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WELSH, Robert Stanley, 1933-
MANAGEMENT–LABOR RELATIONS IN THE RETAIL FOOD INDUSTRY: EMPHASIS, TECHNOLOGICAL CHANGE.

The Ohio State University, Ph.D., 1965
Economics, agricultural

University Microfilms, Inc., Ann Arbor, Michigan
MANAGEMENT-LABOR RELATIONS IN THE RETAIL FOOD INDUSTRY:

EMPHASIS, TECHNOLOGICAL CHANGE

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

Robert Stanley Welsh, B.S., M.A.

* * * * * *

The Ohio State University
1965

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ACKNOWLEDGMENTS

The funds for the research reported in this study were provided by a contract between the Cooperative Extension Service, The Ohio State University, and the Federal Extension Service, United States Department of Agriculture. For making this study possible and for their assistance and counsel, the author would like to thank Mr. Lewis Norwood, Federal Extension Service, and Dr. Bruce Marion, Assistant Professor in the Department of Agricultural Economics at The Ohio State University.

The author is especially indebted to Dr. M. E. Cravens, Professor in the Department of Agricultural Economics, for his guidance and suggestions during the study, and particularly for his personal interest and continued encouragement and assistance throughout the course of the author's graduate program. Thanks are extended to Dr. William A. Wayt and Dr. Howard C. Williams, Associate Professors in the Department of Agricultural Economics, for their critical review of the first draft of the dissertation, and their constructive suggestions. Appreciation and gratitude are also extended to Dr. Merwin G. Smith, Chairman, Department of Agricultural Economics, for making it possible for the author to complete the requirements for the Doctor of
Philosophy degree while employed as a member of the faculty in the Department of Agricultural Economics.

The author is grateful to all persons who contributed in any way toward the completion of this dissertation. He wishes to express special appreciation to his wife, Joanna, for her personal understanding, sacrifice, and encouragement throughout the entire graduate program.
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Robert S. Welsh and Bruce W. Marion, "Management-Labor Relations in Agricultural Marketing Industries." Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, 1965
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Studies in Agricultural Policy. Professors Francis B. McCormick and Marvin G. Smith

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CHAPTER I

INTRODUCTION

Purpose of the Study

This study focuses on management-labor relations and implications of technology in the retail food industry. It is essentially an examination of the human elements and the institutions in the industry. This includes consideration of the development, growth, changes and trends in the industry affecting the management-labor relationship. Emphasis was directed toward presenting the human and institutional problems associated with technological changes.

The specific objectives of the study were to: (1) present the economic and social issues associated with technological innovations in the United States, (2) determine the present situation, trends and problems in management-labor relations in the retail food industry, (3) ascertain the management and labor problems associated with the implementation of new technology in the industry, (4) determine desirable procedures to be followed when implementing technological innovations or major operational changes, and (5) develop materials which will provide a better understanding of management-labor relations and the implications of technological advances in the retail food industry.
Importance of the Study

The retail food industry\(^1\) is the nation's largest retail business. In 1964 the total sales of all food stores\(^2\) in the United States amounted to $67.7 billion, which was a 59.7 per cent sales increase over 1954.\(^3\) Part of this increase has been due to increased expenditures for non-food items in food stores, and also the change in the value of the dollar.

Food is a major item of expense purchased by everyone, and virtually every family in the country is dependent on the industry as its source of food and other consumer goods. According to the Bureau of Census, food expenditures averaged $27 per week per family (median-size family is 3.36 persons) in 1964. This means the median-sized family spent approximately $1,400 and 18.5 per cent of their disposable income for food.\(^4\)

In view of the importance of the industry, the efficiency with which the industry performs its functions is vital to the economy.

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\(^1\)This term throughout the study includes in addition to retail food stores, the food wholesaling operations of corporate chains and the voluntary and cooperative wholesalers.

\(^2\)This includes all stores whose chief business is in food and grocery products, from small confectionery stores to large supermarkets.


Consequently the manner in which firms organize, manage and operate their businesses is very important as this influences the productivity and efficiency realized in the industry. Labor costs and restrictions in union contracts are an important factor affecting this productivity and efficiency. Thus the activities of affiliated labor unions directly affect the efficiency with which the industry performs its functions.

Increased productivity is necessary for increasing real income. Restriction of firm operational and technological improvements by labor unions adversely affects labor costs and the efficiency and productivity realized in industry operations. This type of activity unnecessarily raises the cost of products and services provided to consumers. This is particularly true in the retail food industry as the gains in productivity and efficiency for the most part have been passed on to consumers in the form of lower prices due to intense competition.

Consumers are affected by the state of management-labor relations in the industry and the union attitude concerning operational and technological improvements. The results of collective bargaining and the union position concerning operational and technological advances affect labor cost and consequently the price of food, the services provided to the consumer, and even the hours that food may be purchased. Therefore, any research effort which contributes to understanding, improving and making more harmonious the management-labor relationship is important. This is because management and labor
cooperation and working together to improve operations are needed in order to realize the complete utilization of operational and technological changes that are essential for improving productivity and efficiency.

This study should be of interest to both management and union officials associated with the retail food industry as it presents opinions, attitudes, activities and policies of both parties concerning particular labor relations issues and problems. At the present there is a workable harmonious relationship between firms and unions in many sectors throughout the country, but in other sectors there is serious discord. The information resulting from this study should assist in generating understanding of the attitudes and problems of both management and labor and thus may assist in creating a more harmonious relationship.

Educators and researchers interested in food distribution should benefit from the study in that it provides insight and enlightenment concerning labor relations. This should enable them to realize a more complete understanding of the problems and opportunities in management-labor relations in the industry. It should also enable them to evaluate more objectively the full effects of prospective technological innovations and understand why difficulty may be encountered in making changes. They should also have a better understanding of the importance and necessity of following specific procedures and principles when implementing technology. Therefore, it is important for educators and researchers to comprehend the management-labor
relationship in order to develop effective and realistic educational programs, and to understand the possible ramifications and difficulties in getting research findings adopted.

**Study Procedure**

The study procedure followed consisted of two parts.

1. A review of literature pertaining to technological change, collective bargaining, the unions involved in the industry, and development and changes in the industry.

2. Two separate questionnaires were developed and utilized for the interviews with the management and union representatives.

Personal interviews were used as a primary source of information for the study. Interviews were conducted with a total of thirty-one management representatives concerned with industrial or personnel relations who represented twenty food retailing corporate chains, six food wholesalers, two independent stores, and three food employers councils. Twenty-three local union and two national union representatives were interviewed. Five of the union representatives were Amalgamated Meat Cutters and Butcher Workmen of North America (meat cutters) officials, ten were associated with the Retail Clerks International Association (retail clerks), and ten with the International Brotherhood of Teamsters (teamsters).

The questionnaire was used in an informal manner and it took approximately one hour to complete an interview, although some lasted for over two hours. In many instances some of the most valuable and
enlightening information was not in answer to any particular question, but in a discussion of some particular problem or issue of present concern to the individual being interviewed. A copy of the questionnaire used for interviewing union representatives, and the one used for the management interviews are in the Appendix. It should be noted that the questionnaire is not entirely indicative of the content and procedure for each interview as the questionnaire was essentially used as a general guide to obtain the essential information.

The fifty-six management and union representatives interviewed were located in four metropolitan areas in the East, three metropolitan areas in the South, six in the Midwest, and three in the Mountain and West Coast states. The reason for the inclusion of firms and local unions from different regions of the country was to determine if there were differences in activities and attitudes in the various geographic areas. The sample was selected to represent both small and large firms, "good" and "poor" labor relations markets, and individuals recommended as very knowledgeable in the field. In some areas there was insufficient time to visit representatives of all the unions affiliated with the industry, and all of the firms in the industry, operating in the area.

The personal interviews were conducted with both management and labor representatives on the basis that confidential treatment be given the information and that the individuals interviewed remain anonymous. Therefore, the identity of particular companies, local unions or cities will not be given. It was necessary to make this
concession in order to gain information from many of the management and union representatives.

Management cooperation was very good, although there were some problems in arranging a mutually satisfactory time for interviews when the writer was in a particular locality. This prohibited the interviewing of a few management representatives. However, none of the management representatives contacted refused to cooperate.

Union cooperation was generally good with some exceptions. There were a few problems of arranging a mutually satisfactory time for interviews, the same as experienced with management. However, in some instances local union representatives from the Amalgamated Meat Cutters and Retail Clerks refused to cooperate. The National Amalgamated Meat Cutters and Butcher Workers of North America (meat cutters) refused to grant their support and cooperation in the study. In spite of this, some local Amalgamated Meat Cutters union officials were interviewed.

Study Limitations

Due to the nature of the subject and the information available, the summarization of results and the development of an objective dissertation were difficult. A serious concern of the writer was to separate fact from fiction and public relations statements from actual conditions in the information obtained in the interviews. The interview responses are reported in Chapters V and VI. It is hoped that bias has been reduced by the number of people interviewed and by the
very comprehensive review of these chapters by knowledgeable individuals affiliated with management, labor, universities, and the Federal Government.

Other limitations were those of limited financial support. This limited the number interviewed to fifty-six management and labor officials affiliated with the industry. In addition the existing level of knowledge about some of the previously stated objectives and the difficulty of obtaining cooperation from some of the sources of information, which was previously discussed, were limitations.

There are also shortcomings in the use of the personal interview method as a research technique. Undoubtedly in this study there were problems associated with respondents' recall of details and the situation, personal biases may in some instances have distorted the facts since labor relations is an emotional topic, fear of being quoted may have prevented some individuals from speaking freely, and there may have been fear of revealing information that would benefit opposing groups. However, due to the controversial nature of the study, it was imperative to use the personal interview technique as it was essential to talk with the individuals involved in the study in order to obtain their cooperation and get a response.

Description of Chapters

Chapter II focuses on technological change and economic growth in our economy. It includes a discussion of the impact and challenge of technology, and the economic and social issues evolving from
technological progress. Also consideration is given to the union and management attitude concerning technology, and the role of government in facilitating adjustments to technological changes. The purpose of this chapter is to generate understanding of the importance and problems associated with technological change and economic growth in our economy.

The structure and scope of an industry have an effect on management-labor relations and technological changes. Therefore, Chapter III focuses on the nature, development, growth, changes in structure, technological changes, operating expenses and union development in the retail food industry.

Chapter IV considers collective bargaining. This includes comments about the different unions in the industry, a description of the process of bargaining, union and management bargaining strategy, and an analysis of collective bargaining in the industry.

In Chapters V and VI the emphasis is on the trend and situation in management-labor relations, and problems associated with the implementation of technological innovations in the industry. This is a summary of the results of the personal interviews conducted with representatives of both management and labor. Considerable effort has been expended to report the comments received from the interviews as accurately as possible. It was extremely difficult to quantify the responses due to the nature of the study and the type of questionnaire used. The writer contends that it is essential to include the minority as well as the majority viewpoint in this type of study and this further complicated quantification.
Chapter VII is a summary of the findings as presented in the previous chapters. Included are a description of the major problems encountered in the management-labor relationship, problems associated with the adoption of technology, desirable procedures for implementing new technology, and comments concerning the management-labor relationship in the future.
CHAPTER II

AUTOMATION AND TECHNOLOGICAL CHANGE

The Impact and Challenge of Technology

Technological progress has played a crucial role in the economic development of the United States. The average worker works short hours, receives high wages, and is one of the most productive workers in the world. Machines are relieving men of heavy physical labor, danger on the job, and repetitive work; and have contributed to large productivity increases and efficiency in production. Technology has been instrumental in the development of new products, and has contributed to our high standard of living. Due to technological progress the United States has been able to compete in world markets with foreign countries whose hourly labor costs and standards of living are below our own. Capital investment is a very important ingredient for technological progress. For example, most of the technological knowledge can be bought or hired by any country or firm today, but in order to implement these advances, it is necessary to have the required capital.

Technological progress is essential for economic growth in our economy. "Economic growth (a) provides a higher standard of living,
(b) lessens the acuteness of domestic economic problems, (c) is a source of aid to less developed nations, and (d) is essential in meeting the Soviet economic challenge. 1 Rapid economic growth and technological progress are desirable objectives in our economy, but do entail certain costs and may contribute to socio-economic problems such as structural unemployment.

Structural unemployment refers to unemployment in certain communities, occupations, racial groups, and age brackets. A disproportionate amount of unemployment is being experienced by new entrants to the labor force, older workers, negroes, and the relatively unskilled workers in industries which are declining or subject to relatively large instability in employment. Structural unemployment essentially results from long-term declines in specific areas, industries or skills. "Such growth-associated factors as (a) technological advance as reflected in the automation of production and the development of new products; (b) changes in consumer demand; and (c) the geographic relocation of industry have resulted in structural unemployment and chronically depressed areas." 2

Automation in a technical sense refers only to those forms of technological change or mechanization which achieve automatic operation through the use of mechanical devices such as computers and automatic controls for performing sensory, thought and control functions.


2Ibid., pp. 385 and 386.
However, it is impossible to isolate the impact of automation from other forms of operational and technological changes, and mechanization. Therefore, for purposes of our discussion we will assume automation as being part of technological change.

There are six changes which affect jobs and influence skills in our industrial system that can be logically called technological change. These include (1) scientific management of time and motion studies, (2) mergers and consolidations, (3) changes in the location of plants, (4) shifts in product demand, (5) changes in machinery and technology and (6) automation.\(^3\)

There is intense concern on the part of many Americans, and particularly organized labor, about the effects of technological change.

At the 1963 AFL-CIO convention, George Meany, President of the AFL-CIO discussed what he called the "curse" of automation. He stated: "There is no element of blessing in it. It is rapidly becoming a real curse to society. When you study what is happening you realize that there is a real threat." Meany's remarks brought a rapid reply from Edwin P. McNeilan, President of the United States Chamber of Commerce. McNeilan compared Meany's remarks with those of the 19th century Luddites in England who smashed the machines because they believed that the iron devils were depriving them of work.\(^4\)


Benefits and costs resulting from technological innovations

Technological changes have resulted in new products, economized productive effort and increased productivity. However, these changes, in addition to benefits, have their costs, but the benefits and costs are not distributed in the same way. The investors and corporations finance each change and thus bear much of the risk. They undertake this risk voluntarily after judging the probability that the change will prove successful and profitable. The employees may sustain both financial and human costs when new technology permanently displaces them from jobs that they have mastered or reduces the values of their skills with the result being lower incomes. Also, changes cause modification of employees' habitual ways of doing their daily work. However, technology enables the employees who are not displaced to get higher wages than before due to their improved productivity. Thus some employees benefit from this greater earning power. Consumers suffer neither direct risk nor loss, and yet they ultimately derive the benefits of technological change through better products at lower costs.

Blum expresses the viewpoint that the mass of laborers were not worse off after the first industrial revolution than they were before it; similarly, that Americans are not necessarily worse off after the second industrial revolution than they were before it. The welfare of
the total labor force is not the problem as wages and real income have increased. The dilemma continues to be that along with progress there is still poverty in the form of unemployment. 5

Development and introduction of technological change

Technological progress is related directly to the amount of industrial research, and the amount invested in industrial research is directly related to the profits produced and/or expected from research expenditures. From 1950 to 1960, annual expenditures on industrial research grew by 12 per cent per year. A principal reason for this rapid growth was that funds invested in research yielded a higher return on investment than funds invested in other ways. 6 This large investment in research has resulted in the continued discovery of new products and new technology.

At any time there are in existence many labor-saving devices that are technically feasible but uneconomical. However, an increase in wages leads to the introduction of some such labor-saving devices since the technology then becomes economically feasible. New technology which results in increased output per man-hour and per dollar of capital invested, may increase the marginal product of both capital equipment and labor.

5 Albert A. Blum, "America's Reactions to Technological Change and Automation: A Comparative View," East Lansing, Michigan: School of Labor and Industrial Relations, Michigan State University, 1964, p. 5. (Unpublished.)

Brozen points out the difference in the effects of automation depending on the forces which bring it into being. The four forces he emphasizes are as follows:

1. Much of the automation is due to a rising stock in capital and its adaptation to changing circumstances. As capital increases, wage rates rise and as wages increase it is profitable for the firm to shift to capital intensive techniques which were previously uneconomic. From the firms' standpoint, the wage rise makes the shift economic and forces it. The viewpoint of the economy is that it is the rise in the quantity of capital which makes the automation possible.

2. Automation may be brought to an industry through technological changes in other industries which increase the marginal productivity of labor. As labor becomes more expensive due to technological changes in some industries, adaptation of technology will be forced on other industries.

3. Automation may be utilized in an industry because of the force of capital-saving inventions applied in other industries which cause them to release capital. The price of capital will drop and as a result firms will shift to automated production methods. Wages will rise or employment increase. There will be an increase in the proportionate share of national income going to labor and a decrease in the share going to property owners.

4. New inventions directly applicable to a particular industry are a force leading to automation. The effect on the economy depends
on whether the demand facing the industry is elastic or inelastic, and on the amount of labor and capital used after implementation of the invention.\(^7\)

Brosen concludes:

> It seems likely that automation will be capital-using, particularly in view of the difficulties of salvaging capital from old equipment, except when the change takes place largely by adding automatic controls to old equipment. This would imply that rates of saving and investment should be increased to avoid depressing wage rates or employment. In terms of tax policy, this objective may be accomplished by reducing corporate income taxes and upper bracket income taxes.\(^8\)

Investors and management have an immediate major interest in the technological improvement of processing since it is a means for reducing unit costs in relation to unit selling prices. Thus, it may be a means for increasing net earnings. However, these gains tend to be temporary since competition often forces the company to pass them along to consumers through price reductions and product improvements. Generally, under competitive conditions, a firm can look to technological changes as sources of substantial earnings only as long as the company continues to adopt further innovations.

Technological changes with a firm involve a number of risks which are difficult to foresee and evaluate. The actual cost of the change may be greater than the estimated costs, or, the new process, even

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\(^8\)Ibid., p. 294.
though successfully installed, may become obsolete shortly because of the discovery of a better method. Another risk is that the new process will only be utilized part time because the output will be greater than the actual market demand. There is always a risk that competition will force a price reduction which may diminish the gross revenue from the sale of the product. There is also the possibility of problems with labor unions and employees concerning a technological change. Since there are many risks involved, only the most promising of the various possibilities for technological improvement are usually undertaken.

According to a study conducted by James Bright, the primary objectives of automation are a reduction in direct labor content, increased capacity and higher quality products. The benefits experienced by the thirteen firms included in Bright's study are as follows:

(1) Advantages leading to a reduction in labor costs, (2) operational improvements (cost reduction), (3) improvements in the working environment, (4) product advantages (improved quality), (5) survival advantages (benefits of automation that enable a business to come into being or to survive), (6) pride (having the finest plant in existence is a motive in many mechanization programs).  

The economic issues of technology

A very important issue concerning technology is the volume of employment which a technological dynamic economy can offer. Whether

or not an economy attains a level of full employment depends upon the interaction of savings and investment. If the increasing productive capacity of a growing economy is to be realized, the investment spending needs to increase the same amount as the full-employment level of saving. "The maintenance of a given rate of growth requires a constantly expanding volume of investment spending. Needless to say, to increase the rate of growth requires that investment increase at an even more rapid rate."\(^{10}\) Technology has a great impact upon investment opportunities since technological advances are capital-consuming. "Among all the possible factors that enter into the investment process, probably a majority of economists would rate changing technology and innovation near the top in terms of influence and importance."\(^{11}\)

Technological change in a particular industry reduces the man-hours of labor required for producing a product unit. But, it does not necessarily reduce total employment in the industry. If the demand for the industry product is sufficiently elastic, reductions in costs and prices (as a result of the technological change) expand the rate of demand. Thus employment may be increased in spite of reduced labor inputs per unit of production. Conversely, if the demand is inelastic, reduced prices for the product (as a result of technology) do not increase the rate of demand enough to maintain employment in

\(^{10}\)McConnel1, \textit{op. cit.}, p. 360.

the industry. However, the lower prices result in more income for the consumer to spend elsewhere on other products. Therefore, the displaced workers may be absorbed in industries where output (or services) increases as consumers shift their purchases. For example, manufacturing employment may decrease due to technological innovations, but service industry employment may increase.

One measure of our technological progress is that technology has resulted in a substantial increase in productivity with the output of industrial production being doubled about every twenty-five years. This increase in productivity is the primary source of the increased standard of living which this country has attained over the past century. "Those who object to, and resist, today's automation must logically reject yesterday's mechanization and must then reject as undesirable and bad the whole of modern industrial development."^{12}

Ralph J. Cordiner, former President of The General Electric Company, believes technological progress is imperative if our economy is to continue to make the necessary economic growth, and he states:

(1) Technological progress is necessary in order to maintain our national security. (2) It is necessary if we are to continue to raise the American standard of living even at the same rate as in the last decade. It is even more important if we are to accelerate the rate of progress. (3) Technological progress is also necessary from the point of view of individual companies; those companies, large or small, which continually modernize in order to serve their customers better, will prosper in our competitive economic system. (4) Progress towards greater mechanization and automation is in the

^{12}Dunlop, op. cit., p. 32.
best interests of all the groups that business must serve— customers, share owners, employees, suppliers and the public. (5) Technological change is a gradual, evolutionary process which creates employment and exerts a stimulating and stabilizing effect on the economy. This can and will continue as long as business has the incentives and freedom to grow, and to create new products and industries. (6) The benefits of mechanization and automation are so profound—and so urgently needed—that we must encourage those companies that push the advances which make industry more productive.  

Today the United States is more than ever involved in a world market. If we are to compete with other countries of the world who have lower labor costs, we must have technological progress. To halt this progress would put us in a poor competitive position in this world market. Without the rapid technological advances that have taken place in recent years we would have lost much of our export market. Loss of foreign markets for our production would severely affect our economy and reduce employment since the work force would then be limited to what is needed to produce the supply of goods and services for the United States.

Some groups in the country hold the opinion that technological advances are significant causes of unemployment. However, Henry Ford II differs from this viewpoint.

The factual evidence strongly indicates that, while automation displaces some individuals from the jobs they have held, its over-all effect is to increase income and expand job opportunities. History teaches us that, by and large, workers displaced by technological advance have moved rapidly into other

13 Jacobson and Roucek, op. cit., p. 22.
employment, ultimately to better-paying jobs. This is why we have had rising personal incomes rather than mass unemployment as new technology has come into use and productivity has increased.\textsuperscript{14}

Numerous estimates have been made concerning the number of jobs that new technology eliminates each year. The Labor Department estimates that approximately 200,000 factory workers' jobs are being eliminated yearly by new technology (based on the 1953 to 1959 period). However, John I. Synder, Jr., Chairman and President of United States Industries, told a Senate group that he believes automation is eliminating jobs in the United States at the rate of more than 40,000 a week. In arriving at this estimate, he included workers displaced directly by automation, and workers being displaced indirectly in terms of workers who would have been hired for jobs eliminated by automation.\textsuperscript{15} The displaced workers will not necessarily be unemployed as many will find work in other industries. He does not point out, however, that some industries displacing workers might lose much of their market to foreign competitors without automation.

New technological advances are sometimes stimulated by increases in wages, which was previously mentioned. This increase in wages


\textsuperscript{15}Retail Clerks Advocate, Washington, D. C.: Retail Clerks International Association, November, 1963, p. 51.
leads in turn to the development and introduction of labor-saving de­
VICES. Unions have demanded, and received, higher wages in the post-
World War II years to raise the workers' standard of living. The
workers' "real wages" have increased considerably and their living
standards have increased. The increase in workers' real wages and
living standards has benefited the entire economy as it has generated
a source of consumer demand. It is generally believed that it has
also resulted in a better distribution of wealth. However, these
higher wages have brought in new technology very rapidly, resulting in
some job displacement and unemployment. For example, in the auto­
tive industry, Stephen Sobotka\textsuperscript{16} estimates that a given small per-
centage rise in wages leads to the introduction of enough labor-saving
machinery to cause about three times as large a percentage decrease in
employment. If this estimate is correct, a 5 per cent increase in
wages would result in a 15 per cent decline in employment. This 15
per cent would not necessarily be unemployed since they would be em­
ployed in other industries if job opportunities exist.

Labor leaders' and business leaders' opinions frequently differ
cconcerning the over-all effects of new technology on employment. Some
leaders take a particular point of view for the sake of self-interest,
and others have sincere beliefs that result from speculation about
the unknown. Many business, academic and national labor leaders are
thinking in terms of the long run while many local labor leaders are

\textsuperscript{16}\textit{Dunlop, op. cit., p. 109.}
considering the short run. The contribution of technology to the long run economic progress of the United States is commonly accepted. Technology is linked to economic growth and to impede technological progress would threaten our future welfare.

Population growth, increases in the standard of living, and research and development will create jobs for the long-term absorption of many of the displaced workers. However, in order to absorb displaced workers rapidly, provide jobs for new entrants into the labor force, and maintain full employment in the future, we need an economy growing at an estimated rate of 3.5 per cent per year, according to Hildebrand. This assumes the productivity rate will continue to rise on trend and the full-employment level is reached when there is 4 per cent or less unemployment in the country. The Conference on Economic Progress contends that we need a growth rate of about 5 per cent to maintain full employment. From 1957 through 1963 the economy was growing at the rate of about 3 per cent, and about 6 per cent of the labor force was unemployed. This was the highest unemployment rate over such a lengthy period of time since the Depression. However, since 1963 the growth rate has increased and the unemployment rate has declined.


Blum states that there has been a steady unemployment problem in the United States, closely connected with the rise in productivity, caused in large part by technological change. Unions report the following: auto workers, 1947-1960, production increased 50 per cent, employment decreased 2.9 per cent; communications workers, 1955-1960, telephone business increased 25 per cent, employment decreased 5.5 per cent (33,000 jobs); electrical machine industry, 1953-1960, production output up 20 per cent, employment among production and related workers down 80,000 jobs; electronics (the producer of much of the automated equipment used to reduce labor on other jobs), 1947-1956, output increased 325 per cent, employment increased only 50 per cent; bituminous coal, 1937-1957, 45 million tons more coal produced annually with 50 per cent fewer workers; railroad workers, 1940-1960, one million jobs eliminated; steel, 1937-1959, productivity up 121.1 per cent, employment down 18.5 per cent; and textiles, 1947-1959, output up 5 per cent, production jobs down 38 per cent.\(^{19}\)

Some economists contend that short run unemployment due to technological change is inevitable and cannot be altered. They claim that if technological changes are permitted to be made freely and there is little government interference, in the long run, technological unemployment will disappear as new industries and new jobs will be created. There are other economists who have a desire to control automation and

\(^{19}\)Blum, op. cit., pp. 6-7.
technological change. This group does not believe that there is anything in our economic laws or in technological change that will inevitably bring about the solution to our unemployment problem. Their contention is that the belief that technological changes will result in more jobs in the long run (based upon the record during the 19th century) will not hold true.

