this day and age.' ('Commentary', Industrial Society, December 1970:3)

However, even managerial ideologists are prepared to admit that profitability and efficiency are predominant.

> 'Industry cannot continue to exploit the environment as uncritically as it has in the past, and it must recognise that workers have a head and a heart attached to the hands that industry actually utilises. This was the message of a conference "Management in the Changing Perspectives of Society" held in London by the British Institute of Management and Urwick, Orr and Partners Ltd. However, as so often happens with these sort of things, it was accepted than in the last resort it was still profitability that mattered most.' ('News and Notes', Personnel Management, November 1973:13)

In practice some employers, particularly in very small firms, may be influenced by ideas of how they ought to treat employees; that is to say, by altruism, but this is less likely to be an influence in large, modern businesses. Managers in such businesses may try to project a reputation for being 'progressive' which often includes a claim to act in accordance with the 'social responsibilities' of business. However, recent evidence suggests that:

> 'The beliefs and attitudes which guide the everyday conduct of British directors and managers, whether propertied or not, seem to be still remarkably unaffected by the more "enlightened" and humanistic positions espoused by their national organisations or presented in the literature, seminars, conferences, etc. of the management 'industry". Indeed, Pahl and Winckler have recently claimed, on the basis of a study of the economic elite as yet not fully reported, that the more "professionally" oriented executives are those most likely to show a "rigorous and exclusive dedication to financial values".' (Goldthorpe and Bevan, 1977:51)

Even where employers and managers do claim to be guided by notions of responsibility, translating such notions into practice may not be simple. In a recent survey of manufacturing industry it was found that, although decisions about fringe benefit provision to manual workers were usually made by directors and senior managers, there was little relationship between what these people said ought to be provided in the way of benefits and what actually was provided (Ashall and Child op.cit.).

Industrial relations specialists occasionally suggest that some employers give fringe benefits to wean their employees away from trade unions:

> 'Whilst endeavouring to "contain"the management-union relationship at plant level, management - or at least many of the more intelligent and larger employers - has sought to step up its own appeal to employees and to improve its relationship with workers through more direct management-employee communication as distinct from management-union procedures. Welfare provisions sponsored unilaterally by management have been extended; ... the managerial approach rests on the assumption that they will serve to increase employee identification with the firm and to weaken his allegiance to the trade union.' McGivering et al, 1960:142)

> 'The haunting vision of the unified loyal team, combined with the Victorian view of union function leads some managers to cherish the hope that by means of suitably generous personnel policies they may wean their employees' loyalties away from union attachments.' (Fox, BJIR 1966:374)

There is no unequivocal evidence as to whether employers use fringe benefits to prevent employees from joining unions or to reduce the power of unions. In Wedderburn and Craig's sample of manufacturing industry there were three categories of company: those which did not recognise any union; those which did, but did not negotiate; and those which negotiated with one or more unions. They analysed the relationship between these three categories and three benefits: pensions, sick pay and holidays and these are shown in Table 8.1.

Table 8.1 Fringe Benefit Provision and Union Negotiation
Manual Workers. 1968
(% of companies providing benefit)

	No union	Union does not negotiate	Union negotiates	
With sick pay:	73%	55%	53%	57%
With pension:	69%	97%	75%	75%
More than 15 days holiday:	37%	12%	39%	38%
With extra holiday:	33%	10%	20%	22%
All companies:	16%	2%	82%	

Source: Craig (1969:102/103/107/109)

This evidence is only valid as a test of employers' aims if the provision of benefits actually was successful in preventing union

membership. Other employers may have hoped that provision would prevent union membership, or at least reduce the power of the union, but found that it had no effect. Furthermore, employers may have introduced benefits with other aims in mind and found a reduction in the power of the union as an 'unintended consequence'. Bearing these reservations in mind, Table 8.1 shows that more companies who did not recognise unions provided sick pay and extra holidays, while fewer (although not many fewer) provided some form of pension. Those companies who did not recognise a union, and those companies which negotiated were similarly generous with length of holiday compared with those companies which recognised a union but did not negotiate. These companies were most generous with pensions, although there were very few of them.

On balance, those companies which did not recognise a union appear to have been more generous with benefits than those which did, although not very much more. This evidence, taken in conjunction with the belief of the industrial relations specialists quoted above, suggests that there is at least a small proportion of firms which provide benefits to manual workers in the hope that such provision will reduce the power of the unions. In other cases this may be one of a number of reasons for the provision of benefits.

It has been argued that altruism on the part of employers is insignificant in the provision of benefits to manual workers, and that reducing the power of the trade unions is probably a minor goal. By default, this leaves improvements in efficiency as the major aim behind such provision. Most managerial ideologists concentrate on only one of the four processes whereby efficiency might be improved by benefits which were described above, although there are some who hope that all four will occur simultaneously.

> 'With the freeze in being and likely to continue in some restricted form on a more permanent basis, there is the opportunity for managers to look more closely at factors

> other than increased earnings that will attract and hold our employees, and at the same time help to motivate them so that they work more effectively.
>
> Clearly fringe benefits deserve special attention. They are a form of providing desirable conditions of employment which are a good deal less inflationary than increases in wages.' (Garnett, Industrial Society, 1966:225)

Garnett suggested that it might be loyalty that keeps a worker with a firm.

> 'Do I work for the kind of firm that helps me out in sickness and to whom, therefore, I have some loyalty even though there may be short term attractions of more money across the road.' (ibid.)

But benefits are also important as status entitlements.

> '... how do the proposed fringe benefits look when comparison is made between manual and non-manual workers? The Society has just completed a survey comparing the employment policies and fringe benefits affecting these two groups. This shows a closing of the gap in fringe benefits -that could be called perks but still a considerable gap in things which affect status and therefore attitude.' (ibid.:226)

The main aim is a change in attitude.

> 'The measure of the success of the scheme should not be how much are we spending on welfare, but to what extent does the scheme contribute to the positive and purposeful attitude in employees.' (ibid.)

Since 1945 management writers have rarely argued strongly for the provision of benefits to improve physical efficiency directly. Only two persuasive arguments to this effect could be found in the relevant literature, and one of these was written by a company medical officer with special interests of his own.

> 'The right use of leisure is a matter of vital concern to industrialists. The way in which workers spend their time plays a large part in conditioning them - both mentally and physically - for their worktime duties. ... The difficulty is to make the employee want that which would most benefit him. Frequently entrants to industry have a very limited experience of leisure time activities.' (McPartlin, IWPM, Sept-Oct 1955:144)

> 'It is clearly to the advantage of the employer that employees whould be healthy and expenditure on measures to foster the health of employees can be a sound investment. ... Expenditure directed towards the improvement of the health of employees, including provision of medical and welfare services and facilities for rest breaks, should be recoverable in the form of increased productivity, reduced absenteeism, reduced labour turnover and fewer accidents.' (Dr Gordon-Smith, IWPM March-April, 1957:33)

Throughout the period management journalists have been more interested in finding out why employers provide services (which might increase physical efficiency directly) rather than advocating that they do. Just before the war there clearly was scope for an increase in physical efficiency. Sir John Orr estimated in 1936 that the diet of at least half of the population fell short of a desirable standard of nutrition, mainly owing to poverty and unemployment, but partly to ignorance. The IWPM journal reported in 1942:

> 'The effect of proper nutrition on health (and therefore on work output, reduction of sick-leave and industrial accidents) is widely recognised but not widely understood.' ('General survey of canteens and nutrition', Sept-Oct 1942:140)

Evidence in Chapter 5 showed a considerable growth in the provision of services during and immediately after the war. Thereafter the provision of canteens and recreational facilities probably grew very little, while medical service provision expanded.

In 1969 Personnel published a number of articles by people involved in administering canteen facilities in some well-known large companies. Reginald Stinton of ICI reported that:

> 'A catering service for employees has for long been an accepted part of the industrial scene, except in very small concerns where the limited number of employees or the unit's location makes it unnecessary. But even in these cases, one finds alternatives such as luncheon vouchers or private arrangements with local caterers for meals at special, and therefore subsidised rates.' (January: 28)

George Wall of the Ford Motor Company suggested that industrial catering has advanced to the stage where a subsidised meal 'has become an accepted and indeed expected fringe benefit' (ibid.:34). Ralph Coombes from British Home Stores reported that his company

recognised that

> '... the rationale for industrial catering remains as strong today as when expressed by Mr Budgett Meakin in 1905 in his well-known book Model Factories and Villages, "Good work of whatever nature ultimately depends on food, not only of good quality, but adequate in quantity and properly consumed in favourable circumstances." ' (ibid.:42)

Wedderburn and Craig found that canteen provision was the most frequently provided fringe benefit (89% of companies had a canteen for manual workers). Recreation facilities were third (60%) and medical services fifth (49%). Second place went to pension provision and fourth place to sick pay (see Chapter 5:117, 110, 113) On the available evidence it appears that physical efficiency is still of interest to practising employers, even though ideologists have lost interest in it.

Management ideologists have not been interested in fringe benefits as attracters and retainers of manual employees. It is hard to find any reference at all to these processes in relation to benefits for manual workers. The suggestion has been made that using benefits, which might be regarded as social services, to attract and retain employees is morally wrong.

> '... there is an unwillingness on the part of employers (in Denmark) to stimulate social activity already being undertaken by any other organisation, that to introduce services in order to attract labour is morally wrong and that only those services which have come about as a result of co-operation between employers and employees are likely to survive.' (Cousins, Industrial Welfare Nov-Dec 1959:314)

The only other reference which could be found was a refutation of a belief that was imputed to other theorists.

> 'It is sometimes suggested that welfare benefits are an alternative to wages and that firms give employees benefits instead of higher wages. The survey revealed a direct correlation between wages and fringe benefits.' ('Notes and Comments', Personnel Management, December 1958:204)

Robinson suggested that employers have only tried to use three particular benefits to attract and retain manual employees with any frequency: housing, travel and pensions.

> 'In Britain housing has been used most by the public sector, both local authorities and the National Coal Board. With local authorites the attraction of housing has often been sufficient to overcome the relatively low wages paid in some occupations.' (1968:102)

Travel may involve the payment of time for travelling, or the provision of special buses.

> 'Any or all of these facilities may help the firm in two ways: firstly by offering some additional advantage or inducement not offered by other competing employers; and secondly by permitting the firm to expand the geographical area cf its recruitment.' (ibid.)

In Wedderburn and Craig's survey only 8% of companies provided assistance with travel for manual workers, and only 4% provided housing, which suggests that employers were not very interested in using benefits to attract and retain these employees (Chapter 5:121).

> 'It is often thought that retirement pensions have some effect on the retention of older workers, particularly if the company pension schemes do not contain transfer or vesting rights.' (~~ibid.~~ Robinson, op.cit.:122)

Apart from these benefits employers do not believe that provision of fringe benefits will attract manual employees.

> 'In general, however, employers tend to the view that other fringe benefits have but little effect on recruitment.' (ibid.:109)

Nor will they retain them.

> 'On the whole views seem to be that most fringe benefits have little effect on retention of labour, housing, as always being the major exception.' (ibid.:122)

There are a few exceptions.

'On the other hand, a few employers and trade unions suggest that while the nature and details of pension plans, sick pay and welfare schemes, etc. are not a matter of concern or interest to most young employees, the existence of such plans and schemes may be, in some cases. Thus in a general sense it might be claimed that some reassurance that some sort of scheme is in existence might help recruitment, or tip the balance if a prospective employee is undecided which particular firm to work for. But even then the influence is neither widespread nor particularly marked.' (ibid.:103)

It is sometimes suggested that fringe benefits might be used to attract and retain employees by compensating for lower wages. Employers do not appear to use benefits in this way.

'All the evidence suggests that fringe benefits tend not to reduce the differences in direct standard hourly earnings between firms as, generally speaking, firms with good fringe benefits also tend to pay relatively higher wages.' (Robertson, 1970:64)

'"Fringe benefits" such as pensions, life assurance and sickness schemes were the only elements not entering directly into the wage packet which proved susceptible to measurement. In the event, fringe benefits were greatest in those units where wage earnings were high so that one cannot explain differences in earnings on those grounds.' (Mackay, 1970:96)

The evidence suggests that there has been a general lack of interest on the part of employers in fringe benefit provision to attract and retain manual employees. This may not be true of small groups of 'key' workers.

'... companies have some freedom of choice in the range or type of fringe benefit which they introduce, which will have different effects on their ability to retain labour. The very strong general impression is that they do not in fact exercise this freedom. ... The question of what fringe benefits employees of a particular firm actually want seems seldom to be asked by employers.' (Robinson, 1965:122)

Some management journal authors, following Herzberg, view

fringe benefits as 'hygiene factors'.

> 'Morale and high wages do not correlate very closely, neither do morale and high fringe benefits. But if a large firm, which because of its size is assumed to be wealthy by its employees, fails to provide good conditions and welfare benefits, it is a clear reflection in the employees' eyes of the management's attitude towards them; they are of no account and their morale will certainly be low.' (Durham, Industrial Welfare Feb, 1963: 35)

Most commentators are more positive than this and imply that fringe benefit provision will increase productivity in some way. Often the process is not specified. Thus, benefit provision has been seen as affecting attitudes to work.

> 'Is it really worth introducing an expensive sick-pay scheme - or re-painting the canteen? Do these things really matter very much to employees? Can they play any part in involving employees in their work? There is evidence to suggest that the answers to all these questions is - yes. Terms and conditions of employment and the working environment are inextricably bound up with other factors which shape employees' attitudes to their work.' (Mailer, Industrial Society December 1970: 15)

It has also been suggested that managerial ideologists put a lot of emphasis on the quality of the relationship between employee and manager.

> 'Standard personnel science seeks to make the worker happy with his environment and to love the manager. There is a good deal of emphasis on love even though there is no demonstration really that a worker who loves his manager works harder.' (Barbash, BJIR 1964:74)

Benefits are often seen as a way of increasing the emotional attachment of the worker to the firm or employer. Some managements

> '... have a completely different approach. They have fully embraced their responsibilities towards employees. They have taken the view that whatever they do should be done as well as possible. The conditions of employment and amenities reflect, they believe, what they are like as

> managers. ... They see such care as symbolic of their feeling of responsibility towards employees and a physical manifestation of an overall management philosophy in which concern for the employee is an integral part. They go further than this and expect that it will be seen and interpreted as such by employees, who will respond to this concern by being more emotionally attached to the enterprise and its goals.' (Daniel and McIntosh, 1972:193)

A 'moral' attachment to the enterprise is considered important for the achievement of enterprise goals by most managerial ideologists and some practising managers.

> 'Under the aegis of this organisation (The Industrial Co-Partnership Association) the top-level managers of our economy urge upon each other the crucial importance of inspiring leadership, of promoting harmony of purpose with their workpeople, and of building up loyalty and esprit de corps.' (Fox, 1966:370)

For some ideologists fringe benefits will not automatically generate a more moral involvement. Some preparation is necessary.

> 'If the company generally is to benefit through an increased sense of security, and loyalty arising from improved conditions of employment, it is necessary to prepare the ground among managers, supervisors and employees.' (Garnett, IWPM, Sept-Oct 1962:282)

There is some circumstantial evidence that some employers at least have been interested in using fringe benefits to generate gratitude and loyalty and commitment. In the first place, the types of benefit most frequently provided are concerned with human needs: canteens, pensions, recreational facilities, sick pay, medical services, and so forth. Secondly, many employers provide benefits unilaterally and are not prepared to include them in negotiations with trade unions. This is vital to a social exchange process. Negotiation leads to specific bargains, while unilateral gifts demand some repayment, which can take the form of loyalty.

This is not true in the public sector, where pensions and sick pay have been the subject of negotiations with the unions (Chapter 9:303). While employers in the public sector are likely to have been influenced by the managerial ideology described in this chapter, there are influences on them (Chapter 2:44) which have probably led to a less 'paternalistic' and more 'insitutionalised' (Chapter3:74) view of fringe benefit provision to manual workers. Benefits are less likely to be seen as 'gifts' and more likely to be viewed as 'rights' or elements in an employment contract. Unfortunately lack of time and space preclude further pursuit of the assumptions behind benefit provision in the public sector.

One example of a policy designed to invoke gratitude and loyalty among manual employees was described by the Personnel Director of Joseph Lucas Ltd.

> 'The endeavour has been to ensure that the predominant bid for the loyalty of employees is made by the particular subsidiary for which they work. Diffused loyalty to the Organisation as a whole stems from these local ties, and is no less effective for being

> in the main indirectly won.' (Nicol, Personnel Management, September 1960:247)

A large proportion of the ensuing article described the welfare schemes provided by the Lucas organisation. These included pensions, and sick pay

> '... augmented by a benevolent fund with automatic grants if a man's income falls below a certain sum per head of his dependent family.' (ibid.)

In addition

> 'All factories have medical departments, canteens and welfare advisers to assist with personal problems and visit those who are absent through sickness and ailing company pensioners.' (ibid.)

These benefits, which are part of a larger labour management programme, are seen as helping to improve the attitudes of labour.

> 'Nevertheless, welfare schemes and services, or social, sports and leisure time activities are not in themselves the mainspring of harmonious industrial relations. The basic attitude of people to their employment is formed in the actual work situation and shortcomings there - particularly in personal leadership - can never be effectively compensated for by extraneous claims on the good-will of employees.' (ibid.:226)

In the examples of managerial ideology given below, the mechanism by which benefit provision is expected to produce heightened loyalty and commitment is rather different from that described above. Employers inform employees that the benefits they are being given confer on them a higher status than they have previously enjoyed. This higher status demands greater responsibility and commitment. 'Staff status schemes' and 'staff grade schemes', which were defined on page 73 and further discussed in Chapter 1 (p23ff.), were rarely introduced before the 1960s, although they, and the processes they are intended to set in train, were occasionally discussed earlier by ideologists and some employers.

General concern among managerial ideologists with the status of the manual worker developed in the 1960s. For example, the Institute of Personnel Management prepared a 'Statement of Personnel Management and Personnel Policies' for their Golden Jubilee which suggested:

> 'The traditional social groupings of employees into "staff" and "works" is becoming increasingly outmoded by changes in the nature of work and in levels of income. Already some enterprises have successfully extended staff status to groups of hourly paid workers with consequent improvements in their conditions of employment and in fringe benefits.' (Personnel Management, 1963:14)

That fringe benefits do reflect and confer status has also been asserted by management theorists of a more academic nature.

> 'Certain aspects of the work situation, holidays with pay, methods of attendance recording, canteens and guaranteed wages, have traditionally a status connotation of their own quite apart from their close relationship to the distribution of monetary rewards. The staff-nonstaff division is an important reference in the allocation of benefits such as these, the staff obtaining a more favourable access to them, and there is evidence that this tradition is not dying.' (Lupton and Hamilton, 1970:277)

An early demand for improvements in benefits in order to increase the relative status of manual workers hinted at a link with 'responsibility' but also emphasised the difficulty of justifying the differences.

> 'The future calls for an increasing measure of responsibility to be taken by all employees and for a rapid reform of existing working conditions which at present are hard to justify, and which many enlightened firms have already remedied. The guaranteed week, and a gradual broadening of the privileges now mainly reserved for "staff" may be taken as examples.' (Editorial Notes, IWPM 1946:79)

The reduction of status differences by inter alia the improvement of benefits involves increased privileges and the recognition of responsibility, it is argued. These demand a response in terms of improved attitudes to work, or to change, and a more moral involvement in, and greater loyalty to, the company.

'Staff grading schemes with sensible and equitable conditions can do much to give confidence to shop-floor workers that they are not a less privileged race. But, with added privileges, shop-floor workers will have to face up to added responsibilities involving discipline, standards, loyalties and a willingness to accept revolutionary change in the long-run.' ('John Marsh's Commentary' Industrial Welfare Sept-Oct 1958:120)

'Progressive companies are introducing changes of a radical kind into their employment policies. They are not doing it as a benevolent gesture nor to swallow up excess profits. They are doing it partly because employees' expectations have become higher with full employment, better education and a greater mobility of labour. It is more than a matter of keeping pace with employee expectations, however; many employers see a need to integrate different aspects of their employment policies and to provide good wages and fringe benefits because it pays them to do so. If the terms and conditions of work create an environment where employees are seen to be treated as responsible people offering a fair day's work for a fair day's reward, then the chances of having an involved and committed workforce are high. Employer and employee benefit.' (Mailer, Industrial Society, December 1970:15)

Status schemes have been included in productivity bargains.

'... management examine every aspect of terms of employment to see whether they are calculated to evoke the new, flexible, responsible attitude which they deem to be essential if the potential of the negotiated changes in the job is to be fully recognised.

This dual-quest can have exciting results. For example, an hourly-rate wage structure may give way to a salary structure, with all this implies in increased security: longer notice, a stable wage, protection during sickness absence. The union will see such a change as a solid improvement won for its members. The management, however, are playing for yet higher stakes: they are sweeping away the discriminations which marked off some employees as first and some as second class, treating all on the same basis and therefore claiming the right to a responsible committed attitude on the job from people, right the way down the line.' (Hobson, Industrial Society, February 1970:10)

'The establishment of staff grades for all workers would not automatically make this country an industrial Utopia. The case has been made that the anomalies that exist in

> methods of payment, pensions, holidays, clocking, overtime, sickness benefit, termination and redundancy agreements, hours of work and in industrial and social status are frequently illogical and insupportable by evidence. Too often they are the inherited relics of an out-worn social and industrial system. Their removal would do much to remove the petty disagreements and resentments that bedevil industry and would help to strengthen the responsibility, loyalty and unity of purpose in industrial undertakings of all sizes.' (Industrial Society, 'Status and Benefits in Industry' 1966:30)

Some commentators are more realistic.

> '... if all shop-floor workers were to achieve the security and conditions of the office workers, the cost would only be met by a phenomenal increase in productivity.' (John Marsh's Commentary', Industrial Welfare, Sept-Oct 1958:120)

Daniel was one of the few management theorists to question the process whereby status schemes are translated into more responsible attitudes on the part of the employee.

> 'It could readily be predicted that a simple change of formal status is unlikely radically to change work attitudes that have been formed over long industrial and collective experience. It would be more reasonable to expect that it would be only over a period of time that changes in formal status would begin to change attitudes, and only then coupled with a more radical change in management.' (1970:30)

Employers have been less enthusiastic about status schemes than the ideologists. There were a number of schemes in the early and mid 1960s which received a lot of publicity. One of these was introduced in the electricity supply industry.

> 'In addition to the benefits to be derived from overtime reductions and the introduction of staggered work schedules, there was an expectation on the part of management that staff status for manual workers would bring with it a more widespread and wholehearted responsiveness to changes in organisation and technology and the flexibility of work patterns demanded by these changes.' (McKersie and Hunter, 1973:34)

As a result of the status agreement

> '... the industry's manual workers were paid an annual salary, and received sick-pay conditions similar to existing staff personnel, plus additional holidays. In short, the agreement was designed to give staff status to the blue-collar section of the labour force.' (ibid.)

Another famous scheme was introduced, with some difficulty, at ICI.

> '... manual workers were to receive an annual salary, with its connotations of greater stability and security of income. Although not quite matching up to the "staff status" intention of electricity supply, it is evidently a move in the same direction and it was an explicit aim of the move to a salaried status that long-term changes in attitudes to work and innovation would be generated.' (ibid.:35)

The study by Roeber of the implementation of the ICI 'MUPS' and 'WSA' agreements, which has been cited above (Chapter 3:69), underlines the fact that fringe benefits, usually only sick pay and pensions, are frequently only one element in staff status or staff grade schemes. They are sometimes not included at all. Since the mid-1950s ICI has progressively, though slowly, been bringing conditions of employment of some manual employees, closer to those of white collar workers. In 1956 chargehands and similar grades were transferred from 'payroll' to 'staff', holiday scales were brought progressively closer together, and in 1964, similar rules for the preservation and transferability of pension rights were introduced for manual and non-manual employees. The only fringe benefit included in the 'MUPS' trials and the 'WSA' was sick pay. The old sickness benefits had been related to base pay and included no element of the bonus which manual workers received. With the introduction of annual salaries the new sick pay rates 'in effect consolidated the bonus' (Roeber, 1975:68).

Roeber's study also shows that, when fringe benefits are included in staff status agreements, and these are negotiated as part of productivity bargains, numerous other processes and relationships between employers, unions and employees, and changes therein, are involved, apart from the simple process described here, namely that the introduction of benefits as status entitlements might lead to a more positively motivated and responsible manual labour force. The move towards 'staff status' for manual workers at ICI was only one of the ideas in MUPS, which had been

> '... floating around ICI in some form for years, like spores. Like spores they had no power for action - they could not grow - unless conditions were favourable.' (ibid.:296)

The question of the distinction between staff and payroll had concerned some senior managers in ICI for some time. A memorandum written in 1945 by Fleck, who was later appointed company Chairman, argued:

> 'By a process of usage the "workers" of this country have been divided into two classes...normally called "staff" and "workmen". ...this division is largely an arbitrary one and ... there is no adequate reason for maintaining it; and ... its successful elimination would be a most material contribution to improve the mental attitude of the work people concerned to the whole social structure.' (ibid.:46)

This change in attitude was expected to yield benefits for the company.

Status schemes, including benefits of one kind or another, were introduced in

> '... sections of BEA, BOAC, Esso, Mobil Oil, the Electricity Supply Industry, ICI and Unilever, among others.' ('Status and Benefits in Industry', op. cit.:17)

Staff status schemes which were included in productivity bargains received most publicity, but it is likely that more schemes were introduced outside the collective bargaining system. Between 1967 and 1969 only 3% of productivity bargains included fringe benefits of any description (Chapter 9:304). It is difficult to find data which are statistically reliable and representative, and it is not possible to assess the extent to which fringe benefits have been provided as part of status schemes in the country as a whole. The Industrial Society, the Institute of Personnel Management and the British Institute of Management have questioned their members on this subject but, since respondents are more likely to have schemes than non-respondents and members of such societies are likely to be more progressive than the average company, their findings cannot be generalised. However, even among these firms, there were very few who had eliminated all status differences between manual and non-manual employees.

In a sample of 180 firms the Industrial Society found that

36% said it was their policy progressively to bring terms and conditions of manual workers into line with those of non-manual employees. 29% had already taken positive steps in this direction. Eleven of these had a policy of giving staff status to all, while the remaining 41 were doing it in a piecemeal way.

> 'While this is given in some cases as a recognition of length of service, or a reward for good service, it is more often given on the basis of the type of job being done, such jobs being those which are highly skilled or key jobs such that their value to the firm is enhanced.' ('Status and Benefits in Industry' op.cit.:41)

The Institute of Personnel Management's survey covered twenty organisations, all known to have a status scheme of one kind or another.

> 'Broadly speaking there were eight companies which had formal staff grade schemes in that they regarded the grade as a privilege to be conferred upon manual workers after a prescribed period of service with the company and in many cases after undergoing a process of selection.
>
> The other 12 companies had no formal schemes separating staff grade workers from other manual workers within the organisation. They tended to see staff status as an overall concept applying to all workers equally and forming an integral part of their conditions of employment. The first eight companies had taken steps towards this concept of staff conditions for all, but the others for one reason or another had gone further and were more radical in their approach. In one case the policy had been taken to its logical conclusion and no difference between office and works existed in any form.' (IPM, 1965:4)

Many schemes were used to reward responsible behaviour, rather than to evoke it.

> 'It must be emphasised that the staff grade scheme for work people is <u>not</u> a scheme for rewarding long service. The object of the scheme is to give effect to the fact that there is a core of our work people whose behaviour and value to the company are such that the company wished to give them recognition.' (The Imperial Smelting Company, quoted in Grun, <u>Industrial Welfare</u>, Sept-Oct 1960:99)

ICI also implied that they intended to use their scheme to recognise

responsible behaviour.

> 'It is the intention of the company that those workers should be promoted to the grade who have the necessary age and service qualifications and who in the opinion of the management have proved themselves reliable and willing, exercise a good influence in the works and can be trusted to respect the privileges of staff grade status.' (ibid.)

Companies covered in these surveys usually introduced staff status schemes without negotiating with the unions.

In 1976 the BIM found:

> 'The introduction of single status for all staff below management level is still rare in the UK. The survey found that out of 328 companies 37% had introduced single status schemes for some manual employees and 25% had introduced one for groups at all manual levels. These companies are characterised by a history of good labour relations, profitability and growth. They are usually capital intensive, users of new production technologies and located in new plants. A number are subsidiaries of US- or EEC-based parent companies.' (Murlis and Grist, 1976:65)

There is some evidence that the experience of introducing and implementing status schemes may change the ideas of employers and managers.

> '... it is interesting to compare the comments of key management people at companies like ICI and electricity supply over the last decade. During the early 1960s when these companies were pursuing a relatively "pure" form of indirect change, they placed heavy emphasis on such concepts as participation and staff status. When these same companies were interviewed again in 1971 they said such things as "We have to be realistic and realise that staff status does not mean a great deal to workers; it is really the direct gains such as job security and increased pay that are important"; and "Let's not think that Utopia has arrived; participation can carry us only so far - at some point we have to get down to the nitty-gritty job of using carrots and sticks.' (Daniel, op.cit.:312)

The extent to which staff status schemes have been introduced throughout industry, and the extent to which fringe benefit

provision has been linked to such schemes, or to general improvements in the status of manual workers is not known. However, the evidence above suggests that even progressive firms have not done so to a large extent, and, where they have, differences have not often been fully eliminated. Data from Wedderburn and Craig's 1968 survey also suggest that the answer to both questions is very little. Very few firms offered 'non-manual' conditions of employment to manual workers in respect of overtime, attendance recording and methods of payment. 98% of firms paid their manual workers for overtime, 1% offered no overtime and less than ½% either offered time in lieu or a choice (Craig, 1969:45). Only 8% of employers did not make manual workers clock in, while only 2% had no form of attendance recording (ibid.:56). Just over 3% of firms paid their manual workers by annual salary, with or without additions (ibid.:50). 38% of firms provided canteens for manual workers only, although only 2% provided separate recreation facilities (ibid.:55).

It seems that provision of benefits to manual workers as part of a general improvement in status is something to which managerial ideologists have paid more attention than have practising employers and managers, apart from those in a small proportion of progressive firms, which receive a large amount of publicity because of their size or because of their associations with management journals and societies.

2. Routine white collar workers

Evidence was presented in Chapter 6 showing that routine white collar workers in industry generally receive more fringe benefits than manual workers. In particular, provision of pensions and sick pay is almost universal, and holidays with pay are usually longer.

In the 19th century, while the skills of literacy and numeracy were scarce, the demand for clerks was growing. Most clerks enjoyed

better conditions of employment than manual workers, with higher wages or salaries and fringe benefits. However, conditions varied quite considerably.

> '... there is a vast gulf between, on the one hand, the clerk employed by a reputable shipping company, working in an open, clean and well-lit office, secure at least "during good behaviour", pensionable and possibly with a staff association or a good professional organisation behind him; and, on the other, the clerk in a draughty cubicle, partitioned from a back-street warehouse, enjoying tenure from week to week, liable to find his position filled if he is off sick for a month, and without pension fund or effective organisation.' (Dale, 1962:5)

Managerial ideologists have not suggested that employers provided fringe benefits to routine white collar workers then, or today, for altruistic reasons. In fact, it is hard to find any pronouncements at all by such people on the aims and processes of fringe benefit provision to routine white collar employees. This in itself may be taken as evidence that such workers have not, and on the whole do not, present a general problem to employers and managers.

Some employers in the private sector are still perturbed if their white collar employees join, or wish to join, a trade union, although employers in the public sector have encouraged this. Management writers have not suggested that benefits might be used to help prevent union membership among this group of employees, but this may be in the mind of some employers.

> 'Among white-collar employees in private industry ... the level of membership has been extremely low. Many employers have been prepared to accept unions among their manual workers, but have considered that their administrative staff are part of management and owe special loyalties which would be incompatible with union membership. There is considerable evidence that

> the strength of white-collar unions has been dependent, not so much on the militancy of the workers concerned as on the support for union membership afforded by the government of the day and by employers.' (Crouch, 1977:223)

However, since 1945, membership of white collar unions has grown absolutely at a relatively fast rate, although this growth did not outstrip the rate of growth of white collar employment until the late 1960s.

> 'Although white-collar union membership grew by an impressive 33.6% between 1948 and 1964, it did not keep pace with the growth of employment and consequently white-collar union density declined from 30.2% in 1948 to 29.6% in 1964. ... Between 1964 and 1970 total white-collar membership increased by 33.8%, an increase over a six-year period which was greater than that recorded in the previous sixteen years; and in the four years to the end of 1974, a further 671,000 members were added, an increase of 18.7 per cent. This rapid increase outstripped the steady rate of growth of white-collar employment and consequently white-collar union density rose by 5.6 percentage points to 35.2 per cent in 1970, and by another 4.2 per centage points to 39.4 per cent in 1974. By 1974 36 per cent of all union members were white-collar employees, compared with 26 per cent ten years earlier, and with 21 per cent in 1948.' (Price and Bain, 1976:345)

The growth of white collar union membership in the private sector contributed most to the overall growth of membership of white collar unions. However, in 1974 only 32% of the white collar labour force in manufacturing industry belonged to a union, (compared, however, with 12.1% in 1964 - ibid.) It is likely that (unless most of the growth in union membership resulted from an increase in the number of employees in firms which already recognised unions for white collar workers, or from unionisation in new firms) since 1964 a considerable number of employers has, willingly or under pressure, recognised white collar unions where previously they did not. It is not possible to assess the extent to which employers have, successfully or unsuccessfully, introduced or improved benefit schemes in the hope of preventing the establishment of a white collar union, or of diminishing its influence.

Some employers in the shipbuilding and engineering industries at the end of the last century showed their concern that foremen and white collar workers of similar grades should not join trade unions by establishing the Foremen and Staff Mutual Benefit Society. This was, and still is

> '... registered under the Friendly Societies' Act and provides pensions, sickness insurance and benefits to foremen and similar grades of staff in the engineering and ship-building industries. It has over 61,000 members. The Society has two kinds of member: contributory members, who are employers and who make contributions towards the provision of benefits; and ordinary members, the foremen and staff referred to, who both contribute towards and draw the benefits. The employers, that is the "contributory members", pay at least half and sometimes more, of the total contribution in respect of each ordinary member. There are at present 2,600 employers who are contributory members.' (Royal Commission on Trade Unions and Employers' Associations Report, 1965:62)

The trade union officals who provided the Donovan Commission with this information objected to Rule 7 of the Society.

> 'An ordinary member who at the date of his admission to the Society is a member of a trade union, registered or unregistered, shall forthwith resign from such trade union. If he fails to do so he shall immediately resign from the Society.' (ibid.:63)

The Society's reply was that many foremen and staff did not want to join a union

> '... because of the possibility of a division of loyalty in times of dissension between the management they represent and the unions.' (ibid.)

They went on to suggest that the benefits offered by the Society were an alternative to union benefits. However, employers do not contribute to union benefits, and the action of these employers should be interpreted as an attempt to prevent union membership using fringe benefits.

While more employers may attempt to encourage the 'special

relationship' between employers and white collar workers, and discourage trade union membership using fringe benefits, there is no evidence of it. Wedderburn and Craig found little relationship between trade union negotiation and membership and the provision of pensions, sick pay and holidays to routine white collar workers as Table 8.2 shows.

Table 8.2 Fringe Benefit Provision and Union Negotiation.
Routine White Collar Workers. 1968
(% of companies providing benefit)

	No union	Union does not negotiate	Union negotiates	
Foremen				
With sick pay:	94%	100%	92%	94%
With pension:	95%	100%	94%	96%
More than 15 days holiday:	72%	99%	68%	73%
With extra holiday:	47%	41%	50%	44%
All companies:	65%	4%	31%	
Clerical workers				
With sick pay:	98%	100%	94%	98%
With pension:	97%	100%	89%	92%

Table 8.2 (continued)

	No union	Union does not negotiate	Union negotiates	
		Clerical workers		
More than 15 days holiday:	72%	100%	75%	74%
With extra holiday:	47%	56%	52%	48%
All companies:	74%	4%	22%	
		Technicians		
With sick pay:	98%	100%	94%	97%
With pension:	97%	100%	89%	94%
More than 15 days holiday:	82%	81%	68%	77%
With extra holiday:	45%	65%	49%	48%
All companies:	57%	5%	38%	

Source: Craig (1969:102/103/107/109)

For foremen, there was very little difference in benefit provision between firms with no unions and firms with unions which negotiated. Clerical workers fared slightly better in firms with unions which negotiated, while technicians in firms with no unions were more likely to receive the benefits. However, the differences were very slight.

There have been few suggestions among ideologists or other commentators that employers use benefits for routine white collar workers to increase the efficiency of their firms. When clerical skills were scarce such benefits might have been used to attract and retain suitable employees. So far as integrating such employees into the firm is concerned it has been suggested that it was <u>because</u> routine white collar workers were integrated into the firm that they received benefits.

> 'The main reason behind this different treatment (with regard to sick pay) of the two groups is historical. It dates back to the period when illiteracy was commonplace and the ability to write automatically granted superior status over those who worked with their hands. Naturally manual workers were available in much greater numbers and a high level of unemployment was accepted. Clerical staff were close to the owners largely because they looked after the books and the accounts and as a result of this proximity a tradition in the principle of payment grew up. This was that clerical workers got paid when they were away unless the boss said "Stop it"; and manual workers did not get paid if they did not work unless the boss said "Pay him".' (van Gelder, <u>Industrial Society</u>, October 1966:246)

The clerical worker is still regarded as having a special relationship with the employer. Goldthorpe <u>et al</u> described the 'important moral elements' that figure

> '... at least in principle, in the employment relationship of bureaucratic personnel: for instance, the obligation of the employee to put his abilities fully and faithfully at the service of the organisation.' (1969:80)

This obligation is accompanied by duties on the part of the employers, which include some of the benefits under discussion. The organisation has an obligation 'in turn, to guarantee its employees both long-term security and career opportunities.' (ibid.)

Elsewhere, Lockwood suggested that the benefits or 'privileges' granted to routine white collar workers produce, or were intended to produce, loyalty.

'Their privileged economic position was also buttressed by the small part which their remuneration plays in the total costs of the enterprise relative to wages, as well as by the interests of employers in securing the loyalty and commitment of their office staffs. As a consequence their income was regulated according to rather different principles than those governing the determination of wages.' (1958)

Besides buying loyalty and identification with the firm, benefits have also been seen as conferring or reflecting status. Most commentators believe that the removal of the differentials in benefits between staff and manual workers is inevitable.

'For the present the clerk retains some of the traditional differences. ... He is more likely to be included in a company pension scheme, and his pension will be more generous than that of the manual workers in those schemes which extend to the latter. He frequently enjoys longer holidays, more extensive sick benefits, better canteen facilities, and greater security of tenure. But the whole social trend in industry is against the maintenance of these differentials, and in twenty years' time the manual worker may have everything now enjoyed by the clerk plus a powerful union behind him to press for more.' (Dale, 1962:100)

As the comments on staff status schemes quoted above show, most managerial ideologists believe that the removal of these differences is desirable and rarely mention the possibility that the lowering of the status of the white collar worker, which must accompany such schemes, will produce problems among these employees.

Most commentators regard the provision of benefits to routine white collar workers today as a matter of habit. Lockwood quoted evidence that as early as 1916 clerks themselves recognised the role that custom played in their working conditions.

'It should be remembered that, although by reason of their unorganised state, clerks suffer many economic disab ilities, yet they have a great many economic advantages not yet enjoyed by manual workers. Among them may be cited permanency of employment, periodical increases of salary, payment of salary during

> sickness and holidays, comparatively reasonable hours, work, and in certain sections, superannuation. These advantages, chiefly matters of custom and usage, constitute a powerful common interest among clerks, and should be an equally strong reason for a protective organisation.' (The Clerk, 1916, quoted in Lockwood, 1958)

John Marsh has suggested that, because of custom, the status, salaries and conditions of employment of routine white collar workers in the inter-war period were relatively too high.

> 'Before the last war, office or white-collar workers had a prestige in the community out of all proportion to their usefulness. Their salaries and conditions were much better than those of shopfloor workers who were treated casually and employed by the hour, who were given little security and were usually out of a job at a few minutes' notice.' (Industrial Welfare Sept-Oct 1958:117)

Grun also emphasised custom.

> 'In the old days operatives were taken in each day and paid strictly by the hour, while the clerk would be engaged by the owner under a contract of employment. He might become a member of the family. ... As companies grew larger and the number of office staff increased the personal relationship between staff and employers lessened but clerks were not in any sense relegated to the position of manual operatives. Staff conditions of employment probably improved as they were often standardised and became less dependent on the whim of an individual boss.' (Industrial Welfare March-April 1960:98)

Evidence that custom and habit does play a part in benefit provision to routine white collar workers must be negative. Many employers in the private sector may see benefits as increasing or confirming loyalty and commitment on the part of their staff employees, and thus increasing efficiency, and, perhaps, preventing them from joining trade unions. Some such employers are extremely hostile to white collar unions. However, employers in the public and private sectors do not appear to have introduced any new benefit policies for routine white collar workers aimed at changing attitudes and behaviour, and a large part of the growth in the number of security benefits provided to white collar workers which has taken place since the war can be attributed to the increase in the number of white collar employees. Furthermore, managerial ideologists have

been remarkably silent on the subject of these employees and their conditions of work. These two pieces of negative evidence suggest that employers have not, on the whole, experienced many problems in attracting and retaining or motivating these workers, and have not developed benefit provision to them as part of a positive employment policy designed to deal with problems in these areas.

Managerial employees

In Chapter 5 it was shown that senior managers often receive perks which are not provided for other employees.

> '... it is certain that staff employees enjoy more extensive and costly fringe benefits than manual workers. Of schemes which are common to both classes, staff sick pay arrangements are much more generous, and pension schemes financed by the employer must be a good deal more expensive. But of course there is a much wider range of benefit open to administrative and technical personnel, ranging from company cars to the much maligned "expense account" luncheons. Any estimate of staff supplementary labour costs must only be a guess, but it would perhaps not be far off to say that many executives cost their companies 30 per cent. more than their direct salaries, and for some, the supplementary cost must be even higher. Since, however, there are many fewer executives than manual workers, the total cost of operatives' fringe benefits may be much higher. In many cases, therefore, a company can afford to spend a good deal on executive fringe benefits.' (Reid and Bates, Industrial Welfare, 1962:172)

There is considerable variation in the provision of benefits to different grades of manager, as is shown in the annual surveys made by AIC/Inbucon. For example, in 1968 30% of general managers received a top hat pension compared with 8.8% of cost accountants. 83% of general managers had sole use of a company car compared with 13.5% of cost accountants. 9% of general managers received non-accountable expenses; no data processing managers did.

For most of the period management benefits have rarely been discussed in the managerial ideology literature. Recently, however, there has been interest in these benefits resulting, in large part,

from the establishment and growth of management consultancy firms concerned to advise organisations, at a price, on how to improve their efficiency.

Managerial ideologists have not suggested that employers provide these benefits for altruistic reasons and it is unlikely that employers see them in these terms. Neither do they expect managers in private industry either to belong to trade unions, or to want to belong to them and, consequently, they have not suggested that benefits might be used to prevent this from happening. In fact, union membership at managerial level is rare, particularly in private industry: Wedderburn and Craig's sample showed that only 4% of firms recognised a union or association which negotiated for middle managers, and only 2% did so for senior managers (Craig, 1969:59).

Ideologists have proposed that benefit provision to managerial employees will lead to greater efficiency.

> 'Despite some very conservative managements and a traditional reluctance to change, despite the difficulties resulting from the tax structure, there are indications that many firms in Britain are adopting a more flexible attitude towards remuneration planning. ... The realisation that take home pay alone is not going to build a competitive management team has taken hold.' (Gidman, Consultant with Towers, Perrin, Forster and Crosby, Industrial Society, September 1970:17)

In 1968 Merrett published a study of executive remuneration in Britain suggesting a 'trimodal theory of the connection between remuneration and corporate efficiency'. The function of remuneration was seen, not so much as making managers work harder, as

> 'a) to cause companies to require higher standards of efficiency to recoup the costs of higher gross salaries
> b) to induce managers to accept the higher standards required
> c) to attract in management a higher standard of recruits.' (Book Review, Personnel, 1968:41)

In a recent background paper for the Royal Commission on the Distribution of Income and Wealth four reasons were given for providing fringe benefits to managers.

> 'The most frequently stated reason for supplying employee benefits is "to keep up with the Joneses". The wide variety of benefits provided, however, indicates that there is no typical or uniform standard against which to judge. We consider that the increasing cost of benefits in relation to company costs as a whole will make companies take a more rigorous look at their provision and their value. Other reasons given include:
> a) apparent minimisation of employees' tax (although the annual tax return demands a report of all benefits in kind which are liable to tax);
> b) encouragement of long service: for example, holidays and sickness pay increasing with length of service; and
> c) competitive recruiting needs for specific categories of staff.' (Hay-MSL,1976:25)

It is impossible to separate out the desire of managers, who make decisions about the remuneration of themselves and their colleagues, to maintain their own standards of living from claims that such benefits are necessary for improved efficiency. There has been no attempt to assess this claim in the light of scientific evidence, but employers and managers may believe it to be true, and provide the benefits for this reason.

Turning to the processes whereby benefits might raise efficiency, ideologists have not emphasised the improvement of pyhsical efficiency, although it is possible that membership of BUPA or other medical insurance schemes and regular medical examinations might do this. Provision of both types of benefit has grown in recent years (Chapter 4:103)but so too have subsidised lunches for executives which are often large and rich (Chapter 4:96)

Ideologists stress attraction and retention of good employees as the main reason for giving executive benefits.

'... a good total remuneration programme will contain... base salary, ... incentive or bonus payments, ... stock ownership plans, ... pension and deferred profit-sharing plans, ... supplementary medical, ... perquisites: company cars, club memberships, extended holidays and sometimes holiday facilities abroad, ... low interest loans, ... education for children of executives posted overseas.' (Gidman, op.cit.:17)

In 1970 the concept of total remuneration was still new.

'At present wages, salaries and fringe benefits tend to develop on an ad hoc basis, but there are a number of companies who are beginning to look at the wider implications of pay and benefits (financial and otherwise) especially for management grades. In certain quarters there is talk, muted as yet, of a "total remuneration" concept. There is a feeling that as businesses become large and operate in many countries and as the range of fringe benefit provision increases, there is a need to rationalise them.' (Mailer, Industrial Society, December 1970:16)

Salary and fringe benefits will attract and retain good employees.

'The above average man will try to move to the environment and job where he receives tangible recognition for being above average and so a company's salary structure does much to determine its future management quality. ... What responsible company management's need is regular, impartial and, above all, meaningful information on salary and fringe benefit practice as a basis for determining their own pay policies.' ('Notes and Comments' Personnel Management, June 1967:70)

Fringe benefits are important because of the tax structure. In his article Gidman was concerned to stress that it was not immoral to use benefits to avoid tax.

'If there has been reluctance to adopt this philosophy, it is perhaps that such methods are not quite respectable. We have to remember that the tax man operates within the law and takes whatever the law allows him to take. As Lord Clyde, President of the Scottish Court of Session, put it: "The Inland Revenue is not slow, and quite rightly, takes every advantage which is open to it under the taxing statutes, for the purpose of depleting the taxpayer's pocket. And the taxpayer is, in like manner, entitled to

> be astute to prevent - so far as he honestly can - the depletion of his means by the Revenue.' (op.cit.:17)

Some employers clearly do use benefits to assist their employees to reduce their tax liability. Hay-MSL suggested on of the ways in which this can be done.

> '... the increased tax rates introduced in the 1974 and 1975 Budgets make it even more beneficial for the high salary employee to attempt to spread his earnings as evenly as possible over his whole life, rather than to have peak earnings in one period taxed at very high marginal tax rates.' (1976:27)

Employers' tax payments may also be reduced.

> 'The continued strong rise in the proportion of executives who benefit from subsidised lunches may be partially attributable to the fact that the provision of such facilities brings fiscal advantage to the companies concerned.' (AIC 1966)

> 'Fringe benefits represent an almost limitless series of possibilities to the ingenious employer. Extensions or modifications of Company "packages" often arise from changes in Inland Revenue rules about allowances for individuals.' (Cornmarket Salary Survey, 1972:33)

There is ample evidence that the value of fringe benefits rise with salary, and this is most probably because marginal tax rates also rise with salary.

> 'Benefits, including bonus payments and pension contributions by the employer, as a proportion of Base Salary, increase generally with job size. The progression is more marked in the smaller job ranges than in the bigger job ranges.' (Hay-MSL, 1976:27)

The percentage by which Total Remuneration exceeded Base Salary in their survey was as follows: foremen - 13%; superintendent - 16%; production manager - 29%; works manager - 31%; manufacturing manager - 33%; general manager - 30%; managing director - 36%. They also found that the proportion of salary paid in benefits to directors

and top managers generally increased with salary reaching a peak at £20,000. However, those receiving more than £20,000, on average, received fewer benefits, as Table 8.3 shows.

Table 8.3 Benefits as a Proportion of Salary. Directors and Top Managers, 1974-5

Average Salary A(£)	Average Total Remuneration B(£)	B-A (£)	B-A as a % of A
10,000	12,800	2,800	28
12,500	16,400	3,900	31
15,000	20,200	5,200	35
17,500	24,000	6,500	37
20,000	28,800	8,800	44
25,000	30,800	5,800	23

Source: Inbucon/AIC 1975

McBeath and Rands suggested that

> '... if the fringe benefit package for top UK management levels were to be grossed-up for tax, it would be found that the value of the benefits to the executive exceeded 100% of gross salary in some cases.'(1969:267)

Ideologists have also regarded fringe benefits as important in motivating managerial employees.

> 'First and foremost - remuneration, both direct and indirect, is important in attracting, retaining and motivating executives. ... Viewed as a whole, an executive total remuneration programme is a reward system which provides employees with the incentive to make greater contributions to overall corporate objectives.' (Gidman, op.cit.:17)

It has been suggested that employers use them for this purpose.

> 'Employees (and their families) appear to be motivated by these benefits (for example, motor cars, dining rooms, staff purchase arrangements, gifts and awards, social club amenities, credit cards), and so their provision

(and cost to the company) is considered worthwhile.' (Hay-MSL, 1976:26)

Benefits for managers have also been regarded as status entitlements by some ideologists.

> 'Length of holiday, entry into certain sick pay schemes, admittance into separate canteens and different dining-rooms are all very common status symbols. A recent addition to this is the annual medical examination. ... The car as a status symbol is important since it has prestige value both within and outside the company. ... Another status symbol linked with transport is first or second-class travel on the railways.' (Mortensen, Industrial Welfare, May-June 1962:153)

> 'In the higher strata of the company hierarchy, status symbols and tax avoidance ploys become interlinked; this emphasises the different codes of morality which are applied to senior and junior employees. Entertainment and expense accounts, personal domestic staff on the company pay-roll, special "top-hat" pension schemes, modified business jaunts which are in fact disguised paid holidays are all examples of this. Not unnaturally it is difficult to obtain information on these types of status privileges and a cautious, albeit smug, conspiracy of silence surrounds them.' (ibid.:152)

Fringe benefits as status entitlements might attract, retain and motivate employees at this level but no evidence relating to employers' behaviour in this respect could be found.

There has been some concern expressed by managerial ideologists about the growth of 'executive fringe benefits' in recent years. For example, an article in the November 1976 edition of Personnel Management asked

> 'Does British top management adopt double standards in relation to pay and fringe benefits? Certainly there is growing Continental criticism of the British senior executive for both his pre-occupation with personal reward - and his use of suspect data to reinforce special pleading.' (Stokes:3)

Stokes continued

> 'Only three days after the CBI's insistence that the Government should beware of trade unions seeking to circumvent incomes policy, many prominent members of the CBI gave enthusiastic after-dinner support to the British Institute of Management Chairman, Sir Derek Ezra, in his rousing call for higher pay and status for British executives.' (ibid.)

The CBI and BIM had criticised the recent settlement between employers and the National Union of Seamen because, while it conformed to the current incomes policy, other trade unions might follow the example of the NUS and use fringe benefits to break the spirit of the incomes policy. However, Stokes pointed out that everyone could see what fringe benefits the seamen were receiving.

> 'Can the same be said for senior executives' fringe benefits? Not if press reports of the service offered by certain City firms of accountants, auditors and consultants are accurate. Whatever one may think about the wisdom of a major British company seeking to award £2,500 p.a. in fringe benefits to senior executives at a time when the nation is being asked to make sacrifices, can personnel executives be happy with accountants' reports which demonstrate how to present expensive fringe benefits in company accounts so that those benefits are not obvious to employees, trade unions and shareholders?' (ibid.)

Stokes believed that it was time for personnel managers to stand out against using benefits in such ways.

> 'A growing number of British executives are becoming increasingly uneasy about perks which, although financially beneficial, are morally repugnant. ... Where do personnel executives stand on these sensitive issues? Traditionally they have been "no go areas" and so many personnel executives have not stood anywhere.' (ibid.)

Conclusion

Few employers provided fringe benefits for manual workers before the war. Initially the altruistic motive was important, but, as time passed, these employers increasingly came to believe that welfare provision increased productivity. After the war managerial

ideologists tended not to discuss the motives for providing benefits for manual workers, showing more interest in the processes they were expected to invoke. Occasionally they felt the need to stress that there was no conflict between welfare and efficiency. In practice altruism is an unlikely motive, and while some firms may still use benefits to prevent employees from wanting to join a union there is no good evidence in this respect. The main reason for benefit provision for manual workers appears to be to improve the efficiency of a firm's operations. Ideologists have emphasised integration of employees as the main process whereby benefits will increase efficiency. They have virtually ignored the possibility that some benefits may increase physical efficiency directly, and the suggestion that they might attract and retain employees. Integration will result in either changed attitudes to work or increased emotional attachment to the enterprise or its goals and might occur through a social exchange process - benefits are exchanged for gratitude and loyalty - or as the result of a relative improvement in the status of the manual worker, reflected in improved benefit provision.

Employers may place more emphasis on direct improvements in physical efficiency, particularly through the provision of services, than ideologists do. It does not seem that employers often use benefits to attract or to retain manual workers, although the available evidence is not methodologically sound. While some employers clearly do provide benefits in the hope of generating loyalty and commitment, the extent to which this is the purpose of much benefit provision to manual workers is not clear. There are three facts that suggest that this might be one of the hopes of many employers. The benefits which are provided, whose provision has only become common since 1945, are those which meet human needs (for security, health, food, social relations) and might be expected to affect the quality of the relationship between the recipient and donor. Employers often are not prepared to negotiate the benefits with unions, thus allowing them to be seen by employees as a gift from the employer, rather than an element of the employment contract, or a right. Managerial ideologists have emphasised this process beyond the other possibilities. However, further research is necessary before any conclusions can be drawn.

The idea of integrating manual workers through an increase in relative status has probably appealed more to ideologists than to employers , apart from a few large firms in industries using more advanced technologies whose status schemes were highly publicised.

Many routine white collar workers received pensions, sick pay and holidays in the 19th century and this employment practice has continued until the present day. It has been extended to new groups of white collar workers, such as technicians. Chapter 4 contains evidence of an increase in the numbers of routine white collar workers covered by these benefits due, to a large extent, to a general increase in their numbers. There was no evidence of new benefit policies for these employees since the war. Since 1945 ideologists have shown very little interest in the provision of benefits to routine white collar workers, largely viewing it as a matter of custom and habit. It was suggested that this was mainly because these employees have not, in this period, presented any outstanding employment problems to employers. Recent growth in white collar unionisation in the private sector may have been felt as a threat by some employers and they may have tried to use benefit policies to prevent union membership; there is no evidence available on this.

Senior managers receive the benefits provided for manual workers and routine white collar workers, often on a more generous scale (Chapter 5), and, in addition, many senior managers in the private sector receive a range of perks. Employers in the public sector provide fewer perks for senior managers and their equivalent. In the private sector perk provision grew in importance in the 1960s and early 1970s, and it was during this period that management ideologists (led by management consultants) became interested in them. That their main purpose is to avoid tax and incomes policies is confirmed both by the content of the managerial ideology relating to them, and by the relationship between measures for taxing particular benefits in annual Finance Acts, and the subsequent decline in the popularity of those benefits (Chapter 10:314 and Chapter 4:108).

In this chapter the aims of employers in providing benefits have been considered. They are influenced to varying extent by other actors with an interest in benefit provision. In the next chapter the attitudes of the trade unions toward benefit provision, and their actions in this regard, will be considered.

Chapter 9: Fringe Benefits and Trade Unions

In Chapter 2 (p44ff.) it was suggested that, while trade union ideology has historically contained two strands - 'instrumental collectivism' and a socialist element - it is the former which has been most important in practice. The unions have preferred the task of collective bargaining with employers to that of action in the political arena aimed at influencing social and economic policy or structure. Effective demands on the State have tended to be limited to the protection of the right to collective bargaining, and the establishment of a minimum income for all through benefits and services provided by the Welfare State. Beyond the minimum there has been little demand for equality. In recent years the TUC leaders have accepted the need for some control of collective bargaining by incomes policies, because of inflationary trends in the economy, and have co-operated with successive Labour Governments in establishing, and trying to maintain, wage and salary settlements at agreed levels. As a *quid pro quo* they have demanded social policy measures to benefit the worst off in the community.

So far as benefits are concerned the tension between ideas of instrumental collectivism and socialism has had some impact, particularly on discussions and actions relating to the provision of pensions and sick pay. Canteens and recreational facilities have not been important to unions, unlike occupational medical services. Perks for senior managers and their role in avoiding tax and incomes policies, are disapproved of by socialists, while holidays with pay have been firmly incorporated in the collective bargaining sector since the war.

In this chapter discussions and arguments about fringe benefits which have taken place at annual Trade Union Congresses

since the war, are considered, in conjunction with some evidence on the actions taken by the TUC's General Council and member unions in relation to these benefits.

Pensions and sick pay

In Chapter 3 (p76) four models underlying redistribution in income maintenance systems were described: the 'individualised actuarial model'; the 'group insurance model'; the 'national insurance model'; and the 'social security model'. The first model is based, as closely as possible, on the notion that benefit should be related to risk and contribution (a market principle), while the fourth is based on the idea that benefit should be related to need, and contribution to ability to contribute. In practice, since the war, the two important models in Britain have been the group insurance model and the national insurance model. Debates which have taken place about the relative merits of occupational schemes (based on group insurance) and the State scheme (based on national insurance) have tended to oppose contribution or earnings on the one hand, against need on the other.

The reality is more complex than this. The group insurance model in practice involves an element of provision of benefit on the basis of need. Pensions are paid so long as the pensioner survives (and sometimes a reduced pension is paid to his widow), even though contributions have not been related to the likelihood of survival. Similarly, occupational sick pay is paid, up to a certain point, so long as the employee is sick, and he makes no special contribution towards his sick pay, except occasionally to sickness benevolent funds. The principles behind the national insurance scheme are not very different, although the justification of benefit as a right is based on contribution rather than any notion of 'deferred pay'. The national insurance scheme is more redistributive than the group insurance scheme, since the Exchequer contribution comes from general taxation, which is

progressively applied to all income - earned and unearned. Also, the rights attached to the State scheme are uniform and insitutionalised, and the benefits less closely related to occupational earnings. Until recently occupational pension rights have varied considerably.

The union view which favours the extension of occupational security schemes through collective bargaining will henceforth be described as the 'liberal' approach, while that concerned with meeting needs adequately through a State scheme without the necessity for recourse to other sources, for example Supplementary Pensions, will be described as 'socialist'. Liberal and socialist ideas concerning the provision of pensions and sick pay have coexisted in trade union ideology since 1945 (and before). The liberal attitude has received regular expression at Congresses. For example, in 1963 the President of the TUC, in his address to Congress, said:

> 'I should like to see the scope of collective bargaining and joint consultation enlarged. It ought to become the normal, natural and regular practice for the two sides of industry to talk freely to each other not only about wages and hours and holidays, but about safety and health, procedures for promotions and dismissals, sick-pay, pensions and provisions for redundancy... ' (TUC 1963:72)

In 1973 a report submitted to the Government by the General Council recommended the broadening of collective bargaining issues.

> 'There is no logical reason why the collective bargaining process should only apply to the division of resources of the enterprise in terms of money wages. ... Plant, site and enterprise level bargains should be extended to cover recruitment, training, deployment, manning and speed of work, work-sharing, discipline, redundancy and dismissals; plus fringe benefits and aspects of job security such as pension rights (and the control of pension funds) sick and industrial injury pay, minimum earnings guarantees and so forth.' (TUC 1973:405)

The socialist approach has also been urged on Congress at regular intervals.

> 'The vision which inspired our national insurance scheme has over the past twelve years been tarnished and denigrated until its main objectives are now obscure. The complete dismantling of the service is not yet a political possibility but as its quality declines the ensuing discontent is being canvassed by prominent Tories to prove that an alternative system is desired and should be introduced. Such traffic in it must be resisted by the restatement of our welfare state ideals and by a fight for realistic benefits to be paid immediately. ... We must ensure that an expanding economy does not widen the gap between the earnings of those in work and the earnings of the less fortunate, including our old people who have indeed had to toil and struggle through the whole of their lives. '(TUC 1963:333)

In 1967, while supporting a motion calling for an increase in the benefits of the State graduated pension scheme, a representative of the Society of Lithographic Artists, Designers, Engravers and Process Workers reiterated the socialist approach to pensions.

> 'It is the opinion of my society ... that we should not have to rely upon private enterprise or insurance companies to provide workers with adequate retirement pensions. A reasonable standard of living in retirement or old age should be accepted as a national obligation by the State. A country that is indifferent to the needs of pensioners, a fixed income group, or those desirous of enjoying a well-deserved retirement after a useful working life of 40 years or so, deserves a balance of payment crisis. The standard pensions benefit needs to be two-thirds of a worker's average income, and payment should be made from one central source, the National Exchequer.' (TUC 1967:444)

Some motions and discussions have indicated an awareness of possible conflict between liberal and socialist principles. In 1945 some trade unionists feared that the proposed State system

would affect their occupational pensions detrimentally. The following motion was carried by Congress.

> 'This Trade Union Congress, mindful of the various occupations in which pensions schemes exist, urges all unions concerned (a) to resist any attempts to postpone improvements in, or extensions of, existing occupational schemes by reason of the National Insurance Scheme and (b) to ensure that the National Insurance Scheme shall not have the effect of operating to the detriment of employees whose conditions of employment embrace pension schemes.' (TUC 1945:287)

In 1962 the fear that occupational benefits might impede the progress of national schemes was expressed in a motion, which was carried.

> 'This Congress, whilst welcoming the action of the General Council in encouraging unions to negotiate industrial wages during sickness schemes, is concerned to ensure that any successes which unions may achieve in this direction whould not be used by Government to prejudice existing rights to National Insurance benefits during periods of sickness or incapacity or to deflect Congress from its ultimate objective of seeing those National Insurance benefits raised to a proper subsistence level.' (TUC 1962:447)

Proposing the motion, Case emphasised the priority of the State scheme.

> 'The various unions are able to extend the application of industrial sick pay agreements. Already about fifty per cent. of the workpeople in this country are covered by such agreements, although most of those covered are not manual workers. As the percentage covered increases, so does the danger of the Government using their existence to keep down or retard the advance of payments from the State scheme. We have to make it clear that the industrial schemes are only supplements to the State scheme, and not allow a school of thought to arise that payments from the State need only supplement those which are negotiated in industry.' (ibid.:448)

The TUC did not take much interest in occupational pension schemes until 1956, when the General Council asked unions for some

information.

> 'Almost without exception the unions which replied stated that they were in favour of occupational pension schemes for their members. Some unions qualified this by stating that they preferred negotiated schemes, and no doubt unions generally would prefer negotiated schemes.' (TUC 1956:274)

In 1957 the General Council informed Congress that the development of occupational schemes

> '... wholly desirable in itself, has nevertheless, resulted in marked inequality between different industries, and between workers in the same industry. In particular, many fewer manual workers are covered than non-manual.
>
> It is manifestly inequitable that while some workers can look forward on retirement to a standard of living related to that enjoyed during working life, others should have to rely entirely on National Insurance pensions or National Assistance.' (TUC 1957:140)

In 1958 a motion was carried advocating the spread of such schemes.

> 'This Congress notes the increased interest that has been shown by organisations and individuals in the problems of providing for old age since the publication of the Labour Party's Plan for National Superannuation.
>
> It regrets, however, that trade unions have hitherto tended to leave exclusively to employers the provision and planning of occupational pension schemes.
>
> Affiliated organisations are therefore urged:
> (i) to treat the negotiation of adequate pensions as being as much a part of their function as the negotiation of adequate salaries and wages and thus to follow the example set by trade unions in the USA; and
> (ii) to examine critically the existing pension arrangements of their members in relation to the general pattern of social security, and to the changes contemplated by the Labour Party, with special reference to the need for transferability of pensions.' (TUC 1958:340)

The representative of the Guild of Insurance Officials who proposed the motion argued that

> '... many of the pension schemes, which are quite satisfactory and are referred to by certain Labour leaders, are in fact very largely set up, maintained and worked out for the complete benefit of the employers at the present time.' (ibid.: 341)

The problem of how much support unions should give to occupational pension schemes arose again in the late 1960s as the Labour Party prepared its new pension policy. The debate showed that many trade unionists were still wary of the schemes provided by employers, even when they were negotiated. However, the possible relationships between occupational schemes and the State scheme were never discussed openly at Congress.

In 1968 the following motion was carried:

> 'Congress calls upon the Government to introduce without further delay legislation providing for adequate and preserved pensions in all occupations and urges the early implementation of election promises to overhaul the graduated pension scheme.' (TUC 1968:468)

The next year, following examination of the Government's White Paper (see Chapter 10:281), the General Council considered

> '... that any acceptable scheme of contracting-out must be such as to be fair to those without occupational pensions (and therefore wholly dependent on the State scheme), as well as to the general body of those with occupational pensions.' (TUC 1969:253)

Speaking on the report, Lord Collison of the General Council claimed that the success of occupational schemes depended on a successful national scheme (ibid.:527).

However, in the same year, a motion about pensions and the ensuing discussion illustrated the conflict between members of occupational schemes and those who would be members of the proposed State scheme. The motion was proposed, seconded and supported by members of white collar unions, and opposed by manual unions. It was remitted to the General Council after some heated debate.

> 'This Congress, while recognising the need to provide better pensions for those who are not covered by occupational schemes, insists that members of occupational schemes should not be expected through the medium of "contracting out" provisions to subsidise the improved State scheme proposed by the Government. Congress therefore instructs the General

Council to make appropriate representations to the Government to ensure that the projected legislation shall be of an enabling nature in order to allow proper time for negotiation with all interests to safeguard existing occupational pension schemes.' (TUC 1969:529)

The representative of TSSA claimed

'... my union understands and accepts that national insurance is in essence redistributive. It agrees that supplementary allowances must be done away with, but what we say is that this is placing an unfair burden on many members of occupational pension schemes.' (ibid.:530)

NALGO was strongly against the Labour Government's proposals.

'My membership is fearful of this. They are patient, they have never indulged in industrial action, but at our conference in June it was said that if these proposals were adhered to, if our membership have to find 11¾% to hold what they have, then they are threatening industrial action. That is the strength of feeling within my membership.' (ibid.:532)

The Association of Post Office Executives argued that their members had paid for their occupational pensions, and had chosen them rather than higher wages.

'Some of our unions have put a lot more emphasis than have other unions on fringe benefits. This is what their members want. They have been prepared, through depressed rates of pay to some degree, by agreement, to pay for generous leave and pension provisions, and it is the pension provisions we are particularly talking about now.' (ibid.:532)

In opposition to the motion the Society for Lithographic Artists also regarded the Government's proposals as inadequate, but from the opposite viewpoint.

'We think (the proposed scheme) is inadequate. We have had to wait for twenty years apparently, for proposals which even currently valued do not measure up, in our view, to the entitlements of workers who have spent thirty or forty odd years in an industry. ... There is only one satisfactory way of dealing with this, and that is through state obligations and through a uniform state pension scheme that will eradicate the anomalies which our friends have brought to our notice this afternoon.' (ibid.:533)

The representative of the National Union of Boot and Shoe Operatives was more outspoken.

> 'My union is completely against Composite Motion No 6 and hopes that Congress will turn it down decisively. ... in our view this motion is based on a fundamentally wrong approach to the whole question of the relationship between occupational pensions and a comprehensive state scheme. The responsibility of those concerned with occupational pensions is to get down to the job of working out how best to adjust their schemes to fit in with the greatly improved national insurance system proposed by the Government. Instead it seems to us that Congress is being asked to block developments in the state scheme which are vitally necessary in order to deal with the gross inadequacies of the existing flat-rate system and to defer long overdue reform of national insurance.' (ibid.)

Whether it is possible to produce a scheme which both sides of the argument would regard as fair is doubtful; neither side was satisfied with the Labour Government scheme. The question was not resolved at that time, however, although the advent of a Conservative Government, with a new set of proposals, made it easier for the TUC to reach internal agreement. In 1970 a leading trade unionist, W Allen from USDAW, admitted that the trade union movement had still no clear policy on pensions.

> 'In actual fact - and let us face it - as a Movement we have no clear policy line to follow. The attitude towards pension schemes has not as yet been clearly defined.' (TUC 1970:65)

The Conservative Government's proposals, subsequently enacted as the 1972 Social Security Bill, were greeted with disapproval.

> 'The General Council said that the proposed Reserve Scheme was inadequate and had been designed merely to encourage workers to participate in occupational schemes. The State Reserve Scheme, which will be financed wholly from employers' and employees' contributions, would relieve the Government of their responsibility. The proposals abandoned the principle that the State should provide an adequate pension, paid as of right, without the need to have recourse to other means. From 1975 the responsibility would be transferred to the State Reserve Scheme and occupational schemes. The General Council stressed that occupational schemes were one of a range of workplace non-wage benefits and not a

substitute for State pension provision.' (TUC 1973:113)

A composite motion was carried in 1973 calling for improvements in both State and occupational pensions (TUC 1973:472). A representative from the NUGMW, in seconding the motion, urged that occupational schemes become the subject of collective bargaining. He explained Congress's unease about occupational pensions as follows:

> 'In the past, because of limited control and participation, unions have been suspicious of the introduction of fringe benefits such as pensions, but an acknowledgement of pensions as deferred pay, will lead to a change of attitude. It is my conviction that, if our members are to obtain the maximum benefit from existing and proposed occupational pension schemes, there must be an acceptance of pension provision as part of the total remuneration package and that it should become a subject for collective bargaining, the area in which trade union expertise is most highly developed. This will put an end to the "grace and favour" attitude of employers who, in far too many instances, consider that employee contributions to pension schemes in some way belong to the firm.' (ibid.:473)

Before the 1974 General Election the General Council

> '... held a series of meetings with the Labour Party about future pension provision and improvements in other National Insurance and social security benefits. ... There must be a close association between the State scheme and occupational schemes, but occupational schemes must not be regarded as substitutes for State provision.' (TUC 1974:88)

While there was considerable discussion about occupational pensions during the period, action was more limited. In 1956, following their survey of unions, the General Council reported that

> '... the available information about occupational pension schemes in industry was seriously inadequate.' (TUC 1956:275)

They urged the Government to collect and publish occupational pension statistics which was done in 1956.

At a meeting of the National Joint Advisory Council in July 1964 it was agreed that a sub-committee be set up to report on

> '... the economic and social implications of existing arrangements for preserving occupational pension rights on changes of employment, and desirability of extending such arrangements and the means by which such an extension should be brought about.' (TUC 1964:149)

The committee reported in March 1966 concluding that the lack of arrangements for preservation had had a limited effect on the mobility of labour. However, they agreed that, on social grounds, there should be general provision for preservation, either by way of a 'frozen' pension or through payment of a transfer value, whatever the reasons for an employee's change of employment. They also agreed that such arrangements could best be achieved either by direct legislation, or by fiscal methods such as taxing employers' contributions or with-holding tax relief on investment income, if employers did not provide for preservation (TUC 1966:156).

In January 1969 the Government stated its intention to bring in legislation to ensure that every member of an employer's pension scheme who had satisfied certain minimum conditions should have the right to have accrued pension preserved until retiring age (TUC 1969:170).

In 1970 the General Council reported on their activities with regard to the Labour Party proposals for occupational pension schemes. Representatives had met the Lord Privy Seal in October 1969 to ask for assurances about policy regarding schemes in the public sector. Also the General Council was worried that the level of abatement proposed in the 1969 White Paper for those with occupational schemes would affect the amount of total income going into the State scheme. They told the Government that they could not accept a level of abatement which might endanger the viability of the State scheme. However, they were prepared to accept the proposed levels, which were considerably higher than those originally suggested, so long as they as they were not raised any more.

The General Council's criticisms of the Conservatives' proposals for pensions have been described above. In 1973 the Council reported some co-operation with the Government over occupational pensions, although they did not specify the form it took.

In the same year, at a TUC conference arranged to discuss the Social Security Bill, the Under-Secretary of State for Social Security suggested that the TUC and the CBI, and possibly occupational pension interests, whould prepare a code of practice for the regulation of occupational schemes. The General Council considered that such a code should contain arrangements for negotiating procedures between employers and unions for determining the structure and benefits of schemes, calculation of contributions and benefits, conditions of membership, composition of management committees or Boards of Trustees, and provision of information to members of schemes. However, they were not over-enthusiastic about such a code, agreeing that it would be useful, but selecting as their immediate aim the provision of advice and guidance on occupational schemes for affiliated unions. They established a small working party of union pension specialists to prepare this material (TUC 1973:114).

The TUC took little interest in occupational sick pay schemes until 1962 when the General Council reported that they were

> '... considering the payments received by workpeople when they are away from work through ill-health. This consideration is covering National Insurance benefits and also the payments which some workpeople receive from employers.' (TUC 1962:126)

Unions were asked to keep the Council informed of the results of approaches to employers for sick pay agreements. At the 1962 Congress a motion was carried arguing that industrial schemes should only supplement the State scheme (see above:223). In the following year the General Council reported that:

> 'The replies from unions show that although some progress

> has been made many employers are not disposed toward making payments. The General Council therefore met the BEC and asked them to urge employers to take a more favourable attitude towards the introduction of sick pay schemes. ... The BEC was told that whatever improvements are made in National Insurance benefits there would be growing pressure for supplementary payments from employers.' (TUC 1963:141)

The TUC sent information to unions about the extent and nature of agreements for sick pay. In 1964 they reported that:

> 'Occupational sick pay schemes were discussed at the meeting of the National Joint Advisory Council in October 1963 when it was decided to set up a committee composed of representatives of the three sides of the Council to collect and examine information about sick pay schemes and "to recommend any further steps..." ... The Report sets out the case for all workers to receive payments from their employers when they are unable to work through illness and examines in detail the extent to which employees are at present covered by occupational sick pay schemes and the characteristics of these arrangements. Incidence of sickness absence, including the effect of sick pay and other factors on it, is also dealt with and recommendations are made about the kind of arrangements which should be negotiated.' (TUC 1964:145)

In the same year the following motion was remitted to the General Council:

> 'This Congress urges the General Council to press the Government to take the necessary action to amend the Wages Councils Acts, in order to make the payment of wages for sickness compulsory on all employers.' (ibid.:395)

After consideration the Council concluded

> '... that if the Acts were amended in the way suggested this would give sick pay priority over other improvements in Wages Councils Industries and that unions in these industries would prefer to decide their own priorities.' (TUC 1965:149)

They agreed to inform unions in Wages Councils that, although no Wages Council had so far submitted proposals for sick pay, it was within their powers to do so.

Sick pay schemes have not since been considered by the TUC except very briefly in 1973 when they agreed to support a

proposed DHSS survey and suggested some additional questions on the way sick pay arrangements were established, including whether they had been agreed jointly with trade union representatives.

The TUC's approach to questions of National Insurance can best be approached in three sections: their attitudes towards State schemes; the actions taken to improve these schemes in relation to the Government; the action taken in relation to the Labour Party when out of office.

The TUC welcomed the National Insurance and Assistance Acts of the 1940s and little discussion of the principles behind them took place until the 1950s when they were not working as well as was hoped. In 1954 the General Council submitted a memorandum to the Committee on the Problems of Old Age, stressing that the National Insurance Scheme should be considered separately from private superannuation schemes since these were supplementary to, and not a substitute for, National Insurance.

In 1957 the Labour Party published proposals for a National Superannuation Scheme which would have provided a flat-rate pension and an element related to earnings. The General Council proposed that the scheme should be studied in greater depth, although there were some trade unionists against the idea of earnings-related national pensions as a matter of principle.

> 'Throughout the post-war years the General Council have, in fact, brought all practicable pressure to bear on successive governments to secure a substantial increase in the flat rate national insurance benefit. These efforts have failed... That is the intolerable position confronting us, and the Labour Party, after a searching examination of the problems involved have come to the conclusion that so long as we stick to the flat rate system we cannot hope to secure a proper minimum level of benefits. ... Both the political parties, therefore,

> have rejected as impracticable the subsistence principle under the scheme as it stands, and it is against this background that the General Council are recommending that there should be a comprehensive re-examination of the flat-rate basis of the system.' (TUC 1957:352)

The opposing viewpoint was put by an AEU representative.

> 'As socialists we must recognise that in the proposals greater efforts could be made to apply the "fair shares for all" policy. ... I am suggesting that one basic principle will always remain an essential part of real socialism and that is "from each according to ability, and to each according to need". These new superannuation proposals very faithfully observe the first part of the principle but the second part fares rather badly.' (TUC1957:355)

However, over the years the socialists lost that argument and in 1961 the Conservative Government introduced a graduated pension scheme, while the Labour Party had similar plans.

In 1963 the General Council told the Government that they were willing to consider wage-related sickness and unemployment benefits, if the Government would accept the principle of minimum subsistence provided by the State. In 1964 the Council held discussions with the BEC and the Minister of National Insurance on this question and reported that they had insisted that a wage-related system must be based on the following principles: it must cover all benefits; there must be a proper minimum benefit level; the level of benefit must equal approximately half normal pay with a higher propcrtion for lower-paid workers and a lower proportion for higher-paid employees; the £9-18 earnings band should be abolished and family allowances would have to be increased.

In 1966 the General Council reported that:

> 'A new pattern of social security is beginning to emerge now that compensation has become payable to redundan workers, earnings-related benefits are soon to be paid to the sick and unemployed, and a Ministry of Social Security is being created.' (TUC 1966:87)

However, the Council was still worried about continuing poverty and promised to press for its removal.

> 'In expressing their views to the Government on (the National Insurance Act) the General Council have particularly stressed the need for improved provision for low-income families.' (ibid.:161)

More detailed criticisms of the legislation were also made.

> 'The General Council repeated that their aim was to secure a subsistence level of National Insurance benefits and regretted that under the scale of benefits proposed the total benefit (flat-rate plus supplement) of many lower-paid workers particularly those with families, would still be less than National Assistance. The position would be further aggravated by the 85% ceiling. They stressed that the problem was linked with the whole question of improved social security provision for the lower-paid family and reiterated the General Council's claim for family allowances.
>
> They also urged that there was a strong case for extending payment of earnings-related supplement to cover the whole first year of unemployment and sickness.' (ibid.:163)

The Council informed the Government that the amount proposed in the National Plan for social security expenditure over the period 1966 to 1970 was insufficient to provide the substantially increased expenditure that would be necessary.

At the 1967 Congress a motion was carried calling on the General Council to prevent the Government from introducing any form of 'selectivity' into social security.

> 'This annual Congress calls upon the General Council when dealing with social security and national insurance work to oppose any attempt to introduce "selectivity" as a basis for the payment of benefits. In this connection Congress, in keeping with the policy of the Movement, reaffirms that such benefits shall continue to be treated on a universal basis.' (TUC 1967:470)

The seconder of the motion, C Jenkins, pointed out the dangers which are rarely acknowledged by members of the trade union movement:

> 'We already operate a distinctive and widening double standard for medicine, housing, for general welfare and

> for education. We are two nations in Britain now, and the advocates of selectivity would widen the gap between those two nations. I ask you to reaffirm that we intend to create one nation - a commonwealth of all our people.' (ibid.:471)

In May 1969 the General Council asked the Secretary of State for Health and Social Security to give greater priority to the problem of closing the gap between National Insurance benefits and Supplementary Benefits, by increasing all existing pensions and by providing a higher starting level for the new scheme. The memorandum showed that the existing basic pension for a married couple was between £2 and £3 below the Supplementary Benefit level plus rent. Because of this gap almost one pensioner in three was having to go to the Supplementary Benefits Commission, thus threatening the contributory principle. Also, this would have serious effects on the development of occupational pensions.

> 'In 1963 the Government had estimated that approximately one half of all occupational pensions in payment were £2 a week or less, and three quarters were not more than £5. Because of the low level of existing National Insurance pensions there was a "dead band" of between £1 a week and £3 a week in which occupational pensions gave no overall increase in income on retirement. They merely reduced supplementary benefit entitlement and consequently Exchequer expenditure.' (TUC 1969:248)

In 1970 the TUC was faced with the prospect of Conservative proposals for National Insurance, the shape of which was not known in any detail at the time of the 1970 Congress. The General Council took the opportunity to spell out the TUC's position on pensions and National Insurance.

> 'We want a substantial compulsory State scheme providing as a minimum a proper living income for the old and all others dependent on National Insurance. A firm decision to break with the legacy of neglect which has left inadequate National Insurance benefits lagging far behind means-tested Supplementary Benefit must be an essential condition of trade union support for any new scheme.' (TUC 1970:588)

So far as occupational pensions were concerned

> 'Whilst the General Council fully recognise the importance of occupational pensions, and will continue to work for their improvement and development, they cannot be a substitute for an adequate State pension scheme. There are strong reasons for resisting any attempt to rely on occupational pensions, supplemented by an inadequate State pension, for providing a proper basic income in old age. Most members of occupational pension schemes lose their pension rights on change of job. The arbitrary coverage of good occupational pensions results in much unfairness. Thus, although a most half of the working population are in occupational schemes, about one half of the pensions at present in payment are for amounts of only £3 per week or less - 40% for as little as £2 per week or less; coverage for manual workers is considerably less than among non-manual; in important industries such as building and agriculture coverage is extremely small; only one quarter of working women are in occupational schemes; in thirty years time or as far ahead as the end of the century there will still be one-third of all pensioner households without occupational pensions; a comprehensive social security scheme is designed to meet wider needs than most occupational schemes - thus cover for widows is provided by only one-third of all occupational schemes. ... This does not mean that the General Council are not fully aware of the great importance of occupational pensions as a means of providing additional income for the elderly. There is no question whatever of undermining in any way the hard-won advances which many unions have secured for their members in this field. ... A growing number of unions are recognising that negotiation of good schemes is a vitally important trade union function.' (ibid.:589)

At the same time the Council announced that they were considering introducing courseson occupational pensions as part of the TUC's training programme.

In 1972 a motion calling for improvements in the State social security system was carried.

> 'Congress expresses alarm at the continued deterioration of the social services, and calls for a systematic reversal of this process and the allocation of an increasing proportion of the Gross National Product to this end.
>
> Congress is concerned at the failure of successive Governments to significantly reduce the level of poverty in society. It notes the intention of the present Govern-

> ment to introduce a tax credit system and instructs the General Council to undertake a critical study of this proposal in the context of a general review of the present social security system. The General Council should have in mind the need to produce a comprehensive and easily understood social security plan which will achieve a real and meaningful redistribution of wealth in favour of lower paid workers, pensioners and other persons forced to rely on the social security system in order to maintain a decent standard of living.' (TUC 1972:489)

It is noticeable that the TUC generally reserved its critical motions on National Insurance for the Conservative administrations. In 1948 the following motion was remitted to the General Council:

> 'That this Congress requests the General Council to press for a minimum of £3 per week for married couples. In the event of either party dying the remaining pensioner to receive £1.10s per week.' (TUC 1948:355)

Subsequently, motions calling for increases in National Insurance benefits were passed in 1951 (TUC 1951:382) and 1952 (TUC 1952:348), and in 1953 the General Council reported that it had continued to press for an immediate review of National Insurance benefit rates.

> 'The fall in the value of National Insurance benefits to a level substantially below the original subsistence basis is a serious threat to the whole structure of the Social Security Scheme.' (TUC 1953:141)

Eventually a committee to 'review the economic and financial problems involved in providing for old age, having regard to the prospective increases in the numbers of the aged' was established, and the General Council nominated members. However, a motion calling for increases in benefits was passed at the 1954 Congress (TUC 1954:358)

In 1954 an Act was introduced increasing benefit rates, but by 1956 the TUC was again calling for increases; a call which was repeated in stronger terms in 1957 (TUC 1956:376 and 1957:355). At the end of 1957 increases were announced but these were not considered large enough and a motion was carried at the 1958 Congress calling

for further increases (1958:342).

In October 1958 the Government published a White Paper outlining their proposals for a scheme of National Superannuation. The General Council were extremely hostile and reported:

> 'Indeed, the main purpose of the scheme, as the General Council have stressed in their submission to the Minister, appears to be not to deal with the problems of inadequate pensions, but to transfer liability for the growing cost of pensions from the Exchequer to contributions.' (TUC 1959: 142)

Motions were carried in 1959 and 1960 demanding substantial improvements in insurance benefits (TUC 1959:355 and 1960:363). However, a motion calling for industrial action in support of higher pensions was defeated.

> 'Congress reaffirms its determination to continue the struggle on behalf of old age pensioners for adequate pensions. Congress, being of the opinion that every possible step should be taken to ensure the earliest success of this objective recommends that May Day 1961 be declared a day of National Demonstration for adequate old age pensions, and requests the General Council to take such steps as are necessary to arrange for the demonstration. Congress further recommends affiliated unions to give consideration within the framework of their individual constitutions to an abstention from work by their members on May 1 1961, in support of the National Demonstration.' (TUC 1960:366)

The General Council opposed this motion on the grounds that the industrial weapon should not be used in non-industrial causes and that such use would be more likely to damage their cause than to further it.

In April 1961 benefits and contributions were increased and wage-related pensions came into effect. At the 1961 Congress the General Council distributed a booklet entitled 'Who is Paying for Social Security', showing in detail how successive Governments had transferred the cost of social security from the Exchequer to contributions and charges (TUC 1962:131). A composite motion carried

in 1961, was extremely critical of Government policy.

> 'This Congress expresses deep concern at the inadequate level of benefits under the National Insurance and Industrial Injuries Acts. It urges the General Council in giving consideration to schemes for social security and superannuation to make it plain that the first priority must be given to establishing an adequate level of benefits for unemployment, sickness, retirement, widowhood and disablement. The low wages paid in certain occupations must not be allowed to prejudice the adequacy of the basic level of benefits.
>
> Congress instructs the General Council to act jointly with the Labour Party in bringing about a substantial increase in the value of old age pensions.
>
> Congress condemns the completely inadequate provision of the State Graduated Pension Scheme and calls for the rescinding of the National Insurance Act 1959 or for a substantial improvement in the amount of benefit payable in return for the contribution made.' (TUC 1911:347)

A further critical motion was passed in 1962 (TUC 1962:321) and in 1963, following increases in benefits and contributions, yet another motion for increases was carried (TUC 1963:332).

It was not until 1967 that the Labour Government which had come to power towards the end of 1964 was presented with a TUC motion on the subject of pensions.

> 'This Congress declares that there is an urgent need to increase the benefits of the State graduated pension scheme in order that the living standards of retired people should be raised and to enable such people who are unable to do so to retire and maintain a reasonable standard of living.' (TUC 1967:476)

In 1971 the first specific demands were made of the incoming Conservative administration.

> 'Congress believes that the way in which retired people are treated in this society demeans that society. Recognising the plight of old age pensioners and the detrimental effect the rapidly rising cost of living has on old age pensioners, Congress calls upon the Government: -
> (i) to increase old age pensions to £8 per week for a

single person and £14 per week for a married couple, as a step towards establishing a pension which will be equivalent to the TUC's target for a national minimum wage; and (ii) to establish machinery to annually adjust pension levels without any form of means test so that
(a) increases in the cost of living are contained by increasing pensions, and
(b) pensioners share in any general increase in living standards.
Congress instructs the General Council to institute a committee to look after the interests of retired people many of whom have been trade unionists and to do all in its power to obtain a just and reasonable standard of living for these members of the community. Congress fully supports the present campaign to increase old age pensions, and urges its extension throughout every part of the country, on the basis of maximum unity between the TUC, the Labour Party, Co-operative Movement and the Old Age Pensioners' Organisations.' (TUC 1971:491)

The Council reported in 1971 that they had been pressing the Government for an early announcement of their plans for reconstructing social security, and for action to deal with the plight of retirement pensioners and others whose budgets had been eroded by inflation.

In September 1971 a White Paper on pensions was published. The General Council submitted a detailed critical memorandum to the Government. Two major criticisms were:

> 'The inadequate proposed basic pensions will continue to provide no incentive to save for retirement and will discourage workpeople from participating in occupational schemes which do not add to total income on retirement.' (TUC 1972:116)

and

> 'The very modest proposals for the reserve scheme are the result of the Government's strategy of encouraging the development of occupational schemes, at the expense of those not in the schemes. The coverage by occupational schemes, however, by occupation, by industry, by income and by sex is also very uneven.' (ibid.)

The General Council also announced in 1972 that the Government had decided to introduce an annual review of retirement benefits and Supplementary benefits, starting in October 1972. Also in the 1972 Budget the Chancellor announced an increase in pensions from October 1972. However, the TUC regarded the increase as insufficient and a motion was carried requesting the General Council to organise a National Lobby aimed at improving these benefits (TUC 1972:389).

In the following year an even more militant motion was carried.

> 'This Congress is alarmed at the plight of pensioners and widows and regards their present position as being a national scandal. It declares its strong support for a £10 pension for a single person and £16 for a married couple at this time. Congress emphasises, however, that this immediate demand must be regarded as a first step towards ensuring that retirement pensions provide a proper standard of living related to average earnings and to increases in retail prices by annual and quarterly reviews. Congress calls for the campaign to be intensified, and for the TUC to lead industrial protest action as an essential part of this campaign...' (TUC 1973:476)

The Union of Post Office Workers proposed an amendment to delete 'and for the TUC to lead industrial protest action as an essential part of this campaign' on the grounds that the consequences of such action may adversely affect pensioners, and that the General Council was not empowered to act in this manner. In marked contrast to the position in 1960 (see above:238) the General Council opposed the amendment, declaring that if they thought the position of pensioners was a national scandal then they should be prepared to accept the consequences. The motion was carried and the amendment withdrawn.

The relationship between the trade union movement and the Labour Party, both in and out of office, has always been of a different quality from the relationship between trade unions and the Conservatives. This has already been seen in the number and tone

of resolutions about National Insurance carried when the different parties were in office. When the Labour Party has been out of office discussions between the TUC and the party have continued.

Thus, at the 1956 Congress the General Council reported consultations with the Labour Party on the future development of the National Insurance scheme. In May 1957 the Labour Party published its proposals for a National Superannuation Scheme. It was at this stage that both wings of the Labour Movement became convinced of the need for the State to provide earnings-related insurance benefits. The General Council suggested to the 1957 Congress that the main argument for this change was the failure to maintain the principal aim of the Beveridge scheme, namely basic adequate subsistence. As a result uniform benefits had become synonymous with inadequate benefits. The main question was whether a workable system of National Superannuation based on wage-related benefits would offer better protection. The General Council thought that the Labour Party's proposals were sufficiently attractive, in principle, to justify a detailed examination. To assist in this they organised a series of conferences similar to those which had been held following publication of the Beveridge Report.

Between 1958 and 1963 no discussions on these matters were reported in any detail. In 1963 the Labour Party published 'New Frontiers for Social Security'. The proposals differed from those of 1957 in two respects: a guaranteed minimum income was suggested; and wage-related sickness and unemployment benefits were also proposed. After consideration of the proposals the TUC carried the following motion:

> 'This Congress welcomes and supports the principles of the Labour Party's proposals for a comprehensive scheme of wage-related national insurance benefits and contributions. Recognising that much work has yet to be done to find a solution to all the complex problems involved in such a

fundamental change of approach to national insurance matters, Congress urges the General Council to continue to take a constructive and vigilant part in the development of the scheme and to do everything possible to ensure that both the principles and the details of the scheme are made more widely known to the community as a whole.

Congress, recognising the very inadequate scales of the existing national insurance benefits, particularly retirement pensions, unemployment and sickness benefits, requests the General Council in conformity with its general policy, to press for a substantial increase in all basic benefits.' (TUC 1963:416)

Negotiations continued during Labour's terms of office and it was not until 1973, with the Conservative Government still in power, that a separate motion was once more addressed to an out-of-office Labour Party. It was a long and thoughtful motion, expressing a series of principles on which the trade union movement believed pension provision should be based. Occupational pensions were under-played in this motion.

'Congress believes that the existing and proposed arrangements for pension provision are insufficient to overcome the problems of poverty, penury and social distress which afflict so many retired workers.