Technological progress has changed the nature of the demand for workers. Today there is a need for the more highly-skilled and better-educated employee and less need for the unskilled worker, semiskilled and less-educated worker. Many of the technologically unemployed cannot be trained for some of the newly-created highly-skilled jobs due to their limited education. However, many workers can be trained or retrained for some type of work if the training is available.

The severity of the problem concerning adjustment in the economy to technological progress, and the effect of technology on employment are closely related to the state of the economy. It is generally believed by many that if we have an expanding economy with a growth rate of about 5 per cent the readjustment of displaced workers will be hastened. However, based on the period of time from 1957-1962 it seems that new technology could create serious unemployment problems if the growth rate is 3 per cent or less annually. With a less than adequate growth rate there would be persistent and hard-core unemployment, as the economy would fail to provide opportunities for rapid adjustment of displaced workers and positions for new entrants
into the work force. Thus a major economic consideration is that the new technology, which we must have for long run economic growth, could cause serious unemployment problems, particularly in the short run, if the rate of economic growth is not sufficient to facilitate adjustments. A major reason for the problem is the lack of flexibility in skills as well as wages.

Technological advances do contribute to structural unemployment and may in the long run decrease the number of jobs available in certain manufacturing industries. This seems to be particularly true for industries such as the automotive, steel, communications and textile as there are fewer production positions in these industries today than there were fifteen years ago and production has increased. Also, many industries presently require more technical workers and fewer unskilled workers.

The social issues of technology

The economic impact of new technology has been discussed, but technology does not limit its impact to the economic aspects of society. The social impact in many instances is more profound and more disarranging. It is possible to measure and analyze the economic effect to some degree, but the social impact is difficult to measure.

Workers displaced by technology are usually the lower paid, unskilled workers. These workers do not have much mobility as they often lack specific employment skills, frequently cannot afford to move from an economic standpoint or they are psychologically unable to begin life in a different area. Mobility is further affected by a
reluctance to leave home because of personal ties, or because other members of the family may be working. Also possible losses on private property and the insecurity of jobs in a new locality affect mobility. It may take the older unskilled workers months or even years to find new jobs and the jobs which they eventually find will often be less skilled and less remunerative. Sometimes those who are able to remain in the industry where the technological change occurred may find that their work has declined in skill and wage level.

The displaced negro worker has had a more difficult time in obtaining re-employment than the white worker, according to one study. Also, the re-employed negro workers were more likely to lose their new employment over a period of time than re-employed white workers. Research has not indicated whether the negro workers are discriminated against because of race, or whether they have difficulty finding re-employment because of lack of education or needed skills.20

Age appears to have a great effect on re-employment opportunities. There is an emphasis on youth, and many industries will not hire new employees over forty years of age. Therefore, age, education and skill are assuming a more prominent place in re-employment as the older, poorly-educated worker is less likely than others to find new jobs. Usually the skilled worker can obtain re-employment quicker except in cases where changing technology has made a particular skill obsolete.

20Haber et al., op. cit., p. 17.
Technological progress has affected entire communities. The closing of an industry or the displacement of a large number of workers in a small community severely affects the entire area. Examples are communities in Kentucky and West Virginia where technological progress in the coal industry bypassed them. These communities not only feel the economic effects, but also the social effects of technology.

Technological change in the past has raised social problems, is presently raising social problems, and will probably continue to raise more and greater social problems in the future. Some individuals, segments of society and organizations will suffer while others will benefit from new technology. Technological progress will make some industries obsolete and thus affect the owners, management, workers and unions in these industries. However, new industries will develop and create employment. But, the new industry may not make up for the jobs lost in older firms, depending on the demand for the new industries' products and the efficiencies realized in operations. The efficiency of the new industry is little comfort to the displaced individuals who, for some reason, cannot secure employment.

As a nation, we must be aware of the economic and social problems brought on by technological advances and take steps to alleviate these problems. However, it would be a serious loss if technological progress was substantially retarded by unions and employees in attempts to ward off its direct costs to them. Technological changes create new jobs as old ones are eliminated, and the rate of change emerges as the critical factor. In order to control this rate of
change and ease the transition hardships, management and labor need to join in assuming the responsibility for preventing those individual hardships and tragedies that sometimes result from new technology. Also, it is the responsibility of the government to attempt to provide economic conditions which will facilitate adjustment to technological advances. Ralph Cordiner, Chairman of the Board for The General Electric Company, put it this way: "If, in spite of the best planning we can do, some people are temporarily unemployed because of technological change, both industry and government have recognized a responsibility to help families through any such periods of transition as they seek new employment." 21

Union-Management-Government Position Concerning Technology

Union attitudes and policies

Technological progress is to the long run advantage of labor since a high rate of innovation helps to maintain the general level of employment and contributes to the rise in real wages. However, the development of a particular labor-saving machine or technique often creates a crisis for the workers involved and for their local union officials. Thus, it is natural that the threat of displacement may result in an initial reaction among the workers of strong opposition to technology. The change threatens both the workers' source of income and their way of life. When there is strong employee resistance to technological change, there will usually be local union resistance.

However, failure to make changes may threaten the existence of the firm or industry, and the welfare of the employees.

National labor leaders, for the most part, have not taken a stand of resistance against new technology. The official AFL-CIO position has been to welcome technological progress in our economy as a basis for improved real wages. Through collective bargaining and government action the AFL-CIO proposes programs to minimize job dislocation, provide income security for workers that are displaced, and increase wages in order to counterbalance the increased productivity and capacity of industry to produce.22

Some individual unions will resist technological progress or obstruct its labor-saving effect through clauses in the labor contract which provide for restrictive work rules or rigid manning requirements. This is particularly true when the security or the survival of the union is threatened which may be the situation when a single craft union in one industry constitutes the total membership of a union. Examples are railroad firemen and airline flight engineers. In this type of situation, the union may insist on "featherbedding" (unnecessary employment) as a means of preventing large losses in membership or extinction of the union.

Circumstances are different in industrial unions and thus they are less likely to resist technology by obstruction or the imposition of make-work (featherbedding) rules. Because most technological

developments affect a small number of employees at one time, the na-
tional union does not go all out for the interests of a minority of
the union members.

Local union leaders in some instances have taken definite steps
to restrict technological progress. This is because of concern for
their members' welfare and also the local union membership. In ad-
dition, reduction in the work force may create dissatisfaction within
the local union, and possibly even jeopardize the local leaders' po-
sition.

According to Reynolds, the union's chance of success in resisting
a particular innovation depends mainly on two things: the strategic
position of the union, and the labor-displacing power of the machine.
If the union is firmly established throughout the industry, if it has
strong support from allied crafts, and if it is difficult or impossible
for nonunion firms to spring up, the chances of resistance are im-
proved. The labor-displacing power of the machine determines the
savings which the employer can make through its use, and thus the in-
centive which he has to overcome the union's resistance. The union's
chances of prohibiting or controlling the technological change or ma-
chine are best if it is not too much more efficient than the method
which it replaces. If the savings in production costs are great, the
union can usually hope only to fight a delaying action for a limited
period. Outside of the building trades, there are few cases in which the union has been able to obstruct a major technological change for more than a few years.\textsuperscript{23}

Union action to impede new technology is often based on worker fears that changes will affect them adversely. The union may act to solidify the obstruction or fight the change, but more frequently tries to cushion the impact of the change. In some instances, union obstruction has forced industries to find safer and sometimes even more efficient ways of performing work. Also, union obstruction policies have compelled industries to consider human costs in introducing new methods. Abandoning a plant or eliminating a particular skill causes substantial hardships to those affected. By slowing the change, or forcing management to make concessions, unions have, in some instances, reduced the number of employees displaced. However, as pointed out earlier, obstructing technological progress can be detrimental to economic progress in the long run.

In some cases, unions have fully cooperated with technological changes. The bituminous coal industry is a well-known example. The United Mine Workers of America encouraged the modernization of mining operations for many years. This resulted in substantial gains in wage rates, hours, and working conditions for workers who kept their jobs, but also resulted in a substantial reduction in the number employed.

Within a decade, the work force dropped from about 500,000 to approximately 150,000, while output per production worker-man hour increased by 85 per cent (an annual rate of 6.4 per cent). This example illustrates the production potential of technological innovations and also the potential social problems that may result. The changes in this industry have disrupted the lives of many workers and their families, and entire communities in certain disadvantaged sections of the country.

Another example of union-management cooperation is the agreement pertaining to longshore operations on the West Coast. Management was given a free hand to mechanize and change restrictive work practices by agreeing to the proposal in 1960 of the Pacific Maritime Association and the International Longshoremen's and Warehousemen's Union. A Mechanization and Modernization Fund, financed by employer contributions of five million dollars a year for 5.5 years was established. From this fund three types of benefits are payable to all fully attached, registered Class A longshoremen. The benefits include a guaranteed minimum weekly income; monthly benefits for early retirement (voluntary), anytime between the ages of sixty-two and sixty-five; and a lump-sum payment at retirement, disability, or death.

Still another approach is the plan worked out by Kaiser Steel and the Steelworkers Union. Employees are given part of the savings from increased efficiency in the form of a bonus, and there is a guarantee that no worker will lose either his job or his wage income because of technological change. This type of agreement can impede mechanization by preventing savings in manpower.
The competition of non-union firms has also had considerable effect on technological changes. The American Federation of Hosiery Workers accepted and promoted the introduction of new machinery because of non-union competition in the southern part of the country.

George Meany, President of the AFL-CIO, in a statement on automation submitted to the Joint Economic Committee in 1960 summarized the union viewpoint on the whole subject of technological progress as he made the following remarks:

Organized labor welcomes technological change, as providing the basis for potential benefits to the nation and all Americans. In the past, American trade unions made technological progress possible. The present advanced stage of technology in the United States stands as testimony to the acceptance of technological advance by the American people and to the cooperative efforts of organized labor.

But organized labor insists that the burdens of rapid technological change must be cushioned, that government and business must assume their responsibilities to minimize social dislocations and to provide adequate cushions that will protect workers, their families and communities against the hazards of radical technological advances.

In our sense of values, as Americans, and as trade unionists, human beings and human welfare are more important than machines and technology. In considering the costs of technological advances, one must include more than the cost of the buildings and machines alone. The costs of assisting human beings and communities to adjust to changing technology should be included as an important part of the total investment costs in the new technology.

America needs continuing technological progress. But we cannot and must not permit vast dislocations of workers and their families and disruptions of numerous communities.

An environment of rapid economic growth and rapidly increasing job opportunities is needed, in order to minimize the dislocations of rapid and radical technological
change. As technological progress increases production, with less manpower, standard working hours should be reduced, without any cut of weekly earnings. In addition, labor-management cooperation and collective bargaining procedures are required, as well as government programs, to assist displaced workers, their families and communities in the transition to the new technology.

Even though many unions accept change they are very concerned about the job and income security of their members. Among the union policies, embodied in many collective bargaining agreements which are designed to ease the impact of technology and help preserve job opportunities for members are:

1. Early notice of projected changes so that, by joint planning, dislocations can be minimized.

2. Introduction of the changes so that any job displacement can be absorbed by attrition resulting from normal turnover and retirements.

3. Enlargement of seniority units and transfer rights so that senior employees can "bump" over a wider area.

4. Provision for preferential hiring of any laid-off employees at other plants of the company, including company financing of moving expenses.

5. A shorter work week or work year in order to spread the work with no decrease in weekly pay.

6. A share in the savings from technological change for workers and no pay reductions for incumbents if jobs are downgraded.

7. Training or retraining at company expense, so that displaced workers are in a position to obtain equivalent or better employment elsewhere. 24

Unions are also attempting through collective bargaining to provide income protection for workers who are actually displaced from their jobs. This includes supplemental unemployment benefits, severance pay or dismissal compensation, retraining benefits, and early retirement. The labor movement is looking to the Federal Government for legislation, financial assistance, and other action to meet the problem of technological displacement of workers and their reabsorption into productive employment in the work force.

Future union attitude and policy concerning technological change is uncertain at this time. Labor contends that society has the responsibility for taking action to cushion the impact of technology upon workers. Therefore, union activity in the future will depend mainly on the power of the unions, government action, and the public reaction toward new technology and union activities. Labor presently contends that no single sector of our economy, management, labor or government can provide all of the answers, but an important responsibility falls on the Federal Government in dealing with the over-all problems associated with technological changes.

Management's attitude concerning technological change

The philosophy of management concerning technological progress can be expressed in two points of view. One is that tampering with technological change will only worsen conditions for the workers, as there is an imperative need and desirability for technological change in order to increase productivity and economic growth. The contention
is that technological changes do displace some individuals from jobs they have held, but the over-all effect is to increase income, create new industries, and expand job opportunities. Technology creates jobs, and creates more jobs than it eliminates. In addition, advanced technology leads to a massive upgrading of the labor force and the "marketplace" will automatically assure an equitable distribution of the benefits of economic progress.

The other point of view held by management is that we must have technological advances, but society has the responsibility for taking action to cushion the impact of automation upon the worker. Thomas J. Watson, Jr., President of the International Business Machines Company, contends that his automated machines do displace people. He believes that the possibilities of federal fiscal and monetary reforms, as well as improved education and training programs, earlier worker retirement systems, relocation allowances for the unemployed, and perhaps a shorter work week should be explored. Watson also believes that we should stop pretending that this business of adjustment can be left solely to the individual or normal course of events as hardship is inevitable in the process of change. We must learn to share it as we now share the benefits.

Some firms presently provide retraining programs for displaced workers, attempt to relocate workers who are displaced by technological advances, and try to lessen the impact of displacement by severance pay. However, there are other firms who do little if anything to cushion the impact of technological progress.
Effect of technology on management-labor relations

Technology in the post-World War II years has been an important factor limiting union growth as union membership has decreased relative to the size of the country's work force, and also in absolute terms. This is partly because technological progress has eroded the centers of union strength (industrial manufacturing) and promoted growth in the occupational sectors (service and white-collar) that have been historically difficult for the most part, to organize.\(^2^5\)

Jurisdictional lines are being blurred by automation, and the result has been a greater tendency toward the merger of different national unions. An example is the merger of the Chemical and Oil Workers Unions in 1955. In the future there may be fewer, but larger unions.

Effective union power will also be diminished by automation, due to limited prospects for growth in membership. Automation may also reduce unions' striking power due to the ability of companies to continue to operate during a strike by using supervisors and other management personnel. In the past five years there have been bitter strikes in the oil industry, but companies have continued to operate by using management personnel. The unions will still be able to use

\(^{25}\)This paragraph and the following five paragraphs in this section are explained in more detail in the following publication: Arnold R. Weber, "Automation and Labor-Management Relations," Columbus, Ohio: Conference on Automation, The Ohio State University, February 21, 1964, pp. 18-23.
their economic power in the steel, automotive, transportation and construction industries, but there are other important sectors of the economy where the power of the strike has been neutralized.

Many of the issues concerning automation are very important to both management and labor. "The union seeks to preserve employment opportunities for its members, while management sees the new technology as a broom to sweep clean many of the inefficient practices that have accumulated over the past twenty years." 26

Through the process of collective bargaining there have emerged three general approaches to the problems created by automation. The first is the buy-out approach which involves an indemnity to the worker for losses suffered from technological change. The form of indemnification most frequently used for loss of employment is severance pay. Management is given considerable latitude by the union in implementing changes through the severance pay arrangement. The union regards indemnification payments as a factor slowing the rate of implementation of new technology. At the present many major management-labor contracts have provisions for severance pay.

The second approach is gains sharing which involves translating the repercussions from technological change into monetary terms. This involves passing on to the employees the savings that are attributable to the increased efficiency that results from technology and improved methods. Management has the freedom to introduce changes, but a

26 Ibid., p. 20.
formula is devised for distributing the productivity gains among the employees. This approach is directed to those who continue to work after the new technology has been implemented, not to workers who are displaced.

The third technique is manpower planning which emphasizes the necessity of distributing employment opportunities among union members or assistance in promoting occupational mobility of displaced workers. This includes work sharing, using attrition to reduce unemployment and minimize displacement, interplant transfer plans, retraining of workers for new jobs in the plant or for the labor market, and sharing productivity gains in the form of compensated leisure such as sabbatical leaves.

Role of government

The achievement of technological progress, without sacrificing human values, requires a combination of private and governmental action. This was stressed in a report made by the President's Advisory Committee on Labor-Management Policy.

Areas of public responsibility include: (1) gathering the facts about automation and communicating them to aid companies, unions, and the public to plan intelligently; (2) providing for displaced workers, job retraining, additional education where necessary, and relocation assistance; (3) operating a free employment service for job placement of the displaced and for career counseling in the light of changing technology; (4) providing income protection through adequate unemployment compensation and influencing retirement policies by such means as the Federal Old-Age Survivors' and Disability Insurance program; and (5) stimulating
high levels of employment through monetary-fiscal policies so as to reduce the fear of chronic unemployment that generates resistance to technological progress.27

The Federal Government also has the responsibility of encouraging effective utilization of manpower on a national basis. This is done under the auspices of the Employment Act of 1946 and the Manpower Development and Training Act of 1962. By having society share some of the burden of technological advances through government training programs and taxing power, the government can lighten the burden of economic changes on the individuals or particular firms and industries. Also a President’s Commission on Automation was appointed in 1963 for the purpose of developing a comprehensive long-range program that would encourage private action in resolving the problems stemming from automation while protecting the public interest.

New technology and the future

Historically in this country, there have been employment opportunities for those that are displaced because of technological change. However, with a rapidly expanding work force, greater use of new technology, greater technical skill requirements, rising output per worker, and unemployment sometimes hovering close to the 5 per cent level, there is concern that there will not be sufficient employment opportunities in the future for the unskilled older worker displaced by technology, and the unskilled young worker trying to enter the work

27Lester, op. cit., p. 387.
force. For most industries in the past, normal turnover absorbed
technological displacement, however, this is no longer true in many
industries today and will probably not be the condition in more in­
dustries in the future.

Most businesses are very competitive presently, both nationally
and internationally, and may become even more competitive in the
future. In any industry where competition is intense, technological
changes are likely to proceed quickly because there is strong pressure
on individual firms to innovate in order to maintain their competitive
position and profit level. If there were little competition, it seems
the pressure to increase efficiency would be less and technological
change would be less rapid.

It has been pointed out that the technological changes that have
been adopted have solved some problems and created others. The eco­
nomic, social, and political problems arising from the technological
developments in the future will be difficult and complex. Many of
these problems can be handled by collective bargaining between firms
and unions. Other problems will require government attention. How­
ever, "failure to advance technologically and to otherwise increase
the productivity of our economy would bring on much more serious un­
employment and related social problems than any we now face."28

Technological progress is needed to increase productivity and reduce

28Automation, The President's Advisory Committee on Labor-
the cost of goods, which in turn will increase the real wealth and purchasing power of Americans.

Technological progress has brought on and made possible vast benefits in the form of higher levels of living, new products, better control over disease, less strenuous physical work, shorter working hours and more leisure time opportunities. But, advances in technology have also brought forth new challenges ranging from the horrors of modern warfare to dislocation in skills and employment, and disruptions in local communities. These challenges are causing increasing concern as the American people have become more sensitive to the human costs involved. Our society needs to realize the importance of continued technological progress, but still should not ignore the sometimes devastating effect of change upon individuals.

In this chapter the importance and challenge of technology, and the economic and social issues affiliated with technological change have been discussed. Some understanding of the general role of technology and related problems in our economic system is needed before considering the development and changes in the retail food industry, and the impact of technological change on the industry in the next chapter.
CHAPTER III

NATURE AND DEVELOPMENT OF THE RETAIL FOOD INDUSTRY AND AFFILIATED UNIONS

Nature of the Industry

The retail food industry has undergone numerous changes in the past three decades, and these changes have affected the management-labor relationship. This chapter will consider the nature, development and changes in the industry, and the development of the affiliated unions.

The retail food industry—definition of common terms

Throughout this study there are frequent references to supermarkets, superettes, small stores, chains, independents, cooperatives, voluntaries, affiliated independents, unaffiliated independents and discount stores. For the sake of clarity and understanding, following is the definition of these terms.

Supermarket.—Any store, chain or independent, doing $500,000 or more per year in sales.

Superette.—Any store doing from $150,000 to $500,000 a year.

Small store.—Any store doing less than $150,000 per year.

Independent.—An operator of ten or fewer retail stores.

Chain.—An operator of eleven or more retail stores.

Cooperative retailers.—Retailers (generally independents) who are stockholder members of cooperative wholesale buying groups, such as Certified Grocers and Associated Grocers.

Voluntary group retailers.—Retailers who belong to voluntary merchandising groups sponsored by wholesalers and who operate under a common name, such as IGA, Red & White, Spartan, Clover Farm, etc.

Affiliated independents.—Independent retailers who are associated with cooperative wholesale buying groups or who belong to voluntary merchandising groups sponsored by wholesalers.

Unaffiliated independents.—Independent retailers who purchase their supplies from unaffiliated wholesalers or do their own purchasing from suppliers.

Discount store.—This definition is not as precise as the others. It is exemplified in the following typical characteristics: weekly total sales of $50,000 to $60,000; total store area of 30,000 square feet; discount supermarkets are inclined to offer fewer brands, fewer items, and fewer lines than conventional supermarkets; the discounter can be considered as being similar to the typical supermarket in operation, but with greater emphasis given to low prices and low margins.
Changes in the structure of the industry

Many changes have occurred in the industry in the past fifty years. Prior to the 1920's the customer for the most part was forced to buy her groceries, meats and produce in three different locations. Stores had a small sales volume, and the product-specialization frequently meant high costs and inefficiencies, with the result being high prices. However, the development of "economy stores" by the Atlantic and Pacific Tea Company which were based on cash-and-carry methods and depended on rapid turnover at low markup for their profit; and the beginning of "self-service" grocery stores in 1912 were important developments prior to the 1920's which had a significant effect on the future development of the retail food industry. In the 1920's the one-stop food market began to emerge in certain areas in the form known as the combination grocery store. The popularization of the automobile was mainly responsible for the development and rapid growth of the one-stop complete food market. It was no longer a necessity to shop and purchase in the neighborhood store.²

The first supermarkets were brought into existence during the depression of the early 1930's. At this time, garages, factories, and other large structures became available for low rents. Due to their low incomes, consumers were hunting food bargains. The self-service operation and high turnover permitted stores to use a low-price

formula in pricing items and offer food at lower prices than service food stores. The combination of these factors brought forth the first supermarkets and they appeared almost simultaneously in Long Island, Detroit, Los Angeles, Cincinnati and Houston. The late 1930's was a period of rapid growth and expansion of supermarkets and soon this institution became the primary distributor of food products.

The growth and development of supermarkets in the three decades since their emergence in the early 1930's is indicated in Table 1 as the 1964 food retailing store sales are presented on the basis of size of stores and ownership. In 1964 supermarkets represented only 13.5 per cent of the total number of stores, but accounted for 69.6 per cent of the total food sales. Superettes accounted for 13.1 per cent of total sales while small stores accounted for 17.3 per cent of sales. There is no question but what the supermarket is the dominant institution in food retailing today. Comparing 1964 figures in Table 1 with 1934, there were 363,000 independents and 80,000 chain stores (total of 443,000 stores) in 1934 with a combined sales total of $6.65 billion; in 1964, 214,000 fewer stores were handling a $55.4 billion increase in sales.

The growth in grocery stores sales volume from 1935 to 1964 is shown in Table 2. During this period, chain store sales increased from $2.5 billion to $25.6 billion; independent store sales increased from $4.8 billion to $36.4 billion; and total grocery store sales increased from $7.4 billion to $62.0 billion.
TABLE 1  
Grocery Store Sales by Size and Ownership, 
United States, 1964

<table>
<thead>
<tr>
<th>Size and Ownership of Stores</th>
<th>Number of Stores</th>
<th>Per cent of Total Stores</th>
<th>Dollar Sales (billions)</th>
<th>Per cent of Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarkets</td>
<td>30,900</td>
<td>13.5</td>
<td>43.150</td>
<td>69.6</td>
</tr>
<tr>
<td>Chain Super Markets</td>
<td>16,000</td>
<td>7.0</td>
<td>24.500</td>
<td>39.5</td>
</tr>
<tr>
<td>$500,000 to $1,000,000</td>
<td>4,800</td>
<td>2.1</td>
<td>3.350</td>
<td>5.4</td>
</tr>
<tr>
<td>$1,000,000 to $2,000,000</td>
<td>7,530</td>
<td>3.3</td>
<td>10.850</td>
<td>17.5</td>
</tr>
<tr>
<td>Over $2,000,000</td>
<td>3,670</td>
<td>1.6</td>
<td>10.300</td>
<td>16.6</td>
</tr>
<tr>
<td>Independent Supermarkets</td>
<td>14,900</td>
<td>6.5</td>
<td>18.650</td>
<td>30.1</td>
</tr>
<tr>
<td>$500,000 to $1,000,000</td>
<td>8,325</td>
<td>3.6</td>
<td>5.325</td>
<td>8.6</td>
</tr>
<tr>
<td>$1,000,000 to $2,000,000</td>
<td>4,625</td>
<td>2.0</td>
<td>6.250</td>
<td>10.1</td>
</tr>
<tr>
<td>Over $2,000,000</td>
<td>1,950</td>
<td>0.9</td>
<td>7.075</td>
<td>11.4</td>
</tr>
<tr>
<td>Superettes</td>
<td>27,800</td>
<td>12.2</td>
<td>8.150</td>
<td>13.1</td>
</tr>
<tr>
<td>Chain Superettes</td>
<td>2,800</td>
<td>1.3</td>
<td>.850</td>
<td>1.4</td>
</tr>
<tr>
<td>$150,000 to $300,000</td>
<td>1,500</td>
<td>0.7</td>
<td>.320</td>
<td>0.5</td>
</tr>
<tr>
<td>$300,000 to $500,000</td>
<td>1,300</td>
<td>0.6</td>
<td>.530</td>
<td>0.9</td>
</tr>
<tr>
<td>Independent Superettes</td>
<td>25,000</td>
<td>10.9</td>
<td>7.300</td>
<td>11.7</td>
</tr>
<tr>
<td>$150,000 to $300,000</td>
<td>15,500</td>
<td>6.8</td>
<td>3.800</td>
<td>6.1</td>
</tr>
<tr>
<td>$300,000 to $500,000</td>
<td>9,500</td>
<td>4.1</td>
<td>3.500</td>
<td>5.6</td>
</tr>
<tr>
<td>Small Stores</td>
<td>169,900</td>
<td>74.3</td>
<td>10.750</td>
<td>17.3</td>
</tr>
<tr>
<td>Chain Small Stores</td>
<td>2,900</td>
<td>1.3</td>
<td>.250</td>
<td>0.4</td>
</tr>
<tr>
<td>Under $100,000</td>
<td>1,500</td>
<td>0.7</td>
<td>.075</td>
<td>0.1</td>
</tr>
<tr>
<td>$100,000 to $150,000</td>
<td>1,400</td>
<td>0.6</td>
<td>.175</td>
<td>0.3</td>
</tr>
<tr>
<td>Independent Small Stores</td>
<td>167,000</td>
<td>73.0</td>
<td>10.500</td>
<td>16.9</td>
</tr>
<tr>
<td>Under $100,000</td>
<td>150,000</td>
<td>65.6</td>
<td>7.825</td>
<td>12.6</td>
</tr>
<tr>
<td>$100,000 to $150,000</td>
<td>17,000</td>
<td>7.4</td>
<td>2.675</td>
<td>4.3</td>
</tr>
<tr>
<td>All Stores</td>
<td>228,600</td>
<td>100.0</td>
<td>62.05</td>
<td>100.0</td>
</tr>
</tbody>
</table>

### TABLE 2

Sales of Chain\(^a\) and Independent Grocery Stores and Per cent of Total Food Sales, United States, 1935-1964

<table>
<thead>
<tr>
<th>Year</th>
<th>Chain Sales</th>
<th>Per cent of Total Sales</th>
<th>Independent Sales</th>
<th>Per cent of Total Sales</th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>$2,526,000,000</td>
<td>34.4</td>
<td>$4,826,000,000</td>
<td>65.6</td>
<td>$7,352,000,000</td>
</tr>
<tr>
<td>1941</td>
<td>$3,820,000,000</td>
<td>37.4</td>
<td>$6,390,000,000</td>
<td>62.6</td>
<td>10,210,000,000</td>
</tr>
<tr>
<td>1947</td>
<td>$8,440,000,000</td>
<td>36.5</td>
<td>$14,690,000,000</td>
<td>63.5</td>
<td>23,130,000,000</td>
</tr>
<tr>
<td>1953</td>
<td>$12,475,000,000</td>
<td>35.9</td>
<td>$22,240,000,000</td>
<td>64.1</td>
<td>34,715,000,000</td>
</tr>
<tr>
<td>1959</td>
<td>$19,475,000,000</td>
<td>39.4</td>
<td>$30,000,000,000</td>
<td>60.6</td>
<td>49,475,000,000</td>
</tr>
<tr>
<td>1964</td>
<td>$25,600,000,000</td>
<td>41.3</td>
<td>$36,450,000,000</td>
<td>58.7</td>
<td>62,050,000,000</td>
</tr>
</tbody>
</table>

\(^a\)Firm with eleven or more stores.