Congress further believes that no lasting solution to these problems can be achieved until pension provision is given a much higher priority and attracts a greater share of economic resources than at present. Congress accordingly urges the adoption by an incoming Labour Government of a comprehensive pensions programme including the following main elements:

(1) The overall scale of pension provision must be of sufficient magnitude to ensure that retirement is a period of increased enjoyment of leisure time for all people.

(2) Pensions must be regarded as a form of deferred income accorded to individuals as a matter of right and not as a matter of state charity or paternalistic benevolence.

(3) All people must be treated according to common standards in matters of pension provision. Specifically, overt or covert discrimination on grounds of sex or any other factor must be eradicated.

(4) The fixed age of retirement should be replaced by a more flexible formula. Retirement should be planned, fixed and commenced in accordance with the physiological, psychological

social and economic circumstances of the individual rather than administrative convenience.
(5) Retirement must be recognised to be a fundamental change in an individual's life style. Accordingly it should be preceded by such educational, training and recreational activities as will enable people to adjust smoothly and progressively to their new manner of living.
(6) Where private occupational schemes exist, they should do so under the joint management and control of contributors and the employers.
(7) The right and ability to change jobs should be accompanied by the right to transfer existing pension rights to the new employment.
(8) Provision must be made to protect pensions from the effects of inflation. The principles of "dynamism" must be applied to this end.
(9) The financing of adequate pension provision on the lines above can only be achieved through the radical revision of existing arrangements. Contributions by employers will require to be greatly augmented vis-a-vis those of individual contributors.' (TUC 1973:480)

By 1975 the TUC had accepted the basic outline of the Labour Party's scheme for pensions to be introduced in April 1978, although they were still pressing for improvements which included better provision for existing pensioners and widows and other single people such as the disabled and chronic sick, and trade union rights in relation to pension schemes. (TUC 1975:116).

Services

Throughout the post-war period the trade union movement have consistently advocated that occupational health services should be provided and controlled by the Government. At the 1944 Congress the following motion was carried:

> 'That this Congress calls upon the Government to provide an Industrial Medical Service within the projected National Health Service on a basis which will ensure that -
> (a) all medical personnel shall be responsible only to the Service and the State
> (b) the Industrial Medical Service shall become operative in all sections of industry and commerce
> (c) regulations similar to those operating under the Factory Acts shall be introduced to cover all industrial and commercial undertakings.' (TUC 1944:329)

A similar motion was 'carried without a dissentient' in 1945 (TUC 1945:297).

The trade union movement's insistence on Government control has partly been due to fear that medical personnel appointed and paid by employers will act in their interests rather than those of employees. For example, the General Council informed Bevin in 1945

> '... that workpeople did not have confidence in the medical staff in the pay of the employer.' (TUC 1945:73)

The General Council reported lobbying of the Ministry of Health and the Ministry of Labour in 1946 and 1949. In a memorandum submitted to the Committee on Industrial Health Services in 1950 the Council suggested that the broad aims of an industrial health service should be

> '(a) promotion of healthy working conditions
> (b) supervision of personal health at work
> (c) research into special industrial health risks' (TUC 1950:142)

The existing services were regarded as unsatisfactory under all three headings and they proposed that a universal, compulsory occupational health service should operate in all sections of industry and commerce. The promotion of such a service should be the responsibility of a central Government body who would train and employ the doctors in the service. Both management and workers should participate in the appointments to individual undertakings.

In 1952, Congress unanimously carried the following motion:

> 'This Congress regrets the inadequacy of the existing provisions for safe-guarding the health of the workers in industry and calls upon the Government to set up a Comprehensive Occupational Health Service to be welded into the National Health Service.' (TUC 1952:342)

In the same year the General Council pointed out that the existing Factory Department could not develop a comprehensive service on the lines recommended by the Dale Committee on Industrial Health Services

since a number of different ministries would have to be co-ordinated. They recommended that a 'greatly expanded Factory Department' should take responsibility for developing the service (TUC 1952:152).

One of the main reasons for the poor development of occupational health services in this country has been the continuing dispute between industrial experts and medical experts. The medical side of this debate was put to the TUC by a representative of the Medical Practitioners' Union.

> 'I know the British Medical Association feels very strongly that an Occupational Health Service must come under the Ministry of Health and there are very good reasons for it.' (TUC 1953:334)

The TUC showed less interest in medical services until 1959 when the General Council reported that, with the BMA, they had made strong representations to the Government for the immediate introduction of an occupational health service. In the same year the following motion was carried.

> 'Congress, aware of the hazards arising from new materials and processes in industry, considers that immediate steps should be undertaken to establish a comprehensive Occupational Health Service embracing an overall and co-ordinated service in the fields of scientific research and preventive and curative medicine. Congress records its appreciation of the memoranda presented to the Minister by the TUC and asks for legislation based on the memoranda to be introduced as soon as possible.' (TUC 1959:367)

In 1960 Congress appointed a full-time medical adviser, and in 1962 the Council reported that proposals for an occupational health service had been discussed on the joint BMA-TUC Committee, and that action had been taken to establish two further group occupational health schemes.

In 1963 the following motion was carried:

> 'This Congress affirms its belief in the necessity of a national occupational health service and deplores the

> continued failure of the Government to establish such a service. Congress urges the General Council to propagate and publish the necessity for, and the advantages of an occupational health service and to consider what particular contribution the trade union Movement can make towards its achievement.
> Congress also calls for the co-ordination of occupational health services. It recognises the need for considerable improvement in the field of research and calls for a substantial increase in Government grants to those services which are investigating the problems of safety and health in industry.
> Congress calls upon the General Council to initiate an inquiry into the effect on health caused by new materials and compositions, e.g. uncured resins now being introduced into the painting, decorating and allied industries, with a view to implementing and improving existing regulations and provisions by defining methods by which further progress can be made.' (TUC 1963:345)

The General Council continued its attacks on the Government on this matter in 1964 (TUC 1964:160). In 1965 a leaflet 'Health at Work', which outlined the General Council's policy for a comprehensive occupational health service was distributed to affiliated unions and trade councils, and a motion urging the establishment of such a service was carried (TUC 1965:178 and 433).

In 1966 the General Council made further representations to the Minister of Labour on the subject and also proposed a TUC initiative.

> 'The proposals this year for modernising the factory doctor system can be counted as an instalment of progress in the field of industrial health but with the nation still a long way from achieving the trade union ambition of a health service at work the General Council think that the establishment of a centre for occupational health research would be a worthwhile contribution to progress that the trade union Movement would wish to make as a lasting commemoration of the centenary the TUC will be celebrating in two years' time.' (TUC 1966:87)

In 1967 a further motion deploring the failure of the Government to establish an occupational health service was carried. The resolution was sent to the Government. A detailed memorandum outlining the

scope of a comprehensive service and the need for constructive action and a co-ordinated programme were also sent to the Government. In it an ideal comprehensive service was described. Such a service would provide for (i) the effects of work on health and (ii) the effects of health on work. The former include recognition, evaluation and control of occupational hazards and would involve environmental and clinical observation; early diagnosis of the effects of exposure to hazards (laboratory services, X-rays and other equipment); prescription, diagnosis and assessment of occupational disease. The latter cover fitness for employment; emergency treatment for occupational and non-occupational conditions; sickness absence; rehabilitation; mental health and morale; health advice to individuals; and health education. The General Council also suggested that greater expenditure on personnel and other resources in occupational health would result in savings in other areas of the economy (TUC 1969:270).

The document appears to have been discussed but generally ignored. In 1969 the following motion was carried:

> 'While respecting the efforts of the General Council in its endeavours towards the implementation of previous resolutions on occupational health, this Congress, in view of the proposed reorganisation of the Social Services, again repeats the need for urgency on the part of Government to introduce a co-ordinated national occupational health service forthwith. Such a service, the lack of which is a serious deficiency in our welfare services, is made urgently necessary by the rapid technological development in industrial processes and by the growing stresses of industrial employment, so that the health and welfare of the working population may be adequately safeguarded and the drain on national resources through the loss of production caused by avoidable sickness and accidents at work and by premature retirement reduced to a minimum.' (TUC 1969:636)

In March 1970 the Employment Secretary announced proposals for an enquiry into occupational health and safety (TUC 1970:267). However, the change of Government later that year gave the trade union Movement new preoccupations and occupational health was not mentioned

again until 1972 when the General Council reported that:

> 'During the year the General Council have reaffirmed the need for a comprehensive occupational health service and expressed concern at the limited scope of the Employment Medical Advisory Service.' (TUC 1972:111)

The service came into operation at the beginning of February 1973. The General Council continued to express deep concern at the inadequate staffing and financial arrangements for the service. However,

> 'Although the Service falls very short of providing the comprehensive occupational health service the General Council have sought, they wrote in April to affiliated unions about the establishment of the Service and advised them to take advantage of the range of services available from the Employment Medical Advisers when a health problem arises at work.' (TUC 1973:126)

Lack of interest on the part of trade unions in canteens and recreation facilities is demonstrated by the minimal attention paid to them at Congresses. Only one reference to each service could be found in the Congress reports from 1944 to 1975.

In 1968 the General Council considered proposals for new legislation on safety, health and welfare and reported that:

> 'The General Council are seeking a considerable number of welfare improvements, including an increase in the minimum permitted space per person to prevent overcrowding, improved standards of temperature, lighting, provision of sanitary conveniences, provision of seats at work, first-aid rooms, canteens and facilities for taking meals.' (TUC 1968:205)

In 1967 the Council reported that the Sports' Council had invited their views on a report on the provision of recreation facilities at St. Helens and surrounding area and the particular role of industry-sponsored recreation in the pattern of recreation for the community as a whole.

> 'The main conclusions advanced by the Sports' Council were that it was no longer the function of private or public industry to provide recreational facilities for the exclusive use of their own workpeople; that recreational facilities provided by industry should by arrangement become more freely available to the community at large; that local authorities should accept the obligation to provide, as part of their overall community responsibility, for the needs of those employed in industry; that the initial responsibility for future developments and improvements in recreational facilities should rest with local authorities; and that industrial enterprises might well combine their resources with those of the local authorities in a joint effort to provide facilities which could be used and enjoyed by all.' (TUC 1967:239)

The General Council agreed that closer co-operation between industry and local authorities was desirable, and agreed in principle with the views expressed by the Sports' Council. However,

> '... long-standing arrangements such as those under which extensive facilities have been provided in mining communities by the coalmining industry, should not be arbitrarily disturbed.' (ibid.)

Perks

The trade union Movement has shown some interest in housing, private health insurance and tax avoidance using perks.

The Movement has been opposed to tied housing for many years although the subject has rarely been discussed at Congress. The following motion was carried in 1949:

> 'This Congress requests the General Council to exercise its influence in expediting legislation designed to abolish the "tied cottage" system in agriculture, industry and local government services.' (TUC 1949:489)

At the 1957 Congress the General Council reported that, at the request of the NUR, it had considered the question of houses for transferred workers, with prticular reference to the action taken by ICI to secure council houses for incoming workers at their Wilton

plant. They decided there were insufficient grounds for interfering with the right of local authorities to determine what accomodation they would provide for incoming key workers, and that they should be free to attract industry and to decide whether to accept financial contributions offered by firms (TUC 1957:291).

The subject of private health insurance did not arise until 1972, when the issue was raised by an MPU member speaking in favour of a motion which expressed 'alarm at the continuing deterioration of the social services' (TUC 1972:489). Dr Spencer drew attention to the growing private sector in medicine as a result of employers' offers of private health insurance.

> 'Do we want to see an American situation where the misfortune of ill-health can ruin a man? The growth of private medicine brings that day closer in this country. I urge all trade unionists to reject tempting offers from employers of private medical insurance as a fringe benefit. To accept this is to contribute to the decline in this essential service.' (ibid.:491)

Opposition to the growth of private medicine was expressed in the General Council's Report for 1973, following publication of the Government's White Paper on private practice in National Health Service hospitals.

> 'They informed the Secretary of State for Social Services that private practice is an abuse of National Health Service facilities and a misuse of the skills of trained doctors and nurses. They said that there should be no private medical treatment or facilities within the National Health Service.' (TUC 1973:132)

The following motion, proposed by NALGO, was carried:

> 'Congress expresses its total opposition to attempts to take over and expand private patients' facilities in National Health Service hospitals, and calls on this present Government and future Governments to reject any proposals from the American Medical International Incorporated or the Harley Street Clinic Ltd, or any other

> persons or companies, to set up private hospitals in this country. In the event of planning permission being granted for private hospital development concerted industrial action be sought through the TUC General Council to "black" the development.
> Congress asserts that the National Health Service hospital practitioner service should be a full-time health service with the consequential abolition of all part-time posts and the abolition of private pay beds, and the General Council are instructed to discuss with unions represented on the TUC Health Service Committee practical methods of combating private practice in the National Health Service.' (ibid.:602)

NALGO's pious opposition to the spread of private practice was questioned by a representative of the GLSA who pointed out that:

> 'NALGO in its publicity called Insurance and Benefits for NALGO members is still advertising under "Hospital and Nursing Home Treatment" that the NALGO group scheme for private patients is operated by Private Patients' Plan...' (ibid.:603)

In 1967 a motion calling for the reform of the taxation system was remitted to the General Council.

> 'This Congress believes that reform of the existing system of taxation is an essential feature in any economic planning envisaged by the Government. It regrets the Governments' decision to meet the cost of pension improvements by increasing the flat-rate Social Security contributions placing a disproportionate element of the cost upon lower wage earners. The necessity to review the system of financing the Social Security programme, allied as it now is with the existing taxation system, again being shown to be long overdue. Only by redressing the balance of the taxation burden between individuals and trade and industry while preserving the present emphasis on direct as against indirect taxation, can incentives to increased production be made effective and bring about conditions in which major improvements in Social Security can be financed.'(TUC 1967:523)

The proposer of the motion pointed out that

> '... there is evidence which strongly suggests that with

> increases in children's allowances, university grants, mortgage allowances, business expenses etc, the middle and top income groups are bearing less of the tax burden than similar groups in other countries.' (TUC 1967: 524)

A representative from the Inland Revenue Staff Federation seconded the motion and argued strongly in favour of stronger action to prevent evasion and avoidance.

> 'We think the Revenue should be required by Parliament to set about evasion in greater earnest, Evasion by the self-employed is social sabotage. I estimate the loss to the Exchequer to be about £100 million a year. Most of the loss of revenue almost certainly stems from the completely over-generous Schedule D expenses and deductions rules, which allow anything and everything to be claimed for regardless of its real necessity in business terms. Something should be done to stop the revenue-subsidised car; and, bearing in mind that the majority of unions represented here are not covered by vocational pension schemes the TUC might suggest that the Government reconsider the cost to the nation as a whole of private pension arrangements.' (ibid.:526)

In 1970 the Inland Revenue proposed changes in the treatment of occupational pensions designed to provide one comprehensive code for all occupational pension schemes. The proposals included a wide range of conditions which approved schemes would have to meet, covering: maximum retirement benefits; lump sum benefits; increases in pensions after retirement; entitlement on leaving employment. Only approved schemes would qualify for tax relief on contributions. In commenting

> 'The General Council have pointed out to the Government that whereas occupational scheme contributions get relief, State scheme contributions do not. ... The General Council therefore asked for tax relief to be extended to the relevant part of the contribution paid by those wholly in the State scheme.' (TUC 1970:258)

There was general concern among trade unionists about tax avoidance and evasion in the late 1960s. In his address to the 1966 Congress the Prime Minister boasted of

> '... our fiscal record, diminishing fiscal privileges in

expense accounts, tax-free capital gains as well as the corporation tax favouring investment as against dividends.' (TUC 1966:399)

Commenting on the 1967 Budget the General Council announced that

'Trade unionists will look forward to the forthcoming comprehensive investigation of tax avoidance.' (TUC 1967:399)

In 1973 the following motion was carried:

'Congress calls upon the Government to take prompt and effective steps to halt the growing scandal of tax avoidance and evasion. Congress is affronted by the apparent ease with which men of considerable wealth contrive not to pay their full share of taxes.'(TUC 1973:538)

Much of the discussion focused on the self-employed, particularly the 'lump', although company directors were not excluded.

'The accountancy profession really must examine itself and its approaches and policies. At one end of the scale profitable tax avoidance work is overcoming all pretence at truly ethical standards, and at the other end the best you can say is that the blind-eye approach to things you know are not creditable comes close to collusion with tax dodgers.' (ibid.:540)

In their evidence to the Royal Commission on the Distribution of Income and Wealth in 1975 the General Council drew attention to fringe benefits and tax avoidance (TUC 1975:277/278). In December

'... the General Council discussed the question of a transport token scheme similar to that for luncheon vouchers and the general issue of tax relief on benefits in kind. The General Council considered that fringe benefits, especially for higher paid executives, were proliferating, causing considerable difficulties for the Inland Revenue and resulting in inequitable tax treatment of individuals. The General Council therefore decided not to support a transport token scheme and to take up the issue of fringe benefits in their evidence to the Royal Commission on the Distribution of Income and Wealth.' (ibid.:278)

Holidays with pay

The main problem facing trade unions in this area has been

the relative advantages of legislation and collective bargaining. Legislation forces some employers into providing more holidays than they otherwise would. Under collective bargaining each union can decide its own priorities in the light of current conditions and the working arrangements of the industry or company concerned. Early on in the period, when holidays with pay were not generous and sometimes non-existent, the TUC favoured legislation, which had been recommended by the Amulree Committee on Holidays with Pay in 1937. At the 1944 Congress a motion was carried which included the following.

> 'Congress is also of the opinion that two weeks' annual holiday with pay should also be provided for by legislation.' (TUC 1944:306)

In 1945 the General Council reported that they would be approaching the new Minister of Labour about legislation for holidays with pay and in the following year a composite resolution calling for legislation was carried.

In 1947 the General Council reported that, after the trade union side of the Joint Consultative Committee had again asked for legislation consonant with the proposals made by the Amulree Committee, the Committee had recommended to the General Council

> '... in view of the immediate difficulties arising from the economic crisis and the need for increased production and also in view of the introduction of the shorter working week in a number of industries, that the question of legislation for annual holidays should be deferred for further consideration.' (TUC 1947:254)

Thereafter, motions about holidays with pay made recommendations to unions rather than calling for Government action.

The TUC were silent about holidays with pay until 1960 when the question of the third week's holiday arose in a motion.

> 'This Congress calls upon the General Council to use their endeavours to establish the principle of a third week's holiday throughout the whole of industry.' (TUC 1960:345)

The General Council did not want to take the lead in this matter.

> '... if the unions themselves accept the fact that the unions in the individual industries must decide the priorities, then the General Council will view with more favour a third week's holiday throughout the whole of industry.' (TUC 1960:345)

A similar motion was carried in 1961 (TUC 1961:414). In 1962 the Council decided that the best way they could help unions intending to give priority to a third week's holiday was to provide them with information about the present position at home and abroad which might be used in support of their claims (TUC 1962:126). In 1963 they reported that there had been little change in the length of holidays since the second week had been won in the early 1950s. They also drew attention to the fact that many more non-manual workers had annual holidays of three weeks or more (TUC 1963:142). That same year a motion was carried calling on the General Council to give appropriate assistance, including approaches to the Government and employers' associations, to affiliated unions in their efforts to obtain a shorter working week and longer holidays.

The 1964 motion called for

> '... a progressive reduction in working hours to 35 a week without loss of pay and longer annual holidays of not less than 3 weeks' duration.' (TUC 1964:396)

In 1965 a motion calling for more leisure in general terms was carried. In 1966 the General Council reported some progress towards holidays of more than two weeks. In 1967 a motion criticising 'negative incomes policies' declared

> '... that TUC policy should be founded upon a minimum wage of £15 per week or its annual equivalent at current living costs for a normal 40-hour week or less, with a minimum of three weeks holiday.' (TUC 1967:553)

Holidays were not the subject of any further motions until 1971 when the trade union Movement was urged

> '... to press more strongly for a shorter working week without reduction in pay, longer annual holidays for which normal or average remuneration should be paid, and an earlier age for receipt of State pensions.
> It further calls upon the Government to ratify the ILO Holidays with Pay Convention (Revised) 1970 without delay.' (TUC 1971:548)

A similar motion was carried in 1972 and this led, in the following year, to a discussion of the role of leisure in modern societies. In its report the General Council recognised that a number of factors were influencing present union policies:

> '... increasing recognition that a higher rate of growth would not of itself solve the current unemployment problem; a decline in job satisfaction arising from the routine nature of many modern jobs; increased strain and fatigue associated with the spread of machine-paced work and new performance-related pay structures; deterioration in the general working environment; the development of outside interests and activities stimulated by rising educational standards; and an improved financial capacity to indulge in leisure activities. As a result workers were increasingly looking outside the working environment for personal fulfilment and a major transition from a work-centred to a leisure-oriented society was under way.' (TUC 1973:293)

In this context the Council noted that unions had made prgress in recent years towards a fourth week's holiday with pay.

The TUC and collective bargaining

The General Council have been reluctant to interfere in any way with the collective bargaining activities of unions, other than offering information and assistance. Since the later 1960s, however, they have provided more advice and opportunities for discussion about fringe benefits.

In their 1968 Economic Review the Council suggested that unions might find it useful to discuss collectively their broad strategy (for a particular year or longer) in the fields of wages, hours or

other conditions of work. It was decided that limited objectives would have to be set and the General Council would have to proceed 'very empirically'.

> 'Their tentative view was that they should not, at least in the first place, deal with the direct wage issue, but that they might aim at promoting common action in the fields of non-wage benefits, for example, holidays, sick pay, industrial pension schemes, promotion procedures or staff status.' (TUC 1968:361)

However, they did not reach any conclusions except to wait for publication of the Donovan Report. In 1970 they established a Collective Bargaining Committee with three main functions: to follow up the conferences held by the TUC on the Donovan Report; to discuss developments needed in particular industries with relevant unions; to take the initiative in discussing with unions concerned the step they might take to make improvements in a number of areas including low pay problems, minimum earnings guarantees, holidays, hours incremental scales, payment systems, and to keep developments of collective bargaining under review (TUC 1970: 459).

The 1970 Report contained an Appendix on Trade Union Congress Structure and Development which suggested, inter alia:

> 'Unions might also find it useful to receive regularly, information about improvements secured in negotiations, particularly in the field of non-wage benefits. For this, unions will need to supply the TUC regularly with copies of new agreements, drawing attention to improvements that they have secured, and to new areas in which they have established negotiated standards.' (TUC 1970:516)

Overall, the Council envisaged a more active role for the TUC in encouraging unions

> '... to pursue common objectives simultaneously when the situation appears to be ripe for a common advance.' (ibid.)

In their 1972 Economic Review the General Council made quite strong recommendations, emphasising that

> '... union negotiators should give priority in this year's

> negotiations to obtaining three weeks' holiday for all workers, extending occupational sick pay schemes to the seven million workers not covered and seeking a bigger union say in the control of funds invested by company pension and welfare schemes.' (TUC 1972:322)

The collective bargaining of fringe benefits

There has always been a strand of hostility towards welfare and fringe benefits on the part of trade unions.

> 'Welfare schemes and such soothing ideas as works councils, clubs, institutes, welfare work, sports etc, in modern industry...the extension of such ideas in the ranks of the employers will undoubtedly need to be met with the full strength that organised trade unionism can command.' (Monthly circular of Labour Research Department, 1927. quoted in IWPM, 1944:5)

Since the war unions have concentrated their bargaining activities on wages and holidays with pay. In his evidence to the Donovan Commission Flanders stressed the narrow range of subjects covered by collective bargaining in Britain.

> 'One of the striking contemporary features of British collective bargaining, compared say with collective bargaining in the United States, is the limited range of substantive issues regulated by written and formally signed agreements. The principal subjects remain wages and hours - and in view of the prevalence of regular overtime in many industries the regulation of the latter must be regarded as very imperfect. Holidays with pay in the 'thirties and the provision for a guaranteed week in the 'forties have been the only new subjects introduced into the mainstream of collective bargaining since the first world war. Rarely are fringe benefits or contentious issues like union security and job security, not to speak of many other working conditions, brought within the realms of formal joint regulation.' (Flanders, 1968:545)

This lack of interest in bargaining about benefits has been confirmed by other commentators.

> 'The considerable growth in pension schemes, sick pay benefits, canteens and social facilities and other welfare benefits since 1945 has mainly come about as a result of action by management.'(Way, Personnel Management 1956:173)

> 'The growth in occupational pension schemes in Britain since the war was not caused by collective bargaining pressure as it was in the US, but by companies unilaterally choosing to introduce plans, especially after 1961 when there was a financial incentive to contract-out high-wage employees.' (Reid 1970:126)

Some companies and industries have bargained about particular benefits and exceptions are particularly noticeable in the nationalised industries, where white-collar unions are involved, and in some productivity bargains. In the early 1960s unions appeared to grow more interested than they had been in fringe benefits, although it would still be true to say that wages and holidays are still the dominant interest.

> '... collective bargaining has not generally been the medium through which fringe benefits have been introduced. Pension schemes, sickness benefit, company-subsidised facilities, even in some cases longer holidays, have until the very recent past been introduced unilaterally by the employer. Trade unions' reactions ranged from mild interest or indifference to hostility if there was a suggestion that the employer was attempting to wean allegiance from the union to the firm. In the past two years, however, we have seen a sudden change, not so much because trade unions are now for the first time aware of the existence of fringe benefits - for many unions have supported schemes at local level - as because there is a new willingness to demand fringe benefits at the bargaining table, and to pursue these demands through to the point of employer concessions.' (Reid and Robertson, 1965:317)

Thus, unions in the brewing industry have negotiated about sick pay for some years (IDS February 1968:11). At the end of 1964 building trade unions negotiated sick pay of £3 a week while in 1963 IWPM reported that a sick pay scheme had been negotiated in the electrical contracting industry under which £3.10s a week would be paid for 13 weeks (BJIR 1965:100 and IWPM 1963:261). Sometimes unions have included in claims demands for pensions and sick pay which are dropped after the first round of bargaining. The engineering unions claim for a second 'package' deal submitted towards the end of 1967 included sick pay and pensions. However, it

> '... became clear that the union side is putting a varying amount of emphasis on the many different points which have been included in the claim. A cut in the working week and the introduction of sick pay and pension schemes appear to be low priorities.' (IDS December 1967:5)

The nationalised industries have frequently negotiated about sick pay and pensions. For example, a sick pay scheme was introduced in the gas industry, following negotiation, in 1946. It was revised in 1957 to provide the normal weekly wage with National Insurance deducted for 13 weeks (Ministry of Labour Gazette, January 1957:8). In 1948 unions reached agreement with employers covering manual workers in local authorities for a sick pay scheme which provided normal weekly wage for up to thirteen weeks (Ministry of Labour Gazette 1948:224). In 1956 the British Transport Commission agreed with a number of unions on a sick pay scheme which depended on length of service. For example, those with less than 10 years' service were eligible for 30s a week for 6 weeks when sick (Ministry of Labour Gazette (January 1957:8).

Employers, apart from those in the public sector, have not encouraged white collar unions. Most white collar workers have traditionally received fringe benefits, but they have not usually been the subject of negotiation with unions. Such white collar unions as do exist have been interested in fringe benefits, and their spread to manual workers has sometimes led to demands for higher salaries.

> 'The white-collar unions have always maintained that the fringe benefits to which, in the past, many of their members were entitled should have been made generally applicable to all workers, both manual and non-manual. But these past privileges such as shorter hours for non-manual workers, holiday provision, sick pay and pension arrangements, did in effect constitute part of the white-collar workers' total reward. In other words, employers have tended in the past to use the existence of fringe benefits for their white collar workers as an argument to justify the payment of salaries lower than would otherwise have been appropriate, and to claim in negotiations with trade unions that regard should be paid to the value of these benefits in

> assessing the merits of any claim for salary increases. Nevertheless, the extension in recent years of similar fringe benefits to manual workers has not been followed by any marked willingness on the part of employers to agree to a corresponding adjustment of non-manual salaries.' (NFPW, Selected Written Evidence to the Donovan Commission, 1965:30)

At least one white collar union has proposed the use of fringe benefits to minimise the effects of incomes policy measures.

> 'Last week all union branches and full-time officals received a (Clive) Jenkins (ASTMS) letter listing twenty-four ways of getting more money than Mr Heath intends, while complying with freeze and Phase 2 legislation.' (The Observer, 18 February 1973)

These included: endowment insurance; equity shares; Christmas and summer holiday grtauities; travel allowances; pensions including non-contributory schemes; house purchase schemes; car purchase schemes or provision of cars; retirement gratuties; benevolent funds.

Fringe benefits have rarely been included in productivity bargains. McKersie and Hunter analysed the contents of bargains recorded between 1967 and 1969 and found that while in 90% of cases increased earnings were the main benefit to employees, in only 3% were fringe benefits included (1973:82). The EEF found that in 143 productivity agreements only one covered sickness benefits (IDS April 1968:8).

Unions which were a party to the electricity supply industry negotiations about staff status had a different concept of 'status' from that held by employers.

> '... the parties started talking about the advantages of status (a presumed solution) before either side really knew what the employees wanted in the way of extra rewards or what was needed in terms of better operating requirement. Subsequently, it became clear that the two sides did not have the same concept in mind and what started out as a problem-solving exercise quickly deteriorated into conventional negotiations

characterised by work to rule and a court of enquiry.' (McKersie and Hunter, 1973:170)

Union officals at ICI were also suspicious of their agreement.

'ICI has always bragged about their progressive personnel policy; it has been useful to expose the fact that they are just like every other employer, that they want participation only on their own terms, that every decision they make is for only one purpose - to maximise profits.' (John Miller, NJIC at ICI, quoted in McKersie and Hunter, ibid.)

Trade union officials have not been interested in improving the status of the manual worker.

'Manual workers' unions seem all too happy to accept (invidious distinctions), and, if they seek to have them removed this is very low in their list of priorities. In this they almost certainly reflect the views of their members, who, even if they seek common status in terms and conditions of employment, again place this low in their priorities. Indeed, there is evidence that management and supervision are more concerned about the distinctions and more keen to have them removed than workers themselves.' (Wedderburn, 1969)

The trade unions in the electricity supply industry informed the Court of Enquiry:

'We are not so much interested in achieving status as we are in achieving the benefits of status enjoyed by staff workers in the matter of wages, hours and fringe benefits. In seeking to achieve these benefits we se k to eliminate status distinction in the industry. We are not interested overmuch in acquiring for manual workers the status symbols of "white collar"workers .' (McKersie and Hunter, op.cit.)

Conclusion

There has been a difference in attitude among TUC delegates with regard to the relative importance of occupational and State pension schemes. Unions in the public sector, and those for white collar workers, have frequently negotiated fairly good schemes for their members and are concerned to protect these interests. Unions for manual workers in private industry, especially those with lower-paid members, have not usually negotiated such schemes, and, accordingly, place more emphasis on the need for adequate State pensions. Occasionally conflict between these two groups has broken out openly, as happened at the 1969 Congress in the debate about the Labour Party's proposals for National Superannuation.

The General Council have tried to maintain a balance between these two interests, largely by attempting to please them both. They have made constant calls for increases in National Insurance benefits, especially pensions, so that reliance on 'supplementary benefits' can be reduced. But also they have encouraged the collective bargaining of occupational pension schemes and have pressed the Government to establish minimum rules for such schemes. The suspicion of occupational pensions which many union members have largely relates to the fact that most schemes in the private sector have been introduced unilaterally by employers and are controlled by them. They often have not established long-term rights to pensions, particularly in the 1950s and 60s when many pensions were not transferable. Furthermore, until the recent occupational pensions legislation came into force in April 1978, many occupational schemes were inadequate in a number of respects. The amount of pension provided for was often inadequate and nor were arrangements usually made for 'inflation-proofing'. Widows were often not covered.

The overall effect of the General Council's policy has been, and has reflected, the acceptance of an earnings-related pension system provided by the State and employers (through private insurance companies) for the majority of employees, with a fall-back system also partly provided by employers, which is mostly used for the lower-paid.

Unions have been much less interested in occupational provision of sick pay. They accepted earnings-relation for National Insurance sick and unemployment pay in 1963. At the same time the General Council were pressing the British Employers' Confederation to urge employers to introduce occupational sick pay schemes.

There has been no internal dispute about the provision of occupational health services. Since 1945 the TUC have regularly demanded an Occupational Health Service within the National Health Service. This is partly to reduce the power of employers over industrial medical officers, and partly because employers often fail to provide adequate services. The TUC have shown virtually no interest in canteens or recreational facilities, although these may assume greater importance at plant level.

So far as perks are concerned the trade union Movement has opposed tied housing for many years, although not very actively. In recent years the TUC have expressed concern about the growth of private medicine and the role of employers' provision of private health insurance in that growth, and it has also criticised the use of executive perks for tax and incomes policy avoidance.

Early in the period the TUC supported Government legislation on holidays with pay, but, following collective bargaining successes in this area immediately after the war, they dropped their demand for legislation. At regular intervals new targets in terms of the length of paid holidays are set for members unions to work towards.

The General Council was reluctant to interfere in any way with the collective bargaining undertaken by member unions until the later 1960s, when an initiative was taken to offer advice and guidelines for unions and, more positively, to co-ordinate demands being made on employers. This may have been related to Government interference in collective bargaining through incomes policies. One area in which co-ordination was attempted was demands for fringe benefits, particularly pensions, sick pay and holidays.

No evidence is available here to show how successful this policy has been, but through most of the period under discussion the majority of unions, except white-collar and public sector unions, and some who have been involved in productivity bargaining in particular firms, have restricted negotiations to wages and holidays with pay.

Chapter 10: The Government and Fringe Benefit Provision

In Chapter 2 (p48) it was argued that increased State intervention in the economy and social policy since the war, while aimed at making capitalism work better, has not always operated in the immediate short-term interests of capital, or the upper and middle classes. That is to say, the State has acted to some extent as a 'countervailing power'. The Government have used a number of policy areas of relevance to benefit provision, in their attempts to maintain full employment, encourage growth, control inflation, maintain a healthy balance of payments and fulfil the obligations resulting from the recognition of rights of 'citizenship' in the Welfare State. These have included fiscal policy, social policy, incomes policy, employment policy and employment practice in the public sector. The way in which the different benefits might fit into these policies was considered in Chapter 3 (p81ff.)

Fiscal policy

Fringe benefits may be provided as benefits in kind or as expenses for business purposes which also provide some private benefit. Any private benefit should be declared to the taxation authorities as income and, with some exceptions, taxed as such. Taxation rules are extremely complex and here only the main features of the taxation of fringe benefits are discussed. After consideration of benefits in kind, exemptions and expenses, the development of taxation rules in relation to benefit provision since the war will be traced. This will be followed by an attempt to assess how the rules have been applied in practice.

> '... the law includes in its conception of income a benefit having money's worth even though it is only received in kind. ... If advantage can be taken of any weakness in the tax treatment of such benefits, there is an obvious temptation to resort to them as a means of part remuneration. And the harm that results is not merely the absolute loss of revenue: it is unfairness in the distribution of tax as between one tax-payer and another.' (Royal Commission on the Taxation of Profits and Income, 1955:67)

The Inland Revenue draw a distinction between convertible and inconvertible benefits. A benefit

> '... is convertible if it is of such a nature that the recipient can turn it into money. A benefit is inconvertible if it is of such a nature that it can only be enjoyed by the recipient.' (ibid.)

'Subject to special legislation in 1948, the inconvertible benefit is not treated as taxable income, apparently because it is not regarded as being equivalent to money's worth. At any rate there is no ready means of assigning to it a monetary equivalent and, whatever administrative expedients might be adopted, the task of assessing the annual value of every such benefit and collecting tax upon it strikes us as a singularly formidable and laborious one.' (ibid.)

However, the fact that inconvertible benefits are not taxed has had implications for convertible benefits.

'... the fact that non-convertible benefits are not taxed has led, not unnaturally, to a relaxation of the rule about convertible benefits. Where the volume of goods allowed to an employee by way of perquisite does not exceed what is reasonable for his own consumption, no tax charge is made in respect of them. Nor is tax charged on cash payments which coal miners receive in lieu of their former perquisite of free coal.' (ibid.)

The Commission pointed out that:

'Theoretically, all benefits in kind received in the course of employment and attributable to it are a form of remuneration and should rank as taxable income, since otherwise one taxpayer's income is not equitably balanced against another's. No doubt an inconvertible benefit has not got any monetary value in exchange, but that does not seem to us to be the same thing as saying that it does not possess any value at all which should be taken into account in a computation of income.' (ibid.)

The 1948 Finance Act made an exception in the taxation of directors and employees whoe total remuneration amounted to, or exceeded £2,000 a year[1].

'It makes every benefit in kind, convertible or inconvertible, chargeable to tax, as part of the remuneration of the director or employee who has received it, except for certain limited services which are specified in the Act.' (ibid.:69)

The Commission concluded that

'... the provision of untaxable benefits in kind is capable of becoming an abuse of the tax system. ... If the development were primarily to be regarded as a form of tax avoidance, it might be controlled by disallowing the related expenditure in the employer's profit assessment.' (ibid.:72)

---

1. This has since been raised.

There are a number of benefits in kind which are not taxed. These include housing under certain conditions, pensions and life assurance.

> 'For a house or living accomodation (the Tax Inspector) will wish to measure your benefit by what the house would be worth if it were let from year to year, if the tenant bore the usual tenant's rates and taxes, and the landlord bore the cost of repairs and insurance. In so far as your employer bears other outgoings connected with the property, heat, light, fuel etc., these will be added in calculating the benefit to you. However, you may be exempted if the accomodation ranks as part of your employer's business premises and you occupy it only to perform the duties required by your job. Bank managers are thus exempted when they occupy flats of banks for security purposes.' (Stanley, 1967:79)

> 'Since 1853 income tax has continuously allowed some relief that is based on the idea of saving.' (Royal Commission:19)

The most important benefits which are not taxed, because of their savings content, and because they remove some of the burden of provision for times of dependency from the State, are pensions and life assurance.

> '... if your employer contributes on your behalf to an approved pensions fund, his contribution will not be deemed income in your hands. Instead, the pension, when it comes will be assessable as are all pensions. Despite the fact that pensions arise only when active service has ended they rank as earned income on which the appropriate relief of two-ninths or one-ninth is due.' (Stanley, op.cit.:81)

> 'The market in gilt-edged has inevitably been much affected by capital gains tax. Indeed, the value of all assets outside the tax has proportionately increased. The most obvious beneficiary is the British Assurance industry, for the proceeds of life policies or deferred annuity contract when maturing in the hand of the person who took out the policy, or his wife or children are exempt.' (ibid.:114)

Other benefits which are exempt include free board and lodging, wound and disability pensions, sickness and disablement benefits from

mutual insurance societies and luncheon vouchers up to a fixed value per day (ibid.).

The Royal Commission suggested that

> '... few kinds of income are fairly represented by the gross receipt from the source concerned: most come into existence only as a balance between the gross receipt and the expense involved in obtaining it. The rules that determine what expenses are to be allowed against receipts for this purpose are therefore of fundamental importance in any tax system.' (p40)

Stanley has indicated the opportunities which this provides.

> 'Most employees are obliged from time to time to pay out money on behalf of their employers, to whom they naturally look for recoupment. In this recoupment there is opportunity for the individual employee to make (effectively) a profit. Before 1948 (if not later), many firms were content to allow that profit to be made, taking the view that the real loser was the Revenue not themselves. Because the amounts are often trivial "round sum" allowances are often given; that is global payments to cover all expenses without earmarking. Of this class of payments the Revenue has always been suspicious.' (p80)

The actual rule which applies to expenses reads as follows:

> 'If the holder of an office or employment or profit is necessarily obliged to incur and defray out of the emoluments thereof the expenses of travelling in the performance of the duties of office or employment, or of keeping and maintaining a horse to enable him to perform the same, or otherwise to expend money wholly, exclusively and necessarily in the performance of the said duties, there may be deducted from the emoluments to be assessed the expenses so necessarily incurred and defrayed.' (Royal Commission:41)

In 1965 entertainment expenses for other British nationals were disallowed for tax purposes but there is still room for interpretation by individual tax inspectors and for negotiation between inspectors and employers and employees.

The Royal Commission considered the various way by which an

employee might be reimbursed for expenses.

> 'An employee who has had expenses to meet in the performance of his duties may have those expenses met in one of several ways. He may have a gross salary out of which his employer requires him to meet them. His problem then, is to get those expenses allowed against his gross salary for the purpose of determining his taxable income. Or he may incur the expenses on the understanding that the charges will be met by the employer, or that, if he pays them in the first instance the employer will reimburse him. In those cases the problem is not a tax one, since neither the moneys paid, nor the moneys reimbursed can form any part of his taxable income unless they are in reality, contrary to what they appear, a provision of personal benefit to him, instead of a payment of expenses necessary to his work. Lastly, the employer may provide the employee with a round sum to cover his expenses of the year, thus eliminating the necessity of any detailed accounting between them.' (p72)

The Commission suggested that there was a 'curious no-man's land' between taxable income and deductible expenses.

> 'In any case the uncertainty of the frontier line contributes another reason for regarding the expense allowance system, though in itself a reasonable and, indeed, unavoidable business arrangement, as one that invites special precautions at a time of high taxation of personal income.' (ibid.)

After the war the standard rate of income tax was regularly high offering incentives for avoidance. The Labour Government became concerned that some of those with high incomes were benefiting too much from tax avoidance. In the Finance Act of 1947 they introduced regulations to control occupational pension schemes.

> 'The Act provided for a charge to Income Tax on directors and employees of bodies corporate or unincorporated societies or other bodies in respect of actual or assumed cost of the provision for them of future benefits under retirement benefit schemes which are not approved by the Commissioners of the Inland Revenue. There are exempted from liability payments under (a) statutory superannuation schemes; (b) schemes in operation before 6th April 1944, under which the main benefit is a life pension or annuity; (c) life or endowment assurance or life annuity contracts in operation before 6th April 1947, and not confined, or substantially

> confined, to directors and/or employees paid more than £2,000 a year, provided that the employer's contribution does not exceed 10 per cent. of the employee's remuneration or £100, which ever is less.' (Report of the Commissioners of His Majesty's Inland Revenue, 1948:8)

In the following year the provisions, which have been described above (p265), affecting directors and employees whose remuneration exceeded £2,000 a year and their benefits in kind, were introduced. Except for accomodation, supplies and services used solely for business purposes, and meals taken in canteens where meals are taken by employees generally, the measure covered

> '...all benefits ... even though some of them would not be taxable under the general law: the provision of a motor car, free accomodation and entertainments, free travel, personal services, the expense of foreign travel. The Act provides that the measure of liability is to be the expense which the company or employer has been put to in providing the benefit in question.' (Royal Commission on Taxation:69)

The Royal Commission was not convinced that tax avoidance was widespread.

> 'Certainly the amount of tax - £250,000 - that was mentioned as being at stake when the new legislation was introduced into Parliament seems small as evidence of anything seriously amiss.' (ibid.)

In 1950 the Labour Government, obviously worried about the increasing burden on the Exchequer of National Insurance pensions, announced the establishment of a committee

> '... to enquire into the proper scope of income tax relief in relation to savings for old age or retirement or to provide for widows or other dependants after death.' (Inland Revenue Report, 1951:15)

In the same year the Prime Minister announced the establishment of the Royal Commission to enquire into the current system of taxation of profits and income (ibid.:16)

The Tucker Committee on the taxation relief of pensions reported

in 1953. Certain changes they recommended were implemented in the 1956 Finance Act, which provided for

> '(a) a measure of tax relief in respect of premiums paid to secure retirement annuities by self-employed persons, controlling and certain other directors and non-pensionable employees and the grant of earned income relief on such annuities;
> (b) the exemption from tax of investment income of a life assurance company so far as attributable to such premiums and of approved trust funds established to provide such annuities;
> (c) the exemption from tax of the investment income of a life assurance company so far as attributable to premiums received by way of reassurance from the trustees of super-annuation funds for employees improved under Section 379, Income Tax Act 1952;
> (d) the extension of the exemption of registered friendly societies and trade unions to permit them to grant retirement annuities to self-employed persons;
> (e) the exemption from tax of so much of a purchased life annuity bought out of capital or taxed income as represents a return of the purchase price.' (Inland Revenue Report, 1957:41)

In 1960, following the recommendation of the Royal Commission on Taxation, the Conservative Government reduced the tax relief on compensation for loss of office.

> 'Normally, it is true, compensation is only paid if the loss comes about through some act other than the recipient's own resignation. But a number of actual cases of which the Board informed us satisfied us that very large sums are sometimes paid to persons by way of compensation even when they lose nothing that they could not have retained, if they had wished,... We had no doubt that the situation could not be left as it is. ... sometimes used merely as a cloak for additional remuneration. ... That leaves the question whether even in such cases the principle is valid which treats compensation payment as not being income.'(Royal Commission on Taxation:78)

Stanley described the use made of compensation for loss of office.

> 'From a long series of bitterly fought cases, it finally emerged that this kind of compensation was tax-free. The

Golden Handshake era ran until 1960, when it was ended by a statute providing that all payments made on retirement or removal from employment were assessable.' (p82)

The 1960 Finance Act left some exemption from tax.

'Payments in connection with duties wholly performed outside the United Kingdom were exempted. So was the first £5,000 paid. This free slice can be uplifted by the "Standard Capital Superannuation benefit". This is calculated on the average of the last three years' salary multiplied by the number of years' service and divided by twenty. Any capital superannuation benefit to which you are already entitled must be deducted from the figure arrived at. A large lump-sum would create liability to an overwhelming amount of surtax were it to be assessed all for one year. This has been foreseen, and modified by what are known as "top-slicing" provisions which limit the surtax rates to those applicable had the lump-sum been spread over a number of years.' (ibid.)

Before 1960 Golden Handshakes must have been very generous.

'In short, little remains of compensation for loss of office as a golden gift. Still, £5,000 free of tax is always worth having.' (ibid.)

In 1965 the Labour Government reduced tax concessions on business expenses and company cars.

'... (c) Expenditure incurred after 6th April 1965 on business entertainment (including gifts) was disallowed for tax purposes, with exceptions for the entertainment of overseas customers and advertising gifts of small value. (d) Initial allowances were withdrawn in respect of expenditure on business cars after 6th April 1965.' (Inland Revenue Report, 1966:25)

In the following year they changed the tax provisions relating to share options.

'The law was amended so as to impose a liability to tax under Schedule E on share options granted to directors and employees by reference to the benefit arising on the exercise of the option on or after 3rd May 1966, instead of the benefit at the time the option was granted.' (Inland Revenue Report, 1967:50)

Stanley has described this from a different perspective.

'Another advantageous way of rewarding executives and managers in industry was blocked in 1966. Formerly, an option granted by an employer to acquire shares in a company was assessable at the time it was granted. As the value could then be fixed to give negligible benefit, nothing arose for assessment. The gain was all to accrue in the future, as and when the company grew more profitable and the price of its shares rose. In this way, senior employers and directors were given a stake in the company's prosperity, an incentive to personal endeavour. The reversal ha been achieved by taking the option at the time, not of grant, but of exercise, after the benefits have accrued. The whole treatement of options has produced a running battle between Revenue and industry, which will not be ended by this latest counter-strategy.' (p81)

In his 1967 Budget speech the Chancellor of the Exchequer promised

'... to make in his 1968 Budget, some new watertight arrangements against tax avoidance, upon which, he said, a lot of misplaced ingenuity was being spent.' (ibid.:186)

These included new provisions for life insurance policies.

'The conditions governing the income tax relief for payment of life assurance premiums were revised, and a surtax charge was imposed on the proceeds (less premium paid) of policies which do not satisfy the new requirements. ... The proceeds of insurance policies which are dutiable as gifts made by the deceased were made aggregable with the rest of the deceased's estate for the purpose of determining the rate of duty, subject to certain relief for policies taken out before Budget Day.' (Inland Revenue Report, 1970:4)

In 1970 the Labour Government made more generous provision, under the taxation system, for occupational pension schemes.

'The Act introduced a new code for the tax treatment of occupational pension schemes. ... Although the new code follows the general line of the existing legislation, its scope is wider and it will give tax reliefs on a more generous basis than at present: for example, lump sums will become payable, on a prescribed scale, out of sources built up free of tax, which have hiterto been limited to the payment of pensions. The legislation follows the pattern of

the old code in confining the reliefs to schemes approved by the Board and in specifying only the basic conditions for approval, the more detailed requirements being left to the Board's discretion. The lines on which this discretion will be exercised have been set out in provisional practice notes published in November 1970.' (Inland Revenue Report, 1970:3)

In 1971 the Conservative Government made further changes in the code governing reliefs on taxation.

'In particular the benefits which can be paid from an approved scheme when an employee dies in service were increased; ... the rate of tax collectible on refunds of contributions etc. made from an approved scheme was reduced to 10 per cent. ... The Act also introduced, for 1971-72 onwards, more liberal terms under which self-employed persons and non-pensionable employees may have tax relief on the pension provisions they make for themselves and their families.' (Inland Revenue Report, 1971:7)

In 1972 the Conservatives restored the tax concessions on share options which the Labour Government had removed in 1966.

'The Act provided a code for the regulation of share option and share incentive schemes, by differentiating between "approved schemes" (gains from which may be liable only to capital gains tax) and "unapproved schemes" (gains from which will be liable to income tax). Approval of schemes which satisfy conditions prescribed in the Act will be given by the Chief Inspector's Office on behalf of the Board.

30. Under the previous law persons obtaining, in their capacities as company directors or employees, options to buy shares on favourable terms were liable to income tax on any gain realised on the exercise of the option. On the other hand there was generally no tax liability on gains arising from the holding of incentive shares. Incentive share schemes vary in form, but usually enable employees to acquire shares (or in some cases interests in shares held by trustees which are treated as if they were shares) with little or no initial outlay. The shares are usually subject to restrictions (eg on transfer, votes and dividends) which may reduce their initial value and which are removed after a prescribed period of time or when a set profit target has been attained.

31. The effect of this year's legislation is to put participants in the two types of scheme broadly on the same footing. The rise in value of incentive shares is subjected to a basic income tax charge similar to the existing charge upon the

> exercise of share options, but the legislation provides for the exemption from income tax of gains from both share options and incentive shares if they are granted under a scheme which meets the conditions of approval.' (Inland Revenue Report, 1972:6)

In 1974 the new Labour Government removed these concessions (Inland Revenue Report,1975:11)

The chief problem in assessing how the rules described above have been applied to benefits in kind and expenses is the lack of evidence.

> '... it is impossible to tell from the Board's statistics since 1938 what benefits in kind have or have not been included in pre-tax income, what values have been placed on such benefits, and how the different income classes have been affected. No detailed and comprehensive information has been published on these questions.' (Titmuss, 1962:175)

However, Titmuss believed that benefits in kind are not treated by the Inland Revenue in a manner which reflects their cost.

> 'The general impression we have is that most benefits are not included in full: where in individual cases some element is included, it is unlikely to represent the true costs to the employee; that is, what it would cost him on current market values to provide the benefit himself. Benefits in kind are not as a general rule taxed on current market values but on a different basis. The principle has been laid down in a number of cases before the Courts that a person is chargeable not on what he saves his pocket but what goes into his pocket. As regards benefits in kind, what goes into a person's pocket is the value of the perquisites received into his hands, and this, of course is not necessarily the same as the cost of the perquisite.' (ibid:172)

He illustrated this point by quoting the famous case

> '... of the employer who gave suits value £14 5s each to twenty-two employees. The value on which tax was chargeable was agreed at £5 being the value of the suit second-hand as soon as it was received.' (ibid.)

Company cars are not taxed at their full value.

> 'All writers on the subject of fringe benefits in America as

> well as in the United Kingdom are agreed that the value of business cars to those who drive them is greater in practice than the taxable benefit. Account has to be taken particularly of the costs met by the employer for repairs, insurance, maintenance and running.' (ibid.:177)

Lynes described the use of pensions and assurance schemes for tax avoidance purposes early on in the period under consideration.

> 'With the War and the introduction of Excess Profits Tax, the rewards of tax avoidance became more attractive than ever. It was at this time that pension schemes, which had always attracted generous tax concessions, began to be used deliberately for purposes of tax avoidance.' (ibid.: 224)

Ways around the provisions in the 1947 Finance Act which affected pensions were soon found.

> 'The 1947 Act severely reduced the scope for tax avoidance by the payment of contributions by a body corporate towards tax-free benefits for its directors and employees. Under certain circumstances the contributions are treated as additional income of the beneficiaries. The Act, however, excluded from the definition of "retirement or other benefit" benefit "which is to be afforded solely by reason of the death or disability of a person occurring during his service and for no other reason." ... The exemption of such schemes from the provisions of the Act, however, provided a loophole which was soon exploited. Since the benefit could be paid on death or disability occurring during service, private companies could - and did - make agreements with their employees and directors under which service was to terminate only on disability or death, thus providing benefits which, although theoretically payable on disability or death, were practically indistinguishable rom retirement benefits. Similarly, the directors of a company could be appointed for life by the company's articles. There was - and still is - no limit on the benefits that can be provided in this way for dependants.' (Lynes, 1962:215)

There is also very little information available about the taxation of expenses.

> 'Deductible expenses under Schedule E rose from £128 million

for 1954-5 to £175 million for 1958-9. According to the Board no information is available for any earlier years, or for expenses under Schedule D. Nor is it known how these deductions were distributed among different ranges of income.' (Titmuss, op.cit.:175)

Details of expenses are frequently not provided to the Inland Revenue.

'Once the basis of payment of expenses to a director has been understood and agreed by the Inspector, even where formal dispensation is not given, it may be found sufficient merely to insert the total expenses figure claimed in the appropriate space, leaving it to the Inspector to ask for details if and when he thinks fit - which, provided the nature of the director's duties and total of expenses do not change materially, may be only once in four or five years.' (Institute of Directors, 1962:7)

There is room for negotiation.

'When you do, at the end of the tax year, formulate your expenses claim, it is sound strategy to make it a realistic one, and not to include non-qualifying items. To do so makes it easy for your Inspector to whittle down your figure. ... In negotiation you must be patient and not inflexible. You may have to concede some adjustment to your expenses for private use of your car, so that it is not unfair to give yourself room at the outset for late bargaining. You must not wildly inflate the figures, but you are entitled to make reasonable estimates.' (Stanley, op.cit.:84)

The Institute of Directors advised its members that it

'... should not normally be necessary to produce actual vouchers or receipts. ... Directors should in any case resist unduly detailed questionnaires. The Inspector should be asked to explain precisely the relevance of information asked for which is thought to be unduly inquisitorial.' (op.cit.:13)

Expense accounts were important benefits in the late 1950s, and probably beyond.

'A survey of the economics of London's night clubs and late night restaurants in 1959 gave some substance to the Lord Mayor's views. Most of the bills for these forms of entertainment were paid by firms and not by individuals. "Only Exchequer largesse paid directly via the tax-free expense account keeps the night club industry ticking at all". (The Economist, April 11, 1959).' (Titmuss, 1962:180)

Stanley described the different practices of tax inspectors with regard to company cars and using one's own car for businees purposes.

> 'Some youthful Inspectors are prone to worry about private motoring, and frequently call for details of business journeys and mileages to establish the facts. They tend to point out that business usage begins only when you have reached your factory or shop, and the daily journey from your home to it is "private". In the later stages of their careers Inspectors become cavalier about such problems, but an immense amount of time and paper can be consumed in arguing them. '(Stanley, op.cit.:72)

Most advisers recommend that highly paid directors and employees should plan the way in which they receive their income to minimise their tax.

> 'One class of personal reliefs with enormous planning potential is that permitting provision for old age and retirement. This is especially so if more sophisticated exercises have induced you to divest yourself of assets in favour of others, most obviously your children, and some replacement needs to be created. In these circumstances a programme involving some form of assurance may become an essential supplementary element.' (ibid.:139)

Social policy

This section describes developments in social policy which have affected, and have been affected by, occupational pensions and, to a lesser extent, sick pay.

The Beveridge Report was published in December 1942.

> 'Explaining his proposals on radio the day the report appeared he said: "The Plan for Britain is based on the contributory principle of giving not free allowances to all from the State, but giving benefits as of right in virtue of contributions made by the insured persons themselves.' (Fraser, 1973:200)

The scheme embodied six fundamental principles: flat rate subsistence

benefits; flat rate contributions; unification of administrative responsibility; adequacy of benefits; comprehensiveness; and classification.

The White Paper on Social Insurance published in September 1944

> '... did not accept the subsistence benefits, though it did incorporate flat-rate contributions and benefits. The 1944 White Paper was very much the model on which Labour's 1946 Insurance Act was based.' (ibid.:204)

The National Insurance Act received the Royal Assent on 1st August 1946.

> '... an employed man received in return for a single weekly contribution entitlement to seven forms of benefit. These were sickness and unemployment benefit much as before, an old-age (now designated "retirement")pension, more flexible maternity and widows' benefits, a guardians' allowance for orphans and an entirely new death grant to cover funeral expenses, so long the province of the industrial insurance companies.' (ibid.:212)

The subsistence principle was not met.

> '... though the 1946 benefits were above that recommended by Beveridge there were many who doubted whether they were genuinely at subsistence level.' (ibid.:213)

While Beveridge had made his calculations on the basis of a delay of twenty years until full pensions were paid, the Labour Government

> '... decided to incorporate higher pensions from the outset and began paying the new pensions from October 1946.' (ibid.)

This signified the beginning of the financial problems which beset the State scheme thereafter.

In 1948 the National Assistance Act was implemented. The

National Assistance Board was

> '... required not only to bring insurance benefits up to subsistence level but also to cater for those without entitlement to such benefits. Since insurance was the central principle, entitlement to most of the insurance benefits had to be earned by right of contributions, and the National Assistance Board was to deal with those who, for one reason or another, had not earned or had exhausted their entitlement to benefit.' (ibid.)

Even in 1948 it was possible to receive more from National Assistance than from the insurance scheme, a fact not designed to give credit to the contributory principle.

> 'The higher level of benefits available through the National Assistance Board only confirmed that insurance benefits were not really at subsistence level, and in the next few years the majority of those in receipt of National Assistance Board allowances were already receiving some form of insurance benefit.' (ibid.:214)

These two acts provided the basis of the Social Security and Assistance schemes in post-war Britain.

> 'Much of the post-1948 legislation merely updated national insurance pension and benefit rates and national assistance standards to take account of rising prices and earnings levels or to make adjustments which, in the larger context, were no more than running repairs.' (Walley, 1972:91)

Towards the end of its period of office the Labour Government, worried about the growing cost of old age pensions, established a Committee on the Economic and Financial Problems of the Provision for Old Age and the National Advisory Committee on the Employment of Older Men and Women. It was not until 1959 that any action was taken which affected the State scheme.

> 'By 1958 a serious gap was about to open up between the income and outgo of the National Insurance fund. The gap was plugged by the introduction of the graduated pension scheme which gave poor value for the contributions.' Industrial Society, 1969:73)

The National Insurance Act of 1959 introduced earnings-related

benefits and contributions into the State scheme.

> 'Technically the arrangements were a success and over four million workers were soon covered by them.' (Walley, 1972:140)

Employers could 'contract out' employees and many did so, particularly their more highly paid employees. However, there were problems.

> 'The contracting-out system started to operate in 1961 and reached its first crisis two years later when, in a general adjustment of benefits and contributions to falling money values, a routine increase of £3 in the ceiling for graduated contributions compelled those who had contracted out to renegotiate and amend their schemes and arrangements, as well as increase their pension guarantees by 50 per cent.' (ibid.:141)

The scheme was not welcomed by anyone. The BEC suggested that the benefits were lower than they could obtain in the insurance market, while the Labour Party was firmly against it. Personnel Management reported:

> 'Both political parties have now abandoned any pretence of an actuarial basis for State pensions. Both contributions and benefits are now playthings in the political arena. Employers may hesitate to put themselves in competition with such a scheme.' (1958:201)

The article envisaged considerable consequences for occupational pension schemes.

> 'Private pension funds have been regarded in the past as an aid in retaining labour. (The employer) may well begin to doubt whether in future they will continue to serve this end. He may also wonder whether a Government which favours mobility of labour and recommends separation pay is sincere when it says it wants to encourage private pension schemes. It may be objected that some occupational pension schemes have been regarded in the light of a contribution to social need and that the state should encourage them in this sense. Sooner or later, however, the State must make up their minds who is responsible for social measures of this kind.' (ibid.:201)

There were no further changes during the remainder of the Conservative

administration.

In 1964 the Labour Government proposed a 'receive as you need' scheme for pensioners, but the idea was abandoned in 1966. The Ministry of Labour published a booklet on sick pay schemes in 1964 designed to encourage their provision by employers. In 1966 national assistance received a 'face lift'

> '... from which it emerged in its new guise of Supplementary Benefit and is now playing a more important part than ever before.' (Walley, 1972:93)

At the same time earnings-related unemployment and sickness insurance benefits were introduced, together with earnings-related contributions.

In 1969 the Labour Party's proposals for pensions were published. They included earnings-related contributions and benefits, and an element of redistribution (Fraser, 1973:229). The programme was to phase out the existing system of flat-rate pensions over a period of twenty years in favour of a new system of graduated pensions based almost entirely on earnings from employment. It marked

> '... the abandonment of the universal citizenship pension with which the social thinking of the Labour Party, as well as that of the trade union movement had been so closely identified from its earliest days.' (ibid.:137)

Rather than 'contracting-out' the scheme allowed 'abatement'. No-one was excluded from the contributions or the benefits of any general State scheme, but an employer with a satisfactory pension scheme could undertake to pay, from his scheme, a settled amount towards the State pension for which his worker would qualify. The state would then allow an equivalent cash rebate from the normal contributions of the employer and the employee.

Walley was critical of the proposals.

> 'The National Superannuation proposals would have provided <u>earnings-related</u> windfall benefits for those now middle-aged - except for the poor among them who would still have

> had to rely on the supplements. Not only would the better-off have been the chief gainers; the rapid growth in the cost of the subsidy must, on the one hand, have weakened the scheme's future capacity to make general increases of pensions and, on the other, must have imposed an otherwise unnecessary burden of contributions on the young for which they could expect no equivalent benefit themselves.' (1972:149)

The White Paper suggested that occupational pensions would have an important role to play, in partnership with the state scheme, and that the best foundation for the success of occupational schemes is the existence of a substantial compulsory State scheme. The Labour Government, however, did not wish to rely too heavily on occupational schemes. Their coverage varies considerably among different members of the population and small employers are less well-equipped to provide a scheme than large ones. There is often no provision for wives and widows or for maintaining the value of the pension.

Walley believed that

> '... the Wilson Government's 1969 White Paper did a useful job of political education in making an issue of the gap between the two kinds of State pension (admittedly, in part the result of its own Supplementary Benefit legislation). Against the present value of the (untaxed) supplementary pension entitlements ... the basic national insurance pension rates in 1971 had their biggest ever increase to £6 a week (single) and £9.70 a week (married) - all taxed. But, for a married couple with this pension and paying £3.50 a week in rent and local rates, the gap is still £3.75. Allowing for the £1 of any non-state pension which has to be "disregarded", it is clear that, unless a married man owns his home, it is not worth his while to join, or to continue in, an occupational pension scheme unless he can himself be confident of getting from it either no more than £1 a week or quite substantially more than £5 a week at age 65. ... a more than adequate cash provision at pension age might, therefore, only delay one's need of a supplement for a short time.' (1972:133)

The Labour Party's proposals went into abeyance as the Conservative Party came to power in 1970.

'The 1970 Heath Government came to office with an obvious suspicion not only of national superannuation ideas but of most of what had been done in the pension field by previous Conservative Governments; and with promises of "new" policies which, so far as they have been revealed seemed to have less chance of succeeding in our politics than those of their predecessors.' (ibid.:96)

Because of inflation

'... within a year, his Government was forced to follow the Wilson Government in making an even greater enlargement of the still unreformed 1959 graduated pension scheme.' (ibid.)

In September 1971 'Strategy for Pensions' was published. A great deal of emphasis was placed on occupational pension schemes.

'However, every encouragement is given by both stick and carrot to induce more people to have their own occupational pensions (which are often earnings-related). Those still without such schemes will join a reserve state scheme which will be strictly actuarial, ie benefits will depend on how long and how many contributions have been paid.' (Fraser, 1973:229)

Walley criticised this scheme on a number of grounds. It is regressive.

'A Chancellor of the Exchequer might just as well propose an increase of the standard rate of income tax levied only on the incomes of everyone working for an employer - and then only on the bottom slice of his earnings.' (1972:106)

Earnings-relation is wrong in principle in a State scheme.

'... while it is entirely right and proper to use the law to compel employers and workers to provide the latter with earnings-related pensions, it is <u>wrong in principle</u> to have any kind of earnings relation in the state's own provision of pensions for old age, disablement and widowhood.' (ibid.: 168)

He also criticised the heavy reliance on occupational schemes.

'The Government seem reluctant to recognise that, for most employees, an occupational scheme is not, as a friendly society used to be, something which a worker chooses for

> himself with an eye to what he, personally will get out of it. Being in the pension sheme is normally something which is almost as inevitable a consequence of being in employment as having to pay one's national insurance contributions. Nor are the benefits likely to be all that closely adjusted to the investment value of the member's own contributions as they are made. On the contrary, the benefit structure is usually heavily biased in favour of contributions paid at higher ages and (in final salary schemes) those made by or for members who have risen furthest in employment.' (ibid.:172)

The Government

> '... realise that there can be no question of raising flat-rate pensions to the supplementary level; but for the eventual closing of the gap, they are content to rely on their new compulsion on employers to promote and on workers to belong to, government regulated occupational schemes.' (ibid.:169)

Finally, while the Reserve scheme was presented as an occupational scheme, its provisions were less generous than such schemes. It would be funded and the relationship between contributions and benefits 'will differ from the practice in most occupational schemes'. The Government had arbitrarily refused

> '... the usual tax relief on the workers' contributions for these new pensions (something which is unlikely to stand up to political criticism.' (ibid,:173)

Also, there are considerable problems in using private insurance companies to support the social security system. The Beveridge scheme had ended

> 'Lloyd George's vast experiment in the use of the state's power to support (and, indeed, to enforce) the private organisation of social security (i.e. National Health Insurance). ... It involved the recognition of nearly 10,000 financially independent and competing approved societies which were to receive the contributions that

> the State collected from their members, and account for the spending of them to the Government. ... Naturally, the system became a highly complex and administratively extravagant "mystery" through which public policy found it increasingly difficult to force a way.' (ibid.:82 and 36)

The results of this experiment

> '... ought to be studied by those who now want to try it again in the much larger and altogether more difficult and hazardous field of occupational pensions, with supplementary benefit - not the Poor Law - as the alternative.' (ibid.:82)

Following the Labour Party's election victory in 1974 a revised scheme for pensions was proposed. This did nothing to affect the status of occupational pension schemes, although it has met some of the criticism of the Conservative proposals. The Conservatives have agreed that they will make no fundamental changes in the scheme when they return to office, and the scheme is almost certain to begin operation in April 1978.

> 'The earnings-related State pension will be considered as the guaranteed minimum pension, and all occupational pension schemes must deliver pension rights at this level or better. The State will take over full responsibility for proofing pensions against post-retirement inflation, both in the State and the occupational sectors.' (Kincaid, 1975:147)

Provision for lower-paid workers will still be low.

> '... both Labour and Conservative Governments in recent years have accepted as permanent the incapacity of employer-run schemes to make pension provision for lower-paid workers. But their anxiety to preserve the highly subsidised privileges offered by the occupational schemes has severely limited the provision they have been able to build in to the new earnings-related State sector.' (ibid.:151)

Kincaid recommended the abolition of the 'contribution' principle.

> 'Given the large number of retirement pensioners and other groups dependent on social security, who have no other substantial resources beyond what the State provides, it becomes very arguable whether the contribution qualification is worth preserving. So far as employed persons are

> concerned, qualification for benefit is not an indispensable incentive to keep people paying national-insurance contributions, since not to do so is an offence against the law. The doubts grow sharper when consideration is given to the vast and expensive task that is involved in administering a contribution system.' (ibid.:189)

Sick pay has received much less Government attention than occupational pensions. In February 1971 the Department of Employment published a booklet 'Sick Pay Schemes' which reviewed the nature of sick pay cover and problems of introducing and extending such schemes. They made a number of recommendations designed to stimulate interest and a growth in the provision of such schemes. Sick pay was included in the National Insurance scheme which came into operation in 1948, and became earnings-related in 1966.

Incomes policies

Following a brief description of incomes policies since 1945 the treatment of benefits in those policies and Government attitudes to benefits as part of productivity agreements will be considered.

In 1948 Cripps initiated a period of 'severe restraint' on incomes in an attempt to slow down the post-war inflation. The policy was largely successful, with the co-operation of the TUC, until the end of 1950, but it collapsed in the boom that accompanied the Korean war. In 1955

> '... Government began an attempt to secure price and wage restraint through the modest use of talks with employers and unions to secure a policy of voluntary restraint. The TUC replied that restraint was only possible in the context of policies of social justice and that in the meantime the unions would pursue a policy of unfettered collective bargaining.' (Crouch, 1975:412)[1]

---

1. The description of incomes policy in this section relies heavily on Crouch's study.

In the year following the 1957 sterling crisis the Council for Productivity, Prices and Incomes was established. This had no powers but offered advice, including warnings on the dangers of wage inflation. In 1961, following another crisis, Lloyd instituted a 'pay pause' which was statutory for six months and enforced in the public sector, followed by a 'guiding light' of permissible pay increases which were to be reviewed by the National Incomes Commission. Its role was exhortatory, except in the public sector, but it was not very successful since the unions refused to collaborate. In 1962 the National Economic Development Council was established and between 1962 and 1964 the Conservatives persevered with their incomes policy experiment with little success.

The Labour Government, the TUC and the CBI signed a 'Joint Statement of Intent on Productivity, Prices and Incomes' in December 1964 and the era of incomes policies had properly begun. In 1965 a 3-3½% norm for annual wage and salary increases was established subject to four exceptions: contributions to increased productivity; shortages of labour; low pay; and comparability. The National Board for Prices and Incomes provided the machinery to examine key settlements and price changes, but initially it had no real power and its effects were small. There was no very obvious sign that the course of collective bargaining was influenced to any extent by the four criteria.

In July 1966 a Prices and Incomes Standstill was established with statutory backing for six months. In August the 'Prices and Incomes Act' gave the NBPI statutory powers. The six months standstill was to be followed by six months severe restraint and any increase must be justified against the four criteria. From July 1967 to June 1968 a gradual relaxation of controls was proposed. However, increases still had to be justified by one of the four criteria. Priority was given to productivity and low pay. In November sterling was devalued.

The White Paper 'Productivity, Prices and Incomes Policy in 1968 and 1969' signified a retreat from incomes policy.

The 1970 Conservative Government rejected incomes policies and tried to control inflation using other economic and fiscal methods and greater control of the unions in law. By the end of 1972 they were forced to introduce an incomes policy. The 'Counter Inflation (Temporary Provisions) Act' imposed a 90-day standstill on wages, prices, rents and dividends. From the end of March until the autumn of 1973 additions of £1 a week and 4% of the total wage bill for the previous year were allowed. A Price Commission and a Pay Board were established. Under Stage 3 a 'norm' of pay increases for a group of 7% or for an individual of £2.25 if preferred was declared.

In March 1974 the Conservatives lost the election and from July 1974 the incoming Labour Government accepted the unions' rejection of incomes policy. However, in July 1975 Phase 1 of the Labour Government's policy was introduced. This established a maximum increase in pay of £6 per week for the next year. Phase 2, from July 1976 allowed a maximum increase of 5%, except for the very low paid who might receive more.

The notion that fringe benefits should be considered as income under incomes policies does not seem to have arisen before 1965. The NBPI examined a claim for increased salaries by staff at the Midland Bank and:

> 'The Board found that after taking into account fringe benefits available to bank staff, that the main reasons advanced by banks for exceptional pay increases (salaries were inadequate to maintain a reasonable standard of living, higher productivity should lead to higher remuneration, and that bank salaries had fallen out of line with pay for similar work) were not valid.' (BJIR Chronicle, September-December 1965:95)

The standstill established at the end of 1966 was applied to increases in pay and reductions in working hours. It did not apply

to other conditions of service except where these added 'significantly' to labour costs (IDS August 1966: 24). In October it was established that the introduction or extension of luncheon voucher schemes, or increases in their value, should be regarded as income. The period of 'severe restraint' in the first six months of 1967 was applied to all forms of income and specifically to increases in existing occupational pensions and similar benefits. New pension schemes, or improvements in existing schemes, which did not involve any increase in the pensions already in payment could be introduced, although the cost of pension provision had to be regarded as an element in labour costs.

In 1968 and 1969, when the ceiling of 3½% on increases in wages, salaries and dividends was operating, fringe benefits were specifically included as income.

> 'Improvements in fringe benefits, normal and standard hours or holiday entitlement must also be taken into account.' (DOE Gazette, 1968:281)

Stage 2 of the Conservatives incomes policy also covered most fringe benefits.

> 'The limit of pay increases will apply to the income of the self-employed, and to all wages and salaries from shop-floor to board-room level. With some exceptions it will cover improvements in terms and conditions of employment, fringe benefits, etc.' (DOE Gazette, 1973:4)

While the spirit of incomes policies clearly has intended that fringe benefits should be considered as income, the legislation has left loopholes which have frequently been taken advantage of. For example, in March 1975 Personnel Management reported that:

> 'The last incomes policy didn't keep down the rate of inflation, according to a survey of clerical salaries in London carried out by Hay Management Consultants. "In general terms all the opportunities available for pay increases during the period of incomes legislation were exploited, while at the same time resentment and explosive pressures were built up for release immediately there was

a change in legislation." In addition companies were forced to circumvent the rules by giving benefits which fell outside the scope of the legislation. Thus many workers received improved welfare benefits, hours, holidays and lunchbreaks and were regraded at higher levels.' ('News and Notes':9)

Benefits have also been used by managerial employees to circumvent incomes policies.

'Imperial Chemical Industries, which was recently under fire for its plan to give new cars to 2,000 senior management employees instead of a pay rise, has now offered to help its more highly paid workers with their children's university costs.

According to an ICI discussion paper circulated earlier this year, the financial help, which could amount to as much as £700 a year tax free, would be given mainly to employees earning £8,000 to £13,000 a year.

The ICI management believes that the plan would not contravene the pay code because the grants will be paid by an independent educational trust, set up by the company. A spokeman said: "The ICI Educational Trust was started this year. It is open to the children of all employees and was set up because of the company's belief that it should play a part in ensuring that young people go to university."

But since the trustees have been instructed to take into account any scholarships from other sources, including grants from local authorities, payments from the trust are likely to go to children of employees earning too much money to qualify for more than a small part of the local authority grant.' (The Guardian 16.6.1977:1)

The people who will benefit, in the main

'... are senior staff who feel most affected by the continuing process of inflation, high taxation, and successive incomes policies which have narrowed salary differentials.'

'The Department of Employment would not comment on whether or not help from the ICI Educational Trust would contravene the pay code. A spokesman said that they could only rule on it if it was presented to them as an official query or complaint. The Department is already holding talks with ICI on the new cars proposal, and the delivery of the cars to workers earnings £8,000 to £12,000 has been delayed until their outcome is known.' (ibid.)

In some incomes policies productivity has been one criterion which has justified wage increases above the norm. Both Labour and Conservative Governments have recommended the removal of invidious distinctions between manual and non-manual workers, which include some fringe benefits, particularly when this is an element in productivity bargains.

The Donovan Commission described productivity agreements as follows:

> 'As a consequence workers gained in security. Their weekly pay was stable, instead of dependent on overtime or incentive earnings, and pensions, holidays and sick pay were based on a realistic figure.
> 322. In some cases the opportunity was taken to eliminate or reduce distinctions between manual and white-collar workers. Manual workers were given an annual salary, and such things as holiday entitlements, sick pay schemes and rights to notice were improved to bring them into line with, or at any rate nearer to, those enjoyed by white-collar workers. Distinctions between manual and white-collar workers in industry, whose origins lie far in the past and which have now become artificial, manifest themselves in many ways besides formal fringe benefit arrangements, but changes such as these have helped to reduce them and so to create an atmosphere more conducive to good industrial relations.' (Royal Commission on Trade Unions and Employers Associations, 1965-68:84)

The NBPI favoured the removal of manual/non-manual distinctions.

> 'The NBPI adopted as a long-term goal the elimination of all invidious distinctions between manual and non-manual labour, supporting the gradual extension of the salary system and its attendant security of income to manual workers:
> "A policy for productivity, prices and incomes is concerned with modifying attitudes making for resistance to increased productivity and to a closer relationship between movements in incomes and movements in productivity. It is concerned therefore with general reforms which may help to bring about changes of attitudes. We would suggest as one such reform the desirability of abolishing the divisions between "staff" and "workmen". The division is increasingly outdated - it is related to a past when greater co-operation was expected from the "staff" than from the "workers"; it is

> arbitrary, and it can give rise to resentment. We consider that the Government, as the author of a policy for productivity, prices and incomes, should play a leading part in promoting the reform to staff or salary status and should do so in relation to its own employees."' (Crouch, 1975:206)

The Labour Government also recommended the removal of this distinction.

> 'The Government urges employers ... to examine fully and sympathetically the possibility of removing unnecessary and outdated distinctions between "staff" and other employees. These are sustained chiefly by tradition and inertia and cause much unnecessary ill-feeling. Some large employers have already found it possible to abolish them. The Government suggests that the TUC and the CBI should jointly encourage the abolition of these distinctions throughout industry and make arrangements to keep the matter under review.' ('In Place of Strife', 1969:12)

The Conservative Government incorporated the notion of single status into the Code of Practice which accompanied their Industrial Relations Bill. This Code had no legal status, but it had been approved by Parliament, and it could be used by the Industrial Relations Court as a guide in making judgments. Sections 41 and 42 read:

> 'Where practicable management should provide occupational pension and sick pay schemes.
>
> Differences in the conditions of employment and status of ifferent categories of employee and in the facilities available to them should be based on the requirements of the job. The aim should be progressively to reduce and ultimately to remove differences which are not so based. Management, employees and their representatives and trade unions should co-operate in working towards this objective.' (1971:11)

Employment policy

Employment policy covers a wide range of Government activity and includes those measures which have been taken to increase the security of employees, to improve conditions of employment and to change attitudes to work, employers and to change.

The Ministry of Labour described one area of its work to the Donovan Commission as follows:

> 'One important aspect of working conditions, namely that relating to safety, health and welfare, has historically been the subject of State regulation rather than being left to collective bargaining. Since 1833 the State has imposed statutory requirements in the interests of ensuring safety and health at work and enforced them through a Government inspectorate. The scope and complexity of this legislation and the size of the inspectorate have shown a steady increase.' (Ministry of Labour, 1965:124)

Before 1945, apart from some direct regulation of key industries during the First World War, the other major area of Government intervention which is of relevance to fringe benefit provision concerned 'truck' or payments in kind. These included the 'tommy' shops, which were owned by employers who insisted that at least some of the employees' wages should be taken in goods. Prices in these shops were generally higher than those in the open market. There were also credit shops which forced workers to stay with their employer because of their debts (Rubner, 1962:173-7). The general object of truck legislation was to ensure that wages were paid in the current coin. The first Act was passed in 1831 and amended and supplemented by Acts in 1887, 1896 and 1940.

In September 1959 the Government established a committee to inquire into the operation of the Truck Acts. The Report recommended the repeal of the Acts and their replacement by legislation adopted to modern conditions. The members of the Inquiry did not suggest that there should be any development of payment in kind, but they thought it wrong to make provision of additional benefits over and above the cash wage unlawful, an effect which the Acts tended to have. In October 1974 Aikin wrote in Personnel Management that the Truck Acts from the 1831 Act to the Payment of Wages Act, 1960 were still causing problems for manual workers. These

> '... cannot be given luncheon vouchers, cars, goods and services at reduced cost as replacement for or in addition to his wages. Anything which can be termed reward

> for work should be paid in cash. ... if payment is made other than in current coin of the realm the worker can recover the amount not paid in cash and the employer cannot claim the value of any goods so supplied. ... deductions may not be made from manual workers wages for sickness benefit received from the State. A reduced wage may be paid in those circumstances if the contract so provides.' (p53)

As pointed out in Chapter 8 (p186) the Government did not become seriously interested in 'welfare policies' until the Second World War.

> 'There was, however, no widespread extension of "welfare policies" or of personnel management until after the beginning of the last war. The large-scale development of these practices in British industry came about directly as a result of Government example and pressure followed by compulsion.' (McGivering et al, 1960:98)

The Government was faced with the problem of moving large numbers of workers to new factories, communities and jobs.

> 'Throughout the early years of the war, to facilitate this process the Labour Ministers put great emphasis on worker welfare and on the development of appropriate welfare and personnel departments, within individual industries and establishments.' (ibid.:99)

The measures included the provision of canteens and medical services. In July 1940 the Factories (Medical and Welfare Services) Order empowered the Chief Inspector of Factories to direct munitions factories to make satisfactory arrangements for medical supervision, first-aid and nursing services, and supervision of the welfare of the workpeople. In November 1940 the Factories (Canteens) Order enabled him to direct such factories employing more than 250 people to establish a suitable canteen where hot meals could be purchased by the workers (Garratt, IWPM May-June, 1943:78). The Chief Inspector reported, in 1941, that the Factory and Welfare Department had also tried to encourage firms in other industries to provide canteens,

welfare supervisors and full or part-time medical officers. They had met with some degree of success, although they had been hampered by the shortage of trained personnel and by the need

> '... for breaking down the conservatism of the older type of managing director, works manager and foreman.' (Annual Report of the Chief Inspector of Factories, 1940, quoted in IWPM November 1941:229)

> 'At the end of 1956 the Minister decided that the Canteen Advisory Service, which was set up during the war to assist the Factory Inspectorate to adminster the Factories (Canteens) Order, should be terminated, retaining only the Senior Adviser for consultative purposes.' (Industrial Welfare 1958:9)

There is no doubt that Government encouragement and legislation was a major force in the development of canteen provision.

The Dale Committee on Industrial Health Services reported in 1951 and recommended the establishment of a comprehensive industrial health service. In 1954, in reply to a Parliamentary question, the Minister of Labour announced the appointment of an Industrial Health Advisory Committee to advise where industrial health services, or extensions therein, were most needed. The committee would use the Factories Inspectorate, thus creating a new administrative health branch in the Ministry of Labour. Research done by this branch in the late 1950s showed provision of industrial health services to be very low.

In January 1961 the Ministry of Labour distributed a booklet 'Health at Work' to factory occupiers. It provided practical information about the work of the industrial medical services, and described the advantages to be derived from these services and the reactions of workpeople to them.

> 'In terms of value for money, an attempt made by one scheme (not described in the booklet) to set the costs against

> tangible savings led to the conclusion that, on a conservative estimate, the annual recurring costs were more than covered by savings in time lost, and that the long-term company benefits of better health and morale were a bonus alike to the company and the employee.' (Ministry of Labour Gazette, 1961:10)

Despite continuous lobbying from trade unions and medical organisations, proposals for a nationwide service of doctors to study and advise on medical problems arising in connection with employment were not made until 1971. The Employment Medical Advisory Service, which began operating in February 1973, replaced the appointed factory doctor service with a staff of more than 100 full-time and part-time doctors. Even then the TUC did not regard this as adequate (Chapter 9:249).

The Ministry of Labour emphasised to the Donovan Commission the importance of the war and of Government action for the development of personnel management.

> 'The situation changed very rapidly after 1940 when the combination of pressure for war production coupled with the acute shortage of labour, the influx into industry of workers unused to factory life and the operation of the Essential Work Orders showed that it was necessary to have someone in each firm to deal with labour matters.' (op.cit.:para 79)

After the war the Government were still interested in encouraging the spread of personnel management. The Ministry of Labour Gazette of May 1946 reported that a personnel management section had been established in the Factory Depratment to help employers to organise and develop personnel departments. It would advise on employment, comfort, joint consultation, health and safety, welfare services, education and training.

Further encouragement of 'positive employment policies' came from the Ministry of Labour in the later 1950s following the sterling crisis of September 1957. The Ministry appealed to the shared interest of employees and employers in increased productivity and circulated

two booklets throughout industry: 'Positive Employment Policies' and 'Communications in Industry'

> 'These stressed the familiar themes of improved welfare, advance notice of redundancy and various schemes for encouraging the identification of workers with their employers. Modest though the proposals of the kind in "Positive Employment Policies" might seem, some Government supporters invested them with great potential:
> "Too often management ignores the basic necessity of keeping all ranks fully informed on matters which will stimulate interest in the work and foster a true spirit of co-operation.
>
> I welcome the Minister's announcement some days ago that he was about to publish a booklet giving examples of the best sort of positive employment policies, which would cover such things as status, benefits, contracts of service and redundancy policies. I hope it will not be long before we have this document. It will be a notable step forward in achieving some of the things for which many of us on this side have striven for many years." (Hansard 1958 Mr J Rodgers).' (Crouch, 1975:420)

The Government did not intervene in the labour market until the 1960s.

> 'The attitude of abstention which has become traditional in Britain still remains largely true. Yet a significant change has come about over the past five years, a change which is in the direction of statutory intervention. In brief, this change can be seen to arise from what may be termed an overall Government view of labour market policy as a key element in its economic policy. This is not so much a new role being played by Government, as a new interpretation by Government as to what this role should involve. It should be noted that Government measures in pursuance of a positive labour market policy to increase adaptability and mobility in terms of location, skill and occupation exemplified by the Industrial Training Act 1964 and the Redundancy Payments Act 1965, are not by that token a reflection on the competence of trade unions to safeguard the interests of their members so much as a reflection of determination on the part of Government to make labour market policy the key to economic growth. The policy for productivity, prices and incomes takes this a step further.' (TUC evidence to the Donovan Commission, 1968:70)

The Contracts of Employment Act, which was intended to increase the security of manual workers, was passed in 1963. The Redundancy Payments Act of 1965 removed much of the voluntary nature of

redundancy payments, although it is open to employers to provide more than the statutory minimum if they so wish.

In 1966 a Government working party reported on the results of a study of workers' attitudes to the firm for which they worked, and considered methods for increasing their interest and sense of responsibility. They suggested that management's general objective should not be to create a common purpose but instead to build up an atmosphere of trust and confidence. Improved security and status could have an important effect on attitudes and, though this could be encouraged by legislation, the major responsibility rested with management. Employers should recognise the economic benefits of giving their workers more security and higher status and the Government should continue to draw this to their attention. They should also encourage consideration of the benefits of "all-in" negotiated settlements, with fringe benefits included as well as, or as an alternative to, wage increases. They particularly recommended staff status , sick pay and pension schemes.

The concern with security and status continued after the Conservative Government came to power. In June 1971 the Department of Employment Gazette, in a special article on the Code of Industrial Relations Practice, claimed that:

> 'Insecurity of employment and fear of the consequences of redundancy, sickness and retirement have a major influence on attitudes to work and good industrial relations. As far as is consistent with operational efficiency and the success of the undertaking management should therefore provide:
> a. the greatest possible stability of employment and earnings;
> b. reasonable job security for employees absent through sickness or other cause beyond their control.
> Management should, where practicable and where the undertaking is large enough:
> a. offer prospects for advancement and promotion with the opportunity for any necessary training;
> b. provide occupational pension and sick pay schemes to supplement the statutory arrangements.

> Any differences in the conditions of employment and status of "white collar" and other employees and in the facilities available to them should be related to the responsibilities of the job; those which are not so related should be progressively removed.'(p524)

In January 1972 the Employers' Liability (Compulsory Insurance) Act came into operation. Its aim was

> '... to ensure that, irrespective of the financial position of his employer an employee will receive compensation to which he is entitled for any injury or disease sustained in the course of his work because of the employer's negligence.' (DOE Gazette, 1971:1172)

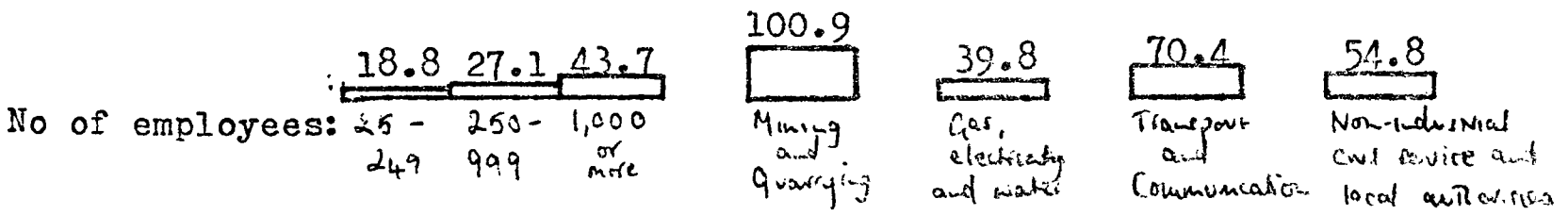
Nationalised industries and Government employees

In Chapter 5 evidence was presented which compared provision of benefits in the private manufacturing sector with provision by some employers in the public sector, taking benefits separately. Table 10.1 shows the annual average amount spent on all benefits per employee in 1964 and 1968 according to type of employer. Most nationalised industries and the civil service spent considerably more, on average, than did firms in manufacturing industry.

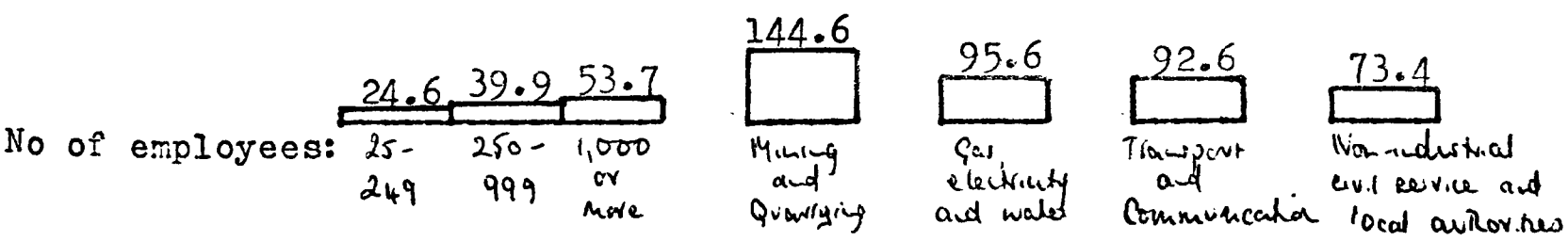
Table 10.1 Nationalised Industries, Government Employees and Fringe Benefits

(Average annual amount per employee - £)

1964



1968



Source: Labour Costs Survey (1964: 13-15)
Labour Costs Survey (1968: 28-31)

Much of this expenditure provided pensions and sick pay. Early on, manual workers in a number of newly-nationalised industries called, through their unions, for pensions schemes, although in most cases these demands were initially resisted by the Government (TUC Reports: 1948:257; 1949:486ff.; 1950:239; 1953:261ff.) Manual workers in nationalised industries had more spent on their pensions in 1968, on average, than manual workers in manufacturing industry and and local authorities and the non-industrial civil service (Chapter5:137). Manual workers in mining, transport, electricity supply, gas supply the civil service and the local authority service all had generous sick pay schemes in the early 1960s, which were described in the Ministry of Labour's report on sick pay schemes published in 1964. Chapter 5 (p138) showed that, in the 1960s, public sector employers spent considerably more per head on sick pay for both operatives and white collar workers, than did employers in manufacturing industry.

Table 5.16 (p139) showed that there was no notable difference in provision of services between public and private sectors. Although there were differences in provision between industries they did not distinguish between public and private sectors. Table 5.17 (p140) suggested that employers in the private sector were more generous with perks for executives than those in the public sector, although it was suggested that some public sector perks have not been included in any statistics.

Table 5.18 (p141) showed that employers in the naticnalised industries were more generous in provision of holidays with pay for operatives than those in manufacturing industry or in local authorities and the non-industrial civil service, in 1968. For administrative, technical and clerical staff the public sector was more generous than the private manufacturing sector.

Conclusion

Throughout the period the Inland Revenue have been faced

with the problem of valuing benefits in kind and expenses for taxation purposes. It is very hard to find evidence on the application of tax measures to benefits, but it is clear that they are often not valued for taxation purposes at the value which the employee derives from them, that there is considerable room for negotiation with tax inspectors, and that, at a high level of income, remuneration and the forms it takes, is often planned to minimise tax. Main changes in fiscal policy since the war have involved reductions in concessions on perks at various times, more noticeably when the Labour Party was in power, and measures to encourage the provision of occupational pensions.

The period since the war has seen the gradual replacement of the flat rate 'universal citizenship' pension, sick pay and unemployment pay by earnings-related contributions and benefits. However, State pensions have not been actuarially based and have involved a redistribution from those contributing to National Insurance to the old, the sick and the unemployed. The Exchequer contribution has led to some redistribution from richer to poorer but the fact that most of the funds for national insurance benefits come from the National Insurance stamp payment has meant that most redistribution has taken place within the employed population, and that 'tax' has fallen on the bottom slice of earnings only. The contribution principle has been maintained but, throughout the period, national pensions in payment have never reached a proper 'subsistence' level, forcing many pensioners to rely on the means-tested 'supplementary pension' which is not based on contribution.