Note: Sales of specialty stores such as meat and sea food markets, bakeries, fruit and vegetable markets, candy and confectionary stores, dairy stores and other stores were not included.

While grocery store sales increased substantially from 1935 to 1964, the total number of stores declined in the same period as shown by Table 3. The number of chain stores decreased 55.1 per cent, independent store numbers decreased 26.4 per cent, and total store numbers decreased 32.1 per cent. Chain stores have increased their average annual sales per store about twenty-two times from 1935 to 1962 and independent stores average sales have increased about ten times during this period.

Independent food retailers

For the past four decades, the competitive picture has been one of expanding food chains encroaching upon the traditional market of the independent operator (shown in Table 2). Independent operators innovated the supermarket concept of food retailing. But the chains initially utilized the concept to the fullest.

The wholesaler-sponsored groups (voluntaries) came into existence in the late 1920's as a response to the more efficient operations of chains. Independents were in need of matching the buying economies and merchandising practices of chains and decided this could be done by organizing themselves in a way similar to chains. Through this form of organization, independents purchased products directly from manufacturers. However, in the early days of voluntaries, prices at which merchandise was sold to individual stores was still not competitive with the lower cost operations of chains. Consequently, food chains were more competitive than independents until World War II. Inadequate food supplies during the war reduced the incentive to
TABLE 3
Number of Chain and Independent Grocery Stores, Per cent of Total Stores, and Average Annual Sales per Store, United States, 1935-1964

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Grocery and Combination Stores</th>
<th>Per cent of Total Stores</th>
<th>Average Annual Sales per Store</th>
<th>Number of Independent Stores</th>
<th>Per cent of Total Stores</th>
<th>Average Annual Sales per Store</th>
<th>Total Number of Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>48,239</td>
<td>13.7</td>
<td>$ 52,364</td>
<td>304,398</td>
<td>86.3</td>
<td>$ 15,854</td>
<td>352,637</td>
</tr>
<tr>
<td>1941</td>
<td>38,450</td>
<td>8.7</td>
<td>99,350</td>
<td>405,000</td>
<td>91.3</td>
<td>15,777</td>
<td>443,450</td>
</tr>
<tr>
<td>1947</td>
<td>28,500</td>
<td>7.1</td>
<td>296,140</td>
<td>375,500</td>
<td>92.9</td>
<td>39,121</td>
<td>404,000</td>
</tr>
<tr>
<td>1953</td>
<td>23,224</td>
<td>6.4</td>
<td>537,160</td>
<td>339,376</td>
<td>93.6</td>
<td>65,532</td>
<td>362,600</td>
</tr>
<tr>
<td>1959</td>
<td>19,700</td>
<td>7.0</td>
<td>988,579</td>
<td>260,800</td>
<td>93.0</td>
<td>118,290</td>
<td>280,500</td>
</tr>
<tr>
<td>1962</td>
<td>20,420</td>
<td>8.4</td>
<td>1,133,692</td>
<td>223,955</td>
<td>91.6</td>
<td>147,574</td>
<td>244,375</td>
</tr>
<tr>
<td>1964</td>
<td>21,700</td>
<td>9.5</td>
<td>1,180,000</td>
<td>206,900</td>
<td>90.5</td>
<td>159,449</td>
<td>228,600</td>
</tr>
</tbody>
</table>

*aDoes not include specialty food store numbers and sales.

compete on the basis of price. This enabled the independents to compete more effectively with the chains.

Immediately following the war, chains again made gains over the independents due primarily to the chains' aggressiveness in merchandising at lower prices. The chains increased their market share of food sales from 31 per cent to 37 per cent between 1945 and 1947. However, from 1947 to date, as can be noted in Table 4, the affiliated independents have competed very successfully with the food chains for the nation's food business. Presently, the affiliated independents form the largest single retailing group in the industry. Table 4 also points out the rapid decline in the unaffiliated independents share of the total market the past seventeen years. "The ratios here (Table 4) are not likely to change much in the period ahead. Chains and group independents are well endowed in facilities, finance, and operating skills."3

The chains and independents have more in common than ever before but the traditional rivalry still exists, although not as intensively as in the 1920's, 30's and 40's. However, the Progressive Grocer in its 1961 edition of "Facts in Grocery Distribution" pointed out a difference in retail pricing policies that is developing between the chains and the independents. Chains, early in their development, utilized the low-price image to win customers away from the independents, although this image over the years has been lost due to

cost-increasing merchandising practices and the many customer services provided. In recent years, independents, by limiting services and expensive merchandising practices, have in many areas gained the low-price image formerly held by the chains.

TABLE 4

Growth of Food Chains and Affiliated Independent Food Retailers, United States, 1947 to 1964

<table>
<thead>
<tr>
<th>Type of Retailer</th>
<th>Per cent of Total U. S. Grocery Store Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1947</td>
</tr>
<tr>
<td>Chains</td>
<td>37</td>
</tr>
<tr>
<td>Unaffiliated independents</td>
<td>34</td>
</tr>
<tr>
<td>Affiliated independents</td>
<td>29</td>
</tr>
</tbody>
</table>

*aMembers of voluntary and cooperative groups.


The Progressive Grocer reported that in several hundred voluntary and cooperative independent groups that were analyzed, supermarkets accounted for approximately 65 per cent of the total sales; superettes, 25 per cent; and small stores, 10 per cent of total sales.4 Estimates of the number of stores and share of sales by wholesaler affiliation as of January, 1965, are given in Table 5. The

4Ibid., p. 41.
independent supermarkets and superettes account for 71 per cent of total independent store sales and about 42 per cent of the total grocery and combination store sales in the country.

Factors contributing to change in the industry

Changes in food retailing have been generated by a complicated mixture of technological and economic factors, resulting in growth and expansion of the industry and changes in the market structure. According to Padberg and Klein, possible reasons for firm growth and expansion are: (1) changing transportation, storage and packaging technology which has enabled the assembling for mass production handling and processing of some commodities which had been handled as perishables, (2) improved communication in general and greater accuracy in food product standardization has facilitated large-scale, more efficient handling of food products, (3) many of the more recent handling techniques adopted have given rise to scale economies and (4) the self-serve retail outlet seems to be affected by technical scale-economies while the integrated supply system (available only to fairly large organizations) seems to have purchasing cost advantage.5

Markin points out the following demographic, economic and technological forces which have fostered the growth and development of the large self-service, cash-and-carry supermarkets over the past three

5D. I. Padberg and T. A. Klein, Structural Change in Ohio Retailing, Columbus, Ohio: The Ohio State University, 1963, p. 1.
TABLE 5

Wholesaler Affiliation with Independent Supermarkets and Superettes, Number and Per cent of Stores, and Per cent of Total Sales, United States, 1964

<table>
<thead>
<tr>
<th>Type of Store and Affiliation</th>
<th>Number of Stores</th>
<th>Per cent of Stores</th>
<th>1964 Sales</th>
<th>Per cent of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarkets &amp; Superettes</td>
<td>39,900</td>
<td>100</td>
<td>$25,950,000,000</td>
<td>100</td>
</tr>
<tr>
<td>Voluntary</td>
<td>17,295</td>
<td>43</td>
<td>11,830,000,000</td>
<td>46</td>
</tr>
<tr>
<td>Cooperative</td>
<td>16,210</td>
<td>41</td>
<td>10,005,000,000</td>
<td>38</td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>6,395</td>
<td>16</td>
<td>4,115,000,000</td>
<td>16</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>14,900</td>
<td>100</td>
<td>$18,650,000,000</td>
<td>100</td>
</tr>
<tr>
<td>Voluntary</td>
<td>6,545</td>
<td>44</td>
<td>8,580,000,000</td>
<td>46</td>
</tr>
<tr>
<td>Cooperative</td>
<td>5,960</td>
<td>40</td>
<td>7,080,000,000</td>
<td>38</td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>2,395</td>
<td>16</td>
<td>2,990,000,000</td>
<td>16</td>
</tr>
<tr>
<td>Superettes</td>
<td>25,000</td>
<td>100</td>
<td>$7,300,000,000</td>
<td>100</td>
</tr>
<tr>
<td>Voluntary</td>
<td>10,750</td>
<td>43</td>
<td>3,250,000,000</td>
<td>45</td>
</tr>
<tr>
<td>Cooperative</td>
<td>10,250</td>
<td>41</td>
<td>2,925,000,000</td>
<td>40</td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>4,000</td>
<td>16</td>
<td>1,125,000,000</td>
<td>15</td>
</tr>
</tbody>
</table>

decades. Growth in population, size and composition of families, and trends toward decentralization (move to the suburbs) are the demographic forces he emphasizes. The economic forces are increases in disposable personal income, changing distribution of income, and changes in expenditures in food stores. Technological forces are the widespread use of the automobile, new methods and techniques in refrigeration, broadening the merchandising base by adding new food and nonfood lines, and many technological innovations in processing and preserving food. He also emphasizes the importance of changing consumer buying habits such as the supermarket as a one-stop shopping center for food and general merchandise lines, the increasing incidence of impulse buying and the desires of many people to make purchases during the evening hours and even on Sundays.6

**Market concentration**

In spite of a decline in store numbers since 1940, food retailing remains an industry of large numbers. However, in 1964, more than two-thirds of total grocery store sales were concentrated in 30,900 stores with an average annual sales volume of $500,000 or more per store. These stores constituted only 13.5 per cent of all grocery stores, but accounted for 69.6 per cent of all grocery store sales.7 This suggests a relatively high concentration of sales among grocery

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6Markin, *op. cit.*, pp. 36-58.

7*Progressive Grocer, op. cit.*, p. 36.
stores, although concentration in terms of total number of retail establishments is very low.

In Table 6, a comparison of the sales of the fifteen largest food chains in 1945 is made with the fifteen largest chains in 1962. It is significant to note that the fifteen largest chains accounted for 75.1 per cent of total chain sales in 1945 and 76.5 per cent in 1962; 23.1 per cent of total grocery store sales in 1945 and 31.6 per cent in 1962. The five largest chains exhibited a slower relative rate of growth, accounting for 62.5 per cent of total chain sales and 19.3 of total food sales in 1945, and 52.1 per cent of chain sales and 21.5 per cent of total food sales in 1962.

Market concentration at the national level is an important structural consideration, but in terms of competition among retailers in the sale of their products, the structure of local and regional markets is the most relevant. Mueller and Garoian estimated that in 133 cities of over 35,000 population, the four largest retailers accounted for 58.3 per cent of total grocery store sales in 1958. The largest chain averaged 25.4 per cent of sales in each city. And in cities with over 25,000 population, the four largest retail firms and four largest voluntary and/or cooperative groups typically account for over 85 per cent of total retail grocery-store sales. The Federal Trade Commission found in 1958 that in fifteen metropolitan

TABLE 6
Sales of Fifteen Largest Retail Food Chains, Per cent of Total Chain Sales, and Per cent of Total Food Store Sales,a United States, 1945 and 1962

<table>
<thead>
<tr>
<th>Fifteen Largest Chains</th>
<th>Sales</th>
<th>Per cent of Total Chain Sales</th>
<th>Per cent of Total Food Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>A &amp; P</td>
<td>$ 1,435,000,000</td>
<td>30.2</td>
<td>9.3</td>
</tr>
<tr>
<td>Safeway</td>
<td>665,000,000</td>
<td>14.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Kroger</td>
<td>457,000,000</td>
<td>9.6</td>
<td>3.0</td>
</tr>
<tr>
<td>American</td>
<td>234,000,000</td>
<td>4.9</td>
<td>1.5</td>
</tr>
<tr>
<td>First National</td>
<td>182,000,000</td>
<td>3.8</td>
<td>1.2</td>
</tr>
<tr>
<td>National Food</td>
<td>107,000,000</td>
<td>2.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Colonial</td>
<td>99,000,000</td>
<td>2.0</td>
<td>0.6</td>
</tr>
<tr>
<td>Bohack</td>
<td>65,000,000</td>
<td>1.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Jewel Tea</td>
<td>64,000,000</td>
<td>1.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Food Fair</td>
<td>60,000,000</td>
<td>1.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Grand Union</td>
<td>55,000,000</td>
<td>1.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Winn-Dixie</td>
<td>41,000,000</td>
<td>0.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Fisher Brothers</td>
<td>38,000,000</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Stop &amp; Shop</td>
<td>33,000,000</td>
<td>0.7</td>
<td>0.2</td>
</tr>
<tr>
<td>Loblaw</td>
<td>32,000,000</td>
<td>0.7</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 3,567,000,000</strong></td>
<td><strong>75.1</strong></td>
<td><strong>23.1</strong></td>
</tr>
</tbody>
</table>
### TABLE 6 (contd.)

<table>
<thead>
<tr>
<th>Fifteen Largest Chains</th>
<th>Sales</th>
<th>Per cent of Total Chain Sales</th>
<th>Per cent of Total Food Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1962</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A &amp; P</td>
<td>$5,480,000,000</td>
<td>23.7</td>
<td>9.8</td>
</tr>
<tr>
<td>Safeway</td>
<td>2,509,653,984</td>
<td>10.8</td>
<td>4.5</td>
</tr>
<tr>
<td>Kroger</td>
<td>1,946,329,949</td>
<td>8.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Acme Markets</td>
<td>1,088,692,000</td>
<td>4.7</td>
<td>1.9</td>
</tr>
<tr>
<td>Food Fair</td>
<td>1,034,011,000</td>
<td>4.5</td>
<td>1.8</td>
</tr>
<tr>
<td>National Tea</td>
<td>971,516,000</td>
<td>4.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Winn-Dixie</td>
<td>803,260,058</td>
<td>3.5</td>
<td>1.4</td>
</tr>
<tr>
<td>First National Food Stores</td>
<td>740,000,000</td>
<td>3.2</td>
<td>1.3</td>
</tr>
<tr>
<td>Grand Union</td>
<td>638,500,000</td>
<td>2.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Jewel Tea</td>
<td>600,000,000</td>
<td>2.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Colonial Stores</td>
<td>449,897,000</td>
<td>1.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Dominion</td>
<td>425,316,000</td>
<td>1.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Allied Supermarkets, Inc.</td>
<td>389,550,294</td>
<td>1.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Stop &amp; Shop</td>
<td>316,108,000</td>
<td>1.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Loblaw</td>
<td>310,000,000</td>
<td>1.3</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$17,702,834,285</td>
<td>76.5</td>
<td>31.6</td>
</tr>
</tbody>
</table>

*aGrocery and combination store sales.

areas the share of the retail food sales' leader ranged from 14 to 49 per cent with the median being 29 per cent. The next most important retailer on the average had half as large a market share as the biggest retailer. The market leader in eight of the metropolitan areas was a corporate chain; the leader in five areas was a cooperative group; and in two areas, a voluntary group.9

The changing structure in food retailing in the past two decades has resulted in a higher concentration in the industry, and an increase in the number of large food firms competing with one another in the same market. Thus, there are relatively fewer but larger firms accounting for the majority of sales, with a large number of small firms doing the remainder of the business. Many firms have grown considerably larger during this period of time, but the market for food retailing has also had a large increase as total sales have increased 305 per cent from 1942 to 1962. Competition is presently intense in the industry and Mueller and Garoian see definite signs of oligopolistic competition in local market structures due to relatively few firms accounting for a considerable share of sales.10 Cassady


10 Mueller and Garoian, op. cit., p. 20.
classifies food retailing competition as being a form of differentiated oligopoly.\textsuperscript{11}

**Food wholesaling**

Most food retailing chains for several decades have been conducting the wholesaling function as an integrated part of their operation. However, wholesaling is still a very important part of the food business. For the past ten years, according to *Progressive Grocer*, general line grocery wholesalers increased sales at a higher rate than those realized by all food retailers, by independents and by corporate chains. Their growth stems primarily from increasing buying loyalty from and cooperation with independent retailers, and steady expansion in number of items and lines handled. Wholesalers are also supplying an increasing number of local and sectional food chains which is adding to their growth. Table 7 shows the number of grocery wholesaling firms, the number of warehouses operated by these firms, and the 1964 sales of these firms.

TABLE 7

Number of Wholesale Grocery Firms and Warehouses Operated, and Total Sales for 1964, United States

<table>
<thead>
<tr>
<th>Type of Wholesaler</th>
<th>Voluntary</th>
<th>Cooperative</th>
<th>Unaffiliated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of firms</td>
<td>472</td>
<td>221</td>
<td>1266</td>
<td>1959</td>
</tr>
<tr>
<td>Number of warehouses</td>
<td>746</td>
<td>254</td>
<td>1335</td>
<td>2335</td>
</tr>
<tr>
<td>Sales in 1964</td>
<td>$7,315</td>
<td>$4,660</td>
<td>$3,720</td>
<td>$15,695</td>
</tr>
</tbody>
</table>


Integration in food retailing

The two prevalent types of integration in the retail food industry are horizontal and vertical. Horizontal integration involves a retailer establishing similar units or acquiring them from another individual or company. Vertical integration occurs when a firm acquires either wholesaling or manufacturing facilities, or performs marketing functions at more than one stage of the marketing process. Both horizontal and vertical integration were involved in the growth and development of large food retailing organizations, particularly chains.

Table 8 indicates the extensive food store acquisition by chains (horizontal integration) from 1949 to 1958. Considerable horizontal integration is still occurring in the industry, but not at the same
TABLE 8

Food Store Acquisitions by Food Chains,
United States, 1949 to 1958

<table>
<thead>
<tr>
<th>Year of Acquisition</th>
<th>Acquiring Companies</th>
<th>Acquisitions</th>
<th>Stores Acquired</th>
<th>Annual Sales When Acquired</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>6</td>
<td>6</td>
<td>72</td>
<td>$66,180</td>
</tr>
<tr>
<td>1950</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>3,889</td>
</tr>
<tr>
<td>1951</td>
<td>10</td>
<td>12</td>
<td>69</td>
<td>27,829</td>
</tr>
<tr>
<td>1952</td>
<td>5</td>
<td>10</td>
<td>273</td>
<td>70,800</td>
</tr>
<tr>
<td>1953</td>
<td>11</td>
<td>12</td>
<td>71</td>
<td>86,617</td>
</tr>
<tr>
<td>1954</td>
<td>17</td>
<td>20</td>
<td>70</td>
<td>60,580</td>
</tr>
<tr>
<td>1955</td>
<td>23</td>
<td>48</td>
<td>455</td>
<td>434,166</td>
</tr>
<tr>
<td>1956</td>
<td>36</td>
<td>70</td>
<td>439</td>
<td>397,325</td>
</tr>
<tr>
<td>1957</td>
<td>34</td>
<td>54</td>
<td>363</td>
<td>322,520</td>
</tr>
<tr>
<td>1958</td>
<td>38</td>
<td>78</td>
<td>421</td>
<td>450,003</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>315</td>
<td>2238</td>
<td>$1,919,909</td>
</tr>
</tbody>
</table>

*This column does not add as some chains made acquisitions in more than one year.

rate as from 1949 to 1958. This slowdown is probably due to concern expressed by the Federal Trade Commission. "From 1949 through 1954, the annual averages were: nine acquiring chains, eleven acquisitions, 93 stores, and $52.6 million current sales; from 1955 through 1958 there were twenty-two chains, sixty-three acquisitions, 420 stores, and $401 million sales." Markin points out that the ten largest chains made acquisitions accounting for 61 per cent of the total sales of all the stores acquired by corporate chains between 1949 and 1958.13

There has been a substantial amount of vertical integration into manufacturing by several chains in particular and a few affiliated wholesalers. Therefore, many chains and some wholesalers with affiliated groups are distributing products under their own brands as well as manufacturers' brands. Vertical integration is not new. In the 1920's a number of chains were fully integrated into manufacturing and were selling products manufactured by others under their own labels. By 1930, twenty-five chains operated one or more grocery-manufacturing plants.

There was an accelerated movement of vertical integration from 1940 to 1958. During this period, grocery retailers made eighty-one vertical acquisitions into grocery manufacturing. Sixty-eight of these were made by the twenty largest chains. In Table 9, the number

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12Markin, op. cit., p. 25.

13Ibid., p. 27.
and type of food-processing plants operated by chains in 1958 is presented. The value of the shipments from the chain operated food-processing plants was $1.3 billion, or 8.5 per cent of total purchases of merchandise. The chains involved sold 85 per cent of these products through their own stores. The largest twenty chains operated over 90 per cent of all chain manufacturing plants in 1958 and the four largest chains operated more manufacturing plants than all the other chains combined.  

TABLE 9

Number and Kind of Food Processing Plants Operated by Chains and Value of Shipments, United States, 1958

<table>
<thead>
<tr>
<th>Type of Plant</th>
<th>Number in 1958</th>
<th>Value of Shipments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakeries</td>
<td>147</td>
<td>$ 379,500,000</td>
</tr>
<tr>
<td>Milk and dairy products</td>
<td>80</td>
<td>207,900,000</td>
</tr>
<tr>
<td>Coffee, roasted and concentrated</td>
<td>39</td>
<td>234,400,000</td>
</tr>
<tr>
<td>Meat and poultry plants</td>
<td>26</td>
<td>234,200,000</td>
</tr>
<tr>
<td>Other</td>
<td>34</td>
<td>247,600,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>326</strong></td>
<td><strong>$1,303,600,000</strong></td>
</tr>
</tbody>
</table>

*Operated by sixty-two grocery chains.


In the past ten years there has been no major trend toward increased vertical integration in the industry. Food retailers continue to enter and exit from manufacturing operations making it difficult to predict trends for the future. Many firms are able to realize the advantages of vertical integration without ownership as private brand merchandise, stable supply, quality specifications, price guarantee and direct shipment are services that are increasingly available from food processors and manufacturers.

The future

The supermarket concept of food retailing caught on in the 1930's due to the combination of sound operating principles and an economic environment favorable to its low price appeal. Traditional retailers were experiencing increasing costs and gross margins, and as a result food prices increased. The supermarket innovation was thus readily accepted during the depression as consumers were extremely price conscious.

Recent years have seen a similar rise in the retailers costs and margins. Again, a new approach to food retailing has appeared to fill the low price vacuum, namely the discount store with food as one of its departments. This time, however, the economy is relatively healthy. Consumers are not as price conscious as they were during the 1930's. The effect of the discount store has been felt in the food industry, but it does not seem that it will revolutionize food retailing as did the supermarket. However, many chains have leased market space in discount department stores or opened adjacent discount...
food stores to them, and some have built their own discount complexes which include supermarkets. Some independents are also involved in discount food operations. It is estimated that discount stores have approximately 5 per cent of all grocery store sales and are increasing.

In general, retail food outlets have advanced from general stores, to individual shops, to a modern general store over the past several decades. Some retailers have the opinion that food stores in the future will taper off into smaller-sized units and possibly to $20,000 weekly volume stores. The physical size of new supermarkets has leveled off after steady increases during the 1950's. In 1964 the average weekly sales for newly opened supermarkets was approximately $37,500.

Markin states: "The supermarket, in spite of some competitive inroads, will remain in all likelihood the dominant retail food institution throughout the decade of the 1960's." However, he points out forces at work which could unsettle the industry, notably discount food merchandisers, case-lot sellers and the drive-in markets.15

Operating Expenses in the Retail Food Industry

Labor is the largest operating expense item for firms, and thus it is necessary to discuss briefly operating expenses in the industry.

15Markin, op. cit., p. 137.
Labor cost in the context of its relation to sales, gross margin, total expense, net operating profit and net earnings is indicated in Table 10. Since 1955, the average sales per store, gross margin, payroll expense and total expenses have been increasing. During the same period, net profit and net earnings increased during 1956 and 1957, but then declined until 1964. In 1964, the profit rate reversed the previous six-year trend. This seems to indicate that since 1958 food retailers have been experiencing difficulty in offsetting increased operating expenses. One factor involved in the profit decline is that competition has not permitted firms to increase gross margins to keep pace with increased costs.

Firms in the past were able to maintain their profit percentage by using fewer man-hours relative to sales, and expanding firm and store sales by broadening product lines and increasing promotional activity. However, this has been more difficult to do in recent years. Profits have not only been adversely affected by increased labor costs, but also affected by increases in most other operating expenses. Increases in advertising and promotional costs and rent and real estate costs have also had considerable effect on profit deterioration.

**Payroll and fringe benefit expense**

It should be noted in Table 11 that the expense for labor as a percentage of sales varies considerably between the functional areas of food retailing, and also between geographic areas of the country.
TABLE 10
Average Sales per Store, Gross Margin, Expenses, Per cent Profit, and Net Earnings for Selected Food Retailing Chains, United States, 1955-1964

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Sales per Store (000)</th>
<th>Gross Margin</th>
<th>Payroll Expense</th>
<th>Total Expense Including Interest</th>
<th>Net Operating Profit</th>
<th>Total Net Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>$844</td>
<td>18.24%</td>
<td>9.81</td>
<td>16.92%</td>
<td>1.32%</td>
<td>1.19%</td>
</tr>
<tr>
<td>1956</td>
<td>947</td>
<td>19.59</td>
<td>9.88</td>
<td>17.89</td>
<td>1.70</td>
<td>1.41</td>
</tr>
<tr>
<td>1957</td>
<td>1,007</td>
<td>20.39</td>
<td>9.99</td>
<td>18.61</td>
<td>1.78</td>
<td>1.48</td>
</tr>
<tr>
<td>1958</td>
<td>1,075</td>
<td>20.52</td>
<td>10.06</td>
<td>18.77</td>
<td>1.75</td>
<td>1.43</td>
</tr>
<tr>
<td>1959</td>
<td>1,117</td>
<td>21.16</td>
<td>10.33</td>
<td>19.45</td>
<td>1.71</td>
<td>1.40</td>
</tr>
<tr>
<td>1960</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1961</td>
<td>1,227</td>
<td>21.76</td>
<td>10.13</td>
<td>20.54</td>
<td>1.22</td>
<td>1.26</td>
</tr>
<tr>
<td>1962-63</td>
<td>1,319</td>
<td>22.13</td>
<td>10.14</td>
<td>21.13</td>
<td>1.00</td>
<td>1.24</td>
</tr>
<tr>
<td>1963-64</td>
<td>1,327</td>
<td>22.23</td>
<td>10.19</td>
<td>21.11</td>
<td>1.12</td>
<td>1.31</td>
</tr>
</tbody>
</table>

*Information for years 1955 through 1959 is from the first reference source and includes information from twenty-three chains. The 1960 data for the twenty-three chains was not available, therefore, the 1960 column is not completed. Data for years 1961, 1962 and 1963 are from selected food chains and were obtained from the second reference source.

bTotal net earnings are after income tax has been paid.

Note: Data for years 1955 through 1959 was for twenty-three chains while data for 1961 through 1964 may be from different chains.

Labor expense for store operations accounts for approximately 75 percent of the total payroll expense for selected retail food chains.

**TABLE 11**

Payroll Expenses for Selected Responsibility Centers of Food Retailing Chains by Geographic Region, United States, 1963-1964 (Twenty-four Food Chains with Sales Above $100 Million)\(^a\)

<table>
<thead>
<tr>
<th>Item</th>
<th>Per cent of total sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Northeast</td>
</tr>
<tr>
<td>Store operations</td>
<td>7.5</td>
</tr>
<tr>
<td>Warehouse operations</td>
<td>.7</td>
</tr>
<tr>
<td>Transportation operations</td>
<td>.3</td>
</tr>
<tr>
<td>Merchandising and buying</td>
<td>.1</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>.6</td>
</tr>
<tr>
<td>Field supervision</td>
<td>.3</td>
</tr>
<tr>
<td>Accounting and office services</td>
<td>.3</td>
</tr>
<tr>
<td>General administration</td>
<td>.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10.2</strong></td>
</tr>
</tbody>
</table>

\(^a\)Seven firms in the northeast, five in the south, seven in the midwest, and five in the west made up the total of twenty-four chains.

Wages paid in food retailing

Wages paid in retailing have been traditionally lower than the level of wages in non retailing industries. However, food retailing wage rates have made continuous progress since the 1940's. The large proportion of part-time workers (in some cases up to 50 per cent of the store work force) unfavorably affects the average wage rate for the industry. Part-time workers on the average are not nearly as well paid as full-time employees, and this is probably due to the difference in skill required.

In 1961, 31 per cent of retail food workers earned $2.00 or more per hour and 69 per cent earned less than $2.00. However, 47 per cent earned less than $1.50 per hour and 32 per cent less than $1.25. Compared with other kinds of retailing, food retailing has the highest percentage of its workers earning $2.00 or more per hour, with the exception of sales personnel affiliated with furniture, motor-vehicle, and building material-hardware stores.\(^\text{16}\)

The average hourly earnings in food retailing, food wholesaling and food processing for the years 1935 through 1961 are compared in Table 12. It should be noted that retail wages have been below both of the other categories since 1937. This table is an average of wages for the entire country and does not reflect fully the significance of

<table>
<thead>
<tr>
<th>Year</th>
<th>Food Processing</th>
<th>Food Wholesaling</th>
<th>Food Retailing</th>
<th>Year</th>
<th>Food Processing</th>
<th>Food Wholesaling</th>
<th>Food Retailing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>.52</td>
<td>.65</td>
<td>.53</td>
<td>1948</td>
<td>1.15</td>
<td>1.12</td>
<td>1.02</td>
</tr>
<tr>
<td>1936</td>
<td>.53</td>
<td>.67</td>
<td>.53</td>
<td>1949</td>
<td>1.21</td>
<td>1.22</td>
<td>1.07</td>
</tr>
<tr>
<td>1937</td>
<td>.59</td>
<td>.70</td>
<td>.56</td>
<td>1950</td>
<td>1.26</td>
<td>1.28</td>
<td>1.10</td>
</tr>
<tr>
<td>1938</td>
<td>.61</td>
<td>.70</td>
<td>.55</td>
<td>1951</td>
<td>1.35</td>
<td>1.37</td>
<td>1.19</td>
</tr>
<tr>
<td>1939</td>
<td>.61</td>
<td>.72</td>
<td>.54</td>
<td>1952</td>
<td>1.44</td>
<td>1.45</td>
<td>1.24</td>
</tr>
<tr>
<td>1940</td>
<td>.67</td>
<td>.74</td>
<td>.55</td>
<td>1953</td>
<td>1.53</td>
<td>1.53</td>
<td>1.30</td>
</tr>
<tr>
<td>1941</td>
<td>.65</td>
<td>.79</td>
<td>.58</td>
<td>1954</td>
<td>1.59</td>
<td>1.58</td>
<td>1.35</td>
</tr>
<tr>
<td>1942</td>
<td>.77</td>
<td>.86</td>
<td>.65</td>
<td>1955</td>
<td>1.66</td>
<td>1.65</td>
<td>1.41</td>
</tr>
<tr>
<td>1943</td>
<td>.80</td>
<td>.93</td>
<td>.70</td>
<td>1956</td>
<td>1.76</td>
<td>1.74</td>
<td>1.47</td>
</tr>
<tr>
<td>1944</td>
<td>.85</td>
<td>.98</td>
<td>.73</td>
<td>1957</td>
<td>1.85</td>
<td>1.82</td>
<td>1.54</td>
</tr>
<tr>
<td>1945</td>
<td>.88</td>
<td>1.03</td>
<td>.79</td>
<td>1958</td>
<td>1.94</td>
<td>1.89</td>
<td>1.59</td>
</tr>
<tr>
<td>1946</td>
<td>.99</td>
<td>1.15</td>
<td>.92</td>
<td>1959</td>
<td>2.02</td>
<td>1.97</td>
<td>1.60</td>
</tr>
<tr>
<td>1947</td>
<td>1.06</td>
<td>1.10</td>
<td>.95</td>
<td>1960</td>
<td>2.11</td>
<td>2.05</td>
<td>1.68</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1961</td>
<td>2.17</td>
<td>2.11</td>
<td>1.75</td>
</tr>
</tbody>
</table>

the retail food wage rates paid in the large metropolitan markets which are primarily organized.

**Technological Changes in the Industry**

The retail food industry has undergone a great number of technological changes since the first supermarkets were opened in the early 1930's. These changes have been relatively small but numerous, resulting in a substantial increase in employee productivity. The changes have not been as dramatic as the technological changes in the automobile, electronics and steel industries, and have not displaced many workers. However, the many changes together have significantly changed the industry.

Today a typical supermarket is housed in a modern building designed and erected specifically for the marketing of food, with electrical and refrigerated equipment to preserve and display foods and to make a pleasant environment for customers. The overall investment cost for today's market averages more than $21.00 per square foot. Table 13 shows the approximate cost figures for a supermarket with a selling area of 12,400 square feet designed to handle $70,000 per week in sales.

**Technological changes in the retail store**

The meat department in the food store has likely undergone more changes than the other retail departments. The biggest change was to self-service meats which consumers in some areas of the country at first reluctantly accepted, but are quite satisfied with today.
### TABLE 13
Investment Required for a Modern Supermarket, United States, 1963

<table>
<thead>
<tr>
<th>Building Cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excavations, footings, cement, masonry, parking areas</td>
<td>$75,775.00</td>
</tr>
<tr>
<td>Plumbing</td>
<td>$12,933.00</td>
</tr>
<tr>
<td>Heating, ventilation, air conditioning</td>
<td>$31,244.00</td>
</tr>
<tr>
<td>Electrical</td>
<td>$21,300.00</td>
</tr>
<tr>
<td>Structural steel, insulation, roof, ceiling, canopy</td>
<td>$45,975.00</td>
</tr>
<tr>
<td>Doors</td>
<td>$1,962.00</td>
</tr>
<tr>
<td>Floors, tile, glass, hardware, lumber, miscellaneous</td>
<td>$20,982.00</td>
</tr>
<tr>
<td>Painting</td>
<td>$3,450.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$213,621.00</strong></td>
</tr>
<tr>
<td>Overhead and supervision</td>
<td>$8,962.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$222,583.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equipment Cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coolers</td>
<td>$19,160.00</td>
</tr>
<tr>
<td>Meat and dairy cases</td>
<td>$11,400.00</td>
</tr>
<tr>
<td>Frozen food cases</td>
<td>$9,800.00</td>
</tr>
<tr>
<td>Produce counters</td>
<td>$6,100.00</td>
</tr>
<tr>
<td>Grocery counters</td>
<td>$7,480.00</td>
</tr>
<tr>
<td>Checkstand operation</td>
<td>$21,600.00</td>
</tr>
<tr>
<td>Meat and dairy tools</td>
<td>$5,900.00</td>
</tr>
<tr>
<td>Stock trucks and carts</td>
<td>$5,750.00</td>
</tr>
<tr>
<td>Office equipment</td>
<td>$1,150.00</td>
</tr>
<tr>
<td>Sign</td>
<td>$12,500.00</td>
</tr>
<tr>
<td>Interior decoration</td>
<td>$2,800.00</td>
</tr>
<tr>
<td>Refrigeration installation</td>
<td>$9,750.00</td>
</tr>
<tr>
<td>Electrical installation</td>
<td>$2,500.00</td>
</tr>
<tr>
<td>Door operators</td>
<td>$4,700.00</td>
</tr>
<tr>
<td>Public address system, license, miscellaneous</td>
<td>$2,300.00</td>
</tr>
<tr>
<td>Compressors, coils, etc.</td>
<td>$10,250.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$133,140.00</strong></td>
</tr>
</tbody>
</table>

| Total building cost                                  | $222,583.00 |
| Total equipment cost                                 | $133,140.00 |
| Overall investment (excluding merchandise)           | $355,723.00 |

Note: Cost to buildings and equipment $366,723 not including land. Estimated volume $70,000 per week. Area-20,000 sq. ft. total; 12,400 sq. ft. selling area. Weekly inventory $175-245,000.

substantially reduced the amount of customer contact and sales work by meat employees, and resulted in more time being spent in backroom processing. Pre-packaged meats, fish and poultry have also changed the employees activities. Mechanized and automatic equipment such as wrapping machines, power equipment for cutting, slicing, grinding, and shaping meat, and automatic ticket-printing pricing scales are presently being used extensively. Linked to these devices are both the power and gravity conveyor systems which are needed for an efficient flow of product. While technological changes have brought a substantial increase in productivity, few workers have been displaced. Positions have been eliminated but due to the expansion in store sales and normal attrition, there has been little over-all displacement of employees.

Some stores now receive primal cuts from their warehouse or meat packers. This decreases the amount of processing that must be done in the store. Many firms are also considering centralized meat cutting and packaging, which would shift even more employees out of the retail store. Research continues on ways to reduce the perishability of meat. If acceptable to consumers, frozen, freeze-dried, or irradiated meats could have a substantial effect on meat processing and distribution, and on the employees involved.

Small but continual advances have also been made in other departments of the retail store. Grocery receiving has moved from a hand unloading operation using two-wheel trucks to complex conveyor systems or to palletized handling of merchandise. Improved methods
of price marking and stocking merchandise have been developed. Equipment at the checkout has been continually improved to give greater accuracy and speed.

And of considerable importance to the retail operation has been the continual shift of jobs from store level to the manufacturer or supplier. Particularly in the perishable departments, dairy, meat, and produce, this has resulted in an ever increasing number of products that need no store processing. Cheese, luncheon meats, carrots, and many fruits are examples of the many products that arrive at the store in consumer packages.

An important technological change in the industry, particularly as it relates to labor, has been the reduction in the amount of physical work required due to improved materials handling, equipment, and procedures. For example, the warehouse-to-shelf method of handling grocery products has greatly reduced the amount of handling which grocery products must receive and consequently has eliminated much physical work and fatigue.

The net result of these technological changes in retail food stores has been a speed up in customer service, improved quality of products, and increased productivity. An indication of increasing labor efficiency is the increase in sales per man-hour from 1954 to 1959. In 1954, according to one source, sales per man-hour were $19.28 in supermarkets; $20.73 in 1956; $21.66 in 1957; $22.97 in 1958, and $26.68 in 1959. On a current dollar basis, this is an
increase of 7.7 per cent per annum. When the figures are corrected for price level changes, the increase is 5.5 per cent per annum.¹⁷

The Super Market Institute reported typical sales per man hour of $27.23 for their members in 1963, a 1 per cent increase above the 1962 performance of $26.95. The typical sales per man-hour for their members in 1959 was $23.92.¹⁸

**Technological changes in food wholesaling**

Technological changes in the wholesaling operation have been many but, as in retailing, have occurred gradually over time. In data processing for example, some wholesalers and chains have moved from manual methods to electronic data-processing installations, including computers in some of the larger operations. These computers are being used for inventory purposes, estimating the ratio of product movement to the amount of shelf space available, reading orders, establishing order point and order size, billing, computing turnover figures, and keeping a record of store operations. Data processing has increased substantially the speed, quantity and quality of control information of value to management. It has not necessarily reduced the number of employees involved, but has markedly changed the nature of their work.


The Safeway Company, the nation's second largest retail food chain, installed a medium-sized electronic computer at their national headquarters in Oakland, California. This computer is used to keep an accurate running record of more than 300,000 pieces of equipment which are installed in their stores, warehouses and plants throughout the country. Records on equipment at each location are kept updated on a perpetual basis. The computer is also used for a unit and dollar sales analysis of private brands as compared with other brands, for analyzing the sales of meat and produce by pounds, and for computing every four weeks the profit and loss statement for each division covering sales, tonnage, gross profits, expenses, and comparison figures for the same period a year ago.\(^{19}\)

Significant changes in warehousing have also occurred through improvements in materials handling and shipping. The increased use of mechanical equipment and palletization has greatly increased warehousing efficiency. There has also been some prepackaging of produce and delicatessen items, breaking down of beef carcasses to primal cuts, and a small amount of centralized cutting and prepackaging of meat taking place in some warehouse operations. Some of the changes in shipping have been the use of larger vans, palletization of products, and the use of mechanical equipment for loading and unloading. The building structures for warehousing have also facilitated increased productivity as firms have moved from multi-story operations to more efficient single-story operations.

\(^{19}\)Seligman, \textit{op. cit.}, p. 5.
Future technological changes in the industry

One problem facing the industry is constantly rising operating-expense ratios and the consequent increased gross margins. Therefore, increasing attention is being placed on controlling expenses by introducing labor-saving capital equipment and adopting more scientific devices. There have been many changes in the past three decades in the retail food industry, but there may be even greater changes in the next two decades. There are projections that the grocery store of the future will have moving walkways inside of the store and the customer will ride past shelves of grocery items, stepping off only to select an item, mark it with her identification and deposit it at a receiving station. After completing her selection of items, the customer would move to an automated check-out counter. Every item selected would be ready on the counter. A computer would add up the bill and list everything purchased by weight and price. The customer would place her money in an automated cash register, get her change and then proceed to her car. The next stop would be to pick up the order all wrapped at a parcel station. Such an innovation is technically feasible. The problems with such a innovation concern economic feasibility and customer and labor union reaction.

D. G. Gumperty\textsuperscript{20} of Industrial Electronics Engineers in California believes a supermarket can be completely automated. The biggest

\textsuperscript{20}Ibid., pp. 13-15.
problem involved is standardization of the size of packages. For the system to work properly, it would be necessary to have a centralized data processing computer in the warehouse, and this computer would be tied in with the individual supermarkets being serviced. Orders would be sent to the warehouse by code over the telephone direct to the computer. All packages would be standardized, would be selected automatically and would move within the warehouse on endless belts.

Gumperty conceptualizes an automated supermarket that would be divided into two sections with one a showroom in which merchandise would be displayed on the shelves. To order the merchandise, the customer would insert a special card in a slot immediately under the display and automatically the item and price would be printed on the card. After the customer completed her order on the card, she would then take it to the cashier. The card would be inserted into a reading machine which would total the order and redesignate it with coded numbers. After paying the cashier the customer would go to her car, and drive to the loading area to receive her groceries.

The second half of the supermarket would be made up of a computer associated with a cartridge loading machine. This loading machine would drop the customer's order automatically on a moving belt. The moving belt would carry the customer's order to the assembly point where it would be prepared for the customer.

The completely automated supermarket would eliminate many of the cash registers, shopping carts and expensive fixtures, reduce the size
of the building, reduce the size of inventories in the store, eliminate the price marking of individual items and drastically reduce the number of employees required to operate a supermarket.

Gumperty's vision of the automated supermarket might seem like an idea of fantasy to some people. However, Ben Seligman, of the Retail Clerks International Association believes that all that seems necessary at this time is for one of the giant supermarket chains to undertake such an installation and then accustom the public to its use. He further believes that it would not be too difficult a public relations task for a firm to sell the benefits of an automated store to the customers.21

History would indicate that in the near future we will probably not see many, if any, revolutionary changes in retail distribution methods, but rather these changes will be evolutionary. The present trend seems to be going in two directions. There is a move back towards the smaller neighborhood retailing facility with more rather than less services. There is also increased activity concerning discount food operations. From the standpoint of management-labor relations it appears that we are going to be dealing with an industry that will require a rather high labor input for an indefinite period of time.

21 Ibid., p. 15.
The development and growth of unionism in the industry has been primarily shaped by the nature of the industry. The union's actions, attitudes, and general behavior have evolved from the type of industry with which the union has been confronted. Therefore, by understanding the nature of the industry, a better understanding of union development, attitudes, and activities can be realized.

The principal unions representing employees in the industry, as will be discussed in Chapter IV, are the Retail Clerks, Amalgamated Meat Cutters and the Teamsters. Unionization in food retailing gained impetus in the early 1930's at the same time that supermarkets were becoming a vibrant force in the industry. Between 1932 and 1935, some of the employees in about twenty-five to thirty of the food retailing firms were organized by unions. The unions were for the most part in the warehouses and among the truckmen of the larger companies.\(^{22}\) The concentration of larger groups of employees in supermarkets made it easier, less costly, and more lucrative for unions to organize the clerks and meat cutters in the stores.

When food retailing was composed of "mom and pop" stores, the opportunities for unions to organize the workers were almost nil. The work force of a particular store usually consisted of a man, wife, their children and possibly one or two outside employees. In this

situation there were few employees per store, usually ten or fewer, and some or all were frequently related to the owner. Even if the employees were not relatives, the relationship between employer and employee was close and frequently a personal friendship. The employee often received a feeling of job security with this type of relationship since he had easy access to his employer, could resolve differences without the involvement of a third party and thus a mutual closeness developed.

Since the mid-1930's the unions have enjoyed considerable success in organizing the retail food industry. Part of the early success was due to the differences and rivalry between the chain stores and the independents. These differences allowed the unions to whipsaw\textsuperscript{23} independents against the chains. The unions were able to persuade independents that widespread unionization would inflict a competitive disadvantage on the chains, while affecting independents very little. The reason was that the chains employed more people than the independents as the independents frequently operated stores with only family labor. Consequently the chains were confronted with either accepting unionism or being struck. If the chains strongly resisted, they would be struck and the area's food business would be conducted

\textsuperscript{23}In order to whipsaw independents against the chains, the unions would threaten to keep some stores open for business while others were struck or picketed. This strategy is still effective today, but this tactic is countered by industry when the companies are organized into formal bargaining associations. With a bargaining association a strike against one firm is a strike against all the firms in an industry.
by independents. Jay describes in detail how this method was used successfully in the San Francisco area.

In the late 1930's and the early 1940's as both the independents and chains enlarged their operations, the independents found it necessary to hire non family employees and their overall operations closely resembled the chains. The independents were paying union wages, but frequently did not have as high a volume of sales as the chain. Thus it was more difficult for them to offset the cost of labor. Allen points out that because the chains generally operated with greater efficiency due to economies of scale they discovered that they could cope with the union wage level with less economic difficulty than the competing independents. Therefore, the chains were able and desirous in many instances of granting favorable union terms, knowing that the independents would be more disadvantaged. The unions have profited by the rivalry between the chains and the independents as they have used this rivalry to gain initial recognition in the industry, and to increase their membership.

In terms of the structure of the industry and its implications to the development of unions, there have been changes in the past three

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During the 1930's, unions were faced with the challenge of organizing an industry that consisted primarily of small independent retail establishments which were widely scattered geographically. Thus early union organizational effort was very strenuous and difficult as the unions lacked financial strength at this time, organizing techniques were not well developed, there was a high turnover of workers, and workers had a fear of losing their jobs if they showed an interest in the union. Therefore, in the beginning the industry had to be literally organized store by store with each newly organized store just adding a few members.

However, as the industry became more concentrated, and the size of the stores increased, the industry became easier to organize. In the larger stores there is not the close employee personal loyalty to management and the firm that previously existed. Employees have become more sympathetic with the union movement and have recognized the union as a force to represent their desires to management.

The changes in the structure of the industry and market concentration have resulted in the different firms having similar operations. This is the reason that both the unions and firms, in many instances, desire uniformity of wages and working conditions in a market area as this places competition on an equitable basis in terms of labor cost. This has contributed to the tendency of forming joint union councils and employer associations, particularly in metropolitan areas, for bargaining. In addition, market concentration of the
industry into fewer larger stores which are more centrally located in urban and suburban metropolitan markets has provided unions with the incentive to engage in organizational effort.

Industry operating results were presented in this chapter in order to describe the changes over recent years and point out the implications to organized labor. For many years food retailers experienced increases in absolute operating expenses, but the firms offset these increases by the expansion of sales and using fewer man-hours of labor relative to sales. However, according to Allen and as pointed out previously in this chapter in Table 10, since 1958 food retailers have experienced difficulty in counteracting offsetting increased operating expenses. For years union demands were granted with only token resistance on the part of management as many firms believed that work stoppages which might be imposed on them if they strongly resisted union demands and suffered a strike would be of greater economic consequence than granting the union demands. With the increasing use of employer bargaining associations, management's attitudes toward work stoppages and strikes may change.

Food retailers vary considerably in terms of their ability to return a profit from operations, and this has always had a bearing on labor relations. Firms with differing financial resources frequently have differing attitudes towards labor unions. Firms in a strong economic position may be able to afford a strike while other firms

26 Ibid, pp. 171-172.
experiencing difficulties may go to great limits to avoid a strike, as a strike would be disastrous. With precedence in different areas being so important, weaker firms yielding to union demands may set a precedent which the remainder of the industry may later have to follow.

The nature of the employee's work is much different than three decades ago, as is indicated by the technological changes that have occurred in the industry. The employee today doesn't have as close contact with the manager as his counterpart in past years, and consequently feels himself a lesser part of the operation. Today the employee's work is much more specialized as it involves mostly physical handling and preparation of goods, and less customer contact. Labor unions have been able to offer employees membership in an institution that helps the employee to overcome the void in their relation with management and the firm. In addition, management's emphasis on technology, efficiency and high productivity has encouraged unionization and in recent years has been the cause of many of the unions' bargaining objectives.

Allen points out the following additional factors that have favored the development and growth of unions.

1. Depression of the 1930's caused workers to see in a new light the need for unions to protect them from normal employment hazards.

2. Laws, courts and the public at large in the 1930's came to accept the right of workers to organize themselves into unions and exercise the resulting powers. Important legislation during this period was the Wagner Act in 1935.
3. Competition of the unions in the AFL and CIO stimulated food unions to grow by undertaking active organizing campaigns.

4. Changing attitudes of union leadership with respect to adopting the view of inclusive unionization - a willingness to organize workers in a particular field regardless of their craft skills.

5. Changes in management attitudes toward accommodating the principle of unionism and recognizing the union rather than combating unionism have contributed significantly to the growth of unionism.

6. In the past, labor cost as a percentage of sales was a modest figure; consequently, management resisted unions less vigorously than might have been the case if labor costs were a relatively large proportion of gross sales.27

Degree of unionization in the industry

One of the first reports made of the inroads of unions into the food retailing industry was made by the Super Market Institute at its 1950 convention. "In 49 per cent of its members, the meat department employees were unionized; two out of five companies reported that some or all of their store employees outside the meat department were unionized. In 28 per cent of the companies, truckmen were unionized; in 26 per cent, the warehouse employees were unionized; and in 4 per cent, the office personnel were unionized."28

27Ibid.

In 1963, 58 per cent of the Super Market Institute member companies were unionized in varying degrees. These particular companies operated 87 per cent of all the SMI member supermarkets. Among the larger companies (sales above $100 million) 96 per cent were unionized, compared to 37 per cent unionized among the smaller companies (with sales up to $2 million). Meat department employees were unionized in 54 per cent of the companies, full-time employees outside of the meat department in 47 per cent (34 per cent fully and 13 per cent in part); part-time employees in 44 per cent; warehouse employees in 75 per cent; and truckmen in 78 per cent of the companies. Store managers were unionized in 6 per cent of the companies and office employees in about 10 per cent of the companies. In the Pacific region, every member company was unionized. The Southeast, West South Central, and New England areas had the fewest unionized members. In 75 per cent of the unionized companies, half or more of all full-time employees belonged to a union. In the majority of the unionized companies (57 per cent), between 90 per cent and 100 per cent of all full-time employees belong to a union.29 The writer believes that the Super Market Institute member companies are representative of the industry and it can be generalized that this is about the extent of union organization in the industry.