Incomes policies did not become important until 1965, and, while benefits have increasingly been specifically covered by incomes policy measures, loopholes in legislation have allowed scope for avoidance of controls and norms.

During the war and in the later 1940s and 1950s the Government actively promoted the provision of canteens and medical services by employers. More recent employment policy has emphasised, mainly through advice, exhortation and example, the value to employers of 'positive employment policies' which include a number of benefits, and of reducing status differentials between manual and non-manual employees, partly through improved benefits for the former.

Employers in the public sector, particularly the nationalised industries, have been more generous than those in the private manufacturing sector, in the provision of pensions, sick pay and holidays. Employers in the public sector have not been notably more generous with services than those in manufacturing and it seems likely that the private sector has been more generous with perks for senior employees, although there is not much information on perks for public sector employees.

Overall, since the war the Government have encouraged employers to provide all the fringe benefits in this study, apart from perks. In a rather desultory fashion they have taken steps to control tax and incomes policy avoidance through perk provision, although loopholes in the legislation and the problems of applying it in practice, have allowed those with higher incomes to maintain standards of living higher than that intended by successive Governments.

Chapter 11: Employees' Responses to Fringe Benefits

In Chapter 1 a number of ways in which commentators have seen benefits as affecting employees were described. Benefits for manual workers would lead to a loss of class identity (p17), to greater prestige (p17); they would influence the 'way in which a worker conceives of his attachment to the firm' and the strength of that attachment (p19). They would attract and retain employees (p20), 'bind the men to the firm' and lead to 'institutionalised loyalty' (p21). Benefits would lift the sense of insecurity and inequality of many manual workers and remove some class distinctions which emphasise the inferiority of the industrial worker (p22). Staff status schemes would make employees identify with the firm more, lead to greater loyalty, make them less ready to leave the firm providing them, make them less ready to strike, 'go-slow' and 'work-to-rule', lead to 'non-manual attitudes' and greater moral involvement, increase employee dependability, attract workers in short supply, reward long service, discourage turnover or reward merit (pp23/24). The view that, since benefits do not meet 'higher-order' needs they will not motivate employees was also discussed. Lack of benefits (which are 'hygiene factors') will probably lead to dissatisfaction, but their provision will not affect morale. It was suggested that they are often taken for granted or not perceived.

In Chapter 3 an attempt was made to present the aims of employers in providing benefits in a more systematic way. The responses that employers might hope for from employees were (i) a lessening of attachment to trade unions and/or (ii) an increase in productive efficiency. Possible changes in employee behaviour which would lead to an increase in productivity include working harder or faster on the job, becoming less disposed to restrictive practices, being more co-operative, reducing one's absenteeism or lateness, being more ready to accept change, being attracted to the firm as an employer and being unwilling to leave once employed.

Employers may have one or more of these possibilities in mind when introducing a benefit programme.

It was suggested in Chapter 3 (p72) that benefits are provided rather than increased wages for a number of reasons. Some benefits, such as canteens, medical services and sports and recreation facilities and possibly holidays with pay and sick pay, may increase physical efficiency directly through improved physical and mental health. Some benefits, particularly sick pay and pensions, meet the human need for security in times of dependency and can be defined as 'gifts' which reflect how much the employer cares for the well-being of his employees, even when they are not capable of working for him. Sports and recreation facilities encourage social relations at work, which may increase the integration of the firm. Benefits generally are a more controllable form of remuneration. They are not often the subject of negotiations with unions, and decisions about them have remained almost totally in the hands of the employer, particularly in the private sector. Most importantly, they can be used to attempt to provide wider links between employer and employee, beyond the 'cash nexus'.

The processes whereby benefits might increase productive efficiency are four: they may increase physical efficiency directly; they may attract and retain employees (reducing labour turnover); they may invoke a response of gratitude and loyalty leading to a more moral involvement in the firm on the part of the employee, with consequent benefits in terms of behaviour; they may be seen as status entitlements, increase the moral involvement of the recipient and produce more 'responsible' behaviour.

It was argued in Chapter 8 that employers have increasingly provided benefits to manual workers mainly in the hope of integrating them into the firm - of making them more morally involved and increasing their loyalty. Some employers, and more ideologists, have been interested in the idea of achieving the same thing through

raising the relative status of their manual employees, often using or proposing benefits as one form of 'status entitlement'. A few employers may have introduced benefit schemes in the hope of attracting and retaining manual employees, particularly groups in short supply. Employer benefit provision to routine white collar workers was viewed largely as a matter of custom and habit, while that to managerial employees, which has grown considerably in the 1960s and 1970s, seemed to be aimed chiefly at maintaining managerial standards of living, through avoidance of income tax and incomes policies, and at attracting and retaining these employees.

Before the data that are available on employees' attitudes and behaviour relating to benefit provision is considered in relation to the aims of employers in providing them, some theoretical considerations need discussion.

In Chapter 2 it was argued that an action approach to the study of employees' responses to benefit provision is more appropriate than a 'psychologistic' one. Benefits are provided by employers in an attempt to influence attitudes and behaviour among employees, and are presented in a certain way to achieve this. That is to say, ideology and values are very important in influencing the way in which a recipient will view the benefits he receives. It was suggested in Chapter 2 that employers will define benefits in terms of the 'dominant meaning system' - as valuable attracters of labour, as showing that the employer cares for his employees (and therefore deserves loyalty and gratitude) or that he respects the status of the employee and expects correspondingly responsible behaviour. Employees may view benefits from a dominant meaning system perspective, or they may have alternative definitions derived from either the subordinate or radical value systems.

Trade unions offer definitions of benefits derived from either the subordinate or radical meaning systems. They are sometimes seen

as rights, which derive from collective bargaining, sometimes as attempts by employers to compete with the unions for the loyalty of employees, or to integrate them further into the firm. To a large extent the response of an employee will vary according to his access to the different meaning systems, and it was argued in Chapter 2 that the most important variables affecting this are (i) occupation (ii) history - expectations and aspirations (iii) role and relationships in the local community (iv) the subculture of the employing enterprise, particularly as it affects the employee's own area of work. Other variables which may influence responses to benefits are more personal - age, sex, family circumstances, health, leisure interests, for example. The four 'social' variables described above contain a wealth of 'sub-variables'. Occupation varies according to level in the hierarchy (e.g. manual, routine white collar and managerial), to type of skill used, role in technology and organisation of the enterprise. History, expectations, and aspirations can vary considerably, as can role and relationships in the local community. The subculture of the employing enterprise involves the size, predominant technology and location of the enterprise. Management and trade union styles and recent history of the enterprise are also important.

While all these variables may influence attitudes towards, and responses to, benefit provision, it is argued here that the most important variable in determining which meaning system an employee will most rely on is occupation. Responses to benefit provision will largely depend on two variables: the value of the benefits provided and the occupation of the recipient, very broadly defined in terms of manual work, routine white collar work and managerial employment.

The value of a fringe benefit to an employee will largely depend on the impact it has on his life. Most fringe benefits do not impinge very much on the day-to-day life of the recipient. Pension schemes are not likely to be important, unless the employee is approaching retirement and thinking about what he is going to do, or how he is going to manage. In this case his

membership of a scheme may prevent him from leaving a particular job or employer. Otherwise, the employee may occasionally feel glad that he belongs to a scheme, for the security it provides, or for the opportunity it presents for tax avoidance, and he may take it into account when changing jobs. On the other hand, he may be indifferent, or he may resent being forced to make contributions out of his current income.

Sick pay is likely to be more important in day-to-day life. If an employee feels ill the existence of a scheme may mean he can stay at home rather than forcing himself out to work. If he does not use all the sick pay to which he is entitled, while others in his occupation and department have done so, he may feel resentful. He may use sick pay to finance extra days holiday.

The canteen is somewhere to go for a meal or a snack. It may provide unpleasant food and not be used by many employees. It may be a social centre with considerable conversation and interaction, or it may be occupied by isolated individuals who eat their food and leave. There may be status differences in food provision, and these may be accepted, or, alternatively, regarded as silly by most people, or just by those of lower status.

If the company provides sports and recreation facilities some employees, particularly the young and active, may become very involved in a particular sport or hobby. Families might use the facilities regularly, especially if there are no local authority alternatives in the vicinity. Clubs may provide a focus for the social life of employees. On the other hand, the playing fields and clubhouses may lie idle most of the time, and, for most employees they may be something that is passed on the way to work.

In nearly all firms the medical services, or lack of them, will impinge on most employees at some time. In some industries

such as coalmining and steelmaking, medical personnel and facilities are of greater importance. The atmosphere of the surgery will be important to those suffering from accidents or illnesses which overtake them at work. Medical personnel may provide a sympathetic ear and some assistance with problems which may arise from, or be affecting, an employee's work. On the other hand, a reputation for bad treatment or lack of sympathy may mean that the medical personnel are only used in emergencies and that employees look elsewhere for medical or personal assistance.

An employee may drive around in a company car, or spend a good deal of time filling in forms claiming petrol and other car allowances. He may regularly buy goods at a discount, find himself able to buy a house otherwise beyond his reach because the company guarantees the loan, or enlarges it at suitable interest rates, and send his children to fee-paying schools partly, or wholly, at the company's expense. He may make use of private medical facilities, go for holidays in places he could not afford, and provide generously for his old age, because of the perks his company provides. These benefits will have the biggest day-to-day impact on the lives of employees who receive them and their families.

Length of holiday and the amount of income provided while on holiday may have considerable impact on family life, allowing an employee more or less time to spend with his family in more or less pleasant surroundings.

Murlis found that the 'concept of employee benefits' had widely different meanings for employees and employers (1974:2). The above description of how employees are likely to experience benefit provision suggests that, compared with other aspects of their market and work situations, benefits are not likely to have much day-to-day impact, except for the executive perks,

holidays at certain times of the year, and, maybe, the canteen and recreation facilities. This does not mean, however, that they may not be important to some employees.

Occupation will affect employees' responses to benefits in two ways. Firstly, the benefits provided vary according to occupation. The most valuable benefits are provided to higher managers, and these may be expected to have more impact.

Occupation is also the major determinant of which meaning system an employee is likely to make use of in understanding benefit provision. 'Privatised' and 'proletarian' manual employees (Chapter 2:52) are most likely to use values and attitudes derived from the subordinate or radical meaning systems, where benefits would be defined as a right of employees, or as an attempt by employers to control manual employees and prevent trade union membership, or to increase productivity, rather than as evidence of a caring employer, gifts, or status entitlements. Only the 'deferential' worker is likely to accept the employer's definition of benefits and, given the probable breakdown of local status systems, and the increasing impact of the national class structure on the individual (Goldthorpe and Bevan, op.cit.:36-38), it is likely that the proportion of deferential workers among the manual population is declining. However, it may still be, in some local comunities, where an enterprise has been establised for a long time and has a sub-culture in which values from the dominant meaning system are important, that employer's definitions of benefits will be accepted.

Managerial employees are likely to view their fringe benefits in terms of the dominant meaning system. In their case employers have largely presented benefits as a means of attracting, retaining and providing incentives for good employees, and there seems to be no good reason why these employees should not view benefits in the same light. However, whether benefits will attract and retain

them is another question. This is most likely to happen when the benefits are financially valuable, and are not provided by possible rival employers (which today is probably unlikely). Also, employees at this level are usually strongly influenced by other aspects of their work situation such as the interest of the job, future prospects, the power they can exert and, once a certain income level has been reached, these may overshadow the economic aspects of a job.

Routine white collar workers may define their benefit provision in different ways. Those who are still integrated into the management hierarchy (Chapter 2:43) may see their loyalty and status as confirmed by the benefits they receive. Those who have turned to 'instrumental collectivism' as a more appropriate way of pursuing their interests in post-war Britain, will probably not see their benefits as requiring any response in terms of loyalty, but will rather view them as rights, or as part of their employment contract. The extent to which routine white collar workers are still integrated in the management hierarchy is an empirical question.

Evidence relating to employees' responses to benefits

It has been suggested that benefits will rarely attract and retain manual or routine white collar employees, because, compared with wages and salaries and other conditions of employment, they are not very valuable, and they do not impinge very much on the day-to-day life of most employees. There may be some exceptions here - the employee who loves playing a particular game or sport whose only local opportunity is at a particular factory; the old employee approaching retiring age who is looking forward to his pension; the chronically sick employee who depends on his company's sick pay scheme to maintain his standard of living. Benefits may attract and retain managerial employees since they are often valuable, but this will depend on the

the extent to which competing employers also offer these benefits.

It has also been suggested that most manual workers and some routine white collar workers will neither be grateful for the benefits (although they may appreciate them) nor see them as conferring or reflecting relatively high status, since their definitions of benefits will be in terms of instrumental collectivism. Some manual workers, and more routine white collar workers, may accept employers' definitions of benefits and loyalty and status may be increased as a result. Employers' definitions of managerial benefits have tended not to emphasise loyalty and status, but these may result from valuable benefit provision.

There is no automatic connection between attitudes, or feelings, and behaviour. Even if employees do feel grateful for benefits and translate this into feelings of loyalty towards the employer or company, or feel that provision of benefits has raised their status, this may not be transformed into behaviour which increases productive efficiency. On the other hand, such behaviour may be changed without these feelings being invoked, by other means than benefit provision. It seems unlikely that benefit provision will affect behaviour unless one of the intervening processes which have been described, is invoked.

To test the hypotheses relating benefit provision to attitudes and behaviour among employees a research project would have to be specially designed. It would face a number of problems of measurement, of controlling other variables which affect the attitudes, feelings and behaviour which are of interest (so that a connection between benefit provision and attitudes and behaviour could be established, if it existed) and of checking that any change in attitude or behaviour which could be attributed to new benefit provision, were stable over time. It may be that, immediately following the implementation of a benefit scheme or programme, employees respond with feelings of loyalty and recognition

of their improved status, and these are transformed into behaviour conducive to greater productivity, but that this is transitory and lapses once the benefits become taken for granted.

The evidence presented in the rest of this chapter is not in a form which allows for rigorous testing of the hypotheses described above. It comes from a variety of studies undertaken for different reasons which happen to have included one or more questions relating to benefit provision. Nearly all the data come from attitude surveys. The relationship between the answers to the questions in the survey and the feelings of employees in relation to benefits is not a clear one and the same is true of the relationship between answers to the questions and the actual behaviour of employees in relation to benefit provision. However, it is interesting to draw much of the available data in this area together, and it can be used to produce more refined hypotheses for testing.

Evidence relating to manual workers, routine white collar workers and managerial employees will be considered separately. The data for manual workers contain a number of answers to questions about attitudes towards benefits, which cannot be directly related to the questions which are of interest here. These will be considered first in the section on manual workers. For each group of employees an attempt will be made to consider the following questions: does benefit provision affect productive efficiency? has provision attracted and retained these employees? has benefit provision invoked gratitude and, hence, loyalty among these employees? has provision improved the relative status of these employees? In no case are the data sufficient to allow definite answers to these questions.

Manual workers

The evidence in this section comes from a number of studies of manual workers attitudes. The questions asked in the studies were all different and the firms studied produced different products, were of different sizes, used different technologies, were in different parts of the country, and, presumably, provided

different levels of benefit to employees. For these reasons it is not possible to compare employees across firms, in order to try to isolate which variables, if any, are important in influencing attitudes and responses to benefits. None of the studies provide enough background material to enable someone not involved in the research to assess the possible impact of the different variables on the answers to the questions involved. For example, to provide a definitive answer to the question of whether benefits attract and retain employees (or under what circumstances they may do so) a lot of information about wages, salaries, benefits and other conditions of employment in local and/or national labour markets would be necessary, in addition to data on the attitudes and behaviour of employees. Given that, in the three sections on employees' responses to benefits, use is made of eighteen studies none of which provide adequate background material for assessing the hypotheses, and in which the questions are not comparable, it did not seem to be a useful exercise to include many details about each study. In this section the attitudes of some manual employees to their fringe benefits are considered, and this is followed by an examination of some data which relate to the four questions listed above.

(i) Attitudes of some manual employees to some fringe benefits

Pensions and sick pay were found to be an important element in job satisfaction among the 'nylon spinners' in Cotgrove et al's sample. 70% of respondents were satisfied with the firm as an employer, with no qualification.

> 'As other studies have shown, workers may dislike, perhaps intensely, many features of the job, especially the boredom, monotony and pace of work on the assembly line, yet have a favourable attitude towards the firm itself as an employer. Satisfaction here was high, focusing especially on fringe benefits, particularly sickness and pension schemes.' (1971:77)

Wedderburn and Crompton found that chemical workers at Seagrass were also satisfied with their pensions and sick pay.

> 'General workers and tradesmen alike viewed favourably, however, two other important aspects of their market

> situation at Seagrass. These were the pension soheme and the provision whereby the company would make up National Insurance sickness benefit to the level of basic pay when the men were off sick. ... Over 80 per cent of both categories thought the sick pay arrangements and the pension provisions were reasonable or very reasonable.' (1972:55)

These schemes were particularly generous compared with most provision for manual workers. However, while benefits may be appreciated, they are not very important. In answer to the question 'What do you think are the three most important factors in making a job a good one?' the replies, out of 300, were as shown in Table 11.1.

Table 11.1 The Three Most Important Factors in Making a Job a Good One. Manual Workers

Good conditions/amenities/cleanliness	59 out of 300
Money	56
Other (including promotion prospects)	34
Don't know	31
Good supervision	23
Job interest/variation	18
Good workmates/teamwork/working together	17
Good management-worker relationship/ appreciation/communication	16
To be happy in/on top of your job/ have the job at your fingertips/ good standard of craftmanship	16
Good security/sick pay/pension	14
Good management	9
Job planning/regular flow of work/ organisation	8

Source: Wedderburn and Crompton (1972)

At Seagrass and Company A the researchers asked two questions like 'Which would you prefer, a job with a pound a week less/more than your average wage with/without sick pay and pension scheme, or your present wage without/with a sick pay and pension scheme?' 83% of Seagrass employees preferred a pound a week less than the average wage and the schemes, while 86% preferred the same wage plus schemes rather than an extra pound a week. In this firm

there was no difference in the proportion of men who chose sick pay and a pension rather than money according to income. The reason was a concern with security.

At Company A[1] a much higher proportion was not prepared to accept a cut in wages in order to have schemes. Only 37% of those earning less than £15 were in this category, 39% of those earning between £15 and £20 a week, and 58% of those earning £20 and over. The idea of having schemes rather than an extra £1 a week brought a more positive response, with 81% of those earning up to £15 preferring the schemes, 72% of those earning between £15 and £20 and 85% of those earning £20 and over (Wedderburn and Craig, 1965: 40).

Pension schemes were not as important as some other conditions of employment to employees in Company B[2]. Asked 'how important to you is it to have a job in a firm with a good pension scheme?', 49% replied that it was very important, compared with 72% who said that wages were very important, 67% who regarded security as very important and 48% who thought it was important that the firm should be near home. At the other extreme, 28% said that pensions were not very important, or not at all important. For wages the corresponding percentage was 2%, for good conditions it was 7% and for nearness to home it was 22% (Industrial Sociology Unit, Imperial College, 1971:12).

Employees in Compamy A did not regard sick pay as important compared with other improvements which might be made. Respondents were asked to list the most important improvements, without being prompted, and none mentioned sick pay. When prompted, 8% made sick

---

1. A firm in the paper industry
2. A member of the food industry

pay a first choice, while 27% wanted longer holidays, 23% wanted better pay and 12% shorter hours. When asked directly 'if, when you were sick Company A made up National Insurance benefit to your basic wage, do you think that you would be willing to work for slightly lower wages?' 47% of the sample replied 'no'. However, when offered the choice between sick pay and an extra five shillings in wages 79% chose sick pay.

At Company B the researchers found that

> '... the company is questioning the worthwhileness of maintaining all its clubs, sports and welfare facilities, for which it is felt that there is less demand than there was in an earlier era.' (Industrial Sociology Unit, Background Information:12)

The employees did not value these facilities highly compared with wages, security, nearness to home and pension schemes, with only 39% regarding it as very important 'to work for a firm which provides a lot of extra benefits and amenities, such as sports and social facilities, medical services and so on'. 28% regarded this as not very, or not at all important.

Employees at Company A regarded their canteen unfavourably.

> 'Finally, there is the canteen, and this, as for all the production departments, was a source of considerable dis-satisfaction, because the shift workers could not use it at all, and no other means of getting hot meals were provided, such as a trolley service in the evening and at night.' (op.cit.:18)

Some of those employees who could use the canteen were not very impressed by it.

> 'The canteen was available for most of these men but 40 per cent. expressed unfavourable views.' (ibid.:20)

Criticisms generally focused on the quality of the food. At Seagrass, on the contrary, the canteen facilities were approved of, and they appeared to be very good. Seagrass also appeared to be notable for the number of employees who belonged to recreational clubs. 75% belonged to a sports and social club, while 14% said they would like to see additional facilities for out of work activities.

On the other hand Mann found that

> '... there was virtually no support for the idea that the company should provide a social and sports club in Banbury.' (1973:15)

Membership of Company B's social clubs was rather low with only 15% of respondents belonging to a sports club, 6% to a social club and 6% to both. A similar proportion - 27% - belonged to clubs outside the company (Industrial Sociology Unit, op.cit.:10).

In a recent survey of employee benefits, Murlis found a decline in use of company facilities where other leisure opportunities were available.

> 'Companies were asked whether their use is increasing or declining. The general opinion expressed was that use is not changing markedly, except where companies are situated in or near large towns. Here good local entertainment facilities combined with the longer distances people travel to work have caused a decline in use, especially in the need for permanent club facilities open outside working hours.' (1974:29)[1]

No researcher seems to have asked employees about medical services and only one question on perks could be found. Employees in Company A were asked what their first choice of improvements in employment conditions would be. Unprompted no-one mentioned housing. Prompted, 8% of respondents chose housing (Wedderburn and Craig, 1965:34).

Manual employees regard holidays with pay as a subject for trade union negotiation. When prompted 27% of respondents in Company A chose longer holidays as their first choice of improvement. This was the highest of any suggested improvement. Better pay came second, being suggested by 23% of respondents. Employees in Company B more frequently chose higher wages than increased holidays. When asked 'which do you consider more important, more money, or more leisure?' 51% said more money, 39% more leisure and 10% didn't know.

---

1. In Goldthorpe et al's sample only 13% used the work-based clubs and facilities twice a month or more (1968:91)

It was suggested above that employees in the firms studied had experienced a variety of employment conditions (and changes therein) and lived in different local communities, and that these variables might have influenced their answers to questions about benefits. For example, wages in company A were relatively low, and this probably influenced their relative preferences for wages in relation to pensions and sick pay. The Seagrass plant is located in a heavily working class area in the North East of England, unlikely to be well-endowed with public sports and recreation facilities, which was possibly why the social facilities provided there by the firm were appreciated and used so much more than elsewhere.

In relation to the questions of interest this evidence is rather tangential and inconclusive, although it does seem possible to use it to generate one hypothesis, that would need a properly designed research project to test further and expand. This is that, while manual workers appreciate benefit provision (especially when it is generous, as was the case at Seagrass) it is not very important to them in relation to other conditions of employment. If this is the case one would not expect benefits to play much role in attracting and retaining the majority of manual employees. Appreciation of benefits may lead to gratitude and increased loyalty, although these feelings may not be very strong in relation to feelings aroused by other, more salient, conditions of employment. Appreciation of benefits is not necessarily connected with a view of them as status entitlements, and whether it relates at all to behaviour is a question requiring more research.

(ii) <u>Do benefits affect the productive efficiency of employees?</u>

Arguments presented above suggested that this was unlikely, but it was hard to find any evidence relating to the question. Behaviour measures, which might relate to benefit provision include measures of

productivity, accident rates, levels of absenteeism, extent of restrictive practices, resistance to change, labour turnover rates and accident rates. The only available evidence relates benefit provision to productivity. This is affected by so many variables that it is very difficult to isolate the effect on it of benefits. However, it is clear that there is no simple, direct relationship between benefit provision and productivity:

> 'Discussion of the various seminar papers confirmed the view that there were many examples of pairs of plants in the same locality engaged on very similar engineering work where the higher-paying firm, which also had the better fringe benefits and physical surroundings, has a lower rate of productivity.' (Robinson, 1970:265)

Ashall and Child found no relationship in their sample of firms between benefit provision and productivity (1972). Further investigation of the relationship between benefits for manual employees and behaviour is required. A study of the processes whereby benefits might be expected to increase productive behaviour might suggest clues as to whether a positive relationship between benefits and behaviour might be established under certain conditions.

(iii) Do benefits attract and retain manual employees?

If benefits are to attract and retain employees they must be perceived. Robinson suggested that workers frequently lack knowledge of wages and benefits (apart from free housing) in the local labour market.

> 'Overall there appears to be little evidence to support the view that workers have adequate knowledge of relative wages within a local labour market. ... Apart from such exceptional provision as housing, European attitudes seem to be that workers know very little indeed about the fringe benefits provided by their employer, even when they have been working there a moderate period of time, say six months.' (1965:8)

An advertisement which appeared in the Wall Street Journal also suggests that employees may not know what benefits they are

actually receiving.

> 'Are your employees giving you the full credit for the fringe benefits you provide? ... How many of the people with your company know the full worth of what is provided for them? To get the credit from an employee, you have got to give him the facts as well as the fringe benefits. And one of the most effective ways to give him the facts is to have him get them from someone else, not from the "boss". That's where Equitable's specially trained employee advisers come in. They will sit down with employees one at a time...' (quoted in Rubner, 1962:235)

Wedderburn and Craig found that the pension scheme at Company A had played practically no part in attracting the men to the firm. 65% of the hourly paid had not known that there was a pension scheme when they applied for jobs (1965:38)

There was some ignorance of benefits at Gourmets.

> 'Finally, let us look briefly at attitudes to the welfare schemes, since the firm, maintaining the Gourmet tradition, attached considerable importance to the provision of good schemes. In fact, the workers did tend to be appreciative of the schemes. However, nearly a quarter of the men on days and as many as two thirds of the part-time women professed ignorance of all the schemes.' (Beynon and Blackburn, 1972:58)

In the BIM survey of employee benefits

> '... respondents were asked to talk about the advantages (aside from geographical location, job satisfaction and pay) that their company offered. Next they were asked to use their own terms to describe such advantages: this term was then used by the interviewer throughout the interview. The results of this approach suggest that there are two different attitudes towards benefits at this level, often both held by the same person. Few of the shop-floor employees used the term "benefits" but certain basic benefits such as pensions and holidays are obviously regarded as a natural entitlement and taken for granted as part of the job. Indeed some accept them so completely as to forget their existence ... On the other hand there was frequent use of such terms as "perks", "extras" and "advantages" but often to describe benefits naturally associated with manage-

ment, such as company cars.' (Murlis, 1974:31)

Benefits, then, are quite often not perceived by employees or potential employees. When they are, how much effect do they have in attracting and retaining employees?

It seems likely that manual workers often do not search out the best 'bargain' when looking for employment.

> '... in reality, labour is far less mobile than in economic theory. Workers seldom change their place of work in response to small or even moderate differences in wages or package content.' (Robertson, 1970:35)

> '... Casterton Mill workers, like the steel workers in Buffalo, New York, interviewed by F.F. Foltman, "satisficed" rather than "maximised", i.e. made do with the first job which came along which satisfied minimal criteria of desirability, instead of seeking out the most favourable opening; usually this was the first job applied for and offered.' (Martin and Fryer, 1973:139)

None of the evidence presented here, or in the section on the attitudes of manual employees towards benefits, suggests that benefits are important in attracting manual workers. Some employees may be more influenced by them in staying with a particular firm. However, it is hard to establish the reasons why people leave jobs.

> 'After examining more than three hundred reasons stated by the personnel department of one company as the reasons why people had left the firm over the past six months, the only reasons which in fact explained the

> motive in any satisfactory way were those relating to foreign workers who returned home. In the great majority of the others the reason was either not given or put simply as "letter sent" or "doesn't like job".' (Robinson, 1968:107)

At Seagrass

> 'In their attitudes towards the company as an employer, all workers were remarkably alike. When asked to name the best things about working for the company the four most frequently mentioned items were the security of employment, the good physical working conditions, the fringe benefits (such as sick pay and pensions), and the welfare amenities (such as canteens, clothing and lockers).' (Wedderburn and Crompton, 1972:35)

83% of the general workers wanted to stay with the company until retirement or as far as they could see.

> 'There was little variation in the reasons for wanting to stay. A quarter mentioned the attraction of fringe benefits and the employment security provided by the company. But as many as half gave purely personal reasons such as their age or a reluctance to uproot their families.' (ibid.:37)

The tradesmen were less tied to the company and nearly a half wanted to leave.

Employees at Company B were asked 'if you were to leave here to work somewhere else, what things do you think you would miss?'. Top of the list was 'friends/working with friendly or

co-operative people, good atmosphere' which 64% of people chose. In comparison 8% mentioned 'other physical amenities e.g. playing fields, lido, clubs' and 'holiday and other gifts'. Only 2% would miss the sick pay and 3% the pension. Employees were also asked why they had stayed at Company B. 41% said it was 'the enjoyment of working at' Company B, compared with 15% who said 'security, eg pension, no fear of redundancy because of length of service', 9% who mentioned 'fringe benefits, eg pension scheme, sick pay, gifts, medical services, educational schemes etc.' and 6% who included 'amenities eg sports or social facilities' (Industrial Sociology Unit, op.cit.:17)

The employees in Mann's sample had to decide whether or not to stay with the company when it moved from Birmingham to Banbury. Mann

> '... found a workforce which was unusually satisfied in two ways. First, the ratio of satisfied to dissatisfied is higher than usual. Second, in many workers we have discerned traces of a genuine commitment to aspects of their employment which goes beyond the usual kind of satisfaction found at this level. The source of this, however, seems to be the economic rewards offered to them by the company. Because of the long-term "golden chains" of generous fringe benefits, because fufture security seemed assured, economic well-being became generalised to include feelings of stability.' (1973:103)

However:

> 'Movers were not significantly more likely than non-movers to have favourable opinions of the company as a whole, of the work pressures upon them, or supervision, of intrinsic job content, or security or of promotion chances.' (ibid.:133)

His main hypothesis was that

> '... manual workers relocated to the extent that they were dependent upon the company for the preservation of their job-status levels.' (ibid.:136)

It does appear that, generally, the relationship between benefit provision and the attraction and retention of manual employees is not very strong. However, there may be particular groups of employees for whom benefits are important. For example, Robinson

described a study which was

> '... based on workers' preferences for different allocations of a stated money amount. Interesting variations in preferences were expressed, particularly when workers were grouped according to age and according to yearly income. As expected the older men displayed greater interest in pension plans and the younger men in pay increases. Sick leave and paid vacations scored over pay increases in some studies. However, even if the authors are right and it is possible to measure these preferences easily and accurately, there still remains the question of whether satisfying these preferences is the best policy for a company to adopt in its approach to labour market strategy. If the potential leavers form an identifiable group with different preferences from the others it may be advantageous to satisfy them providing this does not so change the attitudes of the major groups that they become potential leavers. Or, if the firm is expanding, it might be more advantageous to try to discover the preferences of the labour it wishes to attract.' (1965:109)

Beynon and Blackburn found different approaches to benefits in their sample of manual employees. When asked about the 'best thing about Gourmets' fringe benefits were mentioned by 3% of the part-time women, 3% of the full-time women, 2% of the day men and 22% of the night men. Social facilities were mentioned by 2% of the night men, 7% of full-time women, 8% of part-time women and 25% of day men.

> 'The night men were most likely to consider important, and to value highly the basic economic features of employment. In describing the best thing about the firm a surprisingly large number referred to the hours, with the remaining responses centring round fringe benefits, pay, security and conditions.' (1972:59)

The night men tended to be older than the day men and

> '... the frequency with which "security of employment" and "fringe benefits" were quoted increased progressively with the age of the respondents, being particularly marked among those over 50.' (ibid.:48)

The day men

> '... particularly the young men, were more appreciative of

> the leisure facilities and the social aspects of their employment.' (ibid.:59)

and

> 'There was an overwhelming tendency for these answers referring to "social" aspects of the firm to come from younger men.' (ibid.:48)

Workers' preferences may also depend on the context in which they are established. For example, McKersie and Hunter found variations in reactions to productivity bargains.

> 'During the negotiation of the agreement workers are interested primarily in wages and benefits...; however, once the agreement is signed these items are taken as givens and the workers' attention turns to questions of the agreement's influence on their day-to-day work experiences.' (1973:199)

A hypothesis suggesting that benefits are not very important in attracting and retaining manual workers is proposed at the end of the chapter. The next two sections concern the extent to which benefits may change or influence the quality of the involvement of manual employees in the firm, making it more 'moral' and less 'calculative'.

(iv) <u>Do benefits integrate manual employees by invoking gratitude and loyalty?</u>

No-one who has done research into employees' attitudes or responses to benefit provision, has tried to measure loyalty or gratitude and relate these to benefit provision. Once again,

the argument in this section should be regarded as an interpretation of sparse data, to produce a hypothesis for testing in the future, rather than answering the question above in any conclusive fashion.

Whether benefits increase loyalty and moral involvement will depend on how the employee defines these benefits and his perception of why the employer is providing them. Heath has stressed the importance of the motive of the initial giver in a social exchange process if trust, and presumably loyalty, is to be generated:

> '... trust may well not develop if the initial favour is seen as originating in pure self-interest.' (1971:103)

At Gourmets the employers had established a paternalistic ideology, with an emphasis on loyalty.

> 'This ideology rejected the moral basis of laissez-faire capitalism with its belief that authority stemmed axiomatically from ownership and stressed that employers and employees had basic responsibilities to each other that extended beyond the contractual obligations. At their factory in Longborough the Gourmet family provided benefit schemes and leisure activities for their workers, and developed a tradition of consultation whichwas seen as an important means of obtaining a sense of involvement within the labour force. Like the human relations tradition which it preceded, therefore, the ideology had both practical and moral connotations. The policies seem to have been

> effective. Many workers, and often whole families spent their lives working for the company, and the history of Longborough was remarkably free of overt conflict.' (Beynon and Blackburn, 1972:13)

However, since the war a number of changes had reduced the salience of the ideology. These included vast increases in the level of output; a high degree of product differentiation; mergers; expansion of existing plants; and an increased emphasis on professional management and sales techniques which were assisted by developments in management theory.

> 'In the face of these changes and the emergence of the welfare state, the tradition of paternalism at Gourmets had proven increasingly difficult to sustain.' (ibid.:14)

Casterton Mills employees had suffered even greater changes, culminating in the redundancy. However, by the time of the research, attitudes had not changed very much.

> 'Despite the experience of the redundancy there was widespread agreement amongst both manual and non-manual workers on the importance of loyalty and willingness to put oneself out for the firm. Hence 72 per cent of manual workers and 82 per cent of non-manual workers who answered the question believed that "the good employee is loyal to his firm even if it means putting himself out".' (Martin and Fryer, 1973:73)

The authors suggested that the meaning of 'loyalty' varied according to occupation.

> 'The belief in the importance of loyalty to the firm was widespread amongst both manual and non-manual workers, but it meant different things to the two groups. For manual workers, especially older manual workers, it was one aspect of the sub-cultural value system which had evolved within paternalist capitalism: it was accompanied by a belief in the virtue of obedience and respect for and acceptance of managerial authority, and by a preference for security rather than risky opportunity. For non-manual workers the belief in the value of loyalty and putting oneself out for the firm was an aspect of their belief in occupational achievement as a method of personal fulfilment.' (ibid.:74)

It takes some time and stability of conditions and employees to establish an ideology based on, or including the conception of

loyalty to the firm. This is emphasised by the experience of Gourmets who tried to establish a paternalistic ideology in a new factory which they opened at Brompton.

> 'When the plant at Brompton was opened, an attempt was made to replicate within it parts of the Longborough tradition. Although the senior management of the plant felt that the welfare state had undermined the significance of the company's benefit schemes they still believed that many of the practices established at Longborough had a place within the modern corporation. The Longborough benefit schemes, works rules, systems of payment and consultative machinery were established at the Brompton factory. It appears that the transposition was not entirely successful. While the plant did not experience any period of sustained open conflict, there had been some disagreements over the status of unionism within the factory. Rates of labour turnover were higher than the management had anticipated, and there was a widespread feeling amongst them that relations in the Brompton factory were greatly inferior to those that prevailed in the parent plant.' (Beynon and Blackburn, 1972:14)

The authors went on to suggest:

> 'Increasingly, one suspects, the Gourmet tradition was experienced by these workers as peculiar managerial foibles rather than a coherent view of the world.' (ibid.)

Murlis found in her sample that the employees believed that employers expected to benefit from their fringe benefit provision.

> 'There seems no doubt that office and shop-floor employees consider the benefits they themselves enjoy to be offered by companies on the not entirely philanthropic basis that a contented workforce is more productive. Benefits were thus seen (by most) as being advantageous to both sides - to the employees by "keeping them happy" and to the management who would gain more work out of their employees.' (1974:32)

She believed that loyalty might be 'bought' by benefits, although, if this were to happen, benefits not already available would have to be provided.

> 'In contrast to managers, office and shop-floor employees are not on the whole satisfied with their companies'

> provision of benefits though their reasons for dissatisfaction are broadly similar. Employees at this level feel that more basic benefits should be provided to all staff rather than just as perks for management and that these increased entitlements would improve loyalty to the company and the general level of morale.' (ibid.:35)

It seems that, if benefits are provided by a firm such as Casterton Mills (before the redundancies), which is located in an isolated community, has provided long-term employment for families for many years, and has an old-fashioned, paternalistic employment policy and ideology, then they may be received by employees in a spirit of gratitude and repaid with long-term loyalty. It is not clear how this loyalty will be expressed in behaviour, apart from 'staying with the company' which would keep the costs of labour turnover low. However, other aspects of this employment relationship will be important, apart from benefits and it is not possible, on the basis of available evidence, to attribute the loyalty to the provision of benefits.

It also seems likely that such employment policies, in such employment conditions, will become increasingly rare in Britain. New firms are more likely to intrcduce modern employment policies and ideologies, and not many established firms have continued, or will be able to continue for long, to operate in conditions of such stability and isolation to enable them to develop long-term employment relationships with most of their employees based on an old-fashioned paternalistic ideology. Firms have had to respond to crises resulting from market pressures; they have expanded, contracted, changed their technology, changed working practices and so forth and while this was also true in the 19th and earlier 20th centuries, the pace of change has probably accelerated since the war. All these changes disrupt relationships with employees, often leading to redundancies, a

change in management style or even movement of the firm. Firms today find it harder to isolate themselves from disruptive changes in international markets, economic structure, community structure and the attitudes and values of employees.

It may be that, following provision of a new benefit scheme, there is a short-term feeling of gratitude and loyalty generated, which disappears once the benefit is taken for granted.

(v) Do benefits integrate manual workers by raising their relative status?

The third process whereby benefits might affect the attitudes and possibly the behaviour of employees is by recognition by these employees that the benefit(s) provided signifies a rise in relative status, which is accompanied by an increase in obligations and responsibility. When benefits are provided as part of staff status or grade schemes this is clearly one of the intentions of employers. However, attempts to increase integration and the moral involvement of manual employees by raising their status have probably not been very successful. There seems to be agreement among those who have tried to assess the effects of status schemes that, usually, no striking results can be observed, or indeed, should be expected.

> 'The institution of staff status can produce intangible feelings of increased position and worth, and such results should not be minimised. Staff status can also play a facilitating role for productivity bargaining. By dealing with some basic needs for recognition, staff status may "release" workers to engage in productivity improvement. On the other hand, Robinson concludes that staff status is rather inconsequential and represents a change in form rather than substance, eliminating a type of negative influence without releasing any positive motivations.' (McKersie and Hunter, 1973:240)

> 'Introducing staff status on its own will not achieve anything, but a perpetuation of prevailing practice is likely to inhibit the development of other desirable forms of change. The granting of staff status, in our view, is more important as a symbol of management attitudes and a means of encouraging a different attitude to labour, rather than as a means of affecting workers' attitudes.' (Daniel and McIntosh, 1972:205)

In a survey of staff status schemes in twenty member companies the Institute of Personnel Management found

> '... in eight of these staff status was granted on the basis of length of service; in 12 it was a condition of employment. 11 paid workers weekly, 2 monthly. 14 gave the same holiday to office staff, and 6 gave three weeks holiday for all manual workers. Sick pay for works staff has been improved in all companies; clocking

> had been abolished in eight, but it still applied to all employees in three companies and to manual workers in nine. Strikingly, however, the improvements to the companies themselves were not at all noteworthy. Labour turnover was slightly less, productivity had increased slightly but it was not certain if this was due to the better conditions, or, for example, to better marketing.' (Status and Benefits in Industry, 1967:18)

The IPM asked one firm, consisting of a number of companies, for some idea of the reactions of management and emplcyees to the scheme they operated.

> 'The value of the grade from a management point of view appeared to lie, as one might expect, in improved morale, and in the encouragement of a more stable labour force. It was also welcomed as a means of acknowledging and rewarding responsibility and skill and of improving co-operation with management and the flexibility of the labour force by facilitating transfer between jobs.' (IPM, 1965:56)

Company A* held a series of monthly staff grade meetings.

> 'This has given the company a chance to gain some measure of the staff grade scheme and there is no doubt that it has become a valuable "status symbol".' (ibid.)

Companies B* and C both claimed that the grade scheme had reduced labour turnover.

> 'It is interesting that both Companies B* and C who hoped that the introduction of the grade would help them resist employment pressures exerted by new factories nearby have found these hopes justified.' (ibid.:57)

However, there were fears expressed that

> '... the intentions behind the introduction of the grade might be forgotten, and the benefits come to be regarded as "just another part of the wage packet". This throws increased responsibility on management to ensure "that it is not abused, that it does get the importance it deserves and that it is properly used."' (ibid.:56)

Specific criticisms included

---

* These are not the same Company A and Company B referred to above and below.

'... a comment that undue emphasis on financial benefit has been created by the 10% premium.' (ibid.:57)

and that

'... the grade has not "achieved the original purpose of give and take on time, or of making the employees feel more company-minded."' (ibid.)

The problem of assessing employee response was recognised.

'It has perhaps been a little more difficult to obtain a genuinely representative cross-section of employee views on the grade. A large number of replies quoted appreciation of the improved security of members, both in current rates of pay and ultimate pension benefits.' (ibid.)

However, the financial advantages seem to have been the most appreciated aspect of the scheme as

'... in only a few cases was membership of the scheme seen as a definite status symbol.' (ibid.)

Dissatisfaction had been produced among those who were not eligible for membership of the scheme.

'... the emphasis on improved security for members of the grade has led non-members to feel that the confidence they have previously had in their own security with the company has somehow been undermined...' (ibid.)

Employees would have preferred long service to be the only, or the most important qualification for the grade.

'This is, of course, contrary to the original emphasis of the grade on recognition of responsibility, and no company where this particular query has been raised is likely to accept this argument.' (ibid.)

The ICI experience suggests that originally too much was expected of staff status, although management later revised their expectations (see above: 204). The same applies to the electricity supply agreement.

'... management insisted on talking about staff status as a very important reward arrangement that the company was

> willing to institute; but as discussions unfolded, it became clear that what the workers really desired was more money and the regularisation of their pay and working hours.' (McKersie and Hunter, 1973:340)

It was suggested to employees at Company B that workers 'here should have the same privileges as staff'. Only 15% strongly agreed, 42% agreed, 11% had no opinion, 30% disagreed and 2% strongly disagreed. Murlis found that

> '... only about half of the office and shop-floor employees were completely against differential entitlements, although some held very strong views on the subject. Status-related benefits are seen as unfair in principle, as a source of dissatisfaction and as creating "a class situation" which accentuates differences between workers and staff. Many consider separate eating facilities as the most degrading example of differentiation.' (1974:38)

In her examination of a number of firms which had introduced status schemes, Craig found that results were ambiguous. In Firm T management

> '... had felt it wise to introduce staff status gradually because there was originally some suspicion and hostility towards the scheme among the payroll.' (1969:69)

However, the

> '... scheme had been running for 3 months at the time of the interview and was said to be very successful. The feeling was that the other payroll workers had watched the machine setters to see how they reacted, had approved of what they saw, and their initial suspicions allayed, were now eager to be included.' (ibid.:70)

In Firm D there had been some opposition from the unions. Here they still were only part of the way towards staff conditions.

> 'This last was at least partly due to union opposition to a change to annual salaries. I was told that the unions were not particularly enthusiastic about the staff grade. Their main interest was in the level of pay, and they feared that management might use the introduction of additional benefits against the unions in negotiating - by

holding it over their heads as a concession management had given.' (ibid.:71)

Wedderburn reported on research in two very different firms and found little interest in either in the removal of manual/non-manual distinctions for status reasons.

'... for the manual workers, it did not seem that the elimination of "outdated social distinctions" was very important in bargaining. They expressed a strong desire for absolute improvements in pay, physical working conditions, security and regularity of earnings; but they did not use the superior position of non-manual employees in their own company as a reference point.' (Wedderburn, 1969)

At Company A:

'The men were asked to reply to the question "would you be in favour of giving hourly paid workers 'staff status'", and if they agreed with such a scheme, what difference they thought it would make to the Mill. ... 38 per cent said yes, they were in favour and 43 per cent said they were not in favour of it.' (Wedderburn and Craig, 1965:35)

Not everyone knew what staff status meant.

'The answers given by the men who were in favour of the change illustrate what they themselves thought "staff status" meant. Some men gave more than one answer. Sick pay and pension schemes were mentioned by 20 per cent, more security and longer notice by 15 per cent, better holidays by 10 per cent. But 35 per cent of the answers stressed the importance of equal treatment for everybody, in one form or another. More trust and respect; working as a team; doing away with class distinctions; a happier atmosphere - were all mentioned.' (ibid.)

Among those in favour of a scheme 'there was remarkably little envy of staff conditions' (ibid.:36). This also applied to those who were not in favour of a scheme.

'Again there was no evidence of great discontent about staff privileges as such. This is supported by the answers to the question "Do the office workers get better treatment?" 39 per cent of them said yes, 37 per cent said no and 23 per cent didn't know.' (ibid.)

Wedderburn and Crompton found that attitudes towards status differences between manual and non-manual workers varied according to the skill level of the manual worker.