29Super Market Institute, op. cit., p. 29.
Conflict between the unions

While this has varied widely by area and by time, some conflict has been experienced between the three major unions in food retailing and wholesaling. For example, the Retail Clerks and the Amalgamated Meat Cutters frequently have members organized in the same store. With this situation there is always a possibility that one or the other will cross jurisdictional boundaries. Due to new technology and the prepackaging of more meat and fish, the Amalgamated Meat Cutters have lost some positions in the store. One method of trying to maintain membership is to expand jurisdiction. In some areas of the country, the Amalgamated Meat Cutters have organized "handlers locals" which has extended their organizing efforts beyond the traditional confines (meat cutting) of the union. As a result, the clerks and meat cutters in some food stores all belong to the Amalgamated Meat Cutters Union.

In some cases, the two unions have opposed each other in organizing drives. Even though they have attempted to resolve this problem through agreements, there has been some open rivalry. The difficulty probably stems from the fact that the changing structure of retailing has not substantially affected clerk positions and has provided them with a growing jurisdiction, while it has tended to limit the potential of the Amalgamated Meat Cutters.

The relations between the Retail Clerks and the Teamsters have varied over the years from cooperating in joint organizational drives to outright opposition to each other's policies. The Teamsters have
at times cooperated with management in strikes that the Retail Clerks were conducting. At the local level one of the jurisdictional tactics used by the Retail Clerks has been the "clerk's work clause." This is an attempt to broaden the functions of the clerks and to limit the rights of drivers by prohibiting their placing of products on display in the store. If the driver actually does some stocking, this reduces the number of clerks required to man the store and also provides an area of Teamster penetration into the store itself. In many areas there has been strong Teamster opposition against the "clerk's work clause."

There have also been jurisdictional disputes between the Amalgamated Meat Cutters and the Retail, Wholesale and Department Store Union. As a former affiliate of the CIO, the Retail-Wholesale Union had been granted jurisdiction over all employees working in retail food stores, including the meat employees. In 1958 the two unions worked out an agreement which clearly defined the jurisdiction. The Amalgamated Meat Cutters gained jurisdiction over employees handling and processing meat.

Most of the conflict between the unions has been due to the desire of each to increase its own membership. Presently there seems to be a considerable amount of cooperation between the unions in the industry. This is advantageous to labor and also to the companies. With a united front, unions have a better chance of achieving their objectives in bargaining with management. As far as the companies
are concerned, jurisdictional disputes are costly since they may interfere with the operation of the firm and affect the morale of employees.

**Unorganized firms**

Some large retail food firms, particularly in the South, have not been organized by the unions. One reason for union difficulty in organizing these firms is the "right-to-work law" in many Southern states. The lack of employee interest has also posed an obstacle in some firms. The rapid turnover of workers, the great number of part-time jobs in the industry, and the popularity of store managers are other factors affecting union organizational efforts. Also some union officials claim that companies use fear tactics to keep the union out, such as firing an employee and then spreading the word through the grapevine that the employee was fired because he was a union sympathizer.

Frequently the nonunion firm will pay just as high or even higher wages than the organized firm. Key people will frequently receive higher wages and also receive some overtime work. These key influential people are close to management and assist in keeping the other employees resistant to union organizational efforts. The nonunion firm usually has a lower fringe benefit cost, and enjoys many advantages in terms of flexibility of operation. Therefore, the result is that even though they may pay slightly higher wages, their total labor cost is lower and they frequently enjoy a competitive advantage.
Nonunion firms try to build harmony and good will in the relationship between the company and the employee, and often do an excellent job of conducting personnel relations. The result is that some firms have been able to resist union organizational efforts even though they are operating in a highly organized area. Many organized firms want to see the nonunion firms organized so as to eliminate their competitive advantage resulting from lower total labor costs.
CHAPTER IV

COLLECTIVE BARGAINING IN THE RETAIL FOOD INDUSTRY

Nature of Collective Bargaining

During the past thirty years, collective bargaining has become an increasingly important part of the system of making economic decisions in the United States. Critical decisions which concern the utilization of resources and also the distribution of the proceeds from production have come within the scope of the bargaining process. Collective bargaining is actually the process of discussion and negotiation between an employer and a union culminating in a written contract, and includes adjustment of problems arising under the contract. It is the mechanism through which management and labor try to settle issues of mutual interest that arise out of the employer-employee relationship. Management is concerned with its competitive position and adequate profits for dividends and expansion while the unions are concerned that their constituents realize adequate wages, pleasant working conditions, job security and fair treatment on the job.

Collective bargaining as we know it today, operates within a framework of government legislation and regulations. The National Labor Relations Act requires that the employer bargain with
representatives chosen by a majority of his employees in an appropriate bargaining unit. These representatives then speak for all workers in the unit. The interpretation of the Constitution of the United States that has evolved since the mid 1800's also establishes certain basic rights of the individual, which include the right to own property and the right to associate with others in trade unions. In this framework, management and labor meet together to settle working agreements and also to settle contract grievances. Collective bargaining is the backbone of management-labor relations in unionized firms and thus it is important that the facets and procedures involved be discussed.

Collective bargaining is everybody's business, not just the private concern of management and labor. Decisions made at the bargaining table have a relationship to the problems of our entire society. To date, these decisions have largely been made on the basis of the relative strength of the parties concerned, the competitive level of wages, and the information available. However, the government is becoming more and more involved, which is not unusual in our economic system. It is necessary to maintain a balance of strength if neither employers or unions are to dominate. As the rule maker and referee in bargaining, and often as an effective source of pressure, the Federal Government frequently assumes the responsibility of maintaining an equitable balance, or, at least controlling and ending severe conflicts between management and labor.
Contract negotiations

The negotiation of a labor contract is similar in many ways to the negotiation that takes place between the buyer and seller of any saleable product. Bargaining involves strategy and much depends on the relative strength of the two parties. In any transaction, both buyer (firm) and seller (labor) are interested in driving the best possible bargain. The union will likely begin negotiating with a demand that is more than they are ultimately willing to accept, while management will commence negotiations initially with an offer that is less than they are ultimately willing to extend to the union. The offer that is finally accepted by both buyer and seller is likely to be a compromise of each party's initial offer. The agreement reached and the amount of compromise required by each party is often dependent upon the bargaining strength of the two parties involved.

Hence, in negotiating a labor contract, both management and labor representatives initially make proposals and demands from which they expect to compromise. For example, if a union is willing to settle for a ten cent an hour increase, it may submit a twenty cent an hour demand. This demand at the beginning of negotiations accomplishes two useful purposes from the union viewpoint. There are frequently extreme elements in the union who strongly urge that such large wage increases be obtained. Therefore, the union can present the demand, then retreat from this position if it appears there is overwhelming employer opposition. Second, union negotiators may start with a high demand so that management representatives will feel they have done a
better job of bargaining when labor lowers its request. Also by starting with a high figure, the union hopes to improve its chances of picking up a few cents an hour since the employer does not know exactly what the union considers the minimum acceptable terms. A similar type of strategy is employed by management representatives.¹

The agreement

The collective bargaining agreement is usually a lengthy document, often drawn in the final form by an attorney. The agreement sets forth the basic rules and responsibilities which will govern the relationship of the employer and the employees during the duration of the contract. A union contract usually includes clauses governing wages and hours; fringe benefits such as vacations, retirement, insurance, sick pay, and medical care; grievance procedure; employee security; promotion; layoff and discharge; rights and responsibilities of management and the union; and various working conditions pertinent to the plant, industry or type of operation. Also many agreements have clauses providing for arbitration of disputes which are not resolved by the grievance procedure.

Grievance procedure

Frequently the bargaining during the contract period concerns the settling of grievances. A grievance is a complaint expressed by an

¹In some industries in certain areas of the country, negotiators appear to be starting at a point much closer to settlement terms. This is primarily true where pattern bargaining has developed and both management and labor expect to settle for a contract that is similar to one previously negotiated with another company or in another area.
employee in connection with job, pay or other aspects of employment.
The grievance procedure is essentially a formal plan specified in the
collective bargaining agreement which provides opportunity for the
settlement of grievances through higher levels of authority in the
firm and the union, and by arbitration if necessary. Often, particu-
larly when there is a mature management-labor relationship, the
grievance may be settled at the first step which involves the depart-
ment or store supervisor and the union steward. However, the more
difficult grievances in large firms may be settled by local union of-
officials and top local management. If no agreement is reached the
grievance goes to arbitration.

For every grievance which goes to arbitration there are literal-
ly hundreds that are settled by the parties involved. The most im-
portant or the most difficult disputes go to arbitration. These are
grievances in which management and labor feel they have too important
a stake to make a compromise. Since agreements generally call for
arbitration of grievances, they usually spell out the procedures
thereby an arbitrator can be chosen and, often, the limits of his
jurisdiction.

Grievances frequently involve seniority, work standards, and
discipline. Discipline grievances are sometimes very difficult cases
since the issues may not be sufficiently clear and the evidence may
be blurred. For example, an employee may deserve to be discharged for
his conduct, but if the employer does not follow the procedure for
discharge outlined in the contract, the arbitrator may reinstate the
employee because of contract violation by the employer. In all situations, management is obliged to show cause for action and defend its position within the terms of the collective bargaining agreement.

Labor Unions in the Retail Food Industry

Most of the union employees in the industry are represented by the Amalgamated Meat Cutters and Butcher Workmen of North America, Retail Clerks International Association and the International Brotherhood of Teamsters. The Amalgamated Meat Cutters represent for the most part meat cutters and on the East Coast a few store clerks. Only store clerks are represented by the Retail Clerks. The Teamsters represent primarily warehouse employees and truck drivers, but in the East have also organized a few clerks and meat cutters.

Additional unions are becoming involved in the industry, particularly as some of the larger retailers expand their businesses vertically to incorporate other types of operations such as bakeries and dairies. Several other national unions also have a few employees organized in the occupational categories of refrigeration workers, firemen, watchmen, electricians, plumbers and carpenters. However, the employees belonging to these unions account for a very small percentage of the total number of organized employees in the industry. Only the three principal unions affiliated with the industry are considered in this study.
Amalgamated Meat Cutters and Butcher Workmen of North America

The union was organized in 1897, and by 1920 the membership including both meat packing and retail meat employees had increased to approximately 60,000. However, after the collapse of packinghouse unionism in the early 1920's, membership declined throughout the decade and was down to approximately 10,000 in 1933. At that time about 10 per cent of the retail meat employees in the country were organized. Due to favorable labor legislation (Wagner Act), the increasing trend toward food chains and larger supermarkets, and the centralization of management, the organization of retail food employees proceeded rapidly throughout the latter part of the 1930's. By 1956, the membership had increased to about 289,000 and, by 1963, had further increased to approximately 375,000. In 1963, approximately 165,000 members (44 per cent) were engaged in the retail food industry and about 90,000 members (24 per cent) were associated with the meat packing industry. There are also members in other agricultural industries. The national office is located in Chicago, Illinois, and the union is affiliated with the AFL-CIO. The various branches in the union organizational structure are Retail, Packing, Poultry and Seafood, and Fur and Leather.²

Retail Clerks International Association

The union was officially chartered by the American Federation of Labor in 1890. Most of the initial effort put forth by the union was to reduce the long hours in retailing. Membership increased to approximately 50,000 members in 1903, but then dropped to less than 20,000 members by 1908. With the exception of some increase for a few years after World War I, the membership continued a steady decline reaching a low of about 5,000 members in 1933. Since 1933, the union has grown rapidly in membership to the present total of approximately 400,000 members. This makes the RCIA one of the ten largest unions in the United States.

The national office is located in Washington, D. C. and the union is affiliated with the AFL-CIO. In addition to clerks in food retailing, the union has also organized many department store employees, clerical employees, and other white collar workers. However, food store employees constitute the largest group of organized workers in the union.\(^3\)

International Brotherhood of Teamsters

In 1899, the American Federation of Labor chartered the Team Drivers International Union. This union became the International Brotherhood of Teamsters in 1903 and at that time there were approximately 32,000 members. Initially the union was primarily interested

\(^3\)Additional information concerning this union is found in the book: Michael Harrington, *The Retail Clerks*, New York: John Wiley and Sons, Inc., 1962.
in improving the working conditions and long hours of work. The early
growth of the union, like most other unions, was sporadic and varied
with fluctuations in the economy. Total membership increased to about
105,000 members in 1921, but declined to about 71,000 by 1933. The
membership increased rapidly in the latter part of the 1930's and
totaled 1,457,262 by 1962, making it the largest union in the United
States.

The Teamsters are primarily involved in warehousing and trucking
throughout the country and in the food industry. But, in recent
years, they have been expanding their organizational effort into
manufacturing operations and groups of public employees. The national
office is located in Detroit, Michigan and the union is not affiliated
with the AFL-CIO. In 1957, the AFL-CIO expelled the Teamsters on the
grounds of domination by corrupt influence and failure to comply with
AFL-CIO directives. However, expulsion from the AFL-CIO apparently
has not seriously hampered the union since growth in size and power
have continued since 1957.4

Industry Bargaining Procedure

Structure of collective bargaining

The three principal unions in the industry are organized pri-
marily on the basis of occupation: meat cutting, clerking,

4A history of the growth and development of this union is found
in the book: Sam Romer, The International Brotherhood of Teamsters:
Its Government and Structure, New York: John Wiley and Sons, Inc.,
1962.
warehousing and trucking. As a result none of the unions have an overall perspective of the firm's operations. Consequently, the unions are concerned with achieving work jurisdiction security for their members, and protecting their members wages and working conditions. Even though the jurisdiction of the three major unions for the most part covers distinct and widely different kinds of work, the union's goals and activities sometimes conflict with each other. Therefore, one union's objective, if achieved, may have a damaging effect upon another union. Sometimes the unions work together and at other times there is union conflict. As a result the behavior of the unions towards each other and towards management may vary considerably, which affects collective bargaining.

The labor unions have effectively organized much of the retail food industry, particularly the firms who have a large percentage of total grocery sales. If the right-to-work provision is nullified the unions will probably enjoy greater future success in organizing non union firms, particularly firms operating in the southern part of the country.

Improvements in recent years in wages and working conditions have attracted more career people to the industry. Labor turnover has been reduced and this has benefited the industry as well as increased the union's stability by reducing the detrimental effect of high membership turnover.

The unions have in the past and are presently experiencing some internal conflict concerning differences in desires and objectives of
the members. A substantial part of the retail clerk membership is composed of part-time workers and among both the meat cutters and the clerks there are numerous female employees. Frequently part-time workers and women desire union objectives which conflict with the desires of full-time workers and male workers.

In the past there has been a general lack of unanimity in the companies' approach to labor relations which is primarily due to the intensity of competition and the traditional rivalries between firms. However, in recent years, many companies in the industry are increasing their bargaining power by joining together into employer bargaining associations to meet the demands made by unions. Also in many metropolitan areas local unions have banded together to negotiate as joint union councils.

Contract negotiations usually take place at the local market level. However, international union officers and top corporate executives are increasingly influencing the bargaining process. This may be contributing to the trend toward regional and national uniformity of contract agreements.

Corporate food chains usually take the initiative in bargaining. Sometimes the unions are able to whipsaw the independents against the chains and thus achieve a better agreement with the chains. The contract settlement of the largest firm or firms in the market area usually establishes the going rate for the area. Recently negotiated contracts in other market areas are commonly used as a guideline or precedent for the settlement terms.
The bargaining process

It is rather difficult to describe the actual bargaining process as it varies considerably within a particular national union in different geographic areas, and also varies between the three unions being discussed. It should be understood that there are two opposing forces in collective bargaining. Unions cannot operate in a complete businesslike manner similar to a firm because the union is not a business. It is essentially a political organization striving to benefit the rank-and-file worker. Therefore, the two opposing parties in bargaining must accommodate each other and this means understanding the motives and needs of each other. There are basic differences between a business and a union and these differences do not seem to be generally understood. It is imperative that each party understand the problems and the pressures experienced by the other party if there is to be effective bargaining.

The unions prepare for contract negotiations by first determining what their members want in the new contract agreement and what firm work practices and procedures are of concern to the membership. A considerable amount of effort goes into these preparations as the union wants each member to have the opportunity to express his desires. Usually the local union officials and a negotiating committee make the final decision concerning the contract demands made to the firm. Many union leaders are of the opinion that the lack of factual information concerning the operations of the firms makes it more difficult for them to formulate their demands.
Management spends considerable time and effort in preparation for negotiations. This frequently involves extensive research concerning the costs of different aspects of the operation and how increased labor costs can be overcome. However, some firms, particularly the smaller ones, are not as well prepared for bargaining as the unions. Recently settled contracts in other market areas give management an indication of what the union will be striving to attain in negotiations. All of the economic facts are available to management and this makes it possible for the firm to bargain from a more knowledgeable position than the union.

The union desires increases in wages and fringe benefits, and they are usually able to justify their position by comparison with other areas where the demands have already been accepted by management. Management usually assumes a defensive position in negotiations and seldom acts as an innovator. Their effort is frequently directed toward tempering the union demands as much as possible.

Union personnel in negotiations usually consist of local officials, a negotiating team composed of rank-and-file members, and international representatives when requested. For small independent firms, top management usually handles negotiations. The large corporate firms usually use personnel representatives of the particular region and labor relations specialists from the general office of the firm.

In metropolitan areas local unions affiliated with the same national union may bargain as a joint union council (several locals
bargain together). The council will either bargain with individual firms or with a group of firms organized in an employer bargaining association. The head of the largest local union in the council frequently acts as the chief bargainer for the group, and the council may or may not request assistance from the national union for negotiations.

In other situations, the local union may negotiate separately with each firm or they may negotiate with an employer's bargaining association, depending on the circumstances. In small market areas, the bargaining is usually with each firm. Locals of the three different national unions usually bargain with employers separately, but they frequently coordinate their demands.

It may take numerous negotiating sessions to set the pattern and actually get down to serious bargaining. An impasse in negotiations can lead to a strike. It is difficult for a firm in the retail food industry to take a strike unless his competitors are on strike. One firm on strike alone means a considerable loss of business even after settlement, due to the lack of consumer loyalty in the industry. However, if all the firms are organized together in an employer bargaining association, a strike against one firm is a strike against all firms.

Even after an agreement has been reached there is additional bargaining throughout the duration of the contract. This concerns the interpretation of the wording in the contract and the handling of grievances.
Example of bargaining in a metropolitan area

An example of the process of bargaining in the industry is the procedure followed by the retail clerks in a large metropolitan area. In this market area, there are approximately 15,000 members affiliated with eight local unions. These eight unions have members in approximately 700 firms. Most of the firms are independent operators and they are organized in an employer bargaining association for the purpose of negotiations. However, the large corporate chains operating in the same market area do not belong to the association. A contract agreement is usually reached at about the same time with the corporate chains and the bargaining association for the independents.

During negotiations the eight local unions in the area combine forces in a joint union council and usually the head of the largest local acts as chief bargainer for the group. Since the joint council represents a large number of employees, they request the assistance of a national union representative. He takes over the bargaining in the late stages of negotiation. The local union personnel believe that it is best that the national representative do the hard-driving bargaining in that this type of bargaining can deteriorate relations between management and the local unions. When a contract agreement is reached, the outsider leaves and thus there will not be a strained relationship. It should also be added that an international representative has greater bargaining power due to his jurisdiction. (Many retail clerks local unions and some joint councils do not request assistance from the national union for bargaining.)
During negotiations, there may be as many as fifteen employers present and one of them is selected as the spokesman. On the union side, there may initially be one hundred people present (committees, sub-committees, business agents, etc.). A great deal of negotiation goes on in the backroom away from the bargaining table. After a contract agreement is reached between the management and union officials, it must be ratified by the majority of the local union members before becoming effective. A separate agreement (similar contract for all of the industry) is then signed between each firm and the affiliated local union.

**Pattern-setting contracts**

In this industry, negotiations follow a modified pattern-setting type of arrangement. The local unions in the major metropolitan cities are instrumental in establishing the basic pattern. However, even with pattern following, there are some modifications to meet the economic conditions of specific areas and the differences in company operational policies and procedures, particularly in fringe benefits. In areas where there is strong nonunion competition, it is difficult to accept patterns from other areas as this sometimes places firms at a serious competitive disadvantage.

Frequently, the local union or a joint council of unions will settle first with the most profitable firm in a particular market area and then use this as a pattern for other firms in the same area. Some independent firms contend that having labor contracts similar to
the corporate firm contract places them at a disadvantage as they are unable to realize the same economies of scale. The unions may use contracts of unions affiliated with other industries at times to establish the pattern. In many localities, the retail clerks will follow the pattern established by the Amalgamated Meat Cutters, and in other areas vice-versa.

The Teamsters Union seems to be interested in national agreements with the industry. In order to accomplish this objective, it is desirable to have a common expiration date for all contracts so that the general contract provisions can be standardized. The areas of standardization would be negotiated by the national union and these would include work week, premium pay, seniority provision, pension plan, vacation provisions, and health and welfare benefits. Wages, hours and working conditions would still be handled on a local basis. With this arrangement, the local union would sign a separate contract with the firm embodying the basic national agreement with changes for their membership concerning wages, hours, and other economic conditions.

A few management individuals hold the view that national bargaining could spell the end of collective bargaining as we know it today. National agreements would impair the local bargaining unit as they would have to primarily follow along with the national agreement. It would certainly limit the freedom of local unions to modify contracts to meet the conditions of a particular area as the national agreement would be mandatory for all firms.
Employer bargaining associations

There seems to be a trend toward industry-wide negotiations in metropolitan areas and, for this reason, employer bargaining associations will be briefly discussed. These associations are essentially a group of employers in the industry united for the purpose of negotiating contract agreements with labor unions. Local unions in many areas have banded together in joint councils for negotiating, and multiple employer groups are countering in the same fashion. These associations have come about partly as an attempt to prevent strong unions from using whipsaw tactics successfully against firms to gain different concessions from various employers. A contract negotiated by an association is standardized for all firms and thus none of the firms enjoy a labor contract advantage. With an association, when any union strikes an employer in the group, the other employers can legally lock out the union. Consequently any strike is an industry-wide strike.

Employer bargaining associations have a problem in developing employer cooperation and unity. There are problems between segments of the industry as the retail group has different primary interests than the wholesale segment. In addition, the competitive situation between firms can create problems. There have been instances when one firm has broken from the association to meet the unions demands while the other firms have been on strike. Differences in the economic philosophy and financial position of firms can create problems. Differences in organizational structure and a lack of unanimity in
what the firms term the important issues sometimes make it difficult to have uniform agreements. For example, one firm could concede certain things to the union that would hurt another firm and vice-versa. However, there is now more similarity in the industry than in the past and firms are working together more effectively. Some associations bargain uniformly on all aspects of the contract while others bargain uniformly only on hourly rates with variances in the remainder of the contract between firms. Any agreement reached by an association is also executed separately between the individual employer and the union, but the contracts in most instances are identical. Some associations in addition to negotiating the contract also manage the contract and handle the disputes and the grievances.

Associations seem to be effective only when a high percentage of the competing firms are organized. This is because equity of competition is one of the main reasons for the formation and continuation of such associations. Employer bargaining associations reduce the sovereignty of the individual firm in industrial relations. In order to increase bargaining strength, the individual employer sacrifices the right to determine labor policy in his operation. When local unions bargain together as a joint union council, the local union also loses its sovereignty. However, associations create an equality of power and an equality of economic strength to the point where the bargainers (management and union) are equally respectful, fearful of each others economic power and fearful of the consequences of a strike.
A major weakness of associations is the failure to discipline members, and this is primarily attributed to a lack of means of taking disciplinary action. An effective association also needs to function after bargaining and this means contract management. Many associations handle grievances, but apparently there have been some problems conducting this function.

The employer bargaining association seems to be well accepted and strongest on the West Coast, but there are numerous associations in other parts of the country. They seem to be growing in number and in some areas now provide additional services other than contract negotiations and contract management. For example, the Mountain States Employers Council, Incorporated in Denver, Colorado, has specialists in labor relations, personnel services and administration, management development and industrial relations research.

In summary, many members of management seem to think that employer bargaining associations give them the following advantages over bargaining as an individual firm:

1. Allows firms to consolidate their bargaining power against the union.

2. Competing firms have the same labor contract which means equitable competitive conditions.

3. Prevents strong unions from using whipsaw tactics successfully against firms.

4. Strikes affect all firms in the market area and as a result no particular firm or firms gains an advantage over another firm during a period of serious labor difficulty.
5. Tends to isolate a particular geographic area from union pressures such as national agreements or company-wide agreements.

6. Contract management by the association allows for uniform interpretation of the contract.

Labor unions are not required legally to negotiate with employer bargaining associations. However, unions generally prefer to deal with these associations for the following reasons:

1. Facilitates collective bargaining in that negotiations are conducted simultaneously for the entire market area, rather than negotiating a contract separately with each firm.

2. Reduces the time required for negotiations and consequently reduces the work load.

3. Uniform contracts prevent complaints of favoritism to particular firms.

4. Contract management by the association provides convenience for handling grievances and uniformity in the interpretation of the contract.

Competitive problems created by collective bargaining

Food retailing functions in a complex form of a specific type of non-perfect competition termed differentiated oligopoly. Competitors may be few (in each neighborhood), consumers are not well informed (due to the large number and variety of items) and the offerings of the various competitors are not exactly identical. However, over all
competition in the industry is very intense. The competitive framework within which a particular retail food store operates may take any one or all of the following four forms.

1. It may come from competitors with practically the same merchandise and type of service, and which are located next door or across the street.

2. It may come from competitors with the same merchandise or similar merchandise, but located at a considerable distance apart.

3. It may come from a generically similar but technically different type of competitor such as a small independent competing with a chain supermarket or mail-order house. The intensity of rivalry varies, depending on whether the competing firm is nearby or located at a distance.

4. It may come from competitors generically dissimilar, but which carry certain items competing directly with the non food department of the retail food store. Examples are health and beauty aids in competition with drug store merchandise, and tools and garden supplies in competition with hardware stores.\(^5\)

The major competitive problem created by collective bargaining seems to be the advantages enjoyed by nonunion firms when competing with organized firms. Frequently the nonunion firm wage level will be as high as for the organized firms, but the fringe benefit cost is

usually lower and there are no restrictions which limit flexibility in the use of employees. Therefore, the nonunion firms frequently have a labor cost advantage.

As mentioned earlier, employer bargaining associations contribute to equitable competitive labor cost conditions. Even without associations, there is not a great deal of difference in contracts in many market areas. This is because the union usually bargains first with the larger firm in the market area and then arrives at about the same contract with other firms in the area.

Issues in collective bargaining

In the past thirty years, the retail food industry has undergone considerable change which is described in Chapter III. Many technological advances have taken place, productivity has increased, and there has been an expansion in employment opportunities. Accompanying these changes have been modifications in the desires of employees and labor unions. As a result there have been changes in the collective bargaining issues.