> 'Consistent with their sense of identity and status the tradesmen were more aware of differences in employment conditions between manual and non-manual workers on the site than were the general workers.' (1972:104)

Only 20% of the tradesmen said that no differences existed, or they did not know what they were, compared with 30% of general workers in Works A and nearly 50% in Works C. Insofar as general workers were aware of differences they focussed on fringe benefits, while the tradesmen also mentioned status consciousness and class distinctions.

> 'Similarly, more of the tradesmen than the general workers were in favour of giving what has been called "staff status" to all employees on the Seagrass site and the "egalitarian ethos" of the tradesmen was reflected in the reasons they offered. Forty per cent compared with only a quarter of the general workers, simply said that "everyone should be equal".' (ibid.:105)

The evidence described above indicates that, on the whole McKersie and Hunter were probably right to conclude that in

> '... some respects, staff status may be the dream of industrial relations theorists rather than the practical wish of workers. In examining some of the situations where staff status has been introduced, we gained the inpression that management may have idealised the concept an beguiled itself into the belief that workers desire to be treated as members of the company staff.' (1973:240)

On the other hand it may be that, in the longer run, the gradual dimunition of the status distinction which has historically been made between manual and non-manual employees in Britain,

and which has contributed to differential benefit provision, will be a force for the increased integration in the firm (and in society generally) of some manual workers, particularly those for whom status in the community is important. However, even if this is the case, it would seem that benefits as status entitlements are, in this respect, more of a dependent than an independent variable, the main forces being changes in technology, the occupation structure, the sex composition of different occupations and the rising average level of education among the population.

Routine white collar workers

The evidence relating to manual employees' responses to benefit provision was sparse and mostly not in a form which could be easily related to the four questions of interest. The situation for routine white collar workers is considerably worse and, along with the lack of 'managerial ideology' and information on managerial attitudes to benefits for these employees, may be taken as evidence of the small interest taken by employers and managers in the rationale of benefit provision for these employees. Such evidence as there is allows no conclusions at all to be drawn about the effect of benefits on this group of employees, and is not very useful in generating possible hypotheses. There is so little of it that it is not worth considering under separate headings.

So far as general attitudes to fringe benefits are concerned, Dale asked his sample of clerks why they approved of clerical work. As Table 11.2 shows, only 7% mentioned 'fringe benefits, pensions and sick pay', suggesting that, as with manual workers, benefits were not very important for this sample of employees, compared with other conditions of employment.

Table 11.2 Reasons for the Approval of Clerical Work

	% of total number of advantages mentioned
Clean, no physical strain:	19.5
Good working conditions, regular hours, no shift working:	17
Security of tenure:	15
None:	14
Good prospects:	9.5
Nature of the work suits temperament	8
Fringe benefits pensions, sick pay:	7
High social status:	4.5
Don't know:	3
Good salary:	2
No trade unions:	0.5

Source: Dale (1962:19)

Dale commented

'Signs of the reduced differentials mentioned earlier in the chapter are discernible in ..(this table) ..; 16% of suggestions referred to low salary as a disadvantage, and fringe benefits, pension rights and sick pay are seen to lose their relative importance when enjoyed by manual grades as well, so that they are cited as advantages in only 7% of cases.' (ibid.:20)

The conventional image of the routine white collar worker, which was described in Chapter 8, shows him as integrated in the firm and loyal to it. Fringe benefits are seen as contributing to this relationship. There is some evidence of a trend in the opposite direction, with a change in the quality of the relationship between some routine white collar workers and their firms in the direction of a more 'calculative' involvement. For example, white collar trade unionism has grown in recent years (Price and Bain, 1976). The provision of fringe benefits to manual workers, in some cases, threatens the status of the routine white collar workers, and this has been seen as having a bearing on the way they interpret fringe benefits, and accordingly, on their 'loyalty'. Daniel and McIntosh described the effects of status agreements on these employees, or some of them, in the following way.

> 'When, on top of this they see workers being given what they consider massive pay increases, because, as they see it, workers had previously been inefficient; unco-operative and lazy, then pique becomes righteous indignation.' (1972:83)

Accordingly they

> '... who feel they have always given the company complete loyalty, unquestioning co-operation and unrestrained effort see their differentials being whittled away and the problems in the jobs increased as they are required to operate an agreement that they played no part in designing and whose basic assumptions and principles they do not accept.' (ibid.)

McKersie and Hunter suggested:

> 'Loss of status can pose a threat to foremen. Some productivity agreements have elevated blue-collar workers into "staff" status... and in doing so have eradicated the symbolic difference between workers and their supervisors; and where the function and importance of stewards have

increased, foremen may feel threatened.' (1973:241)

The authors went on to suggest that, in consequence, foremen may interpret a new agreement too zealously, or they may

> '... press demands for the restoration of their relative income positions, choose to seek other employment, or just "sulk".' (ibid.:271)

For example, after the electricity supply agreement the engineers

> '... who had always had staff status (and felt the "compression" created by the improvements granted to the manual workers) asked to be compensated for call-in pay.' (ibid.:241)

Similar problems were found at ICI and the the gas industry, although higher wages for manual workers may have been the cause, rather than the provision of benefits.

A number of commentators have suggested that the raising of the status of the manual worker has encouraged unionisation of routine white collar workers. For example:

> 'The long term result of equating the fringe benefits of staff and manual workers may well be a feeling on the part of the staff that they have become worse off. This discontent will consequently give additional strength to the already growing white collar union movement. These unions can be expected to become stronger as more militant.' (Status and Benefits in Industry, 1967:23)

> 'As trade union strength and full employment have reduced the standard hours of manual workers and increased their holidays and entitlement to sick pay and pensions the white-collar workers has felt the need to protect himself against a relative worsening of his position.' (Seear, 1962:155)

On the other hand there may have been some exaggeration of the resentment which white collar workers have developed in response to staff status provision to manual workers. Wedderburn

> '... carried out attitude studies among manual workers and two grades of non-manual workers at two very different firms, as part of this research, in order to explore some of the implications of reducing differentials. Would equality of treatment cause unrest among non-manual workers who would

> see their status as being eroded? The limited evidence from our case studies suggests that this may not, in general, be an important factor. The non-manual workers had some misgivings, particularly those who were closest to manual workers, like foremen, about their possible loss of privileges. But there was a good deal of support for eliminating what were seen as unjustified differences of treatment over (say) sick pay and pensions.' (1969)

It may be that non-manual workers do not usually mind the removal of status differentials, particularly differences in fringe benefits, but that non-manual unions take exception, or at least use it as a bargaining issue.

Some hypotheses relating to the question of how routine white collar workers have responded to benefit provision are suggested in the conclusion.

Managerial employees

It was suggested above that employers have largely used benefits for managerial employees to maintain their standards of living in the face of high marginal tax rates and incomes policies, and to attract and retain them. Managerial employees are likely to see them in the same terms as employers, although they may also have the effect of confirming, or increasing loyalty, or reflecting status. Rather more research has been done on managerial attitudes and responses to benefits than was the case with routine white collar workers, but still the data are patchy and only adequate for the generation, and not the testing, of hypotheses.

(i) Attitudes to benefits among managerial employees

Managers are probably most interested in those benefits which

have the effect of lowering the incidence of income tax. In a (non-random) sample survey of managers done by the BIM, when managers were asked to list those benefits they would most like to have if they were free to choose:

> 'The managers' answers were consistent with their interest in benefits as a less taxable form of remuneration; they opted for benefits whose cash value could easily be assessed and which would reduce the tax burden on their present total income.' (Murlis, 1974:33)

> 'Amongst those benefits not currently enjoyed, managers would most like to have a company car, free medical insurance and membership of a profit-sharing scheme.' (ibid.:2)

(ii) <u>Do benefits attract and retain managerial employees?</u>

While some managerial ideologists have suggested that fringe benefits should be, and are, used to attract and retain good managerial employees (Chapter 8: 253) it seems probable that there is considerable immobility among managers, and frequent internal recruitment to posts.

> 'The manager, or the man on the fringe of management, who is mobile is regarded with suspicion by employers. In so far as firms do co-operate it is in a sense opposed to a free market in managers, by tacitly agreeing not to take each other's staff - "dog does not eat dog", they say.' (Clements, 1958:123)

> 'In making appointments to senior posts, the senior management of an industrial organisation characteristically tries first to appoint from within. This has the advantage of speed of induction to the post and its organisational context. It expresses also an obligation to existing candidates to give preference to them.' (Sofer, 1970:17)

> '... in business ... top managers (even neglecting crown princes) tend to have moved even less than other managers.

> But accountants and trained engineers are more mobile because they possess certificates and qualifications that are commonly accepted as implying fairly easily recognised degrees of efficiency.' (Clements, 1958:109)

Clements found that to

> '... base one's career on a series of such moves (between separate firms) has hot been common in this sample of industrial management. A third of the managers who were interviewed are still members of the firms in which their working lives began. Over half are still in the firms they joined before the age of twenty-five. Including all movements between different employers, industrial or not, after even the briefest stay, at the most youthful age, from one dead-end job to another, even so, only a very small minority have worked for five or more organisations.' (ibid.:109)

Fringe benefits were not very important to Clements' sample, either in their decisions to stay with one company, or to move to another.

> '... few managers attach great importance to benefits when looking for a new job. Only 22% said they were of great importance, 66% of some importance and 12% of little or no importance. These figures suggest that benefits are a secondary consideration to salary in choosing a job, unless two jobs offer the same salary, when benefits can tip the balance. However, there are other factors in this decision such as the importance of job satisfaction and environment.' (ibid.:35)

Benefits did not appear to be important in retaining these managerial employees either.

> 'How do managers explain their immobility? They ascribe it, in order of importance, to belonging to a good, pleasant company, to having security, to a failure to get other jobs

> to having good prospects, to feeling valuable to this particular firm. "Security" is immensely important to the many men who remember the uncertain days before the second World War, and to who the principle "last in, first out" has a wealth of meaning. A place in a firm where one has to "commit murder to get fired" is especially valued. There are the men who belong to the controlling family, others who feel loyalty to the chairman of the board or the company, or who feel that the firm is "human" that "it is not too big to have a soul", perhaps. There was mentioned besides a miscellany of reasons for staying - high taxation rates, secrecy clauses in contracts, non-transferable pension rights, family responsibilities, local associations, good pay, specialism, the lack of opportunities in a narrow trade, the lack of paper qualifications or of university education, an opportune rise in salary just as a move was being contemplated.' (Clements, 1958:119)

The Pahls found that fringe benefits were sometimes important to the wives of managers when moves were being contemplated.

> 'One way in which a company can affect its managers' families, and may influence family decisions about a manager's career is through the fringe benefits which it offers. ... fringe benefits were seen as a less important consideration than the present and future nature of the job itself, than the educational facilities of the area, and than the region in which the proposed job was situated; fringe benefits were seen as being a more important consideration than separation from family or friends or the demands of wife's own work or career.' (Pahl and Pahl, 1971:195)

Table 11.3 shows the weight given by wives to fringe benefits when husbands were considering a new job.

Table 11.3 The Weight Given By Wives to Different Factors When Their Husbands are Considering a New Job

Factor is an essential consideration	%
Husband's new work day-to-day activity	42
Pay, prospects and general character of new job	38
Educational facilities of the area	31
Region where the job is	5
Fringe benefits	5
Separation from family and friends	4
Wife's own work or career	1

Table 11.3 (continued)

Factor is an important consideration	%
Region where the new job is	51
Pay, prospects and general character of new job	45
Fringe benefits	45
Educational facilities of the area	45
Husband's new work day-to-day activity	33
Separation from family and friends	21
Wife's own work or career	4

Factor is not important	%
Wife's own work or career	81
Separation from family and friends	61
Fringe benefits	35
Region where the new job is	29
Husband's new work day-to-day activity	11
Educational facilities of the area	8
Pay, prospects and general character of the new job	2

Source: Pahl and Pahl (1971:64)

'Many different types of fringe benefit were mentioned, such as the provision of a firm's car or telephone, or insurance for private hospital treatment (sometimes for the whole family, sometimes for the husband alone); many benefits were attached to moving house, such as financial help with removal costs or with refurnishing the new home, or the provision of hotel accomodation while house hunting. A wife's past experience of moving did not seem to affect her attitudes to fringe benefits. More significant were the ages of her children, those with younger children setting greater store by fringe benefits than those with older families, and her own social origins, wives from lower-middle and working class backgrounds valuing fringe benefits

> more than wives from the solid, professional middle class. So it seems that it is those families who are still in the early, financially less secure, stages of family life, or those with fewer financial resources available among their near kin, who are most likely to be influenced by the fringe benefits which a job offers. ...
>
> We also found that the husband's job type affects his wife's evaluation of fringe benefits. The wives of men working in sales or administration laid very much more stress on the value of fringe benefits than did wives of technical or production managers, possibly because fringe benefits are more common in these types of jobs and so become a more significant part of a family's standard of living.' (Pahl and Pahl, 1971:195)

(iii) Do benefits integrate managers by increasing loyalty?

As discussed in Chapter 3 managerial employees are generally expected to be loyal to their companies. There is no evidence available that will help to assess whether fringe benefit provision encourages the development of such loyalty, or lack of it hinders it. However, following the argument of Chapter 3 one would not expect benefits to be vitally important. There is some evidence from Sofer's inquiry of the existence of loyalty among managers.

> 'It also appears to matter deeply to both sets of men at Autoline and Novoplast to be members of a commercially successful company. In both samples men were deeply conerned with, implicated in, their companies, wanted them to do well in their business and, so to speak, took it personally if the company was not taking actions which they felt could be successful and profitable. This was as evident among the Novoplast men as at Autoline. It was abundantly clear that few of the men regarded the commny simply as a place that gave them facilities for carrying on their occupations. (1970:228)

On the other hand, it may be that benefits are a part of the 'level of rewards, perquisites, opportunities and prospects' which Fox (Chapter 2:) described as showing 'occupants of high-discretion roles' that they were regarded by employers as one of the 'community' or 'favoured fraternity' and that this would encourage loyalty and commitment.

(iv) Do benefits integrate managerial employees by confirming their high status

Status does seem to matter to some managerial employees.

> 'What is clear from the studies is the significance to the manager of comparing his position and progress with colleagues within the organisation with whom he judged himself roughly

> equal in ability. ... It is also clear that the other main reference group of the men was that of persons of comparable position and status within comparable organisations. There was constant mention by them (and by Octane men too for that matter) of persons in similar positions in companies elsewhere and constant preoccupation with who was doing better, who rose faster, who got more pay, who was given more scope, authority, power, recognition and so on.' (Sofer, op.cit.:321)

In some firms fringe benefits are regarded as status entitlements.

> 'The badges of rank may be awarded to all members of a particular grade: but they may also develop without official encouragement and even in many subtle ways in opposition to a company policy which discourages them. ... There seems to be a general belief that in the anonymity of large business organisations the feeling of insecurity among executives is growing. Since it is harder for a company officer to obtain respect and recognition for his intrinsic qualities as an individual, and even as an able executive initiating policy, he turns to such outward symbols of arrival to protect his position. He does not necessarily lose his need for them at the top. On the contrary, there are a large number of top business men who depend on them for reassurance that they really are the big men they are supposed to be.' (Lewis and Stewart, 1961:129)

However, evidence from Murlis' sample suggests that, while fringe benefits may be seen and used as status entitlements, many managers in the 1970s did not view them chiefly in this light. Asked which benefits they would most like to have:

> 'The majority of managers said they had selected these benefits because of their additional financial advantages. For instance, company cars, though accepted as a status symbol given in recognition of seniority, are valued primarily as an extra, less-taxable form of income.' (1974:33)

On the other hand, although

> '... the managers appeared to attach little importance to the status aspects of benefits, ... some companies felt that executives can become too preoccupied with the perquisites associated with progressing through different management levels. According to one correspondent, there is "a lot of horse-trading initiated by those who feel that they should have them too!" The "perks" sought after for status reasons are those referred to earlier as being in the "luxury" category, such as cars, individual parking places, office fittings, dining rights in management

> restaurants, keys to executive washrooms and other benefits specifically related to individual company status hierarchies. Most companies appear to accept that a certain amount of manoeuvring goes on to acquire these, but many feel that this can become a preoccupation which "diverts attention from real executive responsibilities".' (ibid.:37)

Most managers thought that there should be differences in benefit provision according to occupation.

> 'In sharp contrast to the union view 63% of managers feel that differences in entitlement to benefits should remain, although some qualified this by saying that basic benefits such as pensions and sick pay, should be available to all.' (ibid.:38)

However, the reasons given for approving differences in provision did not refer to status in the majority of cases.

> '... many of the reasons given for differential entitlements recall the importance of benefits to managers as a form of remuneration which attracts less tax than cash. In this sense benefits are seen to be management incentives.' (ibid.:38)

Some recent research has emphasised that different managers are likely to vary in their aims and attitudes.

> 'A particular policy, incentive or reward designed to encourage or reinforce a certain kind of action or behaviour is likely to appeal to only some employees rather than all of them. Yet how many companies operate standardised across-the-board personnel policies, based apparently on the assumption that the employees concerned are alike in terms of their values and the rewards that they want for their efforts. ... The value patterns of individuals will be related to personality and will also have been influenced by their various experiences outside and within the culture of the organisation for which they work. It may, then, be expected that there will be significant differences between a group of managers.' (McDougall, Personnel Management, March 1973:38)

McDougall interviewed 2,500 senior executives in a major British company.

> 'The analysis revealed that there were six clear cut groups of executives in terms of their personal motivation. That is to say, each of the groups of people shared a common set of values in terms of the rewards which they regarded as of primary importance or as relatively unimportant, in contrast with their colleagues in other groups. ... The six groups were found to be distinct from each other not only in terms of their motivational patterns, but also in relation to many other characteristics such as length of service, function and section of the company; also a number of attitudinal variables such as level of aspirations, desired characteristics of a remuneration system and degree of support for alternative corporate objectives which might be pursued by the company. ... 92% of the executives in the study shared one of these six main value patterns (the remainder being undecided or eclectic).' (ibid.)

The six groups were distinguished by 'dominant discriminatory variables'. These were (1) spending power, free tax benefits; (2) lead others; (3) variety, challenging colleagues; (4) vocational/intellectual interest; (5) free time, being liked, working conditions, job security; (6) external prestige, internal status, seniority benefits. Only groups 1 and 6 regarded fringe benefits as important. Group 1 viewed them in terms of material reward, while group 6 saw them as status entitlements. Group 1 was the largest group in the study, containing 25% of the executives in the sample. They were somewhat younger than average, were more inclined to consider moving to other organisations, and more frequently worked in production or accounts. There were very few research scientists in this group. Group 6 was the second largest group in the sample, with 19% of executives. Many of these worked in professional service jobs and the group included legal, licensing, insurance, planning and public relations specialists. Over 40% of the executives in this sample regarded benefits as important for one reason or the other, although how important they were in relation to overall income, and other status entitlements was not clear in the study.

Conclusion

The arguments and evidence in this chapter suggest the

following hypotheses about employee responses to benefit provision. They require testing in specially designed research projects.

1. Most manual employees (that is those who make predominant use of the subordinate and radical meaning systems in their understanding of their relationship with employers) and some routine white collar workers will not define fringe benefits as 'gifts' which require a return in the form of gratitude and loyalty, or as status entitlements which are accompanied by corresponding obligations in terms of responsibility. It is more likely that these employees, while they might appreciate the benefits, will define them as rights, as part of the employment contract, or as something the employer prcvides in the hope of influencing employee attitudes and behaviour, particularly attracting allegiance from unions.

2. Most manual and routine white collar employees will not be attracted and retained by fringe benefit provision since, at these levels it is not very valuable, and other employment conditions impinge more on their everyday living. There will be some individual exceptions due to the fact that different people have different preferences and needs, which a particular benefit may meet.

3. Some manual workers (the 'deferential workers') and probably the majority of routine white collar workers at present, will accept employer's definitions of benefits, and may respond accordingly. The benefits most of the white collar group have received for some time - pensions, sick pay and holiday with pay - may be seen by these employees as reflecting their status in the organisation, and confirm the loyalty that they feel towards it. More research is needed into the attitudes and responses of lower white collar workers to the extension of benefit provision to manual employees.

4. The behaviour of most manual and some routine white collar workers which relates to productive efficiency, will not be affected by benefit provision. If benefits are not regarded as a very important aspect of employment conditions, compared with other conditions, and if they rarely attract and retain, or invoke loyalty and gratitude and are not often regarded as status

entitlements, then it is hard to see by what process their provision will affect employee behaviour. However, this proposition needs adequate testing.

5. The benefits provided to the deferential manual employee and the routine white collar worker who still regards himself as integrated into the management hierarchy, may confirm attitudes which are related to behaviour conducive to productive efficiency, such as working hard, low absenteeism, and so forth. However, benefit provision is probably secondary to other aspects of the employment relationship such as work situation and preferences for a moral involvement at work.

6. Benefits provided for managerial employees have probably grown more important to them in recent years, as relative salary levels have dropped. If all, or most, employers develop similar levels of perk provision for equivalent managerial grades then benefits will not be important in the attraction and retention of employees at this level. If not then they will continue to attract and retain that proportion of the managerial workforce, and their wives, which puts major emphasis on the spending power provided by their jobs. Those who place more emphasis on leading others, variety and challenging colleagues, vocational or intellectual interest in the job, having free time, being liked, pleasant working conditions or job security will be less influenced by benefit provision, while those who are especially concerned with internal prestige and external status may be attracted to firms where benefits are provided and defined in terms of status rather than higher income (although they may provide both). To establish how large these different groups of managerial employees are, and whether their preferences are related to variables such as type of managerial occupation, past working experiences, education, childhood background and so forth, requires further research.

PART IV: CONCLUSIONS AND CONSEQUENCES

Chapter 12: The Causes and Consequences of the Growth of Fringe Benefit Provision

This chapter contains three major sections. The first considers what have been the causes of the growth of benefit provision in Britain since 1945. The second examines consequences of that growth in relation to the four important values of liberty, social order, equality and fraternity, and the third looks at future developments and public policy.

The causes of the growth of benefit provision

In this section an explanation of how benefits are distributed between occupations, and their growth since the war will be attempted, using the material presented in Chapters 2 to 10. Before this is done, a brief summary of explanations implicitly or explicitly presented by other commentators in this field will be considered.

Economists have attempted to explain the distribution of benefits in terms of marginal tax rates, and the need for employers to use them to attract and retain good employees. On this basis, the growth of benefit provision can be explained by increasing marginal tax rates over the period, and by full employment and competition for labour. Evidence on the distribution of benefits by occupation, particularly perks, in Chapter 5, suggests that this explanation has some validity when applied to benefits for higher managers in the private sector, but that some other explanations have to be found for benefit provision, and changes therein, for managers in the public sector and all other employees in private and public sectors. The data describing managerial ideologies in Chapter 8 confirm that marginal tax rates and the use of benefits to attract and retain employees have not been considered important in relation to these other occupational groups.

Some commentators, such as Blauner (Chapter 1:18) and Dore (Chapter 1:19) have attempted to explain the distribution of benefits among manual workers by differences in the technology used and/or differences in size of company. Dore, in particular, has suggested that, together increasing technological complexity and the growth in the size of firms are changing the nature of the employment relationship between employer and manual employee in manufacturing industry. He suggests that these trends will continue to cause benefit provision to manual workers to grow. The evidence presented in Chapter 6 suggests that size of company affects the provision of services and has a weak effect on the provision of pensions and sick pay to manual workers, but has no relationship with perk provision or length of holidays with pay. The association of benefit provision and size of company is not strong and size is only one rather weak influence in this regard. The evidence in Chapter 7 relating industry group to benefit provision is not adequate to allow any firm conclusions to be drawn about the influence of technology on benefit provision. Firms in industries where continuous process technology is more likely to be used were often more generous in provision of benefits to manual workers, but the association was not very strong, and it is not clear that technology was the important factor in the association that was found between industry group and benefit provision.

An explanation of the distribution of benefits dependent on class and status differences has been implicit in a number of different references to fringe benefits, and the growth of benefits for manual workers has been seen as resulting from (or sometimes contributing to) the embourgeoisement of the manual worker, or a relative rise in his status compared with that of the routine white collar worker.

These explanations can be fitted into a more systematic account of why benefit provision in Britain has grown since the war.

First it must be established that benefit provision has grown (numerically and proportionately) at different rates, and that growth has occurred differently, among different sectors of the employed population, and hence requires rather different explanations. Chapter 5 suggested that benefit provision has noticeably varied between five important groups of employees (excluding female employees and employees in the private service sector for whom little data could be found): manual workers in the private sector; manual workers in the public sector; routine white collar workers (such employees in the public sector probably receive slightly more generous benefits than their counterparts in the private sector, although this has not been established); managerial employees in the private sector and managerial employees in the public sector. Theoretical reasons for this were suggested in the analyses in Chapters 2 and 3 (pp41-44 and 69-75).

The unequal labour contract produces an authority relationship between employer and employee. The employer requires the employee to behave in certain ways while he is at work. The interests of employer and employee will not always coincide, and despite the possibility of exerting controls over manual employees by technology, organisation and supervision, some discretion will be left to all employees which they can use either in ways which benefit the employer, are neutral, or harm his interests. Employers can attempt to control this discretion by threats of dismissal (coercion), by offering financial incentives (increasing calculative involvement), or by attempting to increase the moral involvement of the employee in the firm so that the goals of the employer will, in part, become his goals.

In the past managerial employees and routine white collar workers have, on the whole, been morally involved in the enterprise. It has provided managerial employees with relatively high standards of living and status in the community, jobs which are often interesting, responsibility and power over more junior employees. While pay for routine white collar workers has often been low, security and status have been relatively high and the majority, along with the managerial employees, have responded with loyalty and commitment to the goals of the employer. This has not been the case with manual workers. As discussed above, their status has been low and a marked distinction between manual and non-manual employment has been maintained. Their wages have often been poor, their jobs tedious and their experience of authority irritating, and they have not, on the whole, been morally involved in the enterprise. Before the war many employers did not believe this mattered very much, or they did not know what to do about it. Traditionally controls were exerted and backed up by the threat of dismissal which would, in times of high unemployment, often involve long-term unemployment and reliance on means-tested 'Poor Law' income maintenance.

In 1945 few manual workers received many benefits, while routine white collar workers and managerial employees usually received sick pay, pensions and holidays with pay. Chapter 4 showed that, since the war, growth in benefit provision for manual workers, routine white collar workers and managerial employees has occurred among different benefits, and at different rates.

For manual workers, provision of services (which were aimed at them although other employees have access to them), pensions, sick pay and holidays with pay, has grown considerably since 1945. These benefits were rarely provided for manual employees before the war, and their provision and its growth must be seen as

resulting from new employment policies introduced by employers. Pensions and sick pay grew earlier in the public sector, with growth in the private sector coming mainly in the 1960s and 1970s. There is still a substantial minority of manual workers who do not receive pensions or sick pay.

The number of pensions and sick pay coverage provided for routine white collar employees grew considerably during the period since 1945, but much of that growth can be attributed to the increase in the numbers of those employed in this sector, and not to new employment policies (Chapter 4:113/114). Access to services increased for these employees, but these fringe benefits were not specifically provided for them. Holidays with pay increased in length, but most white collar employees had holidays with pay before the war. In sum, none of the benefits provided to routine white collar workers seem to have been introduced since the war, as a result of changes in the employment policies aimed at these employees.

The same is true for managerial employees, except for the considerable growth in the provision of perks to higher managers in the private sector which occurred in the 1960s and earlier 1970s (and maybe later). This growth was the result of a new element in employment policy designed to avoid income tax and incomes policies.

It was suggested above that, before the war, there was little impulse among employers to attempt to involve manual employees morally in the enterprise. The employer felt, in most cases, that he could exert sufficient authority and control using coercion and the 'cash nexus'. However, it was argued in Chapter 8 (p 213) that, since the war, employers have not been able to control manual employees so thoroughly. Full employment and the more generous benefits provided by the Welfare State have increased the power of the manual worker, and his unions, and employers have responded by looking for new ways of re-imposing control, which will work in the new climate. Under the influence of the

'human relations' school and personnel management experts, many employers and managers have come to believe that the best way to achieve this is to try to change the quality of the involvement of manual workers in the firm. Benefit provision has been as a relatively undisruptive way by which this might be achieved. Consequently, the main impetus for the growth of benefit provision to manual workers has been the employers' search for relatively new ways of controlling and influencing the discretion which the tasks of manual workers allow them.

Different firms have been under more or less pressure to look for new employment policies. Manual employees in large companies are less likely to be morally involved in their firms than those in small companies (Chapter 6:146) and, consequently, employers in large firms may be more likely to use benefit provision as a way of increasing moral involvement. Similarly, firms which use continuous process technology and those which have experienced recent changes in product markets or technology (Chapter 7:207) may be more likely to have benefit policies than those in which 'on-the-job' behaviour matters less, or those which have not been forced to re-examine their labour policies. However, benefit provision is only one possible response to these pressures, and benefits may be introduced for other reasons, such as trade union demands, or the need to attract new employees, so that any relationship between size of company, technology, history of economic conditions and experience of firm, and benefit provision would not be expected to be very strong.

Employers have been encouraged to provide benefits for manual workers by the Government (see Chapter 10), particularly occupational pensions, canteens, and to a lesser extent, sick pay and medical services. Governments have played an important role in the growth of occupational pension schemes, which they have encouraged with fiscal and social policy measures. They have set an example in providing relatively generous pension and sick pay schemes for all their employees, which has meant that manual employees in the public sector are better provided with the security benefits than those in the private sector.

Chapter 9 showed that trade unions for manual employees in the private sector have not put very much pressure on employers to provide benefits, apart from holidays with pay. Manual unions in the public sector, and white collar unions in both sectors have negotiated, or demanded negotiations, about sick pay and pensions since the beginning of the period. In recent years the unions have become more interested in exerting some control over the occupational pension schemes which many of them are members of as a result of the new national arrangements for pensions, and this interest may expand to cover other fringe benefits. The unions have also been concerned that State pensions and sick pay should be adequate, and have argued for State provision of an Occupational Health Service. Overall unions have not had much influence on the growth of benefits, except perhaps among white collar workers and manual workers in the public sector.

It has been shown above that employers have not introduced any new benefit policies for routine white collar workers and growth of provision in this area has largely resulted from changes in the occupation structure. Employers have not faced any problems in controlling these employees to compare with those arising among manual employees and personnel management specialists and managerial ideologists have shown hardly any interest in why benefits might be provided for these employees, or in increasing provision (Chapter 8). This lack of interest in benefit provision for these employees is confirmed by the dearth of evidence on their responses to benefit provision.

The provision of perks to higher managerial employees in the private sector has grown chiefly because of the effect of marginal tax rates and incomes policies on incomes at these levels. This is confirmed by the value of the benefits whose provision has grown and by personnel management literature which has increasingly contained references to the concept of 'total remuneration' (salary plus fringe benefits) and planning remuneration to make the most of the taxation system.

The chief conclusions then are:

1. Benefit provision for manual workers has grown numerically

and proportionately, because many employers have been looking for policies which will increase the moral involvement of these workers in the firm without any change in authority relationships or the organisation of production. This is necessary because the old controls which depended on the threat of unemployment and very low income during unemployment are much less effective.

2. Benefit provision for routine white collar workers has grown numerically largely because their numbers have grown, and not because employers have introduced new employment policies in this regard.

3. Benefit provision for managers has grown numerically and proportionately in response to high marginal tax rates at high levels of income and incomes policies.

Secondary factors which have influenced the numerical and proportionate growth of benefits are the increase in the number of large companies over the period; the development and growth of continuous process technologies; changes in industrial structure; Government legislation and encouragement of some benefits (and the discouragement of others); trade union demands for security benefits in the public sector and by some white collar unions in the private sector; the influence of the 'human relations' school and the growth of personnel management; and the development of private companies making profits out of the provision of some benefits such as insurance and occupational pensions, whose financial resources provide a powerful base for putting pressure on Government to encourage further provision of these benefits.

The consequences of the growth of benefit provision

On page 58 three 'sophisticated' ideologies - that is ideologies which have been specifically thought out and developed over time by 'intellectuals' - were described as having been important in the development of British culture: liberalism; corporatism; and socialism. The values important in liberalism have been freedom, individualism, competition and conflict, those in corporatism social order, functional co-operation, collectivism and harmony and those in socialism equality and what has been described as

'fraternity'. There is a common element in corporatism and socialism in the emphasis they put on collectivism, but in corporatism this is subordinate to social order, and the individual responds to the collectivity, while in socialism collectivism is subordinate to equality, and the individual responds to other individuals (brother to brother). In corporatism the individual loves the State or the organisation, in socialism he loves other people. In this section the consequences of the growth of benefit provision in Britain since the war are considered in relation to the four ideals described above: liberty, social order, equality and fraternity.

Liberty

There are three arguments of relevance that have been put by liberals. The first was raised by Rubner (Chapter 1:13 and Chapter 3:82) and focuses on the dimunition of the freedom of choice of the individual. Fringe benefits demonstrate a:

> '... disregard for the individual's right to spend his earnings freely.' (1962:177)

Rubner drew the analogy between benefit provision today and trucking, which clearly did limit the right of the individual to spend his earnings freely. However, the limits on freedom today are not resented as trucking was. As Chapter 11 showed (p363) most people appreciate a pension and sick pay, and although there may be some who would prefer higher salaries or wages, this becomes less likely as income and marginal tax rates increase. The money spent on canteens, recreation facilities and perks could be distributed in the form of extra income, but it would not add very much to the average wage or salary. Those who receive a large proportion of their income from perks probably would prefer them to extra, highly-taxed salary. At the very top of the hierarchy the manager probably does exercise some choice in how he receives his income.

Rubner's second criticism of benefits was that they reduced freedom of movement between jobs. The evidence in Chapter 11 was not adequate to draw any conclusions in this connection but it did suggest the hypothesis that benefits are not very important in attracting and retaining employees at manual and routine white collar levels. They are probably important to a proportion of managerial employees, although how big a group is not known, and so long as employers provide different benefits they might be important in the labour market at this level.

There is a third, more contentious argument, that presents benefits as making an important contribution to the efficiency of the labour market

> 'Progressive taxation must tend to weaken the efficiency and effectiveness of the price mechanism as regards the allocation of managerial abilities.' (Merrett and Monk, 1967:16)

Insofar as benefits can be used to widen the differences between the net remuneration of different managers, and between managers and other employees, the argument runs, they will be useful not only in ensuring that talent is allocated to the right jobs, but also in motivating the occupant of the job to perform it well. The argument that higher-paid employees need to be 'motivated' by even greater rewards is often put when such employees feel that their standard of living is not rising quickly enough, or is falling. However, there is little evidence that either lower salaries, or higher taxes do have a disincentive effect which benefits will overcome. Nor is there any evidence of research into this to see if it is true. An alternative view has been put by Hyman and Brough.

> '... the general motivational assumptions of economic theory are revealed at their most implausible in the context of income relativities. ... The typical textbook repetition of Smith's formula involves a remarkably narrow conception of the "net advantages" of occupations. "Most well-paid jobs are more, not less interesting than ill-paid ones," comments Lipton (1968:99). "If the pay of a professor or a cabinet minister were less than that of a dustman, would a single university, or government department lose its chief to the trash-cans?"... Economic theories typically understate the non-material advantages

> of most high-paid work (in terms of both intrinsic job satisfaction and social status and prestige), and also neglects the extent to which career aspirations and decisions are structured by social background and educational socialisation.' (1975:140)

Evidence relating to solictors suggested that, for this group high taxes did not have much effect on effort, and the effects they did have worked both ways. That is to say some solictors worked harder in order to earn what they regarded as a necessary minimum income, even though quite a lot of what they earned went in tax. Others did not feel that it was worth working harder for a little extra net income. Most were not affected one way or the other (Break, 1957)

Social order

Concern with anomie and the lack of social order in industry has been found among sociologists (Chapter 2:61) and management advisers (Chapter 8) and it has been argued above that the main reason for the growth of benefit provision to manual workers since the war has been the hope on the part of employers and managers, under the influence of personnel management sepcialists and the 'human relations school', that benefits will increase the integration of the manual worker in the firm, and as a consequence, cause him to behave in conformity with the norms the employer is trying to establish and maintain.

The chief question here is whether benefit provision has contributed, or can contribute, to greater social order and integration in industry. The arguments of Chapters 2, 3 and 11 suggested that this was possible, so long as employers were able to rely on the use of the dominant value system by employees. However, it was suggested that, in Britain, very few industrial and community milieux still remain where this is likely to be the case so far as manual employees are concerned.

The evidence presented in Chapter 11 was not of a high enough quality, in relation to the questions being asked of it, to enable any firm conclusions to drawn about employees' responses to benefit provision, but it did suggest a number of hypotheses,

for further testing. One of these was that benefit provision has contributed little to the greater integration of most manual workers in Britain, and, while many routine white collar workers and most managers are integrated into their companies, benefit provision is not a very important contributing factor.

Social inequality

Before looking at the consequences of fringe benefit provision and its growth for social inequality, it is necessary to establish what is meant by the term. This involves considering unequal distribution of what, and distribution between whom.

The term social inequality is often taken to cover inequalities in class, status and 'party'. These can be subsumed in the term 'distribution of advantage' which is closely associated with relationships of power. Fringe benefits are phenomena which reflect relationships of power between employer and employee, and between different groups of employees. The distribution of benefits is one manifestation of these power relationships. There are a number of problems involved in measuring the advantage which attaches to benefits. The first relates to the question of whether fringe benefits can be regarded as a 'unitary variable'. As argued on page 29 fringe benefits can be viewed from a number of stances, as: labour costs, benefits to employees, elements of income, status entitlements, provision of security in times of need, periods of leisure, somewhere to eat cheaply, a place to meet one's friends, a health service, goods the employee otherwise could not afford.

One approach to the problem is to put a monetary value on the benefits and calculate how much this adds to the money income of the employee. It is necessary to decide how the benefits should be valued - at cost to the employer? at value to the employee? How do you measure the value, particularly if the benefit is not transferable and involves 'externalities' such as the jolly

atmosphere in the bar of the social club? Furthermore, there are some advantages which cannot be expressed in monetary terms, except by asking an artificial question like 'How much would you need to be paid to have no holiday at all?' However, benefits clearly do increase the 'income' of recipients in some sense, and those who have been interested in measuring the distribution of income between 'income units' (usually economists) have tried to make some assessment of the extent to which benefits are included in Government statistics on the distribution of income, and would like to include figures for all benefits. Unfortunately, when benefits are included in these statistics they are often not included at their full value (see above Chapter 10:319).

No reliable figures could be found to allow an estimate of the extent to which including fringe benefit provision for employees and the self-employed at something approaching its 'true value' would affect the available figures on the distribution of income, and changes in the distribution since the war. The Royal Commission on the Distribution of Income and Wealth, while interested in the problem, has been unable, so far to make any estimate. Any attempt at such an estimate would be faced with the problem already facing the Commission, namely that changes in the composition of the population and in social and economic factors have directly affected the distribution of income, independently of any redistribution which has taken place between social groups. Since the Commission has tended to concentrate on data which measure the distribution of income between individuals or 'income units' and presents many of its results in terms of the proportion of the population owning a proportion of income, then it is hard to take account of these social and demographic changes.

The growth of benefit provision may have made the distribution of income between income units measured in this fashion more or less unequal. Benefit provision tends to rise with income on the whole, which would suggest the distribution would be more unequal if benefits were included, than if they are left out, but there are some groups in the population, including some routine

white collar workers and manual workers in the public sector, for whom benefits are a compensation for low income.

Due to lack of evidence then, it is not possible to say what effect benefit provision, and its growth has had on the distribution of income, which has come under other influences as well. However, measuring the distribution in relation to income units gives only a one-dimensional view of social inequality. Sociologists have been more interested in the distribution of advantage between social groups - classes, status groups, occupational groups and so forth, which reflects relative power and ideas about social value and worth. Important social groups of interest in this study have all been employed: higher managers in the private and public sectors; routine white collar workers; manual workers in the private and public sectors. Most of the data have been related to men and no discussion about benefit provision to women, the self-employed and those in the private service sector has been possible. Many non-working and working wives have the benefit of their husband's fringe benefits or some of them and directors of companies who are not employees often receive similar perks to those provided for higher managerial employees. Womenwith no indirect links to the employment system, and the long-term unemployed will receive no fringe benefits at all.

While, once more, the lack of data will not allow any general conclusions about overall social inequality to be drawn in relation to benefits, it is possible to distinguish two groups in the population. The first while small in number is very powerful and for members of this group benefit provision has grown considerably in the period, as a result of relatively high marginal tax rates and incomes policies. The effect of this has been not to reduce inequality in advantage as much as successive Governments have intended by their taxation measures. Whether the growth of perks has increased inequality between this group and the remainder of the population is not known. The Royal Commission on

the Distribution of Income and Wealth has hinted at the importance of fringe benefits, particularly perks, to the top 1% of tax units and they may even compensate for some of the decline in the share of income of the top 1% over the post-war period (Report No 5). This figure includes the self-employed as well as the employed with higher incomes.

Government policy with regard to the taxation of benefits has through most of the period encouraged the growth of this sector, and recent attempts to control it may still offer scope for avoidance. The taxation exemptions for fringe benefits have been regressive, as Isaac has argued.

> 'The common feature of these items is that under our tax laws while these fringe benefits are deductible costs of production, for the employer, they are not taxable as income in the hands of the employees.' (Isaac, 1965:123)[1]

Recent legislation in Britain has meant that most fringe benefits are now, or soon will be, taxable as income in the hands of employees, although it is unlikely that they will be taxed at the real value to the employee, and there are still opportunities for using benefits to avoid tax. Isaac went on:

> 'They therefore open the door to tax avoidance and enable the employer to provide with a given outlay a larger net compensation to his employees. Two consequences follow. First, the tax system used in this way gives rise to discriminatory treatment among taxpayers. Those who receive fringe benefits are in effect subsidised by the taxpayers who do not... Secondly, these benefits accrue in a regressive manner, i.e. those with higher incomes and subject to higher rates of taxation, obtain proportionately larger tax concessions.' (ibid.)

The extent to which top management has been able to exploit benefit possibilities has been indicated by Lewis and Stewart:

> 'It is easy to see that on a generous scale (fringe benefits) can take care of a large part of a man's living expenses at a very high standard of living.

---

1. Isaac was describing conditions in Australia, but the same has been true of Britain.

> The free use of a large car may easily be worth £700 a year; of a large house or luxury flat in town at least £1,000. A free secretary provides the equivalent of £700 or £750 worth of services; and free service in the company house or flat almost as much again (and indeed more since servants are not easily obtainable even by those who can afford them). Meals may easily be worth £1,500 a year, and holidays tacked on to business trips another £1,000. This is quite a modest assessment of the worth of such things - yet it totals already £4,700 - which is the equivalent to those who must pay for them from their net earnings of a gross income of at least £55,000... In short though it may look as if few Britons can have a net income of £10,000 a year on present taxation, in fact it is possible to live on a £10,000 a year basis, and indeed considerably higher, without drawing on capital or being dependent on capital gains.' (1961:240)

The scope that fringe benefits and the fiscal system have offered for tax avoidance was demonstrated in Chapter 10. The evidence presented in Chapters 4, 5 and 8 describing the provision of perks to managers shows that the possibilities in this area are fully exploited by some employers. Successive Governments have taken steps to close loopholes in the tax rules, after tax avoidance measures have developed, but they have done so slowly and not very effectively. If the data on the development of fiscal measures since 1945 (Chapter 10:313ff.) are related to the data on the growth of perks to managers in Chapter 4, it can be seen that, following a measure taken against a particular benefit in a Finance Act, the popularity of that benefit rapidly declines and a new one becomes more widely provided. Titmuss reported that the Royal Commissions of 1920 and 1950-55 on taxation were both

> 'concerned as to (the extent of avoidance) and to the long lapse of time between the adoption and spread of a particular device and attempts by legislators to nullify it.'(1962:182)

He went on to quote the Inland Revenue Staff Federation.

> 'Legal avoidance has become a science with its own inventors and practitioners. The history of the Income Tax in the last thirty years is the story of a war between the experts who have devised schemes to enable their wealthy clients to reduce the burden of their tax and the legislature seeking constantly to frustrate them - a war fought out in endless and costly skirmishes in tax offices, and in battles and even campaigns in the Courts - a war in which again and again the taxpayer has won a temporary advantage only to be countered by fresh powers invoked by the legislature - until the web of the law is so tangled that only the experts on either side can unravel it.' (Memorandum of Evidence from the Inland Revenue Staff Federation to the Royal Commission on Taxation, ibid.:183)

Apart from this small, privileged group of employees at the top of the income distribution there is at the bottom, a large and powerless group on low incomes. Some of them are not employed, others are but receive very low pay, and few, if any, fringe benefits.

> 'The incidence of occupational pension (and sick pay) schemes tends to be less in low-paying than in high-paying industries and occupations, and the lower the average pay in an industry, the lower are likely to be the employers' contributions to "private welfare" schemes of which, on average, superannuation contributions constitute about 90 per cent.' (Royal Commission on the Distribution of Income and Wealth, Report No 6.:68)

In between these two groups is a larger group where differences are not yet established, and where the incidence of benefits may vary. In the public sector, or parts of it, wages for manual and routine white collar workers may be low with fringe benefits being provided as a subsitute for higher wages, while in the private sector lack of these benefits may, in some cases, be compensated for by higher wages. The higher one travels up the occupational hierarchy in both public and private sectors, but particularly the latter, the more likely it is that higher wages or salaries will be accompanied by more generous fringe benefits.

One effect of the growth of occupational pensions and sick pay has been the division of welfare provision that has come, mainly between the lower-paid and unemployed, and the higher-paid who have occupational pension schemes, related to earnings. The former group are forced to rely on inadequate State sick pay and pension schemes when they are unable to work because of sickness or old age; the 'contributory' scheme often does not pay a subsistence allowance in these times, forcing recipients to fall-back on the means-tested Supplementary Benefits scheme. The new pension scheme will not remedy this for many years and will even then leave a group with inadequate contributions to employer- or State- run occupational pension schemes, who are forced back on to a Supplementary Pension. Another consequence of the growth of 'occupational welfare' relates to the values underlying social policy, and consequentially, to what has been described as 'fraternity'.

Fraternity

Titmuss described three models of redistribution underlying income maintenance systems and in Chapter 3 (p76ff.) it was suggested that these could usefully be extended to four: the 'individualised actuarial model', the 'group insurance model', the 'national insurance model' and the 'social security model'. All except the last emphasised, to a greater or lesser extent, benefit paid as a result of contribution. The first two models stress the concept of insurance, and individual responsibility for providing for times of dependency, and the first includes freedom of choice. Timtuss questioned that freedom of choice was an appropriate value to apply to the problem of need. The question of who is responsible for that need is important. He distinguished between three types of dependency: 'natural' dependencies like childhood, old age and child-bearing periods; ill-health and incapacity, which are partially culturally determined; and wholly man-made dependencies such as unemployment, redundancies, industrial injuries. The risks of becoming dependent

in any of these ways are not equally distributed among the population and those whose risks are less are not in this position solely because of their own efforts. Indirectly, they benefit because others are dependent.

Another criticism of insurance models is that, in practice, the group insurance model is the one that typically applies, particularly in occupational schemes. Most employees do not have a choice as to whether they wish to belong to such schemes, and all pay the same premium. Titmuss quoted Bernstein

> 'In short, private pension plans are unreliable, have serious discriminatory effects, provide virtually no cover for widows, lead to substantial losses in deferred wages and pension expectation, favour a minority of employees, often favour owners and managerial employees and do not, in Bernstein's view, merit the continuation of s subsidy from taxpayers of approximately $3billion annually.'(ibid.:180)

Bernstein's description of occupational pensions in America is applicable to such pensions in Britain.

Occupational pensions in payment are generally low and provide little to most recipients. Table 12.1 shows the amounts of pension paid under occupational schemes in 1963 and 1970.

Table 12.1 Occupational Pensions According to Size

Amount of pension (£ per week)	Proportion of occupational pensions (both sectors) %	
	1963	1970
Under 1	25	10
1 and under 2	25	21
2 and under 3	9	9
3 and under 4	8	8
4 and under 5	7	8
5 and under 6	5	6
6 and under 7	4	7
7 and under 8	4	6
8 and under 9	3	4
9 and under 10	3	3
10 and over	7	18
	100	100

Sources: Government Actuary (1966:16) and (1971:14)

In 1963 50% of those in receipt of occupational pensions were receiving £2 a week or less. This proportion had fallen to 31% by 1970, but it must be remembered that the value of the pound had fallen over the period. However, within this relatively privileged group of old people who received occupational pensions, there was an extremely privileged minority receiving two-thirds of final salary or a similar amount.

Another problem with occupational pension schemes is that the 'needs' which they reflect are related to the current distribution of income, which is based on occupational achievement, rather than on the needs of the old. However, 'needs' are related to past experiences and those used to a higher standard of living are reluctant to contemplate its loss in old age. Flat-rate benefits have not been adequate to maintain the standards of living of the richer and more powerful members of the community.

Occupational pension schemes receive a considerably subsidy from the Exchequer ; probably greater than that provided to the State pension scheme.

> '... for many individuals covered by the schemes the percentage Exchequer contribution to the "build up" and taxation treatment of pension rights may be at present two to three times higher than the percentage Exchequer contributions today to all benefits under the national insurance scheme. For retirement benefits alone, the total Exchequer payment under this scheme is at present about £45 million (plus about £34 million in remitted tax) whereas the cost to the Exchequer of private pension schemes (though covering a substantially smaller proportion of the population) is already £100 million a year.' (Titmuss, 1958:69)

> 'The total cost of these exemptions is one of the best kept secrets of British public life, and no comprehensive estimates have been forthcoming from any recent Government. But the sum involved must be enormous. Back in 1954 the Phillips Committee found that the annual sacrifice of revenue arising from tax relief for occupational pension schemes was of the order of £100 million a year. At that time the total income of pension schemes was £271 million a year. In 1971 the total income of the schemes approached £2,700 million - more than a quarter of this being derived from interest ...

> we can be fairly sure that State subsidies to the occupational sector in 1971 were running at £1,000 million - more than twice as much as the £494 million subsidy paid by the Exchequer in 1971 into the national-insurance scheme.' (Kincaid, 1975:137)

Occupational pension schemes are provided by firms (or sometimes industries) and the concern is not with the needs of employees in old age, but with present problems of recruitment or motivation, or with reducing labour costs.

> 'To leave it to employers and workers or unions to make social security provisions privately as part of the terms of employment would tend to produce a piecemeal and patchy system, the incidence of benefits being determined by the policy and capacity to pay of particular firms and industries and by the pushfulness of particular unions, rather than by the needs of the community as a whole.' (Isaac, op.cit.)

After applying the criteria of effectiveness in providing desired benefits, and administrative efficiency, to public and private protection against insecurity, Holmans concluded:

> 'There can thus be no general answer to the question of whether public or private provision against security should be relied on, except on the basis of political views, which, as a matter of principle, rule out the one or the other irrespective of any other advantages or disadvantages that it may have. Where the insecurity does not arise out of the fact of employment, the provision of protection as part of employees' remuneration is an unsatisfactory approach, as compared with a State scheme, because of the gaps in coverage left...' (1965:168)

There is still disagreement overwhether the existence of occupational schemes stimulates or minimises State schemes. Michael Fogarty believed the first.

> 'Whether over pensions or over other fringe benefits the competition of occupational schemes has stimulated not only other employers but the state. In doing so it has underlined a point which is right at the centre of the current debates about social security. In this as in other

> fields, occupational schemes have shown that the road to progress lies in many competing centres of initiative. The state must certainly come in, but not to create a social security monopoly.' (Industrial Society, December 1965:304)

He also believed that it

> '... is logical and administratively sound that, if the purpose of insurance benefits is to maintain an accustomed standard of living rather than to prevent destitution, they should be tied up with that part of a man's life which chiefly determine his standard of living, namely his work and his earnings.' (Personnel Management, December 1960:206)

Fogarty did not face the problem that national insurance schemes, national assistance and occupational and fiscal welfare provisions combine to ensure that a minority of people are enabled to maintain accustomed high standards of living, while a substantial minority live in poverty.

From an opposing point of view George suggested that

> '... occupational schemes have had a very marked effect on the statutory social security schemes because they have stifled to some extent demands for improvement in the statutory field and because they have helped to strengthen the belief that state schemes must provide benefits for a minimum standard of living only. (1973:27)

Titmuss wrote in 1955

> 'Already it is possible to see two nations in old age; greater inequalities in living standards after work than in work; two contrasting social services for distinct groups based on different principles and operating in isolation of each other as separate, autonomous social instruments of change.' (1958:74)

He believed that:

> 'Separate systems for the poor, operating in the context of powerful private welfare markets tend to become poor standard systems.' (1968:143)

and

> '... social security has to be seen as an agent of structural change; not as a system reflecting and legitimating the status quo.' (ibid.:185)

A further consequence (and, in turn, a cause)of the growth of occupational pension provision is the creation, in the field of social policy, of a large and powerful interest which is not concerned with the plight of the old, but with making a profit in this area.

> '... occupational pension schemes have provided a source of investment capital of growing importance. In both the public and the private sector the extraordinary tax privileges accorded to pension funds have made pension rights a substantial element in the remuneration of top managerial and professional personnel. The interests of employers, and of the social groups who benefit from top-hat pension rights, have combined with those of the commercial insurance companies to create a political lobby of exceptional strength, committed to the defence of the private sector in insurance. As a consequence it remains a virtually unchallenged position in official circles that the private insurance sector is sacrosanct and that extensions and reforms in the State scheme can only be carried out within limits set by the private sector. Thus the State scheme tends to become residual, attempting to make effective provision for social groups and categories of need which employers have no direct interest in providing for. It is also accepted , also without question, that massive subsidies from the tax-payer should be placed at the disposal of individuals and institutions for whose benefit private and occupational pension schemes are run.' (Kincaid, 1975:220)

In Chapter 2 (p63) the consequences for fraternity of the growth of social policies 'which extinguish the visible expression of fellowship' (Fox, 1974:373) were considered.

> '... the ways in which society organises and structures its social institutions and particularly its health and welfare systems - can encourage or discourage the altruistic in man; such systems can foster integration or alienation; they can allow the "theme of the gift" (to recall Mauss's words) - of generosity towards strangers - to spread among and between social groups and generations.' (Titmuss, 1970:225)

> 'There is nothing permanent about the expression of reciprocity. If the bonds of community giving are broken the result is not a state of value neutralism. The vacuum is likely to be filled by hostility and social conflict.' (ibid.:199)

The extent to which fringe benefit provision has induced a new view of care during times of dependency (or, at least the times of dependency of a privileged proportion of the population) is shown in the following extract from a recent survey by The British Institute of Management.

> 'The terms "deferred income" and "income replacement" have been coined recently to describe certain cash benefits which are in effect an extension of remuneration; for instance, pensions can be regarded as deferred income or income "saved" for retirement in such a way as to attract less tax. Sick pay, disability benefits and widows' pensions are examples of income replacement or income provided through insurance in case of sickness, accidents or death.
>
> These terms reflect the change in attitudes towards certain benefits which the BIM attitude survey confirms. Basic benefits, which provide income at all times when the employee can no longer earn it through his own labour, are now commonly considered by employees to be earned and are expected in the same way as pay. Many companies have also accepted this view and provide schemes for deferred income and income replacement as part of their standard benefits policy (though not necessarily for all levels of employee.' (Murlis, 1974:9)

Future developments and public policy

It has been argued that, while fringe benefits may reduce the freedom of choice of some employees, this is a minor effect, except perhaps for those with high incomes, and these are often dependent on such benefits, and their accompanying tax reductions for maintaining a high standard of living.

Benefits may encourage the integration of some employees, but again the evidence suggests that the effects are minor. Benefit provision to manual workers may decrease integration among white collar workers.

Benefits are used by some employees (and employers) to avoid redistributional measures taken by Governments to reduce inequalities in the distribution of income or advantage, and they also have been one element in the movement towards greater calculativism and reduced fraternity in human relationships. In my opinion this is where their

importance lies, and the reason why political action to minimise, if not eradicate, them should be taken.

Chapter 5 made it clear that a few members of the working community benefit from fringe benefits to a much greater extent than the vast majority. These members are powerful enough, by virtue of being in control of their own remuneration, to use fringe benefits to avoid many of the effects of income tax and incomes policies. They have also been sufficiently powerful to prevent knowledge of this from becoming widespread, while sanctimoniously exhorting the 'selfish' trade unions to support another phase of incomes policy.

> '... in the case of large groups of workers their demands and the size of their incomes is considered a fit matter for public discussion. The higher salary earners, by contrast, are likely to receive increases by the effortless operation of annual increments, and no-one is sufficiently indiscreet to inquire publicly into their circumstances. When we reach the highest levels of salary earnings, or even more so, earnings from rent or capital, the very notion of raising questions of "justifiability" is simply held not to apply ... ' (Crouch, 1974: 72).

A substantial group of middle and junior managers, most routine white collar workers and some manual workers, particularly those in the public sector, also has an interest in the improvement and growth of benefit provision, particularly occupational pensions and sick pay. These employees, who receive generous security benefits, are much better cared for when sick and old than the remainder of the population, apart from the top management group (and their equivalent in the public service) described above. Their interest is supported by the occupational pension interests, employers who believe that benefits affect performance, other insurance companies who might be able to persuade companies to provide new froms of insurance and assurance benefit, and benefit specialists whose job involves thinking up new benefit schemes.

These interest groups are able to muster a good deal

of power to oppose any action to discourage benefit provision, or even to encourage it less generously than at present. Without such political action, it is likely that benefit provisions will continue to grow, particularly the perks and occupational pension and insurance schemes, for selected groups of the population. The lower paid will benefit from neither. Evidence from some other countries, briefly presented below, suggests that benefit provision is growing in most societies. However, the growth has taken different forms in different societies and this suggests that there is scope for cultural differences and political preferences to display themselves in this area. Benefits in the USA, in Japan and in a number of European countries are considered.

In America, welfare legislation has been minimal and many people are not covered by income security provisions. Unions have negotiated in these areas and frequently have controlled the finances of security schemes.

> 'One of the reasons why welfare policies to be implemented by legislation were not popular in the past amongst trade unionists was the relative ease with which so-called "fringe" benefits could be won from some employers. Collective bargaining in America has embraced not only wages and conditions of work but employer payments into employee pensions and supplementary unemployment benefit schemes, and into health and welfare funds which insure wage earners against death, disability and non-occupational sickness and accidents. Some of the energy which might have gone into pressure group politics working for national welfare services provided by the state out of taxation, has been directed to making such services a charge on industry itself, a feature of the American economy which has more in common with Russia than with Britain.' (Banks, 1970:76)

Banks has suggested that

> '... it has only very recently become apparent in America that private welfare schemes leave many people unprotected and foster the illusion that the system is adequate (Wilensky, 1965...). Whereas the British intention has been to provide services nationally and universally, the American alternative

> has covered, at best, only those workers for whom collective bargaining was already the established mode for dealing with employers and, at worst, only a small proportion of these. In 1957, for example, no more than about 40% of American workers were covered by fringe benefits of any kind, that is, including payment for holidays, sick leave, absence from the job by shop-stewards, etc. In addition to the more broadly conceived welfare schemes referred to above (Ulman,1961).' (ibid.)

Japanese employment policies, or at least those in the large successful firms, regularly attract the attention of politicans, ideologists and academics. Dore suggested that British employers' policies will move in a 'Japanese' direction, in which he included the extension of welfare provision or 'enterprise as community' (Chapter 1: 19). Several points need to be made about employment policies towards manual workers in Japan.

The Japanese culture has played an important role in employer-employee relations.

> 'The Japanese system of industrial relations is in many respects unique. It is closely bound to cultural values deeply entrenched in the Japanese way of life and embodies elements such as life-time commitment to a firm, no occupational wage differentials over a wide range of skills and responsibilities and automatic annual increments for length of service, which would be regarded as entirely inappropriate to the requirements of a modern industrial society.' ('Introductory Note, Industrial Relations in Japan' BJIR, 1965:189)

Large Japanese firms deal with fluctuations in demand in product markets by a system involving four different types of worker: the 'committed standard worker'; the 'committed non-standard worker'; the 'temporary worker'; and the 'outside worker'. The first two are permanent employees: standard workers are recruited immediately after graduation at their respective school levels for life; non-standard workers are recruited from smaller companies and their wage increases, transfers and promotions are less than those offered to the standard

workers. They are discharged before any standard worker, although this is rare since the other two types of worker usually bear most of the fluctuations in demand. The employment of temporary workers depends on the needs of the enterprise, while outside workers are formally the employees of sub-contract or labour contract companies. Only permanent employees are eligible for all the benefits for which Japanese companies are renowned and workers in the other half of the 'dual economy' - the smaller firms - have considerably worse employment conditions than even the temporary workers in the large firms.

Before industrialisation, one important value in Japanese culture was that people should devote their lives to their family and to the community into which they were born. Accordingly, the Japanese enterprise established 'key' employees as members of an 'extended family'. When the feudal Shogunate social system was officially abrogated it still had an influence. Each family had a certain social status which was formally registered at the district office. Similarly, the company developed its own internal status system by separating white and blue -collar statuses and by establishing different statuses within each group, the standard employees forming a blue-collar elite. This helps to explain why employees and unions in Japan have accepted a system which only works in other societies by the employment of particular, recognisable categories of people, such as women or immigrants, in the less well-paid and more insecure jobs.

There is disagreement about the future development of the Japanese economy and employment system. So long as the large companies continue to produce sufficiently high annual wage increases for employees, part .cularly the permanent ones, then the system seems likely to continue in its present fcr . However, whether or not the 'dual' structure will disintegrate or develop further depends on a variety of economic and political factors. It is clear that simple analogies with other countries, including Britain, are not realistic. A rather different view from that of Dore has been put by Nakayama:

> 'The welfare services of enterprises, including recreational resorts, severance pay, retirement allowances and pensions will continue to be a great attraction for employees. One of the reasons, however, why those facilities exert great influence on labour-management relations and particularly on enterprise unionism is that a wide range of differentials exists between enterprises of different sizes in terms of employment conditions. These differentials, however, are also steadily narrowing even between large and small undertakings. This is mainly due to improvements in the national social security system, the betterment of financial conditions of small and medium sized enterprises and the impact of the labour shortage in recent years. The change which is taking place now will ultimately lead to a radical modification of the concept and practice of lifelong employment as well as of the very character of Japanese society itself which has nurtured a singular type of industrial relations.' (BJIR, 1965:234)

Taira has argued that the Japanese system of paternalism is a recent innovation, introduced just before the First World War, aimed at controlling high absenteeism and labour turnover. The ideology which was then established has lived on independently while the underlying conditions have changed and

> '... continued as a moral pressure on employer behaviour resulting in the furthering of paternalistic practices.' (BJIR, 1964:219)

However, changes in employees' ideology are taking place.

> 'The increasing labour mobility aided by the tightening labour market is now reducing the degree of specific commitment that workers felt towards their respective employers during the years of labour surplus. "Lifetime commitment" instead of being an unchanging institution rooted in the ancient customs and traditions of Japan is becoming a passing phase of the post-war Japanese industrial relations system.' (ibid.:227)

> 'Denmark, with a population of only four and a half million people, has been welfare conscious for more than fifty years but its social schemes have rarely been seen in terms of individual enterprise in industry. What is accepted as proper social provision, has in Denmark been brought in for the whole working community.'(Cousins, Industrial Welfare, Nov-Dec 1959:313)

In Denmark industrial welfare is dominated by labour laws, which

are enacted following agreements between employers' representatives and trade unions. In most European countries social security, at least for the working population, is provided through the employer on a compulsory basis. Table 12.2 shows the expenditure on fringe benefits in 1968 in the original six member countries of the EEC and the United Kingdom.

Table 12.2 Fringe Benefit Expenditure in Europe

	Cost of benefits as % additional to wage costs	OF WHICH: Social security	Family allowances	Holidays	Bonuses, bounties	Other benefits
Belgium:	54.4	16.2	10.5	17.4	5.1	5.2
France:	70.0	18.3	13.3	13.3	8.2	16.9
Germany:	44.5	15.9	-	14.5	4.3	9.8
Italy:	91.9	28.8	17.4	18.2	17.3	10.2
Luxemburg:	40.8	14.6	4.0	10.5	6.1	5.6
Netherlands:	49.9	12.0	5.5	10.6	8.2	13.6
United Kingdom:	22.2	5.9	-	7.8	2.4	6.1

Source: European Community Statistical Office: Table 1; reproduced in Jarrett, Industrial Society March/April 1971:12)

> 'Social security in the six countries tends to be based firmly on the insurance principle and consequently depends largely on employee and above all, employer contributions, and less on the Exchequer. The level of benefits is usually higher than in Britain, though most are available to insured persons only. The greatest contrast with Britain is in the provision of medical services where free or subsidised treatment is normally available only to insured persons and their families Another difference is that cash benefits are normally wage-related rather than flat-rate. The benefit which makes by far the biggest additional contribution to income is family allowance.' (Jarrett Industrial Society March/April 1971:12)

British companies are meaner with provision of fringe benefits than

their European counterparts, although they have developed the most advanced <u>private</u> pension schemes

> '... mainly as a result of the low levels of state benefits and employer social security contributions.' (Hurlis, 1974:45)

Companies in France and Germany often provide private pensions and sick pay for employees with high incomes. Britain is the only country in Europe not to have a statutory requirement that employees are given paid holidays, apart from statutory public holidays. The provision of company cars to top executives is fairly widespread, although they are not so frequently given to middle management in Europe as they are in Britain. Companies in France and Germany are often involved in the welfare of children of employees. In France companies have to give 3% of their payroll to finance social activities and holidays for employees' children. With the possible exception of Ireland, European companies provide a greater range of welfare benefits than companies in Britain, and social and medical services are more prominent. This may reflect less provision at local authority and Government level (Hurlis, ibid.).

In all the countries considered fringe benefit provision appears to be greater than it is in Britain. In America trade unions have been actively involved in pressing for, and controlling, many benefits, particularly those related to income security. In Japan large employers have consciously used benefits to integrate an elite of manual employees and this has developed from, and contributed to, the national culture. In both these countries Government have rarely intervened, although state provision of some benefits is increasing. In Europe the State has worked closely with industry in providing pensions and sick pay, and probably encouraged the provision of services. In France the Government took the initiative in legislating for <u>mensualisation</u>, as a political attempt to increase the social integration of the manual worker. All these countries, particularly

America and Japan, are characterised by considerable inequalities in advantage and pockets of poverty. The European societies have ensured, through their social security systems, that all regularly employed people are provided with earnings-related security benefits, although the unemployed, or those who are only irregular members of the labour force, must use a fall-back system.

The variety of arrangements shows that, in this area, there is room for choice. The problem is whether the political will for reform exists. It is in the interests of those who benefit most from the present economic and social structure, who are also the most powerful, that the 'values of the market' should dominate in social policy, and that they should be allowed to continue to consume a disproportionate share of the nation's resources. The dominant value system contains a series of concepts and values which promote these interests. In the field of fringe benefits, for example, pensions are viewed as 'deferred pay' and as 'earned' and the pursuit of tax avoidance is regarded as a legitimate use of scarce resources. The radical value system, which offers an alternative view of these matters, is rarely heard publicly, particularly since some trade unionists have an interest in the existing arrangements, and the Labour Party is not committed to any real change in the existing distribution of resources.

There are some problems of equity raised by the question of provision of benefits, which should be resolved in public discussion rather than avoided, as they have been hitherto. Should employers provide any fringe benefits at all? Some benefits, such as redundancy pay and medical services are at least partially related to risks associated with working in a particular industry or firm. Should the costs of these risks be passed on to a small extent to the consumer and/or taxpayer? Some benefits improve working conditions - canteens and holidays with pay are an example of benefits which should, perhaps, be regarded as costs of employing labour, although it is not clear that the taxpayer should

contribute, through lost revenue, to the provision of these services for some members of the working population. Those without benefits, or whose benefits are very poor, are subsidising those who receive very good canteen services and longer holidays.

There seems to be no good reason why employers (and in the longer-run consumers and taxpayers) should provide sick pay and occupational pensions for some employees according to their earnings. Justifications of these benefits are in terms of 'social responsibility', 'being a good employer', increasing efficiency and productivity, removing some of the burden of provision for old age from the State, deferred income, none of which fits into either of the two models of income maintenance described by Titmuss which have any claim to a rationale. The 'individualised actuarial model' relates risk, contribution and benefit and is based on voluntary contract. The 'social security model' provides for resources to be redistributed from rich to poor so that all existing needs in the community are met out of current income. The existing welfare system in Britain, combining as it does elements of fiscal welfare, occupational welfare and social welfare is a mixture of market principles and altruism (D Wedderburn 1965) with the former having grown in importance in recent years. With security benefits the major questions raised are - how can equity betwen employees be maintained and how can equity between the employed and the non-employed be established?

Again there seems to be no moral justification for why employers and the taxpayer should provide some employees with benefits, which allow them to increase their income at the expense of the taxpayer. Here there are problems of how benefits should be valued for taxation purposes.

The only benefits there seems to be some justification for providing through the employer are medical services, canteens and holidays. There seems no justification for allowing these as costs against profits tax, or not taxing them as income, unless benefits are standardised across all employees.

Granted that some control of benefits is desirable, the problem then arises of how provision of benefits by employers

can be influenced and controlled. If our society is to become less unequal and more 'fraternal' a number of policy changes need implementing, which include:

1. All taxation privileges should be removed from all fringe benefits.
2. The Government must make it plain that they regard tax avoidance as immoral, even if they cannot make it illegal.
3. The Inland Revenue must pursue its richer clients more vigorously and with less willingness to bargain.
4. A social security system such as that suggested by Titmuss should be introduced. This was based on the principle of progressive redistribution in relation to both contributions and benefits and involved a rejection of the concept of 'insurance'. It included universal contributions and benefits; wage-related benefits up to a stated maximum; an element of flat-rate benefit fixed at an adequate level; the assimilation of social security and fiscal benefits for all income maintenance and dependency risks; the elimination of regressive tax allowances; a substantial proportion of the costs met from general taxation and therefore some payment from unearned incomes. Also, benefits would be adequate in relation to average standards of living and consumers would have opportunities for choice and for partidpating in the running of the scheme (Titmuss, 1968:184).
5. Medical services in industry, particularly preventive services, must be improved under the aegis of the Government. Many industrial processes have dangers attached to them which are borne by only a small proportion of the population, while the whole community benefits from the products of these processes.
6. Social and recreational facilities should be opened to the whole community. This could be encouraged by a tax or local government levy on all facilities whose use was restricted.
7. Legislation for minimum holidays with pay should be enacted.

Given the existing relationships of power and distribution of advantage in the advanced capitalist society that is Britain it is unlikely that any of these measures will be enacted. The only way any change at all will be effected is through a determined initiative by a Government willing to resist pressures from those with vested interests in these areas.

Appendix A: Technical Aspects of the Data Used in the Study

Appendix A

1. Wedderburn and Craig: Terms and Conditions of Employment of Manual and Non-Manual Workers.

The information below comes from Craig's unpublished report 'Terms and Conditions of Employment of Manual and Non-Manual Workers (1969).

Sample

The enquiry was 'restricted to male employees over 21 working full-time because (it) had to be kept within manageable proportions'(ibid:2). It covered only manufacturing industry 'because of the need to restrict to a field where some sort of uniformity might be expected.' (ibid.). Two of the main aims of the study were to described manual versus non-manual differences and to explore the extent to which terms of employment were different for different grades of non-manual worker. Because of different practices in different firms in defining workers it was decided

> '... to select six occupation groups which represented what appeared on the evidence available to us to be representative of groupings which had some wider significance. The six occupations were (1) semi-skilled operative, (2) foreman or plant supervisor, (3) general clerical worker, (4) draughtsman or other technician or similar grade, (5) professionally qualified member of middle management, (6) member of senior management.' (ibid.:3)

If the firm had no employees fitting these descriptions the respondents were asked to substitute the nearest equivalent occupation, 'but rather few did so' (ibid.:4). The researchers decided to standardise two of the other most common variables, age and length of service, on which employment conditions might depend. They asked for

> '... particulars of men aged between 35 and 40 years with five years' continuous service At this point they could be assumed to be reasonably settled, unlikely to be affected by age qualifications by being either too young or too old; they could be assumed to have qualified for

> schemes which depend on length of service such as sick pay and pensions, and would have acquired under the Contract of Employment Act the right to the maximum period of notice specified by the Act.' (ibid.:5)

Coverage of adult males aged between 35 and 40 with 5 years service is likely to produce an over-estimate of fringe benefit provision in the general population, since younger men, women and employees with fewer years of service are not likely to do so well for benefits. This may not apply in the case of senior management, especially those at the very top of the enterprise, since it is unlikely that they will be so young. Thus, the estimate of the provision of 'perks' may be an under-estimate. One advantage of using an 'ideal-typical' employee is that one gets some idea of how benefits are distributed among employees. Surveys concerned with labour costs focus on average cost 'per unit of labour' which does not give any indication of what a particular type of employee receives, or on what grounds. However, such an approach does mask differences, particularly within the manual group, where it is possible that benefit provision varies between employees according to skill.

> 'A stratified random sample with variable sampling fraction was drawn from a list of establishments in manufacturing industry.' (ibid.)

Establishments employing less than 100 employees were not included, thus excluding about 20% of all male employees in manufacturing industry, and probably leading to an over-estimate of benefit provision, since, as Chapter 7 shows, such provision is less, usually, in small companies.

> 'The list was stratified by S.I.C.Order and Standard Region within the 4 size groups shown below.'(ibid.:6)

These were grouped according to the total number of manual workers as follows: (i) 100 - 499 (ii) 500 - 999 (iii) 1,000 - 1,999 (iv) 2,000 and over. A sampling fraction of 1 in 30 was used for the smallest firms; 1 in 4 for those employing between 500 and 999

and 1 in 2 for the remainder of firms. A total of 815 firms were sent questionnaires, in May/June 1968. 449 questionnaires were returned in a form suitable for tabulation - a response rate of 55%.

Craig compared the sample with the initial population on various criteria, including S.I.C. Order, size and Standard Region and found reasonable good agreement. Nothing is known of the employment policies of the non-respondents. Craig suggested that:

> 'It seems possible that response would be higher from firms with a policy of reducing manual v non-manual differentials. If this is so then our results will understate the extent of differences.' (ibid.:8)

Benefits

Benefits covered were pensions (*ex gratia* and formal schemes), sick pay, canteens, recreation facilities, medical services, discounts, housing, loans, travel payments, allowances, company cars and holidays with pay.

Apart from the distribution of particular benefits, I was also interested in overall benefit policies within firms. Accordingly I constructed a number of new variables which are described below. An arbitrary decision was made to allocate a score of 1 to each benefit and the final score is best conceived in terms of the number of benefits provided to a particular type of employee. Strictly speaking 6 'benefits' which do not include pensions, sick pay, medical services, housing, canteens and extra holidays are not the same as 6 'benefits' which do. Intermediate new variables were constructed as follows:

(a) Income security: sick pay scores 1; formal pension scores 1; *ex gratia* pension scores 1.

(b) Services: canteen scores 1; recreation facilities score 1; medical services score 1.

(c) Perks: Each of the following scores 1: company car for business and private use; discount; loans;

	housing; travel; and allowances
(d) Holidays	Under 15 days holiday scores 0; 15–20 days scores 1; 21 days and over cores 2; any additional paid holiday scores 1.

Possible scores for these groups of benefits were: income security - 3; services - 3; perks - 6; holidays - 3. A total score for number of fringe benefits of 15 was therefore possible.

Relevant questions from the questionnaire

Sick pay: 'How is this employee paid for sickness absence ? (apart from National Health Benefit)

Through a formal scheme.....
At employer's discretion....
Other (please describe).....
Not at all..... '

Pension: 'May this employee receive a pension when he retires ?

Ex gratia.....
Under a formal employees' pension scheme.....
No pension..... '

Canteen: 'Does this employee have canteen or restaurant facilities ?

Available to his grade only.
Available to his and other grades.....
No canteen/restaurant facilities provided..... '

Sports and recreation facilities: 'Does this employee have access to sports and recreational facilities?

Available to his grade only.
Available to his and other grades.....
No sports and recreational facilities provided.....'

Medical services: 'Does the firm provide medical facilities in excess of statutory requirements for this employee ?

Yes.....

No..... '

Perks: 'Is this employee entitled to any additional benefits ?

Company car, business and private.....

Company's housing or subsidised housing...

Interest free or reduced interest loans...

Special discounts on goods and services...

Subsidised travel.....

Family or educational allowances..... '

Holidays: 'What is the number of paid working days holiday for this employee ?(excluding statutory public holidays)

(specify) Days per year.....'

'On what basis are additional paid holidays granted ?

Length of service.....

Age.....

Responsibility or grade.....

Other basis (describe).....

No additional paid holidays..

These questions were asked in respect of 'semi-skilled operative', 'foreman', 'clerical worker','draughtsman, technician', 'middle management', and 'senior management'.

Size of company: 'How many employees are there in this establishment in the following groups ?

		MEN		WOMEN	
		Full-time	Part-time	Full-time	Part-time
Operatives	Aged 21 and over				
	Aged under 21				
dminstrative echnical and lerical Workers	Aged 21 and over				
	Aged under 21				

Industry:

'a) What is the principal product of this establishment (or its main activity) ?
(please describe).....

b) What is the Ministry of Labour Standard Industrial Classification Order Number ?
(specify).....

Trade unions:

'a) Do you recognise a trade union or association which negotiates on behalf of this employee?
Yes.....
No.....
IF YES

b) Which trade union or association
(Specify).....

c) Do negotiations cover wages/salaries?
Yes.....
No.....

2. Reid and Bates: The Cost of fringe benefits in British Industry.

This enquiry into labour costs included

> '... only those employees covered by the definition of a manual worker used in the Ministry of Labour earnings enquiries. Administrative, technical and clerical employees were excluded.' (Reid and Bates, 1965:46)

There was a problem in selecting a sample of companies.

> '... a sample stratified by size and industry drawn from the total number of companies operating in Britain, was not practicable, since it was impossible at the time to obtain the necessary comprehensive list of all British companies.' (ibid.:47)

Reid and Bates were forced to use the only available list - the

Stock Exchange register of public companies, which meant that private companies were excluded and some companies with no manual workers were included. Since response rates to postal questionnaires are often low the questionnaire was sent to all the companies rather than to a sample. In addition, a sample of American-controlled companies operating in Britain 'were selected from Dun and Bradstreet's " Guide to Key British Enterprises 1961"'(ibid.:47).

Because questionnaires were sent to some companies with no manual workers, and it is unlikely that all of these replied to say that this was the case, it is very hard to work out a 'true' response rate, since it is not known how large the actual sample was.

> 'A crude response rate, i.e. questionnaires returned as a proportion of those sent out, would be almost meaningless, and the true response rate, using as a base only companies to which the questionnaires did refer can only be roughly estimated, but it appears to have been between 10 and 20 per cent., probably nearer the former figure.' (ibid.:48)

This is not very high, and raises questions about the representativeness of the results. This is a common problem so far as research addressed to companies is concerned, except in the case of Government research when sanctions are brought to bear on non-respondents. Reid and Bates suggested that the 'sample is biased in several respects'. There is

> '... the over-weighting of some industries and the poor representation of others, and there is a predominance of large companies. Very few companies in the sample have less than 50 employees and if the sample could be compared with the whole of manufacturing industry, this bias would become apparent. Since the enquiry covered only public companies and ignored the private company sector which includes a large number of very small firms, a bias of this kind was inevitable.' (ibid.:53)

Overall, as comparisons with the results of the Labour Costs Surveys, which have very high response rates, shows, Reid and Bates' survey over-estimates the extent of benefit provision to manual workers in 1961. However, this does not mean that their results are not useful in comparing provision between companies of different sizes and industries.

The data were collected in six broad groups which covered, inter alia, holidays, pensions, sick pay, insurance schemes, medical services, travel, housing, canteens, sports or social facilities and discounts on products.

3. Wedderburn and Craig: Employee attitudes to some fringe benefits on 'Company A'.

Sample

Every fifth name on a randomly-ordered list of male hourly-paid workers in 'Company A' was selected. This led to samples for some departments which were too small and an extra sample was taken from these departments.

> 'The final sample was 132 hourly paid men of whom 63 were on three shifts, 34 on two shifts and 35 on day work.' (Wedderburn and Craig, 1965:49)

Relevant questions

'Which would you choose if you had the choice?

1. A pound a week less than your average wage with a sick pay and pension scheme
2. Your present wage without either a sick pay or pension scheme. '

'Which would you choose if you had the choice?

1. A pound a week more than you get here without sick pay and pension schemes. Or
2. The same wage as you get now with sick pay and pension schemes.'

'A series of hypothetical questions were included in the questionnaire which were designed to find out what the men thought about a number of proposals. These can be grouped under two main headings.

1. Benefits usually associated with "staff status", such as sick pay and pension schemes, longer holidays, no clocking in and greater security.
2. Other improvements, including changes in shift arrangements,

better working conditions, help with transport and housing' (ibid.:33). The question was asked unprompted and then a list of suggested improvements was presented which included longer holidays, help with housing and sick pay.

'Would you be in favour of giving hourly paid workers "staff status"?' If they agreed respondents were asked what difference they thought it would make.

Employees were also asked for their 'views on working conditions' (ibid.)

4. Industrial Sociology Unit, Imperial College: Employee attitudes to some fringe benefits in 'Company B'

Sample

> 'The sample in this survey con sisted of 586 male and and female shop floor and clerical employees, representing an approximately 1 in 10 sample overall, though since a variable sampling fraction was used, it varied in different departments from between 1 in 3 to 1 in 20, depending on the size of department.' (Reeves, 1973:4)

The firm is classified as a member of the Food industry.

Relevant questions

'How important to you is it to have a job in a firm with a good pension scheme ?

Very important.....

Fairly important.....

Not very important...

Not at all important.'

'How important to you is it to work for a firm which provides a lot of extra benefits and amenities, such as sports and social facilities, medical services and so on ?

Very important.....
Fairly important.....
Not very important....
Not at all important..'

'Are you a member of a Company B sports club or of a social club?
A sports club.....
A social club.....
Both a sports & social
club.....
Used to belong to a
club.....
No.....'

'Are you a member of any outside sports or social club?
A sports club.....
A social club.....
Both a sports & social
club.....
No.....'

'Which do you consider more important, more money or more leisure?
Money.....
Leisure.....
Don't know.....'

'If you were to leave here to work somewhere else, what things do you think you would miss?
Nothing/Don't know
THINGS TO DO WITH NATURE OF EMPLOYMENT AND THE JOB
.....
AMENITIES
Sports facilities, e.g. playing fields, lido, club
Social facilities, e.g. clubs, theatre etc
Other physical amenities, e.g. canteen, showers etc.

FRINGE BENEFITS & PRIVILEGES
Medical services
Educational schemes
Sick pay
Pension scheme
Holiday and other gifts
Service days (i.e. extra holidays for long service employees)
Chocolate shop
Other fringe benefits or privileges
Facilities and benefits in general (no particular one specified)
Other responses'

'Finally, can you tell me why you have stayed at Company B
Something to do with:
.....
Security, e.g. pension, no fear of redundancy because of length of service
.....
Amenities, e.g. sports of social facilities
Fringe benefits, e.g. pension scheme, sick pay, gifts, medical services, educational schemes, etc.
.....'

Craig: Management attitudes towards narrowing manual v. non-manual differentials.

In 1969 Craig did some case studies of firms in the Wedderburn and Craig sample described above (p360) who claimed to be introducing some form of staff status.

Appendix B: Industries in each SIC Order;

The measure of 'generosity' of industries in providing fringe benefits;

Manual/non-manual differences in benefit provision according to industry.

Appendix B

1. Industries in each SIC Order

Since the available data classifies industries according to SIC Order, they will be considered here under these headings.

(i) Food, drink and tobacco (Order III)

The SIC sub-headings are: grain milling; bread and flour confectionery; biscuits; milk products; cocoa, chocolate and sugar confectionery; fruit and vegetable products; food industries not elsewhere specified; brewing and malting; other drink industries; tobacco. Some of these products are amenable to continuous process technology, but most are produced by mass or large batch technology. The industry started to grow considerably in the 1930s when the growth of the working population, rising real incomes, and changing social habits led to an increase in demand for 'manufactured' and 'processed' food and drink. Demand for such products has continued to grow since the war (Dunning and Thomas, 1963:29).

(ii) Chemicals and allied industries (Order IV)

The SIC subheadings are: chemicals and dyes; pharmaceuticals and toilet preparations; paint and prinitng ink; vegetable and animal oils, fats, soap and detergents; synthetic resins and plastics materials. This is an industry whose products are amenable to continuous process technology and are very largely produced using such technology. Chemical production began at the turn of the century and considerable progress in the invention of synthetic chemicals was made in the inter-war period, assisted by the imposition of protective tariffs and rationalisation of the industries' production structures (ibid.:20). Demand for chemical products rose, especially in the 1930s. Since the war, expansion has been even greater, particularly in the petro-chemical industry, artificial fibres and in plastics and related products. The growth in the demand of pharmaceutical products since the war has been

described by one observer as 'remarkable' (Thomas, 1958:333). Reddaway confirmed that under present day production labour cost is insignificant.

> 'The ratio of capital to labour or to output is usually high in the production of chemicals, where one typically finds complex and expensive plant being tended by a relatively small number of workers.' (1958:228)

(iii) Metal manufacture (Order IV)

The SIC sub-headings are: iron and steel (general); steel tubes; iron castings etc.; light metals, copper, brass and other base metals. Coal, textiles and metal-based products accounted for three-quarters of all British exports in 1913 and the production of pig-iron and steel rose from 10 million to 18 million tons between 1880 and 1913 (Dunning and Thomas, op.cit.:19). However, by 1900 the British steel industry was already under severe criticism for inefficiency and it was finding it hard to adapt to changes in technology. After some decline in the 1920s the industry expanded again in the 1930s (ibid.:28) and post-war expansion has continued with production increasing by 133% between 1938 and 1960. The major part of the steel industry was nationalised in 1967, and criticisms of technological developments in this industry are still widespread. Some of the processes in this industry are amenable to continuous process technology while others require mass production or even unit production techniques.

(iv) Engineering and electrical goods (Order VI)

The SIC sub-headings are: engineering; scientific, surgical and photographic instruments; and electrical goods. These cover a wide range of 'sub-industries from the machine tool industry to electronics. Mass production of a more or less mechanised kind is the dominant form of technology. The manufacture of electrical goods and certain types of machinery began at around the turn of the century at a low level (ibid.:19). Considerable expansion of electrical engineering, scientific and industrial instruments, constructional

engineering and heating and ventilating appliances took place in the 1930s (ibid.:29). Employment in the electrical equipment industry increased by 150% between 1929 and 1937, while production in the machine tool industry increased by 75% in the 1930s (ibid.:31). Post-war the expansion has continued so that in 1948 engineering, ship-building and electrical goods between them employed 13.8% of the labour force employed in manufacturing industry - the largest industrial groups in the country. By 1957 the percentage had grown to 22.9% (ibid.).

(v) Ship-building and marine engineering

This group has no SIC sub-headings. Britain attained a technical lead in the ship-building industry in the 1850s and by 1914 still supplied 61% of the world's total tonnage of shipping. After the First World War, following a short speculative boom, the industry declined then grew very slowly. There was a decline in the demand for shipping as trade decreased and foreign governments protected their shipping industries. Numbers employed in the ship-building industry fell in the 1930s and Britain's share in the world's output of shipping fell from an average of 51% in 1926-29 to 34% in 1937-38 and total output fell by 39%. After the war the ship-building industry prospered again until the 1960s and demand for ships persistently exceeded all that the industry could supply. Since the early 1960s the industry has not prospered (Cairncross and Parkinson, 1958:103). The industry has found difficulty in standardising production since customers' wishes vary considerably. A ship takes a year or so to build and costs a considerable amount and consequently making standard ships is not likely to be economical except in particular cases. Where this is possible mass production techniques can be used, but generally most ship-building has been done using unit production techniques.

(vi) Vehicles (Order VIII)

The SIC sub-headings are: motor vehicle, motor cycle, three-wheel vehicle and pedal cycles manufacturing; aircraft manufacturing

repairing; locomotives and railway track equipment, railway carriages and wagons and trams. In 1900 the manufacture of motor vehicles had scarcely begun, and the volume of production before the First World War was not very impressive. Output expanded strongly throughout the 1920s and 1930s and was so strong that it was relatively little affected by the slump (Silberston, 1958: 3). By 1946 the production of cars had risen to well over half of that of 1937, which was the best pre-war year. Growth has continued in the post-war period. There are many types of process involved in vehicle manufacture, but some of these are undertaken by firms coming under other industry headings. Mass production techniques are most common, with varying degrees of mechanisation and automation being involved.

There are close connections between the motor vehicle and aircraft industries. Many of the firms involved in the aircraft industry became established just before or after the First World War. Much effort goes into research, design and development before production begins. Most of the development in the aircraft industry took place during and after the Second World War. In 1936 it only employed 36,000 people and had a gross output of £10 million (Dunning and Thomas, op.cit.: 30).

(vii) Metal goods not elsewhere specified

SIC sub-headings are: bolts, nuts, screws, rivets etc.; wire and wire manufactures; metal industries not elsewhere specified. These goods are produced using mass production methods and the demand for them depends on the prosperity of other industries. In 1907 such firms employed 3% of the working population and this did not change much until the later 1920s. In 1935 4.4% of the employed population worked in this industrial group and by 1948 this had risen to 5.3%. This proportion remained constant in the 1950s (ibid.:36). The period of fastest growth appears to have been in the later 1930s and during the war.

(viii) Textiles (Order X)

The SIC sub-headings are: spinning and doubling of cotton, flax and man-made fibres; weaving of cotton, linen and man-made fibres; woollen and worsted; hosiery and other knitted goods; carpets; and other textile industries. In 1820 textile manufactures accounted for 67% of British exports (Dunning and Thomas, op.cit.:13). There was an almost continuous expansion of outlets up to the First World War, but between 1920 and 1939 exports fell sharply and, despite a considerable increase in domestic consumption, the fortunes of the industry suffered a continuous decline (Furness, 1958:188). The numbers employed in the spinning and weaving sections, for example, fell from 356,000 in 1930 to 209,000 in 1938. During the last war supplies of raw cotton were greatly reduced and labour was redirected to more essential industries so that there was a considerable decline in production. The post-war boom was followed by a slump in the early 1950s and by 1960 in the older textile industries only 200,000 employees existed compared with 414,000 just before the war (Dunning and Thomas, op.cit.). The dominant technology is mass production.

(ix) Leather, leather goods and fur (Order XI)

There are no SIC sub-headings in this group which is a small group using mass production techniques which are often not very mechanised. In 1907 1% of employed persons worked in this industry. This proportion remained roughly constant being 1% in 1935, 0.8% in 1948 and 0.7% in 1957 - a gentle decline (ibid.:36).

(x) Clothing and footwear (Order XII)

SIC sub-headings are : clothing; footwear. Mass production techniques are commonly used in this industry with some unit production at the expensive end of the market. Employment in the industry has declined considerably since the turn of the century. Between 1907 and 1924 the proportion of the employed labour force

working in the clothing industry fell from 13.8% to 7.7%. In the next fifteen years or so, due to rising real incomes, changing social habits and an expanding working population, there were increases in the number and proportion of the labour force working in the clothing industry. By 1935 8.5% of the employed population were working in clothing. In the next ten years the proportion declined to 6.3% in 1948, where it remained in the 1950s (ibid.:36)

(xi) Bricks, pottery, glass, cement, etc. (Order XIII)

The SIC sub-headings are: bricks, fireclay and refractory goods; pottery; glass; abrasive and building materials etc., not elsewhere specified. Many products coming under this industrial heading can be produced using continuous process techniques. Not a large proportion of the employed population has ever been employed in these areas. Employment has been irregular in most sections since demand for the products is very sensitive to fluctuations in employment and overseas trade.

(xii) Timber, furniture etc. (Order XIV)

This SIC heading covers timber and miscellaneous wood and cork manufacture. There was a decline in the proportion of the owrkforce employed in the industry between 1907 and 1924: from 4.4% to 2.2% followed by a revival, so that in 1935 3.3% of the workforce was employed in this industry. This increase is related to the increase in consumer spending in the 1930s which has already been referred to. In 1948 2.9% of the labour force worked in this area and this has remained much the same by 1957 (ibid.:36). Mass production techniques are most often used in this industry.

(xiii) Paper, printing, and publishing (Order XV)

The SIC sub-headings are: paper and board; cardboard boxes

cartons, fibre-board packing cases; manfacture of paper and board not elsewhere specified; printing, publishing of newspapers and periodicals; other printing, publishing, bookbinding, engraving etc. Much of the production in this heading is amenable to continuous process production, although some is still done on the basis of a mixture of 'unit' and continuous process technology. The proportion of the employed labour force working in this industry has remained roughly constant since the turn of the century being 6.0% in 1907, 5.6% in 1924, 6.5% in 1935, 5.4% in 1948 and 6% again in 1957. This means that over the period there has been an absolute growth in the number of employees (ibid.:36).