For several years after the war, the emphasis was on wages, hours and working conditions. According to figures presented in a speech by Jules S. Schwartz, analysis of labor contracts written for meat employees in a major metropolitan area showed that the meat manager basic work week was forty-eight hours in 1944 and the salary
In 1954, the work week became forty hours and the wage $102 per week. The work week remained at forty hours in the 1964 analysis, but the wage had increased to $147.6

In recent years, the emphasis has shifted to fringe benefits. According to a U. S. Chamber of Commerce Retail Wholesale survey, an average of 23.6 per cent of the payroll was earmarked in 1963 for fringe benefits as 57.4 cents per payroll hour or $1,196 per year per worker was paid to Social Security, unemployment compensation, pensions, insurance, holidays, rest periods, vacations, bonuses, etc.7

Schwartz summarized twenty-five demands made by unions in contract negotiations the past two years and found that twenty-two of these demands were generally unheard of ten years ago in our country. Some of the newer union demands in collective bargaining are:

1. Guarantee of continued employment and job security.
2. More liberal vacation benefits basing payments on average weekly earnings including overtime and premium pay.
3. Vacation trust funds.
4. Elimination of part-time help by having one rate structure and equal fringe benefits for part-time workers.
5. Establishment of work load standards.

7Ibid., p. 2.

7. Specialization within contract defined job classifications.8

Fringe benefits will continue to be an issue in future collective bargaining. Benefits are not taxable and consequently employees receive more in the form of fringe benefits than if the contract increase is all wages. Some of the following fringe benefits are already in effect in parts of the country and will be future issues in other parts of the country:

1. Medical, dental, eye and psychiatric care for the family.
2. Supplemental unemployment and disability benefits.
3. Improvements in pension plans.
4. Facilities for aged retired employees.
5. Longer vacations.

In addition, Schwartz believes that the industry will be faced with shorter term contracts in the future, two years duration or less. He believes this will take place due to militant memberships and seemingly weaker labor leaders.9

Firms in the industry are becoming increasingly concerned with productivity and efficiency. Greater efficiency and productivity can be realized from new technology and thus firms are continually searching for ways of improving their operations. Technology and the accompanying productivity and efficiency is of increasing concern to

8Ibid., p. 3.
9Ibid., p. 6.
unions and their members due to fear of displacement. Therefore, it appears that the unions may place greater future bargaining emphasis on workload standards and speeds, job security, and guaranteed employment as they want to reduce or compensate for the work pressure placed upon the employees. In addition, wages will continue to be an issue, and working conditions such as shorter hours and less job flexibility will be issues.

**Interview Comments Concerning the Collective Bargaining Process in the Retail Food Industry**

It is the writer's opinion that the interview comments concerning collective bargaining must be included with the general discussion of the subject in order to properly present the material. Only a small part of the total interview concerned collective bargaining as the emphasis of the study is on technology. Consequently, the subject of collective bargaining is not explored in depth. However, the comments of the management and union officials interviewed do give an indication of the opinions of these individuals on collective bargaining and add to the general discussion of the subject. The remainder of the information from the interviews is presented in Chapters V and VI.

**Management representatives**

Thirty-one management representatives from twenty food retailing corporate chains, six food wholesalers, two independent operations, and three food employers councils were interviewed. The majority expressed satisfaction with the present collective bargaining procedure. Among
the dissenters were the two independents and a small food wholesaler. Their complaint is that they are practically forced to accept the same contract signed by larger firms, and consequently there is no bargaining on their part. Others expressing dissatisfaction were concerned about the bargaining power of the Teamsters Union. A few individuals expressed fear that there may be compulsory bargaining in the future which would be detrimental to collective bargaining. They are afraid that the government might step in and regulate wage increases and then the next step would be the regulation of prices.

There was concern on the part of the majority that the union is encroaching on management's prerogatives in bargaining. These individuals contend that the unions should be involved only with the protection of their members which means bargaining for wages, fringe benefits, length of the work day and working conditions. However, they contend that unions are becoming increasingly involved with seniority, promotions, scheduling, job assignments and manning requirements, hours of operation, work loads and prohibiting certain types of operational procedures and technology such as centralized meat cutting. According to the majority these are management's prerogatives and should not be influenced by the union, although a few contend that the union should be involved in these matters. One corporate chain representative reported that his firm will take a strike over management prerogative issues and have had strikes concerning this matter in the past.
The majority held the opinion that it is imperative that both management and labor adhere to the contract if a desirable management-labor relationship is to be maintained. A few individuals reported that management at times has been guilty of not properly informing store and supervisory management of the contract provisions, resulting in unknowing violations of the contract.

There was concern that many local unions are not willing to modify existing contracts to meet changing industry and economic conditions. A few individuals reported that once something is written into the contract, it is difficult to get it removed in later negotiations. Some of these restrictions are outdated due to changes in the operations, and it is expensive to bargain them out of the contract.

The majority contended that contracts affect the flexibility of operation when competing against nonunion firms. Not allowing flexibility in the use of employees can create serious problems and, in their opinion, unjustly raises labor costs. The majority prefer equitable contracts in the same competitive market area, with the exception of the independents. But, management contends that identical contracts for different market areas cannot be justified due to differences in the economic conditions. The majority are also against uniform national contracts for the same reason.

A few management individuals reported that unions are not being fair with the retail food industry when they give contract concessions to discount and drug operations who are competitors. This has been
done to facilitate the organizing of these firms, and the concession usually comes in the form of lower wages and fewer restrictions in the contract.

Concern was expressed about the union use of the strike when collective bargaining negotiations reach a stalemate. The difficulty pertains to the union striking a firm in one area and picketing the firm stores in another state. This is not considered a secondary boycott and is legal, and thus gives the union a great deal of bargaining power. A few individuals desire legislation to prevent this action. Others want anti-trust legislation to curb union collective bargaining power.

Other collective bargaining problems pertained to unrealistic economic demands by the unions, local officials losing control of their membership during contract negotiations, the union supporting members' grievances even though they know the employee is wrong, and management having a disadvantage in bargaining as the union has more power.

Union representatives

Twenty-five union officials representing the three principal unions in the industry were interviewed. The majority expressed satisfaction with the present collective bargaining procedure. However, a few individuals believe that there is too much national union influence on bargaining, although others reported that national unions have an important role in establishing policy for the local unions. Two individuals expressed concern that the union lacks the
power to get the needed wage increases. There is also concern about
the government influence on collective bargaining.

There is quite a difference of opinion between the management and
union officials interviewed concerning bargaining prerogatives. As
stated previously, management contends that labor unions should only
influence wages, fringe benefits and working conditions. However,
several (less than the majority) union officials were of the opinion
that anything which affects the welfare and the future of the employ­
ees should be an area of consultation with the union. Comments were
made that the union should be involved with work loads, job security,
seniority and promotion, working hours, scheduling, layoffs and dis­
charges, and job assignments. One union official contends that unions
should have some influence on the price of a firm's products as wages
are related to prices.

Some union officials reported concern about the honesty and eth­
ics of management in bargaining, and adherence to the contract agree­
ment. A few union officials reported that much of their work in­
volves enforcing the contract agreement. Two individuals commented
that it has been their experience that top management will agree to a
contract, but do not inform first line supervision of the details, and
they do not exert pressure on lower level personnel to comply with the
provisions. Apparently grievances are a problem for a few union of­
ficials, but for the majority interviewed, this is not a problem of
major importance. It was reported that the breaking down of company
routine and the improper interpretation of the contract contribute to
grievances. One retail clerk official in a metropolitan area reported that approximately 70 per cent of the grievances his union handles are settled at the store level, 20 per cent are resolved by area management, and only 10 per cent get to top management.

A few union officials reported concern about satisfying the different factions of their local unions with a collective bargaining agreement. The younger workers want higher wages, while the older workers are more interested in fringe benefits. Actions of the different factions of the union have given some local union leaders difficulty.

A union official stated: "Collective bargaining is no more than merchandising; you use the same theory—you do what the market will let you do." One official commented that unions have put some small firms out of business as they have been unable to pay the union demand for wages. This official believes that it is important to protect the economic health of the company in order to protect the welfare of the members. Another union representative reported that there is a tendency for unions to ease their demands if a firm is having economic difficulties and is in poor financial condition.

The following suggestions concerning improving collective bargaining were expressed by the union representatives.

1. Extend the period of negotiations to avoid crisis bargaining.
2. Frequent informal meetings with management to discuss current and future problems.
3. Continuous bargaining to resolve conflicts.
4. Management should provide the union with information that is needed for effective, intelligent bargaining.

5. Develop understanding of each other's problems.

6. Management and the unions should work together to educate employees concerning the problems of the industry and the firm, and the actual costs of the labor contract.
CHAPTER V

MANAGEMENT VIEWPOINTS: LABOR RELATIONS AND NEW TECHNOLOGY IN THE RETAIL FOOD INDUSTRY

A sample of food retailing and wholesaling firms in the East, Midwest, South and Far West were selected for study. Management representatives concerned with industrial relations or personnel relations from twenty-eight firms (twenty food retailing corporate chains, six food wholesalers, and two independent stores), and representatives from three employer bargaining associations were interviewed. Firms from different regions of the country were included in order to determine the differences if any due to geographic location.

The findings in this chapter are based on the interviews with the management representatives and reflect their views, not the writer's. Whether or not these views are representative of the industry is a debatable question. In fact, the differences found in the interviews suggest that any attempt to make generalizations about management-labor relations may be of questionable wisdom. Yet some attempt must

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1A description of the study procedure is presented in the Introduction.

2All of the food retailers except the two independents are involved in the wholesaling function.
be made. The fact that many of the viewpoints are minority viewpoints should alert the reader to the marked differences that exist in this field and the difficulty of making general statements that are "representative of the industry." The number of individual interviewed, the substantial sales volume they represent, and the different market areas represented suggest that the findings should be reasonably accurate reflections of management views on labor relations in the retail food industry. It is the belief of the writer that the opinions expressed by the management personnel of these firms represent the range of opinion held by management in the retail food industry in the major geographic areas.

**General State of Labor Relations**

**Union Jurisdiction**

The unions affiliated with the employees of the firms involved in the study are primarily the Amalgamated Meat Cutters, the Retail Clerks and the Teamsters Union. Several other unions are represented among workers organized in these firms, but they only represent a small number of the total employees. Therefore, since the other unions do not significantly affect the firms or the industry in general, they will not be considered in this discussion.

The kinds of workers organized by the unions differ among the firms studied. One firm in the East is completely organized except for middle and top management personnel. This means the store managers, office employees, and warehouse supervisors are union members.
At the other extreme, two firms are completely nonunion. Several corporate chains that operate in a number of states have union employees in some regions and nonunion employees in other regions. The nonunion firms are mainly in the South, followed next by the Midwest. Also, in the "right-to-work" states some of the employees in a store or warehouse of a particular firm are union members and other employees are not organized. Nearly all of the organized warehouse employees and truck drivers are members of the Teamsters Union. However, the situation in the stores is considerably different. In the East, the Amalgamated Meat Cutters have all the employees (clerks and meat cutters) in the stores of some firms. In one firm, the Teamsters have organized all of the employees in the stores. However, the usual situation is that the non-meat department employees are members of the Retail Clerks, the meat department employees are members of the Amalgamated Meat Cutters, and the warehouse employees and truck drivers are members of the Teamsters Union. In some instances the part-time employees who work less than twenty hours are not members of any union even though the other store employees are organized.

A major chain in the East has some stores with no overall store manager. Instead, these stores have dual managers, with the grocery manager having authority over the store operation excluding the meat, produce, and frozen food departments which come under the authority of the meat manager. In many of their stores, especially in one state, both managers are members of the Amalgamated Meat Cutters. There are
also cases in which both managers are members of a single union other than the Amalgamated Meat Cutters or the Retail Clerks. It was reported that not having one individual responsible for the entire store causes some difficulty in establishing overall control and coordination of the store operation.

The majority of the firm representatives were not satisfied with the presence of two different unions in a store. This situation sometimes results in jurisdictional disputes, and affects the flexibility of operation since employees of each union are restricted in terms of the type of work they can perform. The suggestion that there be only one union dealing with the entire retail food industry was expressed by a few management representatives. Their thinking is that this would resolve jurisdictional disputes and increase flexibility in the use of employees.

**Present state of management-labor relations**

About one-fourth of the management representatives expressed the opinion that relations between management and labor are excellent. The majority thought that relations could be classified as good and a few evaluated the relationship as being fair to poor. The viewpoint was expressed by a few that, even though labor relations are good with the Teamsters, it is a matter of one-sided bargaining with them. The union has the greater bargaining power which places the firm in a weak collective bargaining position.
The relationship between firms and the unions is not constant but changes according to: (1) economic conditions, (2) conditions in other union contracts in the community and country, (3) the amount of new technology, the procedure used by the firm in introducing this technology, and whether implementation means transferring or displacing employees, (4) whether or not it is close to negotiation time, and (5) whether a firm is expanding and adding employees or contracting in size.

According to the majority, relations between management and labor have matured and improved considerably in most areas during the past ten years. A few, however, expressed the opinion that relationships are deteriorating. Some of the factors suggested as contributing to good relations are: (1) having the firm in an expanding position and adding employees, (2) keeping the union and employees well informed concerning firm activities and plans for technological changes, (3) having a personal relationship that includes mutual trust and confidence between management and union officials, (4) keeping all levels of management well informed of the contract provisions and insisting that they adhere to the contract, (5) having management respect and recognize the union as an institution, and (6) having a strong union official who is able to exercise control over the union members, and who understands the economics of food retailing. Other factors affecting good relations are: (1) the respect of the employees for the firm, (2) the intelligence level and the caliber of employees and union officials, and, (3) a management open-door policy for employees or union officials to discuss problems.
The majority of the management representatives interviewed believe that store managers, warehouse supervisors, and others in middle management positions cause more problems in labor relations than do those at higher levels of management. In some cases this is due to a misunderstanding and violation of the contract on their part, pressure from superiors to increase efficiency, or poor attitude and dislike for the union. Union activities mentioned by management which strain relations are a lack of understanding on the part of the union officials and the employees concerning the economics of the industry; union and employee resistance to operational changes and new technology; and union failure to cooperate when a firm is in a contraction stage and has to close some stores, displace employees, and transfer other employees.

In summary, improved communications between management and labor, expanding firms with increasing job opportunities, and maturity and mutual respect in the relations seemed to be the key factors contributing to improvement of management-labor relations in the past ten years.

The majority stated that cooperation in the future between management and labor can be further improved, if there is continued improvement in communications and in understanding each other's problems. A few management representatives also stated that, from their viewpoint, relations could be improved if some union representatives cease campaigning for re-election by pressing for demands that are
unreasonable, uneconomic, and out of question. Other factors suggested for better cooperation were greater control of the union membership by the officials, and reduced union restrictions on flexibility of operations and technology.

There seems to be a substantial difference in the type of management-labor relationship in the different parts of the country. The relationship seems to be more mature in the East, Midwest, and Far West than in the South. This is partly due to the length of time unions have been organized in the different regions. In the East, Midwest, and West the unions seem to be recognized as a permanent institution; therefore, there is very little emphasis on eliminating unions. However, due to the right-to-work law and opposition to the union movement, some firms in the South tend to hold the opinion that unions are not firmly entrenched, and it is possible and desirable to get rid of them.

The effect of unions on firm operating costs and management's flexibility

A majority of the management representatives expressed the view that unions have affected operating costs in such a way as to reduce profits. The seriousness of the effect depends on whether or not there is comparative equity with competitive firms. If the significant firms in a market area are organized and have similar contracts, the union effect on the firm is not severe. However, if there is significant competition from nonunion firms or if the contracts with competing firms are not similar, the union can seriously influence the
economic position of a firm. Some expressed the viewpoint that the union has a greater effect on small firms and independent stores because of the size of their operation and their inability to realize the same efficiencies as corporate chains.

There was unanimous agreement by the management representatives that the unions have considerable effect on management's freedom to maneuver and on the flexibility of operation. The seriousness of this again depends on the comparative equity with competitive firms in a given market area. Nonunion competition has a competitive advantage due to more flexibility in their operation. In management's opinion it seems that the longer a firm has been organized, the more restrictions there are in the contract. Southern contracts are generally not as restrictive as those in the other geographic regions.

Some of the specific restrictions on management's flexibility that were reported, are contract clauses that restrict: the sale of meat after 6:00 p.m., the type of work employees can perform, the hours employees can work at straight time, and clauses that require certain manning requirements. The contention is that these restrictive clauses and others curtail management's flexibility in scheduling and in effectively utilizing labor.

A management concern in some regions is the differences in the local union contracts among firms within a particular market area.

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3The United States Supreme Court recently ruled that unions have the right to negotiate such issues.
For example, in one Midwest metropolitan city there is a substantial difference in the various local union contracts concerning warehousing and transportation. Firms are moving operations from the metropolitan city to smaller towns in the same market area in order to reduce labor costs. This is because those firms having warehousing agreements with some locals in the fringes of the market area have more favorable contracts than those dealing with the local in the metropolitan city and, for this reason, have a competitive advantage.

**Evaluation of unions and their operational practices**

The majority of the food retailers interviewed stated that the unions have benefited workers by obtaining for them higher wages, more fringe benefits, better working conditions, more status, more security, and protection against unfair action and exploitation by management. They believe that the workers generally would have received those benefits without the union, but not as rapidly. Also, a few commented that the labor movement in this country was the result of management's exploitation of labor in the past.

Two of the corporate chain representatives indicated that the unions have not only benefited workers, but also have benefited large chains in that union contracts provide standardized procedures for personnel and encourage uniform operating procedures. Thus, because of the union, the firm is better able to control a large number of employees scattered throughout several states. One representative from the West Coast expressed the view that unions have assisted the
food retailing industry in that the higher wages and fringe benefits negotiated by the unions have enabled the industry to compete more effectively for better employees. This individual believes that with higher caliber personnel the company can also demand and receive greater productivity.

The majority of the management representatives were quite concerned that unions are not making a greater attempt to organize the unorganized firms. Unions in some instances have severely weakened a firm's competitive position in a market area where strong competition is unorganized. This is particularly true in the South and parts of the Midwest. Management believes nonunion competition is a big problem and would like to see competition organized and operating under the same contracts since all firms would then be competing on an equal basis. Nonunion firms usually pay about the same hourly wages as organized firms, but this is not always true for the smaller nonunion firms. However, the nonunion firms usually have considerably lower fringe benefit costs, and have fewer restrictions on their flexibility of operation. This frequently allows them a labor cost and efficiency advantage.

It was emphasized by the majority that the unions through their demands for higher wages, more fringe benefits, and better working conditions, along with increased competition, have accelerated the pace of technological and operational change. These factors have forced firms to operate more efficiently. In order to achieve this greater efficiency to pay for the union demands, remain competitive,
and still maintain an adequate profit rate, the firms have had to search for ways of reducing costs. This has meant devising ways and means of getting along with less labor and increasing productivity. The result has been the development and implementation of new technology and other overall improvements in operations. However, while being advantageous to the worker in terms of the physical requirements of many jobs, and increasing worker productivity so that firms could pay higher wages, technology has also displaced a few workers and from this standpoint has been detrimental. The majority were of the opinion that the present technological changes would have come about anyway without the presence of unions, but probably not as rapidly.

Union operational practices that the management representatives seemed to be most concerned about are: (1) union demands for wage increases without increases in productivity, (2) employees' feeling that they are being overworked when actually they are not (but the union backs the employee), (3) store managers and warehouse foremen being union members in some areas, (4) promotion of employees on the basis of seniority, (5) union dissatisfaction with company

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4The Retail Clerks International Association contends that from 1947 to 1960 retail output grew 62 per cent, man-hours input increased 17 per cent, indicating a rise in productivity per man-hour of 38 per cent for all employees. Preliminary results of another study indicate that dollar sales per employee in large supermarkets (employing twenty or more people) increased approximately 90 per cent in two decades, while average annual earnings of full-time employees in food stores increased approximately 170 per cent in the same period of time.
promotion and transfer policies, (6) problems associated with the discharge of incompetent employees, (7) low worker productivity in warehousing and trucking, (8) significant differences in the local union contracts within a market area, (9) restrictions in the contract which prohibit the use of certain equipment and work procedures, and (10) restrictions which limit the flexibility of a firm's operation.5

Those in the East, who have union store managers and warehouse foremen, were particularly concerned with seniority clauses in the contract. These, in their opinion, have a serious effect on the operation of the firm, since many union employees are not qualified to be promoted to a supervisory position. Particular skills and abilities are required to manage a store doing a million dollars or more in sales yearly, and many employees do not have these abilities.

Seniority clauses in most contracts require that management promote employees on the basis of seniority; providing they are qualified. The disagreement between firms and unions has concerned the particular employees that are qualified for promotion.

The importance of labor relations problems to the firm

The majority of the management representatives stated that labor relations is one of the most important problems facing management today. The seriousness of this problem seems to vary by area, size of

5This is a listing of all management concerns pertaining to union operational practices that were reported in the interviews. Some items were mentioned by only one management representative and others by a few.
the firm, whether the firm is contracting or expanding, and whether or not there is an employer bargaining association representing the firm. Labor relations does not seem to be as serious a problem to firms represented by employer bargaining associations.

**Technology and Labor Relations**

*Procedures used in implementing new technology*

The majority of the management representatives indicated that it is very important to inform the union concerning technological changes or major operational changes before the change is implemented. Fewer than half of the representatives felt that union officials and employees should be notified at about the same time concerning implementation of new technology and the reason for making the changes. Communication concerning changes is quite important; sometimes by involving the union prior to the change, union leaders can offer helpful suggestions. If the union officials are convinced that the change is necessary, they can convey the necessity and the reasons for making the change to the employees. By preparing the union officials and the employees for the changes, a firm is likely to encounter less resistance.

It was mentioned by the majority that a firm should never catch a union official off guard and surprise him concerning changes. However, one large firm representative suggested that if the firm has confidence in the union official, it should inform him concerning the change. But, when dealing with an official that the firm does not
trust or place confidence in, it should not tell him about changes prior to implementing technology because this will only give him more time to stir up trouble.

According to the majority, changes should be made gradually, such as making them in just a few stores at one time. If there is displacement involved, gradual implementation of changes will facilitate the retraining and relocating of employees in other jobs in the firm as they become available through normal attrition or firm expansion. One firm surveyed the female employees in the meat department before installing wrapping machines to determine what other type of work they would like to do and were qualified to handle. As such positions became available, the women were gradually transferred so that no significant displacement occurred.

One firm representative pointed out that they have successfully shifted employees before a change is implemented. Temporary workers are hired to perform the work of the shifted employees until the change is completed. After the change, the temporary employees are discharged. This procedure has the advantage of training employees for new positions before changes are made.

Problems associated with the implementation of new technology

There have been some problems associated with new technology experienced by the retail food industry, but these problems have not been nearly as severe as in some other industries. There has been a
considerable amount of new technology over time, but it has been adopted gradually, has largely been a series of small innovations, and it has been accompanied by an expansion in business. Hence, there have been few employees displaced, even though there has been a considerable increase in productivity.

The unions' attitude towards new technology, in general, has not been highly enthusiastic. However, there has not been much extended or hard core resistance usually just temporary resistance when the change is first implemented. Unions realize that firms must put new technology into effect in order to become more efficient and pay for the union demands, while still remaining competitive. However, in some instances, unions have tried to delay new technology as much as possible because the unions believe they have an obligation to protect their members' welfare.

Some employees are resistant at first when changes are made, and management has the problem of overcoming the inertia of not wanting to change. However, in the firms interviewed, there has been no severe resistance by employees in terms of slow-downs or damaging of equipment after changes were made. When technology makes a worker's job easier, he is normally satisfied. A few management representatives contend that workers worry only about their own jobs. If the workers realize they will still have a job after new technology is implemented and that the technology affects them favorably, they are well satisfied. Workers are not particularly concerned about other workers who are displaced. On the other hand, the union officials are concerned
about the displaced workers; this is why they may attempt to delay new
technology that will result in displacement.

The majority of the management representatives stated that the
unions have not prevented them from making technological changes that
they have wanted to make. However, union restrictions have in some
areas slowed the adoption rate of technological innovations. A few
firm representatives stated that unions by restrictive clauses in con­
tracts and lack of worker cooperation have in the past blocked and
still are blocking technological changes which management would like
to make.

The majority contended that there is considerable difference in
the attitude toward new technology between different locals of a par­
ticular national union. Some local unions are very militant in their
resistance, while others approve the implementation of new technology.
This difference in attitude may be caused by the variation in the
local leadership, security of the union official's position, political
significance of the technology in terms of the effect on the members,
membership pressure, or different interpretations of the economics of
the retail food industry.

The majority believed that local union resistance to new tech­
nology will probably increase in the future. This will possibly be
due to a high unemployment rate, and increased concern by the em­
ployees, local unions, and national unions for worker job security.
In part, this may depend on whether the unions are able to increase
membership in other industries, or whether they rely largely on the retail food industry for their membership.

Union attitude concerning new technology in different geographic areas

Union attitude towards new technology differs in the different geographic regions of the country. However, there is probably as much difference in the attitude of the local unions within a region as there is between local unions in different geographic regions.

East

In general, the unions representing employees in the firms interviewed cooperate in the adoption of new technological innovations and operational changes. However, some of the local unions are rather militant and try to delay technology as much as possible. The greatest difficulty has been experienced in implementing warehousing and transportation changes. Firms expanding and adding employees apparently have the least difficulty in implementing technology, while firms in a contracting position seem to have more problems, since new technology might mean even further displacement of employees. It was reported that there are no problems in getting technology adopted, if the change does not result in displacement or seriously disrupt the workers' routine.

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6New technology, in addition to the installation of new equipment, also refers to the implementation of improved work methods and operational practices.
An example of temporary resistance is that one store of a firm in an East Coast city established facilities to pre-package produce for seven other stores in the chain. The union permitted the change, but required that none of the stores produce employees be displaced. However, as the employees who are involved with the change terminate their employment at the seven stores, their positions will be eliminated. Turnover is fairly high in food retailing, but it will take the firm a lengthy period of time to accrue the benefits from this change. It was reported that the union action in this situation was to protect jobs, not to fight new technology.

Presently, some firms cannot implement centralized meat cutting since there are clauses in their labor contracts prohibiting this type of operation. Many management people contend that it is just a matter of time before at least part of the industry changes to centralized cutting. Centralized cutting will change the nature of the meat cutters' work, take most of them out of the store, will probably result in the displacement of some meat department employees, particularly female, and may also affect the packer in that meat packers could do some of the processing presently being done by the retailer. Other problems which may arise include union jurisdictional disputes, as many of the meat cutters would be moved to the warehouse or to another facility away from the store where the Teamsters or another union may claim jurisdiction. If and when management desires to move into centralized meat cutting, it may be costly to negotiate this restrictive clause out of those contracts where it presently exists.
Many of the management representatives reported that there is some union resistance to new technology in the Midwest. However, there is not solid resistance by all unions, and there seems to be quite a difference in the amount of resistance put up by various local unions. From some locals, there is militant opposition to any change, while from other locals there is no resistance.

In parts of the Midwest, there is considerable resistance to attempts to increase productivity in warehousing and transportation. This comes in the form of prohibiting the use of mechanical equipment in loading and unloading trucks, prohibiting the use of certain types of conveyors, prohibiting the dropping of trailers at stores, and prohibiting the discharge of employees after work methods and operational procedures have been changed to increase productivity.

There is a tendency for some local unions to restrict anything which will take employees out of the store. This is particularly a problem in meat departments. Some firms have had no problems in shifting the task of breaking carcasses into primal meat cuts to the warehouse, while others have had serious problems in trying to make this change.

In one large Midwestern city, there is a restriction in the contract requiring that all processing of red meats be performed on the premises. Thus, all retail cuts of fresh meat must be cut, prepared, packaged, and priced on the premises. The same condition prevails
for frozen meats. In another metropolitan city, labor contracts limit the kinds of pre-packaged meats that can be sold in the stores.

Some firms have paid a high price to get restrictions removed from a contract. In one city, it took self-service meats about five years longer to be implemented than desired by firms. The use of automatic wrappers in the meat department was also delayed by contract restrictions. Both of these restrictions had to be negotiated out of the contract and were costly to the firms.

South

On the basis of the interviews with management, there is very little union resistance to new technology in the South. It seems that technology has not progressed to the extent that it has in other areas of the country, and there have been some problems in getting consumer acceptance of such technological changes as pre-packaged produce. At the present stage of union development in the South, technology is not an important issue, since the unions are more concerned about organizing the many nonunion firms, and obtaining shorter working hours, higher wages, and increased fringe benefits for the workers that are presently organized.

West

There has been in the past little restriction to technology in the West. However, in two metropolitan cities it is now written into the contract that all meat must be processed on the premises where it is sold. On the other hand, the local union contract in another area
specifically prohibits meat cutters from resisting or fighting centralization of meat cutting and packaging.

Other restrictions which limit management's flexibility include restrictions on what female workers can do, premium pay for part-time workers, and limits on the type of work that box boys can perform.

Differences concerning technological change have been negotiated, and apparently management has been satisfied with the outcome. One reason for the lack of resistance is that the turnover rate of employees and the rapid growth of firms in this part of the country have largely prevented displacement of personnel. In fact, most of the firms interviewed have continued to add personnel. However, the West was the only area visited where any severance pay for displaced workers is in effect.

Workers displaced by new technology

Technological changes in the retail food industry, as stated before, have not taken place as rapidly as in other industries and the changes have not been as extensive. Because of this and the continued growth of most food retailing firms, there has been very little worker displacement. Employee turnover has been rather high in the industry, and the industry has expanded considerably during the past decade as the population has increased. Therefore, normal turnover, combined with an expansion in the business, has largely made it unnecessary to discharge workers as new technology has been implemented. In some firms there has been a small amount of displacement resulting from new technology or a contraction in business.
Technological changes, for the most part, have eliminated positions, not employees. Nevertheless, the number of employees in food stores increased from 1,018,400 in 1958 to 1,175,700 in May of 1964.⁷

There has been a considerable increase in productivity in the industry, but, because of expansion, many firms have added additional employees. A trend toward more part-time positions is taking place. This is primarily due to the nature of the industry since many food stores are open twelve hours a day, six days a week, and about three-fourths of the business is conducted in the last three days of the week. Also, the fringe benefit cost is usually not as much for part-time workers, and a firm has greater flexibility of operation through the use of part-time workers. Management reported that the unions are very concerned about the trend towards increased use of part-time workers.

**Recipients of benefits from new technology**

It was the opinion of the majority of the management personnel interviewed that firms, employees, and consumers all receive benefits from new technology. Since firms take all the risk in implementing a change, it is their opinion that firms should receive the largest share of the benefits—more than they are presently receiving. Firms have benefited in that new technology has assisted in their expansion,

has made them more efficient, and has enabled them to stay competitive. The benefits from technology have increased productivity and made it possible for firms to meet the increasing union demands and still hold distribution costs of food relatively stable.

New technology has frequently made the employees' work easier, safer, and more productive, and has made it possible for employees to work shorter hours under better working conditions. Technology also has enabled employees to receive higher wages and increased fringe benefits. Consumers also have benefited in terms of lower food prices than would have been true otherwise, more built-in services in their food, higher quality products, and greater convenience in shopping.

Benefits from technological change cannot be divided equally between the firm and employees by some formula according to the majority of management representatives interviewed. If a set formula were used to divide the benefits, the union members would not be willing to absorb their share of the loss if a technological change made by a firm was unsuccessful and actually increased costs instead of increasing profit. In management's opinion, the benefits that are derived from new technology can best be distributed by the collective bargaining procedure.

It is difficult to determine who receives the most benefit from the new technology that is implemented in the retail food industry. When a firm substantially benefits from new technology or major operational changes, the benefits are often dissipated when competition makes the same change. Savings from new technology are often
passed on to the consumer because of the intense competition between firms, thus enabling the consumer to get his share of benefits. In the short run, the benefits, if any, accrue to the firm. But, in the long run, most of the benefits are passed on to the consumer.

Employees may both gain and lose from technological implementation and major operational changes. As stated before, new technology frequently makes the employees' work easier and safer, and enables employees to work shorter hours, receive higher wages, and greater fringe benefits. However, some employees may suffer from the new technology and major operational changes that result in reduced working hours and displacement.

Criticisms of Union and Management Activities

Management's criticisms of organized labor

Management representatives, particularly from the East, Midwest, and West, directed many criticisms toward organized labor and the activities of labor unions. From the criticisms one might reason that the firms would like to rid themselves of unions. But, as stated before, a few firms believe it is easier to operate their company with unions than it would be without. However, some of the small retailers that were interviewed would like to eliminate unions.

All of the criticisms expressed in the thirty-one interviews are stated in the form that they were given to the interviewer. The criticisms are grouped into broad categories which are numbered only for convenience and reference. Each category includes criticisms from
different management representatives. Many of the specific criticisms were mentioned by only one of the management representatives interviewed and thus cannot be interpreted as management's overall attitude toward labor unions and activities of labor unions. However, the criticisms were expressed by individuals from a representative sample of firms in the major geographic areas and it is the contention of the writer that these views are a good indication of management's major criticisms of organized labor in the retail food industry.

1. Some local union officials are primarily politicians, always campaigning for re-election; they do things just to get re-elected, regardless of what is right, and regardless of what is best for the employees whom they are supposed to represent. The requirement that a local labor leader be re-elected every three years is detrimental to the labor leader and to the firms because of the activities pursued by the local official in order to get re-elected. For political purposes, some union leaders defend their members regardless of whether the member is right or wrong. Some local and national union leaders seem to be less concerned about employee welfare than they are in the self-perpetuation of their terms in office. There are only a few dedicated people in the local and national unions, since most of the officials are thinking more about themselves than they are about the welfare of their members.

2. Many local union officials do not understand firm problems, industry problems, and economics in general, and they lack the desire to try to understand; too many times there is a small man in a big
Some local union officials do not always act wisely, some lack tact, are poorly educated, and biased in their opinions, and these individuals make labor relations very difficult for both the firm and the national union. Some union officials at the local level are not knowledgeable about the businesses they represent, but officials at the national level are well informed. Some local officials are very adamant in their attitude toward management and too often their attitude is not so much pro-employee as it is anti-employee. Some local unions do a lot of quibbling about minor points.

In some areas the local union movement has not attracted and developed leaders who can talk and act on a rational basis, and as long as these leaders have power, they feel that they do not need to function on a rational basis. The national unions are sound in their thinking and approaches, but the local unions do not always act wisely nor rationally. Most local union officials are fair and broad-minded, but they often do things which they do not want to do and know are not right, because they are being pressured by their membership.

The national and local unions should give their employees economic education.

3. When a firm is having financial difficulties, local unions have taken wage reductions in some cases, but in other instances they have been obstinate, have not eased their demands, and have forced some firms into bankruptcy. The unions force the small independent to accept the same contract as the large corporate chain, and this is difficult for the small firm.
4. There should be one union for the food retailing industry instead of several unions; friction and jurisdictional disputes between the different unions in the industry have a detrimental effect on firms....There is a general failure of organized labor to get together and agree among themselves....It is difficult to deal with two different unions in the same store.

5. The unions fail to recognize individual differences in employees; seniority does not guarantee superiority in ability, but the unions do not recognize this, and promotion is being restricted by requiring that it be done on the basis of seniority....Unions do not want to accept apprentice rates for training new workers and thus are not willing to assist firms in conducting on-the-job training.

6. Unions have gone too far in their economic demands; frequently these demands are uneconomic, unreasonable, absurd, and impossible....Unions want more money and increased fringe benefits, even though there may be no increase in productivity....Unions tend to kill the initiative and ambition of employees....Unions take very rigid positions and have negotiated contracts that limit the flexibility which firm management has in conducting its operations....Unions are always thinking in the short run....Unions in some areas have enforced low productivity standards in warehousing and transportation....Unions are trying to interfere with managerial prerogatives and management's right to run the business; they are reluctant to change anything in the contract, even though the contract might be out dated due to
changes in the industry....Some unions are pushing for national bar-
gaining; this does not make sense, since many areas and communities
are not on the same economic level.

7. Some of the new union leaders are weak, undependable, and
unethical, and the firm does not know the position that these leaders
will take. The old-time labor leader is a dedicated, strong individ­
ualist; firms prefer to deal with this sort of individual, since the
members will follow a strong leader, and the firm knows where it
stands....Some local union leaders no longer speak for their members
as there is an increasing tendency of local unions being unable to
control their membership; the union official may be satisfied with the
contract but may not be able to get the membership to ratify the con­
tract....Some local unions do not have a spokesman and thus try to
settle everything democratically by a meeting; this makes them dif­
ficult to deal with....The laws, as written today, give the unions an
undue amount of power, and they are becoming increasingly powerful;
legislation is needed to reduce union power.

8. Labor should organize the unorganized, as the unorganized
have a competitive advantage in many areas....There is a lack of local
union autonomy....Union periodicals do not try to educate the workers,
they just give employees propaganda that big business is bad and is
exploiting the worker.

9. There is a lack of employee interest in the union, and some
employees are afraid to criticize the union leadership because of fear
of physical violence. The good employees do not attend the union meetings, but the poorer workers and problem employees are active in the union, attend the meetings, and do the voting.

In making these criticisms, the management representatives were referring in most instances to the local labor unions with which they deal and, at times, to the general labor movement in the United States. Some of the comments were directed at a specific union, and others were directed towards all the unions in the industry. None of the criticisms were mentioned by the majority of the management representatives interviewed. The criticisms most frequently mentioned, although each of the specific statements were mentioned by less than one-fourth of the representatives interviewed, were that labor unions are too powerful; local unions fail to understand the problems of the firm and the economics of the industry; union wage and fringe benefit demands are unreasonable and uneconomic; some union officials do certain things just to get elected; and unions are attempting to take over some of management's prerogatives and management's right to run the business.

Several of the management representatives were basically satisfied with most of the local labor unions with which they conduct business, and they have a high regard for the officials. At the same time, they were very dissatisfied with a few of the other local unions. Management representatives indicated that there is a great deal of difference between the leadership of different local unions;
however, they seem to be reasonably well satisfied with the leadership in national unions.

**Management's criticisms of management and their handling of unions**

The management representatives directed numerous criticisms towards the methods used by management in working with labor unions. The criticisms are grouped into categories which are numbered for convenience and reference. Each category includes criticisms from different management representatives. All of the criticisms are expressed in the form that they were given to the interviewer. These criticisms indicate the thinking of the different management representatives interviewed concerning the weaknesses and problems of management in working with labor unions.

1. In many cases, management does not stand firm enough with labor; management is not willing to take a strike if necessary in order to avoid unrealistic demands....Management is not well prepared for bargaining and is put on the defensive; bargaining is approached with a negative attitude....Bargaining should begin earlier as equitable contracts are rarely achieved under the pressure of last-minute bargaining....Management should be better prepared and informed for negotiations, and there should be ample time for negotiations before a deadline is reached....Management should be more careful in putting things agreed upon in specific language, in order to eliminate misunderstandings in the interpretation of contracts at a later date....Management and union representatives should meet throughout the year...
to discuss and resolve problems....There is inadequate contract administration because supervisors are not informed concerning the contract requirements....Management in many cases has failed to understand the rapidly changing labor laws that affect collective bargaining....A strong, efficient, permanent labor-relations association (employers' council) is best for negotiating contracts as all firms ultimately have the same labor contracts.

2. Management should make the union leaders more aware of firm and industry problems....Management at every level needs to be constantly reminded to keep the communication lines with the union open so as to keep them regularly informed concerning matters which affect employees....Constant communication and education are a must for satisfactory labor relations....The economic education of supervisors and employees is frequently neglected....Management fails to create an awareness of the economic impact of labor costs to employees....Management does a poor job of keeping supervisors, employees and union officials informed....Management should encourage the participation of employees in solving company problems.

3. Management in some instances does a poor job of communicating plans and operational changes....Management does not always have a proper understanding of the procedures to follow in implementing technological and operational changes....Management should keep union leaders and employees informed concerning plans, developments, procedures and jobs, but sometimes fail to communicate and take union leaders into confidence prior to implementing changes....There is a
lack of planning concerning implementing new technology, and there is a tendency to do it now without working out ramifications which many times can be resolved by planning. Management should hold a series of discussions with the union prior to implementing changes. Management should give more advance notice when displacing employees; there should be more planning and effort put forth to cushion displacement.

5. Unionisation is not inevitable; if the management of a company treats the employees as individuals and pays them a living wage, the employees need for an outside force such as a union will be non-existent. Supervisors must remember at all times that workers are human beings and thus should be treated with respect and dignity.

None of these specific criticisms were mentioned by the majority of the management representatives. The criticisms most frequently mentioned were: better preparation is needed for bargaining, improvement should be made in communications, management needs to educate labor leaders and employees concerning firm and industry economics, and improvements in procedures for planning and implementing new technology need to be made.
A sample of twenty local unions in the East, Midwest, South, and Far West were selected for the study. Twenty-three representatives from these locals were interviewed—five from the Amalgamated Meat Cutters Union, nine from the Retail Clerks Union, and nine from the Teamsters Union. A national Retail Clerks representative and a national Teamsters representative were also interviewed.

The reason for the inclusion of local unions from different regions of the country was to determine if there were differences in activities and attitudes in the various geographic areas. The findings in this chapter are based on the comments expressed by the union representatives, and are not the writer's opinions. Whether or not the responses from the union officials interviewed are representative of all the unions in the retail food industry is open to question. This is due to the marked differences between local unions and the problems encountered in making general statements that are indicative of all the unions involved in the industry. However, the number of individuals (unions) interviewed and the different market areas represented suggest that the findings represent a substantial cross-section
of union views on management-labor relations in the retail food industry. Therefore, it is the contention of the writer that the comments expressed by the union officials are indicative of the attitudes and activities of the labor movement in the retail food industry.

**General State of Labor Relations**

**Local union autonomy**

Almost all of the local union leaders interviewed were satisfied with the degree of local union autonomy. However, two local union representatives expressed concern about national dictation to local unions. One individual contended that sometimes he feels as if he is a dues collector instead of a labor leader.

The national union is generally responsible for establishing the policies and guidelines which local unions follow. But, according to two union representatives, there have been instances when the only guidelines followed by the local union have been those required by the national constitution. Local unions can obtain special counsel and assistance whenever needed from the national unions. Also, national union approval is needed before the local can strike a firm or firms.

**Present state of management-labor relations**

One-fourth of the union representatives expressed the opinion that relations between labor and management are excellent. The majority classified the relationship as good while a few reported that relations for the most part are fair to poor. In the same local's
jurisdiction, relations may be excellent with some firms and poor with others. Also, relations may be good in one area and poor in another area for the same firm. The Retail Clerk and Teamster representatives seemed to be more satisfied with their relationship with firms than were the Amalgamated Meat Cutters.

Union representatives reported that, in general, the relationship between labor and management has improved in the past decade, although in certain instances, the opposite appears true. A few union leaders questioned whether management-labor relations are really improved or are just more sophisticated than a decade ago.

According to the union representatives, the following factors have contributed to the improved labor-management relationship during the past decade:

1. Mutual trust and confidence between management and labor has increased.

2. There is a better understanding of the problems and positions of both sides.

3. Firms have recognized the union as a permanent institution.

4. Both parties are more objective.

5. Competitors usually have the same contract.

6. Management has matured and is willing to cooperate with the union and live up to the contract.

7. There are higher caliber and better informed union business agents who understand business problems and the economics of the food retailing industry.
8. Union officials have more leadership control over the members.

Some of the characteristics that were pointed out as important in maintaining desirable relationships between management and the union are:

1. Union officials must be as interested in the firm and its profit position as they are in the employees.

2. Contract agreements must be workable, understood by both parties, and adhered to.

3. Union leadership must be mature.

4. A union must not ask one company to do anything which it would not ask another company to do.

5. Bargaining must be continuous to resolve problems.

Some factors that union representatives believe contribute to undesirable relationships in certain instances are:

1. The failure of management, particularly store managers and supervisors in the warehouse, to adhere to the contract.

2. Lack of both parties thoroughly understanding each other's position.

3. Company attitude that the union is an organization which must be tolerated, but that it is not necessary to cooperate with them.

4. Conflict of individual personalities.

According to the union representatives, it appears that there are more labor-management problems in the South than in the other parts of the country. Apparently, at least in part, this difficulty is caused
by a lack of maturity in the union-management relationship in some cases, the feeling by some management personnel that they can eliminate the union, and restrictions in contracts which limit the flexibility of the organized firms and consequently place them at a disadvantage when competing against strong nonunion competition. Many Southern states have "right-to-work" laws and there seems to be the feeling on the part of some retailers that activities can be conducted which will weaken or eliminate the union.

According to the majority of union representatives, the attitude of both management and labor representatives is much different today than it was a decade or more in the past. Today, management for the most part has a good attitude towards the union, understands union problems, and recognizes the union as a permanent institution. The management attitude is one of greater cooperativeness than was true one or two decades ago. But, in some situations, there is still an element of distrust. The union attitude toward management has also improved in the past decade. For the most part it is a cooperative attitude but, according to the union representatives interviewed, there are still some local unions that distrust management.

**Evaluation of unions and their operational practices**

All union representatives interviewed believed that the unions have made a great contribution to the betterment of the working man's wages and working conditions in the past three decades. Employees have received higher wages, greater fringe benefits such as
insurances, retirement, sick benefits, vacation, and a shorter work week due to union efforts. The unions give employees more job security and a greater personal sense of security in that someone is looking out for their interests. Unions have eliminated the employee fear of reprisal from the firm, and have given employees a sense of personal dignity. Unions have not only benefited their own members, but also other nonunion workers in the industry. However, the union officials believe that the poor or marginal worker sometimes uses the union as a shield.

The majority of the union representatives expressed the opinion that unions have affected the firm's competitive position, particularly when a firm is competing against strong nonunion firms. The nonunion firm generally has greater flexibility of operation and lower total labor costs (including fringe benefits). It was reported that this problem seems most pressing in the South, followed by the Midwest, which are areas where there are a considerable number of unorganized firms. However, when there is a uniform contract and all the significant firms in a market area are organized, the union does not seriously affect the firm's ability to compete. An exception to this is the small food retailer who is at a disadvantage in agreeing to the same contract as one signed by a large food retailer. This is due to the efficiencies gained by a large scale operation.

One union representative reported that in one area of the Midwest, food wholesalers have a competitive advantage since they have more favorable warehousing contracts than the contracts the corporate
chains have for their warehousing operations. Also, a few union leaders recognize low warehouse worker productivity as a problem. Their attitude seems to be that this problem should not continue, but that it is difficult to resolve.

An important concern expressed by some union leaders in each of the three unions throughout the different geographic areas is the lack of membership interest in the union. For example, one Retail Clerks local in the Midwest has about 8,000 members, but only 100 members attend the average meeting. This lack of member interest seems to be a problem faced by many of the locals. They believe the problem stems from membership complacency, members taking the union for granted, and the younger generation not realizing how the benefits in the past were obtained and how difficult it was to get these benefits. One union threatened to fine its members $10 if they missed meetings concerning contract negotiations, but still only about half of the members attended the meetings.

According to one Retail Clerk local union representative, the high employee turnover in food retailing adversely affects employee interest in the union. Part of this turnover is because of the type of employee. Many of the clerks are young and only expect to do this type of work for a few years. Also, there are a large number of part-time workers. Employees who only plan to work a short time for a firm and part-time employees do not seem to have much interest in unions.

However, a few local union representatives stated there is considerable employee interest in their unions as indicated by attendance
at local meetings. An Amalgamated official reported that his local has achieved considerable membership participation through a variety of social and welfare activities.

A few local union representatives expressed definite concern about the increased number of local union officials who have lost control of their membership. Some employees do not know what is best for their welfare and the firm's welfare, and are unreasonable in their demands. Therefore, the union official must be a good leader. He has to be able to temper the employees' demands to what is economically feasible. There needs to be sufficient member confidence in the union officials so that officials can make decisions and expect membership support. There have been instances when local union officials reached a contract agreement with management, but were later unable to get their membership to accept the contract.

A few local union representatives directed criticisms toward other local unions. One union spokesman stated that some local union officials do things just to get re-elected. They try to make everyone happy, but it is impossible to do both good work and also satisfy everyone. Statements were also made by a few of the union representatives interviewed that most local union officials are intelligent, open-minded individuals. However, a few have closed minds, are stubborn, are not very competent, and have no understanding of business and economics. These officials not only give management difficulty, but also give their national union problems.
Local union officials normally come from within labor's ranks. A few local union representatives reported that when some members are first elected to a local office, they know very little about business and initially lack the necessary skills to perform their work. Two union representatives stated that unions have some problems which are due to the requirement that officials must come from the membership, and they think this requirement should be dropped.

Apparently many unions are striving to improve the skills of local officials, including stewards, by conducting educational programs. This training, if soundly conducted, should make the official a better leader and should benefit the union in the long run.

Two union representatives commented that both management and the national union would like to eliminate some local business agents. However, there is also concern that some local union officials are so weak that management takes advantage of these individuals and their unions.

The majority of the union representatives stated that both firms and unions are to be criticized for not doing a better job of educating employees. Employees need to be educated concerning overall firm operation and costs, and, specifically, what the labor contract costs the firm. Also, the employees need to understand the competitive position of the firm and have an overall understanding of the industry. Some employee demands are unreasonable because of this lack of understanding. Employees need to be informed so that they think in
long-run terms. They need to realize that the economic health of the whole industry, and specifically their firm, is important to their own security and welfare.

One Teamster representative reported that there is concern that some union contracts are getting out of line because of competition between locals to see who can get the best contract. Local union demands on some food retailers and food wholesalers have been so great that warehouse operations have been moved to other locations in order to escape a particular local union's demands. With this situation, the local union has done a disservice to the employees whose jobs are terminated.

On the contrary, another Teamster representative stated that if a firm cannot afford to pay the union's demands, it should go out of business. This would give the business to firms that can afford to pay the desired wages and benefits. This official admitted that this might result in fewer and larger firms with stronger bargaining power.

According to a few representatives, the insecurity of some union officials and their inability to maintain members' support have created problems in the retail food industry. These problems are caused primarily by the continual pressure of these leaders for wages and fringe benefits that are not economically feasible.

Although many food retailers desire industry-wide unions, the local union representatives interviewed did not. Their reasoning was that industry-wide unions would destroy the ambition and incentive of
the local unions who presently compete with other unions in the same industry. It was reported that this competition forces locals to work harder.

About a fourth of the local union representatives reported dissatisfaction with union stewards. Some locals seem to be having difficulty getting capable, mature and experienced employees to serve as stewards. These individuals do not want to be involved with the many problems that go along with the position. The Teamsters in some areas are able to get the more capable employees to serve as stewards by giving the steward highest seniority. Sometimes a young inexperienced steward gives both the union and management problems. This type of individual is usually not a good leader, does not fully understand the situation, and is often not capable of sorting out legitimate employee complaints.

Suggestions for improving cooperation between management and labor

Many of the local union representatives commented that the absence of strikes, conflicts, or difficulties does not necessarily result in increased benefits to workers, as better labor-management relations are not the key to everything. In general, union representatives indicated that cooperation could be improved by sitting down with management on a quarterly basis and discussing mutual problems. In some instances, neither management nor labor have been frank and honest with each other in the past. Many problems could be eliminated by improving communications. At the present, many firms are reportedly not receptive to suggestions offered by union officials, and
they apparently give these suggestions little, if any, consideration. This attitude does not improve cooperation.

A few union leaders believe that increasing the period of office for a union representative from three to five years would improve cooperation and relations between labor and management. If the official could be elected for five years, he would be able to establish a better rapport with the employees and management, and would thus become more aware of the problems within the industry, and how these problems should be resolved. Supporters of a longer term contend this would allow the local official more time to do what he thinks should be done since he would feel more secure and expend less time to maintain political popularity.

**Union effect on management activities**

The majority of the union leaders interviewed believed that unions have adversely affected management's efforts to achieve low-cost operations and maximum efficiency. Union activities have particularly affected management's freedom to maneuver and flexibility of operation.

When competing against strong nonunion firms, organized firms are at a disadvantage because of their limitations in flexibility of operation. It was pointed out by a few union representatives that unions do not intend to reduce seriously firms' freedom to maneuver or their efforts to achieve low-cost operations. Nevertheless they do curtail flexibility in such areas as scheduling, work loads, and types of work that can be performed by certain employees.
The majority of the union representatives interviewed stated that the union's demands for higher wages and greater fringe benefits have forced management to operate more efficiently to pay for these demands. From this standpoint, union activities have been an important factor contributing to technological change, since management has made even greater efforts to increase efficiency whenever there is an increase in the cost of labor. One Amalgamated meatcutter representative stated that technological changes have come about faster in the retail food industry because of union activities than they would have otherwise had there not been unions.

Two union officials in the East reported that it is difficult for food wholesalers to pay the same wages as corporate chains pay their warehouse workers and truck drivers because the wholesaler is unable to realize the same efficiencies. Many wholesalers have smaller, less efficient warehousing operations, and their distribution costs are greater since they distribute to a larger number of small volume stores.

A Retail Clerk representative stated that after a firm is organized, some of the employees try to slack off on their work since they think the union will protect them. He further stated that the union must let its members know that they will not be retained on the job just because they are union members; the union official must exercise leadership, and, if the workers are wrong, they must be told that they are wrong.
Problems associated with the implementation of new technology

The majority of the labor representatives reported that there has been very little union resistance to new technology in the past, and there is little resistance at the present. This is mainly because the changes have come about gradually and worker displacement has been absorbed, for the most part, by normal turnover and expansion of the industry. Also, the labor supply situation, particularly as it affects meat cutters, has had some effect on the amount of resistance since in several areas there is a shortage of qualified meat cutters. One Amalgamater meat cutter local union representative commented that if there was a surplus of meat cutters, his local union would probably put up more resistance to new technology.