(xiv) Other manufacturing industries (Order XVI)

The SIC sub-headings here are: rubber; toys, games and sports equipment; and plastics, moulding and fabricating. The first and last of these, which predominate, are suitable for continuous process production. Dunning and Thomas recorded a growth in the proportion of the labour force employed in these areas, largely taking place before 1935. In 1907 0.9% of the employed labour force worked in these areas, compared with 1.6% in 1924, 2.2% in 1935, 2.7% in 1948 and 1957.

2. The measure of 'generosity' of industries in providing fringe benefits

The measure of 'generosity' was constructed by:
(a) taking the % of companies in an industry providing a particular benefit as a measure of the generosity of the industry in providing the benefit; and
(b) obtaining an average measure of the generosity of each industry by adding up the scores for each benefit and industry, as shown in Chapter 6, and dividing by the number of measures. Table B.1 shows the resulting scores for manual workers, and Table B.2 for non-manual workers.

Table B.1 The Construction of Scores of 'Generosity' for each Industry. Manual Workers

Food	Chemicals	Metal Manufacture	Engineering	Shipbuilding	Vehicles	Other Metal Goods
85	84	56	65	14	67	58
63	71	49	52	56	43	42
73	76	52	57	37	65	45
82	84	87	64	74	47	58
61	73	62	50	38	64	41
93	84	11	40	0	38	8
79	75	22	41	28	29	37
73	65	33	46	37	38	32
100	78	25	60	6	59	30
86	88.5	20	57.3	47	47	32
19	24	11	20	14	52	9
6	8	3	7	8	10	4
18	23	31	25	48	40	13
85	94	89	93	93	100	83
51	75	70	71	63	65	57
55	67	65	69	62	80	57
100	92	99	94.7	62	100	69
70	57	67	70	93	86	8
17	20	23	24	25	23	50
19	36	28	27	16	27	10
59	85	64	76.3	27	76	13
81	98	89	97	100	100	3
39	51	57	50	54	60	52
44	55	65	56	47	69	83
58	77	50	46.3	9	72	40
22	29	0	18	0	14	42
47	42	23	30	0	28	49
26	31	11	23	14	48	8
23	2	2	8.3	0	4	42
15	16	11	21	7	19	25
0	5	0	1.3	4	4	2
30	39	15	37	14	62	8
14	14	1	17.7	0	4	15
173	198	188	182	175	184	183
144	168	139	130	121	122	124
+ 60	+ 28	+ 4	+ 23	+ 2	+ 9	+ 24
2070	2213.5	1576	1850	1395	1955	1456
-36	-36	-36	-36	-36	-36	-36
57.5	61.49	45.06	51.39	38.75	54.31	40.44

Table B.1 (continued)

Textiles	Clothing and Leather	Bricks	Timber	Paper and Printing	Other Manu-facture
32		71		100	78
28		34		61	51
35		48		63	52
49		61		90	63
40		44		60	51
31		36		64	50
33		34		48	41
41		43		50	43
31		48		84.5	89
37		47		58	44
8	25	21		21	14
9	21.5	6		3	11
18	36	27		16	18
92	25.5	86		100	93
62	30	58		60	71
57	38	55		52	73
73	45	87		83	100
27	30	8		78	64
8	3	64		13	14
9	9	15		17	14
22	54.5	62		65	63
84	50	78	38	100	100
35	100	32	34	33	44
33	5.5	40	22	38	48
27	7	48	46	44	92
8	48	13	41	0	21
5	27.5	31	49	25	48
32	23	29	3	21	43
12	24	13	14	1	2
24	5	43	49	29	14
1	19	14	43	12	2
8	0	36	5	64	57
1	1	3	6	11	2
184	199.5	192	20	94	198
145	159	172	23	58	137
+ 18	+ 10	+ 3	+165	+ 19.5	+ 8
1359	996	1699	558	1936	1913
-36	-26	-36	-15	-36	-36
37.75	38.31	47.19	37.2	53.8	53.1

Table B.2 The Construction of Scores of 'Generosity' for each Industry. Non-manual Workers

Food	Chem-icals	Metal Manu-facture	Engin-eering	Ship-building	Vehicles	Other Metal Goods
76	85	76	77	84	66	60
82	92	80	80	78	85	60
95	96.5	93	94.7	97	97	87
95	98	00	98	00	92	74
73	88	66	78	83	78	68
74	77	77	81	67	81	64
80	88	86	73	88	82	69
100	99	98	100	100	100	97
5	11	4	8	6	8	4
19	23	23	20	18	27	8
51	75	70	71	63	65	57
55	67	65	69	62	80	57
90	85	99	94.3	62	99	69
17	20	23	24	25	23	10
19	36	28	27	16	27	13
60	85	63	76	29	75	52
39	51	57	50	54	60	40
44	55	65	56	47	69	42
61	77	52	44	9	76	51
18	9	12	15	16	10	7
13	1	2	5	0	3	2
14	22	8	22	2	11	5
1	6	8	2	26	5	16
52	53	35	31	38	33	43
197	215	218	214	229	223	210
170	177	178	165	176	159	164
+ 56.2	+ 51.8	+ 55	+ 42.6	+ 7	+ 67	+ 52.6
1656.2	1843.3	1741	1717.6	1582	1801	1481.6
-27	-27	-27	-27	-27	-27	-27
61.34	68.27	64.48	63.61	58.59	66.70	54.87

Table B.2 (Continued)

Textiles	Clothing and Leather	Bricks	Timber	Paper and Printing	Other Manufacture
64	47	62		69	69
67	45.5	80		78	73
88	74	89		90	86
86	78	98		99.5	00
55	46	66		67	79
58	42.5	73		63	68
75	52	73		71	71
85	97	98		98	96
6	1	6		4	11
9	4.5	17		9	18
62	54.5	58		60	71
57	50	55		52	73
74	87	77	54	83	00
8	5.5	8	62	13	14
9	7	15	81	17	14
28	42	62	64	64	63
35	23	32	53	33	44
33	27.2	40	52	38	48
33	27	48	3	45	92
19	9	22	6	18	5
13	13	0	49	0	0
8	2	32	43	3	3
11	7	16	5	8	2
12	8	44	6	32	49
05	02	07	20	04	06
65	62	86	23	76.5	58
+ 45.6	± 25	± 42	± 94	± 54.4	± 53.4
1404.6	1238.7	1606	715	1549.4	1666.4
-27	-27	-27	-15	-27	-27
52.24	45.88	59.48	47.67	57.39	61.72

3. Manual/non-manual differences in benefit provision according to industry.

Table B.3. Differences in mean number of benefits between Occupations. 1968

Industry	Manual worker	Foremen	Clerical worker	Tech-nician	Middle manager	Senior manager
Chemicals	.3	.3	.6	0	.6	
Food	.3	-.3	0	.4	0	
Other Man-ufacture	.4	.3	0	.1	.2	
Electrical Engineering	1.5	-.3	.2	.4	0	
Paper and Printing	1.0	0	-.2	.5	.5	
Vehicles	1.4	0	.7	.1	.2	
Bricks	1.2	.2	.4	.2	.5	
Light Engineering	1.4	-.1	0	.6	.4	
Metal Man-ufacture	1.8	.2	0	.4	1.0	
Heavy Engineering	1.6	-.1	0	.4	.4	
Other Metal Goods	1.4	.4	.1	0	.4	
Clothing and Leather	1.1	-.3	.8	-.2	.6	
Textiles	1.6	-.1	0	.5	1.1	
Ship-building	3.0	-.1	.1	.1	.5	
All industries	1.3	-.1	.2	.2	.6	

Appendix C: Additional Tables

Appendix C

Table 1 Discounts by Industry - Non-manual Workers.

1968

(% of employers providing discounts)

Foremen	53%	50%	50%	48%	44%	43%	36%	35%	34%	31%	23%	11%	8%	3%
	Elec. Eq	Chem-icals	Other Manu-facture	Food	Bricks etc	Other metal goods	Ship-bldg.	Metal Mac.	Paper Plastics	Vehicles	Light Eq.	Textiles	Heavy Eq.	Clothing
Clerical workers	53%	50%	50%	49%	44%	42%	36%	35%	34%	31%	31%	11%	7%	5%
	Elec. Eq.	Chem-icals	Other Mac.	Food	Bricks etc.	Other metal	Ship-bldg.	Metal Mac.	Paper Plastics	Light Eq.	Vehicles	Textiles	Heavy Eq.	Clothing
Technicians	57%	54%	50%	50%	44%	42%	39%	36%	35%	31%	27%	15%	7%	4%
	Elec. Eq.	Food	Chem-icals	Other Mac.	Bricks Metal	Other	Vehicles	Ship-bldg.	Metal Mac.	Light Eq.	Paper	Textiles	Heavy Eq.	Clothing
Middle managers	58%	57%	55%	48%	44%	44%	40%	35%	34%	31%	30%	13%	11%	10%
	Chem-icals	Elec. Eq.	Food	Other Mac.	Bricks Metal	Other	Ship-bldg.	Metal Mac.	Paper	Vehicles	Light Eq.	Clothing	Textiles	Heavy Eq.
Senior managers	58%	52%	52%	48%	44%	44%	40%	36%	34%	31%	30%	13%	11%	11%
	Chem-icals	Elec. Eq.	Food	Other Mac.	Bricks Metal	Other	Ship-bldg.	Metal	Paper	Vehicles	Light Eq.	Clothing	Heavy Eq.	Textiles

Table 2 Travel by Industry - Non-manual Workers. 1968

(% of employers providing travel)

Foremen	13%	12%	12%	8%	8%	3%	2%	1%	1%	1%	0	0	0	0
	Food	Clothing	Textiles	Elec. Eq	Heavy Eq.	Vehicles	Metal Mac.	Chem-icals	Light Eq.	Other Metal	Bricks etc	Other Mac	Paper	Ship-bldg.
Clerical workers	13%	13%	12%	8%	8%	3%	3%	2%	2%	1%	0	0	0	0
	Clothing	Food	Textiles	Elec. Eq.	Heavy Eq.	Other Metal	Vehicles	Chem-icals	Metal Mac.	Light Eq	Bricks etc	Other Mac	Paper	Ship-bldg
Technicians	18%	17%	16%	8%	8%	4%	3%	2%	2%	1%	0	0	0	0
	Food	Clothing	Textiles	Elec. Eq	Heavy Eq	Vehicles	Other Metal	Chem-icals	Metal Mac	Light Eq.				

Table 2 (continued)

Middle managers	16%	12%	12%	8%	3%	2%	1%	1%	0	0	0	0	0	0
	Textiles	Clothg	Food	Heavy Eq.	Vehicles	Metal Mac.	Other Metal	Light Eq.						
Senior managers	12%	11%	10%	8%	3%	2%	1%	1%	0	0	0	0	0	0
	Clothg	Textiles	Food	Heavy Eq.	Vehicles	Metal Mac	Light Eq.	Other Metal	Seeds					

Table 3 Loans by Industry - Non-manual Workers. 1968

(% of employers providing loans)

Foremen	33%	25%	21%	15%	15%	10%	7%	6%	4%	3%	3%	2%	0	0
	Light Eq.	Elec Eq.	Chem icals	Bricks	Food	Vehicles	Text.	Other Metal	Heavy Eq.	Metal Mac	Paper	Other Mac.		
Clerical workers	33%	32%	30%	21%	15%	7%	6%	4%	3%	3%	2%	2%	0	0
	Light Eq	Elec Eq.	Bricks	Chem-icals	Food	Textiles	Vehicles	Heavy Eq.	Other Metal	Paper	Mac.	Other Mac.		
Technicians	36%	33%	30%	22%	10%	9%	7%	5%	4%	3%	3%	2%	0	0
	Elec. Eq.	Light Eq.	Bricks	Chem icals	Textiles	Vehicles	Food	Other Metal	Heavy Eq.	Metal Mac	Paper	Other Mac.		
Middle managers	42%	33%	29%	22%	17%	15%	13%	7%	6%	4%	4%	3%	2%	0
	Bricks	Light Eq	Elec. Eq	Chem-icals	Food	Metal Mac.	Vehicles	Textiles	Other Metal	Heavy Eq	Other Mac	Paper	Ship-bldg	Clothg
Senior managers	42%	33%	27%	24%	22%	16%	16%	15%	10%	7%	6%	5%	4%	3%
	Bricks	Light Eq	Elec. Eq	Textiles	Chem-icals	Food	Metal Mac.	Vehicles	Elec Eq	Ship-bldg	Other Metal	Heavy Eq.	Other Mac	Paper

Table 4 Housing by Industry - Non-manual Workers. 1968

(% of employers providing housing)

Foremen	42%	21%	16%	14%	12%	9%	7%	6%	4%	3%	2%	1%	0	0
	Ship bldg	Paper	Other Metal	Bricks	Elec Eq.	Elec. Eq.	Textiles	Chem-icals	Vehicles	Heavy Eq	Other Mac.	Metal Mac.		

Table 4 (continued)

Clerical workers	38%	16%	14%	7%	6%	5%	3%	3%	2%	1%	0	0	0	0
	Ship-bdg	Other Metal	Bricks	Textiles	Vehicles	Chem-icals	Heavy Eq.	Paper	Other Mac	Elec. Eq.				
Technicians	42%	16%	16%	9%	6%	5%	4%	3%	2%	1%	1%	0	0	0
	Ship-bdg	Other Metal	Bricks	Tex-tiles	Vehicles	Chem-icals	Heavy Eq.	Paper	Other Mac	Elec Eq	Metal Mac			
Middle managers	16%	16%	13%	12%	8%	7%	7%	4%	4%	3%	3%	2%	1%	0
	Bricks	Other Metal	Metal Mac	Coal	Textiles	Chem-icals	Paper	Ship-bdg	Vehicles	Food	Heavy Eq	Other Mac	Elec Eq	Light Eq
Senior managers	26%	19%	16%	12%	7%	7%	7%	7%	4%	4%	3%	2%	1%	0
	Metal Mac	Bricks	Other Metal	Elec. Eq	Chem-icals	Paper	Textiles	Vehicles	Other Mac	Ship-bdg	Heavy Eq	Food	Elec. Eq.	Light Eq.

Table 5 Discounts by Size of Company - Non-manual Workers. 1968

(% of employers providing discounts)

Foremen	20%	51%	53%	54%
Clerical workers	19%	51%	53%	53%
Technicians	21%	49%	52%	53%
Middle managers	22%	51%	56%	57%
Senior managers	21%	49%	56%	59%

Table 6 Travel by Size of Company - Non-manual Workers 1968

(% of employers providing travel)

Foremen	7%		5%	5%
Clerical workers	6%	1%	6%	6%
Technicians	8%	1%	6%	5%
Middle managers	7%		3%	3%
Senior managers	5%		3%	4%
No. of employees:	100 - 499	500 - 999	1,000 - 1,999	2,000 and over

Table 7 Loans by Size of Company - Non-manual Workers. 1968

(% of employers providing loans)

Foremen	9%	14%	27%	19%
Clerical workers	11%	15%	25%	15%
Technicians	13%	13%	27%	17%
Middle managers	12%	20%	27%	22%
Senior managers	16%	21%	27%	24%
No. of employees:	100 - 499	500 - 999	1,000 - 1,999	2,000 and over

Table 8 Housing by Size of Company - Non-manual Workers.

1968

(% of employers providing housing)

No. of employees:	100 – 499	500 – 999	1,000 – 1,999	2,000 and over
Foremen	7%	8%	9%	11%
Clerical workers	2%	8%	8%	10%
Technicians	3%	9%	9%	10%
Middle managers	3%	8%	8%	10%
Senior managers	4%	11%	10%	16%

Table 9 The Distribution of Number of Fringe Benefits by Size of Company. 1968

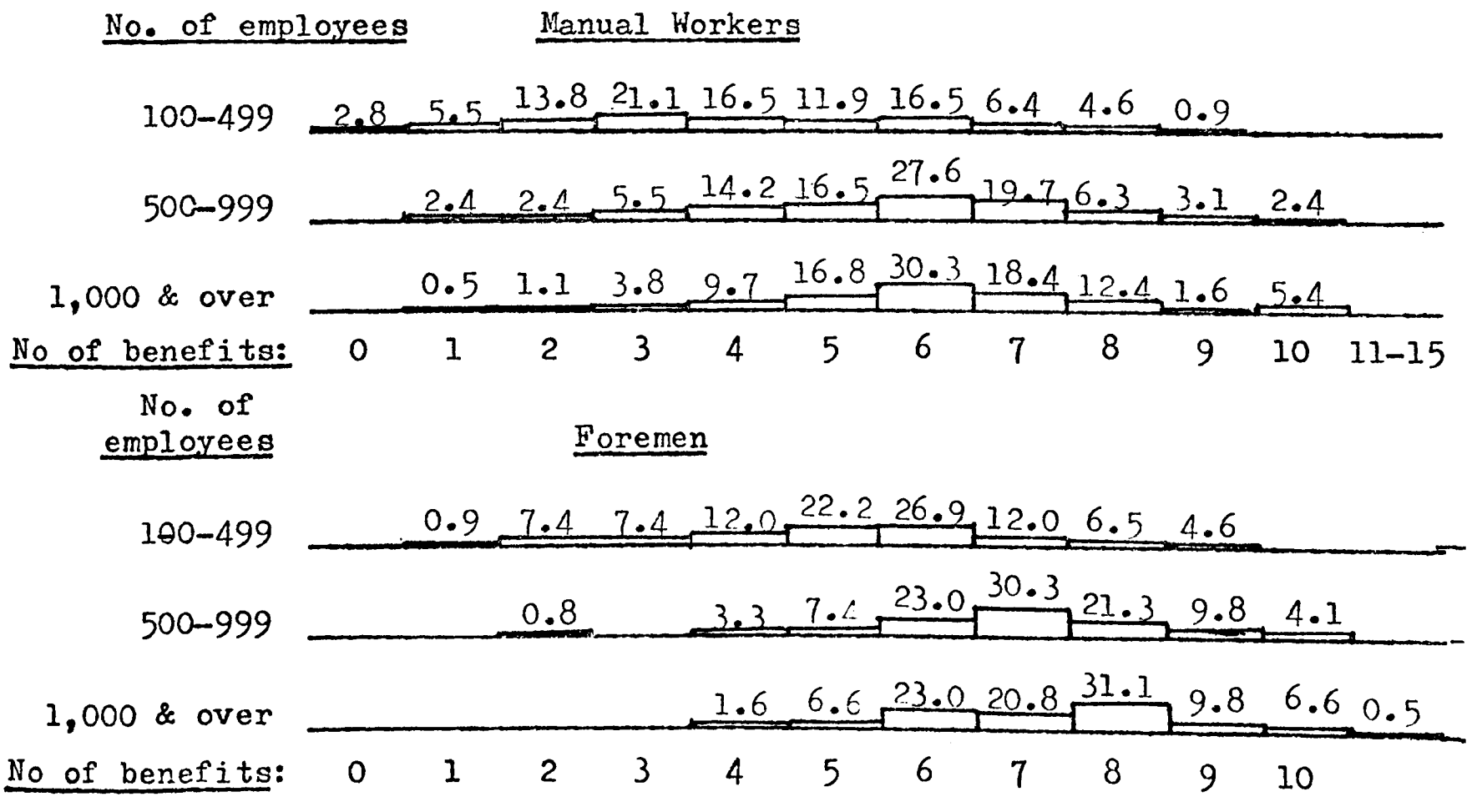
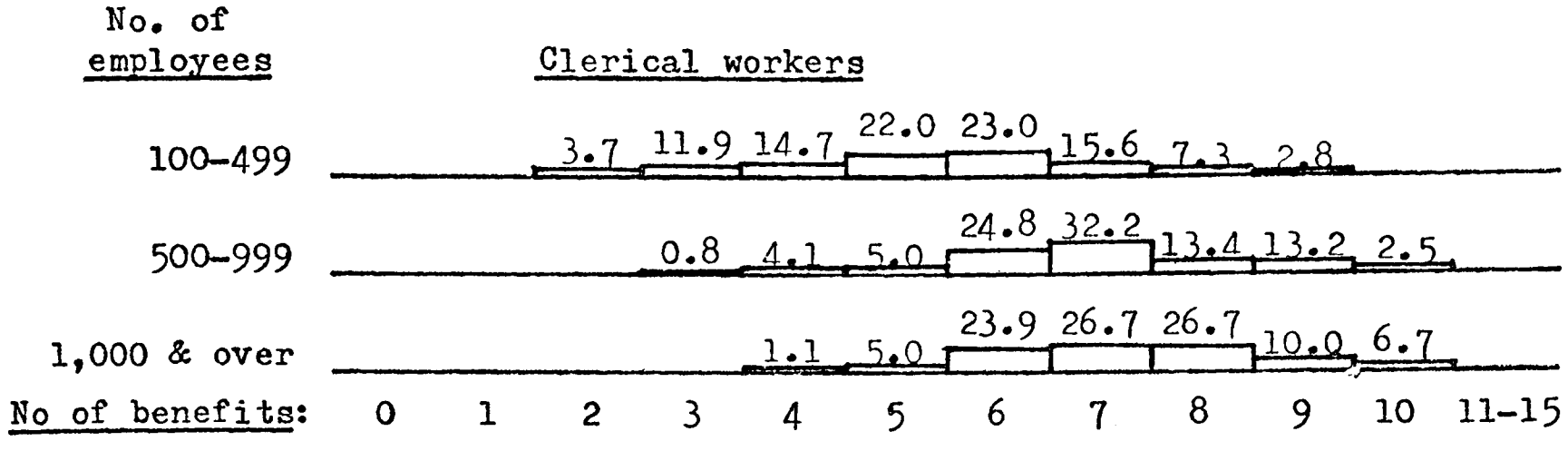
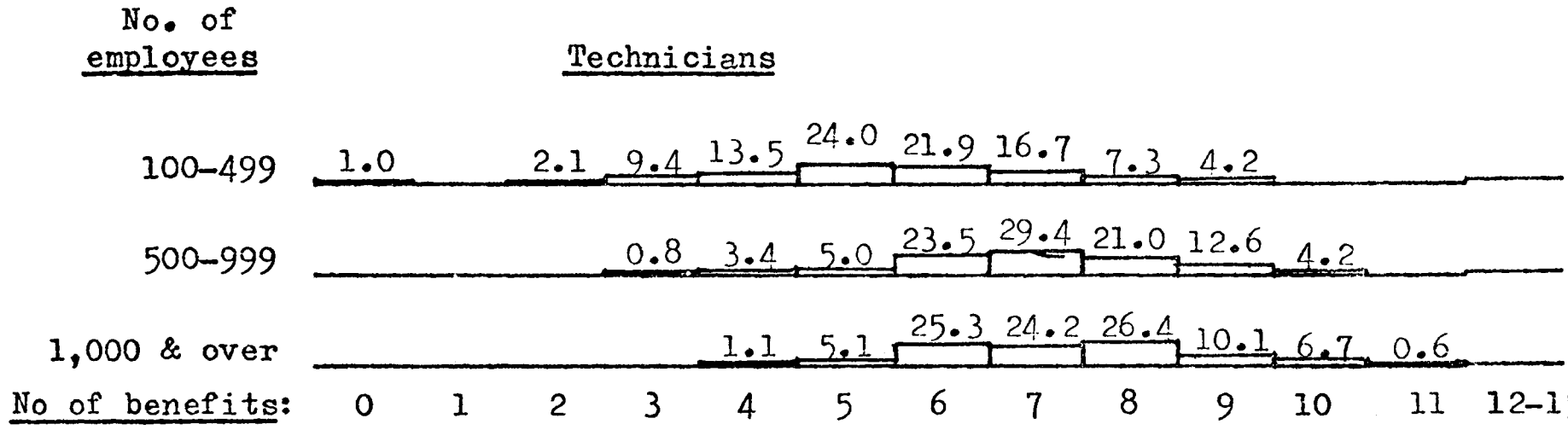
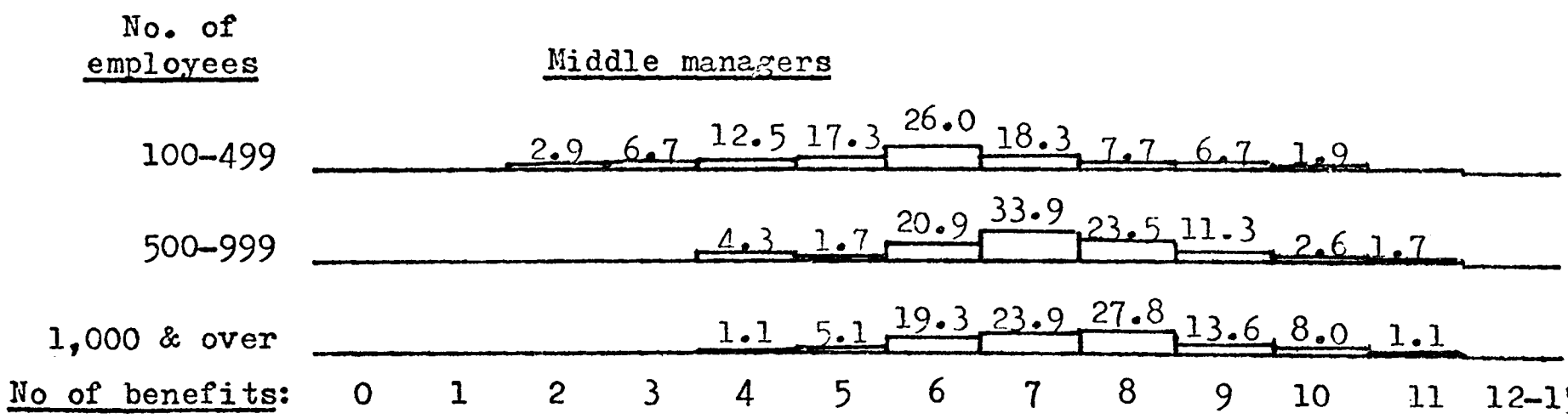
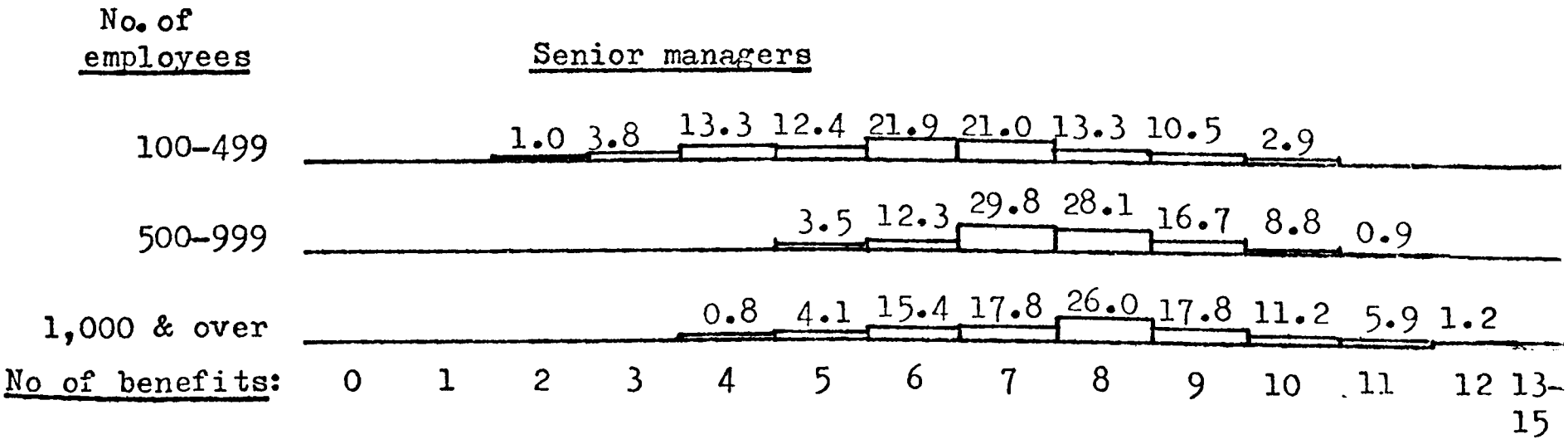


Table 9 (continued)









BIBLIOGRAPHY

1. Government Publications

All works cited in this section are published in London by Her Majesty's Stationery Office.

Research

Government Actuary: Occupational Pensions Schemes 1958

Government Actuary: Occupational Pension Schemes: A New Survey 1966

Government Actuary: Occupational Pension Schemes: Third Survey 1968

Government Actuary: Occupational Pension Schemes: Fourth Survey 1972

Department of Employment and Productivity: Labour Costs in Great Britain in 1964 1968

Labour Costs Survey, 1968 1970

Department of Employment: 'New Earnings Survey' DOE Gazette August 1971

Royal Commissions

Royal Commission on the Taxation of Profits and Income, 1952-55.
Final Report Cmd 9474 1955

Royal Commission on Trade Unions and Employers' Associations, 1965-68.

Report Cmd 3623 1968

Research Paper No 4: Productivity Bargaining 1966

Evidence from Allan Flanders SWE 9 p542 1968

Evidence from the NFPW SWE 2 p24 1968

Evidence from the TUC SWE 4 p93 1968

Evidence from the Ministry of Labour 1965

Royal Commission on the Distributioh of Income and Wealth, 1975 -

Background Paper No 2: Analysis of Managerial Remuneration in the United Kingdom and Overseas. 1976

Selected Evidence submitted to the Royal Commission for Report No 3: Higher Incomes from Employment. 1976

Report No 3: Higher Incomes from Employment. 1976

Report No 5: Third Report on the Standing Reference. 1977

Report No 6: Lower Incomes. 1978

Other Publications

Amulree: Report of the Committee on Holidays with Pay. Cmd 5724 1938

Dale: Industrial Health Services: Report of the Committee of Enquiry. Cmd 8170 1950

Ministry of Labour Gazettes 1945-1967

Department of Employment and Productivity Gazettes 1968-1970

Department of Employment Gazettes 1971-1976

Reports of the Commissioners of His/Her Majesty's Inland Revenue for the year ended 31st March 1945-1975

In Place of Strife, a Policy for Industrial Relations Cmnd 3888 1969

Industrial Relations Code of Practice 1972

2. Trade union publications

Reports of the Annual Trades Union Congress (London, TUC:1945-1975)

3. Incomes Data Reports

1966-1969

4. Sources for Managerial Ideology

Industrial Welfare and Personnel Management 1941-1955

Industrial Welfare 1956-January 1966

Industrial Society February 1966 - 1971

Personnel Management 1952 - November 1967

Personnel December 1967 - April 1969

Personnel Management May 1969 - 1976

The following articles are quoted in the study.

R Coombes 'British Home Stores Welfare Formula' Personnel 2.1 (January 1969)

S Cousins 'Industrial Welfare in Denmark' Industrial Welfare XLI.6(November December 1959)

S Cripps 'Modern Trends in Industrial Welfare ' IWPM xxvi.293 (March - April 1944)

W Durham 'Some Thoughts on Human Relations and Discipline' Industrial Welfare XLV (February 1963)

M P Fogarty 'Industry Takes Over Social Insurance' Personnel Management xlii .354 (December 1960)

M P Fogarty 'The Changing Terms and Conditions of Employment' Industrial Society xlvii (December 1965)

J Garnett 'The Director's Commentary' Industrial Society xivii (October 1966)

F Garratt 'Reasonable Standards for Industrial Canteens in Wartime' IWPM xxv. 288 (June 1943)

R Gidman 'Total Remuneration' Industrial Society 52 (Septemebr 1970)

E Glor 'Mr Crossman's Medicinal Compound' Industrial Society 51 (April 1969)

Dr R A Gordon-Smith 'Investment in the Workers' Health Pays Dividends' Industrial Welfare XXXIX (March - April 1957)

J Grun 'The Industrial Class Problem' Industrial Welfare XLII (March-April 1960)

P Hobson 'Productivity Bargaining - the Fall-out' Industrial Society 52 (February 1970)

R R Hyde 'Twenyty-five Years, Then and Now' IWPM xxvi.292 (Jan-Feb 1944)

Dr G Keatinge 'Occupational Health - in Principle' Personnel Management 1.7 (November 1969)

C Mailer 'Beyond the Fringe' Industrial Society 52 (December 1970)

G A McPartlin 'Recreation and Industry: Selecting the Leaders' IWPM xxxvii.5 (Sept-Oct 1955)

V Mortensen 'Are Status Symbols Inevitable?' Industrial Welfare XLIV (May - June 1962)

A J Nicol 'Industrial Relations within the Lucas Organisation' Personnel Management xlii.353 (Septem ber 1960)

B S Rowntree 'The Price of Peace' IWPM xxvii.301 (July - August 1945)

R Stinton 'Objectives of Industrial Catering Policy' Personnel 2.1 (January 1969)

R Van Gelder 'Employers Take a Hard Look at Fringe Benefits' Industrial Society xlviii (October 1966)

G Wall 'Principles of the Catering Budget' Personnel 1.1 (January 1969)

J J Way 'Trends in Wage Negotiation Since the War' Personnel Management xxxviii.337 (September 1956)

5. Other published references cited in the text

M Abrams and R Rose Must Labour Lose ? (Harmondsworth, Penguin Books, 1960)

E G A Armstrong Industrial Relations: an Introduction (London: Harrap, 1969)

C Argyris Integrating the Individual and the Organisation (New York: Wiley, 1964)

R Ashall and J Child 'Employee Services' Personnel Management 4.8 (August 1972)

J A Banks Marxist Sociology in Action (London: Faber, 1970)

J Barbash 'The Elements of Industrial Relations' BJIR II.1 (March, 1964)

R Bendix Work and Authority in Industry (New York: Harper and Row, 1963)

H Beynon and R M Blackburn Perceptions of Work: Variations Within a Factory (Cambridge University Press, 1972)

R M Blackburn and M Mann 'Ideology in the Non-skilled Working Class' in Bulmer (ed) Working-Class Images of Society q.v.

P Blau Exchange and Power in Social Life (New York: Wiley, 1964)

R Blauner Alienation and Freedom: the Factory Worker and his Industry (University of Chicage Press, 1964)

G F Break 'Income Taxes and Incentives to Work: an Empirical Study' The American Economic Review XLVII No 5 1957

A Briggs Seebohm Rowntree 1871 - 1954 (London: Longmans, 1961)

J A C Brown The Social Psychology of Industry (Harmondsworth, Penguin Books, 1954)

M Bulmer (ed) Working-Class Images of Society (London: Routledge, 1975)
*

A Cairncross and J Parkinson 'The Shipbuilding Industry' in Burn (ed) The Structure of British Industry q.v.

G C Cameron 'The Growth of Holidays with Pay in Britain' in Reid and Robertson (ed) Fringe Benefits, Labour Costs and Social Security q.v.

* D Burn (ed) The Stucture of British Industry (Cambridge University Press, 1958)

J Child British Management Thought (London: Allen and Unwin, 1969)

R V Clements Managers: A Study of their Careers in Industry (London: Allen and Unwin, 1958)

S Cotgrove, J Dunham, C Vamplew The Nylon Spinners (London: Allen and Unwin, 1971)

C A R Crosland The Future of Socialism (London: Jonathan Cape, 1964)

C Crouch 'The Ideology of a Managerial Elite in I Crewe (ed) British Political Yearbook vol 1 Elites in Western Democracy (London: Croom Helm, 1974)

C Crouch 'The Intensification of Industrial Conflict in the United Kingdom' in Crouch and A Pizzorno (ed) The Resurgence of Class Conflict in Western Europe Since 1968 vol 1 (London: Macmillan, 1977)

R Dale The Clerk in Industry (Liverpool University Press, 1962)

W W Daniel Beyond the Wage-Work Bargain PEP Broadsheet 519 (London, 1970)

W W Daniel and N McIntosh The Right to Manage? (London: MacDonald for PEP, 1972)

R Dore British Factory - Japanese Factory (London: Allen and Unwin, 1970)

J Dunning and C Thomas British Industry: Change and Development in the Twentieth Century (London: Hutchinson, 1961)

E Durkheim Suicide: A Study in Sociology (London: Routledge, 1952) first published in 1897

P Ekeh Social Exchange Theory (London: Heinemann, 1974)

A G P Elliott 'Company Welfare Benefits' in Reid and Robertson (ed) Fringe Benefits, Labour Costs and Social Security q.v.

A Etzioni A Comparative Analysis of Complex Organisations (New York: the Free Press, 1961)

A Flanders 'The Internal Social Responsibilities of Industry' BJIR IV.1 (March 1966)

P S Florence Economics and Sociology of Industry (Baltimore: John Hopkins Press, 1964)

A Fox 'Managerial Ideology and Labour Relations' BJIR IV.3 (November 1966)

A Fox Beyond Contract: Work Power and Trust Relations (London:Faber,1970)

D Fraser The Evolution of the British Welfare State: a History of Social Policy Since the Industrial Revolution (London:Macmillan,1973)

G Furness 'The Cotton and Rayon Textile Industry' in Burn (ed) The Structure of British Industry q.v.

S W Gellerman Motivation and Productivity (American Management Association,1963)

V George Social Security and Society (London:Routledge,1973)

J H Goldthorpe, D Lockwood, F Bechhofer and Jennifer Platt The Affluent Worker: Industrial Attitudes and Behaviour (Cambridge University Press,1968)

J H Goldthorpe et al The Affluent Worker in the Class Structure (Cambridge University Press,1969)

J H Goldthorpe and P Bevan 'The Study of Social Stratification in Great Britain 1945-76' Social Science Information XVI-3/4 1977

J H Goldthorpe and C Llewellyn 'Class Mobility in Modern Britain' Sociology 11 1977

A W Gouldner For Sociology (Harmondsworth: Penguin Books,1975)

A Heath 'Exchange Theory' British Journal of Political Science 1.1

F Herzberg, B Mausner, B Snyderman Job Attitudes: Review of Research and Opinion (Pittsburgh:Psychological Service of Pittsburgh,1957)

K Hancock (ed) The National Income and Social Welfare (Melbourne: Cheshire for the Australian Council of Social Service,1965)

A E Holmans 'Public versus Private Protection Against Insecurity' in Reid and Robertson (ed) Fringe Benefits, Labour Costs and Social Security q.v.

R Hyman and I Brough Social Values a d Industrial Relations (Oxford: Blackwell, 1975)

G K Ingham Size of Industrial Organisations and Worker Behaviour (Cambridge University Press, 1970)

J E Isaac 'Employer Provision for Social Welfare' in Hancock (ed) The National Income and Social Welfare q.v.

J Jackson (ed) Social Stratification (Cambridge University Press, 1968)

R J Jarrett 'Into Europe' Industrial Society 53 (March-April 1971)

J Kincaid Poverty and Equality in Britain (Harmondsworth, Penguin Books, 1975)

R Lewis and R Stewart The Boss: the Life and Times of the British Business Man (London: Phoenix House, 1961)

D Lockwood The Blackcoated Worker (London: Allen and Unwin, 1958)

D Lockwood 'Sources of Variation in Working-Class Images of Society' Sociological Review n.s. 14 1966

T Lupton and R Hamilton 'The Status of the Industrial Worker Scottish Journal of Political Economy 17 (June 1970)

H Lydall The Structure of Earnings (Appendix on Fringe Benefits) (Oxford: the Clarendon Press, 1968)

G McBeath and D N Rands Salary Administration (London: Business Books,

C McDougall 'How Well do You Reward Your Managers?' Personnel Management 5.3 (March 1973)

I McGivering, D Matthews, W Scott Management in Britain : a General Characterisation (Liverpool University Press, 1960)

D I Mackay 'Wages and Labour Turnover' in Robinson (ed) Local Labour Markets and Wages Structures q.v.

R B McKersie and L C Hunter Pay, Productivity and Collective Bargaining (London: Macmillan, 1973)

M Mann 'The Social Cohesion of Liberal Democracy' American Sociological Review xxxv 1970

M Mann Workers on the Move: the Sociology of Relocation (Cambridge University Press, 1973)

T H Marshall Citizenship and Social Class (Cambridge University Press, 1950)

R Martin and R Fryer Redundancy and Paternalist Capitalism (London: Allen and Unwin, 1973)

A Maslow Motivation and Personality (New York: Wiley, 1954)

E Mayo The Social Problems of an Industrial Civilisation (London: Routledge, 1949)

A J Merret and D A G Monk Inflation, Taxation and Executive Remuneration

H Murlis Employee Benefits Today (London: British Insitute of Management, 1974)

H Murlis and J Grist Towards Single Status (London: British Insitute of Management, 1976)

I Nakayama 'The Modernisation of Industrial Relations in Japan' BJIR III (July 1965)

J M Pahl and R E Pahl Managers and Their Wives: a Study of Career and Family Relationships in the Middle Class (London: Allen and Uniwn, 1971)

F Parkin Class Inequality and Political Order (London: MacGibbon and Kee, 1971)

W Pickles 'Trade Unions in the Political Climate' in Roberts (ed) Industrial Relations q.v.

J Plamenatz Ideology (London: Pall Mall, 1970)

M Postan An Economic History of Europe 1945-64 (London: Methuen,1967)

R Price and G Sayers Bain 'Union Growth Revisited:1948-1974' BJIR XIV.3 1976

J Rackham and J Woodward 'The Measurement of Technical Variables' in J Woodward (ed) Industrial Organisation: Behaviour and Control (Oxford University Press:1970)

W B Reddaway 'The Chemical Industry' in Burn (ed) The Structure of British Industry q.v.

G L Reid 'Sick Pay' in Reid and Robertson (ed) Fringe Benefits, Labour Costs and Social Security q.v.

*

G L Reid and D J Robertson (eds) Fringe Benefits, Labour Costs and Social Security (London:Allen and Unwin,1965)

I Richter Political Purpose in Trade Unions (London:Allen and Unwin,1973)

B C Roberts (ed) Industrial Relations: Contemporary Problems and Perspectives (London: Methuen,1962)

D J Robertson 'Redundancy' in Reid and Robertson (ed) Fringe Benefits, Labour Costs and Social Security q.v.

E J Robertson 'Local Labour Markets and Plant Wage Structures: an Introduction' in Robinson (ed) Local Labour Markets and Wage Structures q.v.

D Robinson Wage Drift, Fringe Benefits and Manpower Distribution (OECD:1968)

D Robinson Local Labour Markets and Wage Structures (London:Gower,1970)

J Roeber Social Change at Work (London: Duckworth,1975)

A Rubner Fringe Benefits: the Golden Chains (London: Putnam,1962)

G Salaman 'Occupations, Community and Consciousness' in Bulmer (ed) Working-Class Images of Society q.v.

N Seear 'Relationships at Factory Level' in Roberts (ed) Industrial Relations q.v.

M Shanks The Stagnant Society (Harmondsworth: Penguin Press,1972)

G L Reid 'Wages and Labour Costs' in D J Robertson and L C Hunter (eds) Labour Market Issues in the 1970s (Edinburgh: Oliver and Boyd,1970)

E Shils 'Deference' in Jackson (ed) Social Stratification q.v.

A Silberston 'The Motor Industry' in Burn (ed) The Structure of British Industry q.v.

C Sofer Men in Mid-career: a Study of British Managers and Technical Specialists

O Stanley A Guide to Taxation

R Stewart Managers and Their Jobs: A Study of Similarities and Differences in the Ways Managers Spend their Time (London: Macmillan,1967)

K Taira 'The Labour Market in Japanese Development' BJIR II.2 (1964)

R H Tawney Equality (London: Allen and Unwin, 1964)

C J Thomas 'The Pharmaceutical Industry' in Burn (ed) The Structure of British Industry q.v.

R M Titmuss Essays on the 'Welfare State' (London: Allen and Unwin, 1958)

R M Titmuss Income Distribution and Social Change (London: Allen and Unwin, 1962)

R M Titmuss Commitment to Welfare (London: Allen and Unwin, 1968)

R M Titmuss The Gift Relationship: from Human Blood to Social Policy (London: Allen and Unwin, 1970)

Sir John Walley Social Security: another British Failure? (London: Knight, 1972)

D Wedderburn 'Facts and Theories of the Welfare State' in R Miliband and J Saville (eds) The Socialist Register (London: Merlin Press,1965)

D Wedderburn 'The Conditions of Employment for Manual and Non-manual Workers' Proceedings of a SSRC Conference, Social Stratification and Industrial Relations (Cambridge 1969)

D Wedderburn 'Workplace Inequality' New Society 9 April 1970

D Wedderburn 'Inequality at Work' in P Townsend and N Bosanquet (eds) Labour and Inequality (London: Fabian Society, 1972)

D Wedderburn and R Crompton Workers' Attitudes and Technology (Cambridge University Press, 1972)

D Wedderburn (ed) Poverty, Inequality and Class Structure (Cambridge University Press, 1974)

D Wedderburn and C Craig 'Relative Deprivation in Work' in D Wedderburn (ed) Poverty, Inequality and Class Structure q.v.

J Westergaard 'Sociology: the Myth of Classlessness' in R Blackburn (ed) Ideology in Social Science (London: Fontana, 1972)

J Wiseman 'Occupational Pension Schemes' in Reid and Robertson, q.v.

S Young with A V Lowe Intervention in the Mixed Economy (London: Croom Helm, 1974)

F Zweig The Worker in an Affluent Society (London: Heinemann, 1961)

6. Other sources

AIC and AIC/Inbucon Surveys of Executive Salaries and Fringe Benefits 1962-1975

Cornmarket Salary Survey 1972

The Industrial Society 'Status and Benefits in Industry' (London: 1966)

Institute of Directors 'Expenses and Benefits' (London: 1962)

Institute of Personnel Management 'Survey of Staff Grade Schemes and Staff Status for Manual Workers' (London: August 1965)

7. Unpublished sources

P Bevan 'Fringe Benefits and the Social Integration of the British Manual Worker' B.Phil thesis Oxford 1973

C Craig 'Management Attitudes Towards Narrowing Manual v Non-Manual Differentials

C Craig 'Men in Manufacturing Industry: Terms and Conditions of Employment of Manual and Non-manual Workers.' (University of Cambridge:1969)

C Craig and D Wedderburn 'Interim Report to Company A'(Department of Applied Economics, Cambridge:1965)

C Crouch Class Conflict and the Industrial Relations Crisis D.Phil. thesis (Oxford:1975)

Industrial Sociology Unit, Imperial College

Company B Background Information.

Company B Results

C Edwards and T K Reeves 'Explaining Attitudes to Work' December 1971

T Reeves 'Technology, Attitudes and Motivation' March, 1973