The majority of the union representatives stated that new technology is unpalatable to unions when it means a reduction in the number of jobs and displacement of workers. Their contention is that if new technology would involve substantial displacement of workers, union resistance would be much greater due to the union desire to protect workers' security. There is, however, a great deal of concern that full-time positions are being eliminated and that the total hours of work per hundred dollars of sales is being reduced considerably. One union representative stated that new technology may also become unpalatable to middle management when it causes displacement at that level.
Some local unions, because of contract provisions, cannot restrict technology. In these contracts there is a clause that the union must cooperate with the installation of new equipment and new work procedures. It was reported that local unions are willing to cooperate when firms discuss with the union their problems and the need for technological changes. Unions want to be informed when these changes are anticipated. In some instances there has been initial resistance from employees to new technology. This is partly due to technology causing a disruption in the employees' regular method of performing their work and partly because of employee fear and concern about their job security.

The majority of the Teamster representatives stated that, from the national level, the Teamsters will not resist technology. But this does not mean there will be no local union resistance. For the most part, local Teamsters unions have cooperated, but there has been some resistance in the East and the Midwest. Other locals have not fully approved of some changes but have gone along with them.

Local unions seem to recognize that new technology is inevitable and cannot be stopped. One local leader said, "Fighting technology is like a pussy cat fighting a tiger--it's a losing battle." However, some locals are trying to slow down the implementation of technological innovations. Slower implementation allows for a longer period to make adjustments and often means a smoother transition.
In one Midwest metropolitan city, several warehouse dock hands were eliminated by one firm because of the installation of mechanical equipment for unloading and loading trucks. These dock hands, poorly educated and unskilled, had many years of experience with the firm. The local union contended that it had an obligation to attempt to protect the security of these workers, since they would have considerable difficulty in finding other employment because of their age and level of skill. But the union was unable to stop the installation of the new equipment or to convince the firm to place these men in other positions. As a result, the men were discharged.

There has been little resistance by the Amalgamated Meat Cutters, but presently they are very concerned about the possibility of centralized meat cutting being adopted on a wide scale by firms throughout the country. Changing to centralized cutting would probably involve some displacement, would take most of the meat cutters out of the store and put them in the warehouse or another centralized location, and would change the nature of the meat cutters' work considerably. Also, there is some concern that if meat cutters are moved into the warehouse operations, jurisdictional disputes might result with the Teamsters Union. However, one Amalgamated representative stated that centralized cutting would give the union greater bargaining strength, since most of the union members would be working at one location instead of scattered throughout numerous stores.
The majority of the Retail Clerk representatives interviewed were not greatly concerned about new technology at this time, because their members' jobs do not readily lend themselves to automation, and because attrition and firm expansion have taken care of any decrease in employment from technological innovations. One local union representative stated he would attempt to restrict technology if it meant job displacement. However, in some areas, the union is opposing efforts by firms to improve their flexibility of operation by using more part-time workers.

It was reported that, in some instances, employees have not cooperated fully with technological changes until they received a thorough explanation from the local union representative concerning reasons for the change. Some employees still distrust management and are fearful for their jobs. One factor causing this distrust has been management's poor methods of introducing changes. The labor spokesman believe that employees will cooperate when they understand that the change will not affect their job security, realize why the company must make the change, and recognize that technology may make their job easier and their earning power greater.

A few union representatives stated that many employees do not seem to realize that technological innovations must take place if firms are to continue to pay higher wages and greater fringe benefits. Some employees do not understand economics; they fail to realize that the firm must make a profit if it is to continue operating. Also, if
competition initiates changes, the employees should realize that their firm must make changes to remain competitive.

Other union representatives contend that employees are not as concerned about technology as they should be for their own good. Many employees are concerned about technology only when it has a detrimental effect on their own position. They do not seem to be greatly concerned when it affects other workers' positions. In some cases, employees cooperate with technological changes because they have no other alternatives, if they want to keep their jobs. Also, some employees have cooperated because they have not seen any displacement or detrimental effects resulting from new technology. For employees to cooperate fully, it was pointed out that union officials should not talk about resisting the change or criticize the change after it has been implemented.

**Displacement of workers due to new technology**

It was reported that there has been very little permanent employee displacement in the retail food industry because of new technology in the past five years. A few meat department employees, particularly women, and a few warehouse workers in some local unions have been permanently displaced. Technology has eliminated positions and has substantially reduced the total number of hours of work per hundred dollars of sales, but, due to normal attrition of workers and expansion of the industry, there has been limited employee displacement. In fact, total employment in the industry has increased as was
pointed out in Chapter VI. Even with new technology, the expansion in the industry has allowed many local unions to increase their membership of food retailing employees. For the most part, the few store employees that have been displaced have been able to obtain work in another firm's stores or elsewhere. However, it was reported that displaced warehouse employees seem to have more difficulty in locating work than displaced store personnel.

The majority of the union leaders interviewed expressed the opinion that if there is a substantial amount of permanent displacement in the future, there should be severance pay for employees who have a considerable number of years of service with a firm. At the present time, very few local unions have severance pay for displaced workers in their contracts. However, severance pay is in some contracts in the Far West.

The majority of the union representatives felt that it is primarily society's responsibility to conduct retraining for displaced workers, if retraining is needed to enable the worker to find another job. The union or company alone, they contend, cannot afford the cost of retraining, and neither should be expected to support entirely the retraining of workers for positions in other endeavors of work. The majority were of the opinion, that the responsibility is a combination of government, industry, and union, although primarily the government's responsibility. However, there seems to be some concern about the desirability of retraining programs as a few local union leaders questioned their value.
Procedures for implementing new technology

The majority of the local unions involved in the study were notified before a firm implemented new technology. All but one of the union representatives interviewed stated they want to be notified prior to any change, and they want to hear about the change from firm representatives rather than from union members working for the firm. The majority contended that union officials are more successful than management in expanding technological changes to employees.

One firm holds formal hearings with the union explaining the technological change which will be made, and at these hearings management and labor decide which employees will be affected and how many jobs will be changed. The intent of this procedure is to resolve possible future difficulties before the matter becomes a real problem.

Recipients of the benefits from new technology

The majority of the union representatives were of the opinion that management receives the greatest share of benefits from new technology. Two union officials thought management should receive the largest share since they assume the risk that is involved in technological innovations, all of which are not profitable. Through implementation of new technology, management can possibly reduce costs and increase profits, making it possible for employees to receive higher wages.
The majority believed that management, labor, and consumers all benefit to some extent from new technology. They think labor has benefited through higher wages, greater fringe benefits, less strenuous physical work, and improved working conditions. Consumers have benefited in that the price of food has not increased as rapidly as factor input costs. However, there is some union concern that employees are entitled to a greater share of the benefits from new technology than they have previously received.

Technological benefits are presently divided through collective bargaining. This is the method that most union officials supported for the future. They stated that it is neither possible nor desirable to use a set formula for dividing the benefits. In the minority were two representatives who advocated some type of formula for dividing technological benefits.

**Criticisms of Management Activities**

The union representatives directed many criticisms toward management and their activities. All of the criticisms will be expressed in the form given to the interviewer, and categorized as much as possible. Each category includes criticisms from different union representatives. Many of the specific criticisms were mentioned by only one of the union representatives, and thus cannot be interpreted as representing the union's overall attitude toward management and activities of management. The criticisms in total, however, do reflect the attitude and concerns of many labor leaders.
1. Local union representatives cannot trust the management of firms; the honesty and ethics of management personnel leave something to be desired. There is no mutual trust or personal relationship between management and labor. Management in general, and particularly middle and lower management people, are anti-union; management wants to eliminate organized labor.

2. Top management is not paying enough attention to the business; they delegate too much authority to lower management. It is a problem getting lower management to adhere to the contract; top management signs the contract, but will not exert pressure on lower level management to adhere to it. Some firms insist that their management personnel adhere strictly to the contract, while others are lax in living up to the contract. Store managers work employees "off the clock;" the employees will not complain to the union as they do this work to help the manager. Employees will not complain to the union about contract violations and are too inclined to take management's viewpoint. Work chiseling by management is a big problem, and employees are too timid to mention this to the union representative even when asked. A major problem facing organized labor today is the policing of contracts.

3. The union cannot trust a company because the company sometimes claims it is in financial difficulty when it actually is not. Management will not release the information, particularly accurate cost figures, which are needed for intelligent bargaining. There is an unwillingness on the part of firms to conduct industrial relations
in a sensible manner which will provide a stable work force....Food retailers, for the most part, have not accepted the union and have not accepted the principle of collective bargaining....It is becoming increasingly difficult to negotiate with the firms that have been newly organized in the South, as they do not want to negotiate in good faith....Management payoffs to union officials are common during negotiations in certain parts of the country.

4. Frequently management does not communicate with the union before taking action on discipline cases; firms reprimand employees too severely at times....There should be more cooperation from management concerning the understanding of union problems....Management should make the employee feel he is part of the firm, such as having an employee profit-sharing program....Some companies have no feelings for their employees, they are only interested in profit.

5. Technological changes made by management have reduced the number of employees and made the work load too great....Management puts in new work methods without considering the repercussion on the employees....There is a lack of awareness on the part of the industry in general concerning the social consequences of their actions....Management should retrain displaced employees, but they are not doing this because they are doing everything possible to keep costs down.

6. Too many executives think in terms of their own firm instead of the welfare of the total industry; food retailing is a highly competitive business, and there are too many selfish interests such as the big companies trying to break the smaller companies.
7. Management is using too many part-time employees in warehousing because workers do not receive as many fringe benefits when they work less than thirty-two hours a week; management is also using too many part-time employees in the store; management should reduce the number of part-time personnel and use more full-time personnel. If management would hire more employees and give additional service in the stores, their sales would increase. If more labor could be used in the meat department there would be better control and more scraps could be salvaged; management is too productivity-minded and does not use sufficient labor. Management has a "do-not-care" attitude when employees have more work to do than they can accomplish.

None of the preceding criticisms of management were mentioned by the majority of the union representatives interviewed. The criticisms most frequently mentioned (each of the specific statements were mentioned by less than one-fourth of the representatives interviewed) were that management: implements new technology without considering the welfare of the employees, does not always adhere to the contract, will not release the information that is needed for intelligent bargaining, and is too productivity-minded.

**Major Problems Confronting Organized Labor**

The union representatives were asked to express their opinion of the major problems confronting organized labor. Their responses are categorized and are written in the form given to the interviewer.
None of the specific statements were mentioned by as many as one-fourth of the union representatives interviewed, yet in total, they do reflect the concerns of many labor leaders.

1. There is a shift in the balance of power in the United States so that business is becoming too strong and powerful, and is dominating the country. Business has control of the press, and has the money and power to influence legislation. There is adverse public opinion against the union movement because of a business-dominated press. The Landrum-Griffin Act, backed by business, has hurt the labor movement. Labor needs to get into politics; present legislation is going against labor. Some of the anti-labor legislation has been brought on by union activities. The "right-to-work" law in many states is a major problem.

2. Automation, technological change and mechanization are the major problems confronting organized labor. Management in this country has done a poor job of doing what they have said they would do in terms of retraining and taking care of employees displaced because of technology. Everyone cannot be trained to perform skilled work; what then will the unskilled workers do since technology is replacing unskilled labor. The high rate of unemployment is a major problem.

3. There is a growing gap between the union leadership and the members. Workers now have a high standard of living and more leisure time, and at the same time are apathetic toward the union; they do not realize what the union has done for them in the past and can do for
them in the future. . . . Workers are too complacent, and do not support
the union as they should.

4. Unions are not securing good leaders; there is a lack of far-sighted leadership in the labor movement and old national leaders
should not be running the union movement in this country. . . . Some local
unions and business agents are complacent and do not get out to see the
members and determine their problems. . . . The union official should be
elected for a longer term than three years as this would eliminate
some union political activities that are sometimes detrimental to both
the employees and the firm. . . . Local union officials are not always
able to control the union membership. . . . Local unions have not con-
ducted adequate educational programs for their members.

5. Uniform contracts are needed on an industry-wide basis, since
firms try to move South to get lower wage contracts. . . . All workers in
an industry need to be organized so that firms are competing on an
equal competitive basis. . . . Unions are having problems organizing
workers in the "right-to-work" states. . . . Labor is having difficulty
organizing small employers.

6. The major problem confronting labor is the lack of unity at
the national level since there is a split between the AFL-CIO and the
Teamsters and other unions; there is a lack of unity throughout the
entire labor movement, and labor is sliding backwards.

7. Competition from foreign products is a major problem; the
United States is pricing itself out of business in terms of competing
in the world market. . . . A problem is whether the worker really has more
as a result of higher wages or whether inflation is actually cutting down his real income.

8. There is too much featherbedding....Some unions are operating with obsolete restrictions in contracts, particularly those affecting railroad and truck transportation; it is difficult to sell employees on the need for eliminating obsolete contract conditions, but these conditions have to be changed for the welfare of both the industry and the employees.

9. The government influence on and intervention in collective bargaining is a major problem.
CHAPTER VII

SUMMARY AND CONCLUSIONS

Implications of Technological Progress

Food is a major family expense item, and virtually every family is dependent on the retail food industry as its source of food and many other consumer goods. The efficiency with which the industry performs its functions is of vital concern to all. Productivity and efficiency in this industry, as in other industries, are affected by the manner in which firms organize, manage and operate their businesses. Restriction of operational and technological improvements in firms by labor unions or other means, adversely affects labor costs and the productivity and efficiency realized, and thus unnecessarily raises the costs of products and services provided to consumers.

Technological progress has played an important role in the economic development of the United States and is essential for continued economic growth. Investment opportunities are needed for economic growth and new technology provides these opportunities since it is capital-consuming. Advances in technology in the retail food industry and in other industries have been instrumental in increasing man-hour productivity of wage earners, increasing real income, and thus raising the level of living in the nation. Real income depends fundamentally
on man-hour productivity and increases in this productivity are affected by many factors, with the most important being new and improved equipment, improved work methods, new products, improved management techniques and better trained workers. The greater specialization and division of labor which result from these improvements are made possible by improved and more efficient exchange.

One of the more critical issues in a technologically dynamic economy is the volume of employment which it offers. Technological progress is imperative for long-run economic growth, but can cause worker displacement and create serious structural unemployment problems in the short-run if the rate of economic growth and the mobility of resources are not sufficient. Individuals displaced by technology are usually the lower paid, unskilled workers. These workers have limited mobility as they often lack specific employment skills, have a low level of education and are thus difficult to retrain for skilled jobs, and from an economic standpoint cannot afford to move their families to where jobs are available. On the other hand, technology has been responsible for an increase in skilled jobs, and presently there is an actual shortage of skilled workers.

National labor leaders, for the most part, have not taken a position of opposition to technology. At the same time, some local union leaders in various industries have restricted technological innovations or obstructed its labor-saving effort through clauses in the labor contract which provide for restrictive work rules or rigid
manning requirements. Technological progress benefits labor in the long run as a high rate of innovation contributes to the rise in real wages and maintenance of a high level of employment. It would be a serious loss to the nation if technological progress is substantially retarded by unions and employees in an attempt to ward off its direct cost to the laborers affected by this progress.

Changes in the Retail Food Industry

The retail food industry has undergone numerous changes, both structural and technological, in the past four decades. Stores have changed from small, neighborhood service operations to large, self-service supermarkets. During the past twenty-five years, store numbers have declined 51.6 per cent, and the average annual sales per store has increased from about $16,000 to $160,000. An indication of this change is that supermarkets (sales of $500,000 or more annually) are steadily increasing their total share of market. Supermarkets accounted for only 13.5 per cent of the stores in 1964, but handled 69.6 per cent of the total food store sales. The result of this changing structure in the industry is greater concentration.

The growth and development of supermarkets has been due to demographic, economic and technological forces. Among the technological forces are the wide-spread use of the automobile, new methods and techniques in refrigeration, availability of refrigeration to the ordinary family, extensive broadening of the merchandising base by adding new food and nonfood lines, and many technological innovations in processing and preserving food.
Structural changes, along with enactment of the Wagner Act in 1935, affected the management-labor relationship and gave impetus to labor organization in the industry. At the present, retail food industry employees constitute one of the largest groups in the labor force. Unions representing these employees, particularly the Retail Clerks and the Teamsters, are among the largest and fastest growing in the country.

The industry recently has been experiencing rising operating expense ratios and a reduction in net profits as a percentage of sales. Increasing labor cost is one rising expense item that management can affect since labor is a variable expense. Therefore, firms are concentrating their efforts on controlling and attempting to reduce labor costs by improving operational procedures and introducing labor-saving capital equipment. This has resulted in a considerable number of technological changes in the retail food industry as were described in Chapter III. These changes have been relatively small and numerous, but not as dramatic as changes in the automotive or electronics industries, for example, and have displaced few workers. However, the many changes together have substantially increased productivity and efficiency, and significantly changed the industry.

Bargaining in the industry has changed in recent years. For many years after World War II, the emphasis primarily concerned wages, hours and working conditions. In recent years, the major emphasis has
shifted to fringe benefits and job security. Unions may place more bargaining emphasis on workload standards and speeds, job security, and guaranteed employment in the future. This is because technology and the accompanying productivity and efficiency gains are of increasing concern to union officials and their members because of the fear of employee displacement.

Retail Food Management and Labor Viewpoints

The present general state of management-labor relations in the retail food industry is considerably improved over what it was ten years ago, and can be classified as good. However, the relationship varies among firms and is not constant, depending on many conditions and factors which were mentioned in Chapters V and VI. Major factors contributing to the improvement of management-labor relations in the past ten years have been (1) improvements in communications between management and labor, (2) expanding firms with increasing job opportunities, (3) maturity and mutual trust in the relationship, (4) better understanding of the problems and positions of both sides, and (5) many firms have recognised the union as a permanent institution.

Unions have affected management's freedom to maneuver and flexibility of operation. The seriousness of this effect is emphasized where nonunion firms in a market area have a competitive advantage, due to their flexibility in operation. Restrictive clauses in
contracts primarily curtail management's flexibility in scheduling, affect work loads, and affect the types of work that can be performed by certain employees, all of which influence the efficient utilisation of labor.

Union operational practices which management seems to be the most concerned about are (1) union demands for wage increases without increases in productivity, (2) employees thinking they are overworked when actually they are not, (3) store managers and warehouse foremen being union members in some areas, (4) promotion of employees solely on the basis of seniority, (5) union dissatisfaction and policy with respect to company promotion and transfer policies, (6) problems associated with the discharge of incompetent employees, (7) low worker productivity in warehousing and trucking in some areas, (8) significant differences in the local union contracts among firms within a market area, (9) restrictions in contracts which prohibit the use of particular equipment, certain work procedures, and limit the flexibility of a firm's operation.

Activities of labor unions such as demands for higher wages, more fringe benefits, better working conditions and restrictions on flexibility in the use of employees, along with competitive pressures, have accelerated the pace of operational and technological change in the retail food industry. There have been some problems associated with the implementation of these changes, but the problems have not been nearly as severe as in some other industries. A considerable amount of technology has been implemented over a period of time, but it has
been adopted gradually, has largely been a series of small innovations, and has been accompanied by an expansion in business. Consequently, there have been few employees displaced. Technology has eliminated positions and substantially increased productivity, but due to the normal turnover of employees and the expansion of the industry, there has only been limited employee displacement. Total employment in the industry has actually increased in recent years.

There has been very little overall permanent union resistance to new technology in the industry in the past and there is little at the present. The resistance is usually just temporary when the change is first implemented. However, there is considerable difference in attitudes of locals within the particular national unions, and also between those in different geographic areas. The lack of strong union resistance to change is primarily because changes have come about gradually, and worker displacement has been absorbed for the most part by attrition and expansion in the industry.

In recent years there have been instances when local unions have tried to delay the adoption of technology, and in some cases have completely obstructed the implementation of technology for a few years. However, unions have not prevented most of the firms from making all of the technological and operational changes that they have desired to make. Examples of restriction were the obstruction of warehousing and transportation changes, and contract clauses prohibiting firms from going into self-service meats. There seems to be no
problem in getting technology adopted if the change does not result in
displacement or seriously disrupt the workers' routine.

Currently, management is concerned that local unions will show
greater resistance to technological innovations in the future. This
will likely occur where such advances involve substantial displacement
of employees as the union's will attempt to protect their members' job
security. At the present, many local unions are very concerned that
some full-time positions are being eliminated, that total hours of
work per hundred dollars of sales are decreasing, and that there is
increased emphasis on the use of part-time employees.

It was indicated by both management and union representatives
that the procedure used by management to implement technology is very
important as unions need to be convinced that the change is necessary.
If union cooperation is to be expected, it is essential that manage­
ment inform the union concerning technological changes or major op­
erational changes before the change is implemented. Communication
concerning changes to union leaders allows the union official the
opportunity to explain the reasons for the change to employees.
Management believes that it is also desirable for them to explain the
changes to employees before the change is implemented. Most of the
union leaders contended that the union is more successful in explain­
ing the necessity of the change than management as there is some em­
ployee fear and distrust of management. A firm is likely to encounter
less resistance when a change is implemented, if both union officials
and employees have been fully informed of the ramifications prior to
the change, and many of the problems have been resolved. The study indicates that changes should be made gradually, if possible, such as making them in just a few stores at one time. If displacement is involved, the gradual implementation of change will facilitate the retraining and relocating of employees in other jobs in the firm as they become available.

This study pointed out many management-labor relations problems in the retail food industry. The most important ones are as follows:

1. Some management personnel in the retail food industry and the labor employed in the industry, including the unions that represent labor, lack a sound understanding of the problems and goals of each other, particularly at the operational level. Furthermore, management and labor in many firms do not respect and trust each other.

2. There seems to be a general lack of long-range thinking and planning on the part of both management and labor. This is indicated by management being typically more concerned with this year's profit than with the welfare, satisfaction and caliber of employees in the long-run, which may have considerable bearing on future profits. Labor's viewpoint is typified by concern for their wages and fringe benefits this year, and next; and some local union leaders' concern about staying in office, rather than concern for the long-run welfare of employees, the firms, and the overall industry.

3. Many local union leaders, particularly when first elected, are not well qualified for their positions. Their background has not provided them with the proper education and understanding of industry problems.
4. There seems to be an increasing tendency in the industry for local union leaders to lose control of their membership. Consequently, these leaders do not always speak for their members when negotiating, and this creates problems for both management and the local union.

5. Friction and jurisdictional disputes between the different unions in the industry have had a detrimental effect on some firms. There is a failure of some local unions to get together and agree among themselves. Two different unions in the store, for example, hampers flexibility and efficiency in utilizing the work force.

6. Management violation of the contract, due to misunderstanding in some situations, and intentionally in others, antagonizes local unions and is detrimental to management-labor relations.

7. Some management personnel and labor in general lack a sound and complete understanding of economic principles, the operation of the economy, the long-run effect of technological change on employment in the industry and in the economy, and the payment for the factors of production. Some local labor union officials in particular lack an understanding of the economic necessity and importance of technological change as they consider mainly the displacement and social problems which may be caused by technology, and the effect on their local union.

8. There is considerable variation concerning union attitude towards technological innovations between geographic areas, between
firms in the industry, and even between local unions in a particular national union. For this reason a change that might meet no resis-
tance in one situation might be strongly opposed in another.

9. Local union opposition to technological changes such as self-
service meats, utilization of the most efficient equipment and pro-
cedures in warehousing, and centralized meat processing is detrimental to the industry and society. This opposition is due partly to the selfish concern of local union leaders to maintain their local union membership, and protect their position, and also due to their desire to protect their members' job security.

10. In some situations, management does not fully understand the effect of new technology on their employees. The effects can be very serious at times, particularly for the older, poorly educated, unskilled employees. Firms need to be concerned about implementing changes gradually, at a time when adjustment is easiest, and about re-
training and relocating workers to ease the social problems that some-
times evolve from technological change.

11. Some organized firms in the industry are having competitive problems with nonunion firms due to the nonunion firms having greater flexibility in the use of employees and lower labor costs. Also, some firms have better contracts than others. This is creating prob-
lems and is detrimental to management-labor relations.

12. The public in general lacks a complete and sound understand-
ing of organized labor, their proposals, objectives, and activities.
In part, this is due to the failure of communication media to give an objective presentation of the situation in management-labor relations.

**Concluding Remarks**

Management in the past, in many instances, has not placed the necessary emphasis on management-labor relations as the labor relations work has been delegated to individuals who lack training, experience and competence. More attention needs to be directed toward labor relations and it should be given its proper weight compared to other facets of the business. Management needs to assign high caliber personnel with adequate staffs to this work, and give these individuals authority when dealing with unions.

Management needs to devote more effort to the planning and research of labor relations, and take a long-run viewpoint in their approach. Prior to bargaining, management needs to determine on a factual basis what constitutes a competitive wage level and other conditions of the labor contract. The short-run approach to labor relations has resulted in management's continuing loss of flexibility, the erosion of managerial prerogatives, and unnecessary restrictions in labor contracts. Once in the contract the restrictions are difficult and costly to remove.

The local unions, through their affiliation with national unions, have solidarity in their approach to bargaining with management. It is also desirable that the various firms in the retail food industry
unite in their approach to unions to gain bargaining strength. Firms may be competitors in their merchandising policies, but in labor relations they need each other. Fragmentation in the approach to labor relations, and competitive action by rivals when a firm is being struck may be ruinous to the firm being struck and is costly to all the firms in the industry in the long run. Due to competitive pressures from firms that are still operating, the struck firm in many instances will make unrealistic concessions to the unions demands. These concessions then create a pattern which the unions will ultimately negotiate with all the firms in the market area and eventually in the industry.

Greater bargaining strength can be gained by management through participating and functioning in employer bargaining associations. The various unions cooperate in their approach to labor relations and the firms must do likewise, if they expect to have bargaining strength. There is an increasing trend at the present towards the formation of employer bargaining associations in the metropolitan areas, and more employer associations are likely to be formed in the future. Some difficulty may be encountered with the "right to lockout" which is a necessity for the effective functioning of a bargaining association. Lockouts might result in labor unions refusing to deal with firms that are bargaining in a multiemployer association. Bargaining associations are beneficial to management in that they prevent unions from whip-sawing one firm against another, and assure equal union contracts for competing firms.
The pressure of union demands on firms will in the author's opinion continue to increase in the future, especially in the areas of fringe benefits and working conditions. The pressure will probably be the greatest on reducing working hours, limiting job flexibility, limiting work loads, featherbedding, restrictions on technological changes and job security. There are already contracts in existence which guarantee full-time jobs for present employees for the duration of the contract. These union demands, accompanied by the deterioration of worker loyalty, will have a detrimental effect on a worker's incentive to be productive in the future.

Part-time workers will also be an issue of greater importance. In recent years, firms have used more part-time employees due to the nature of the industry and because of inflexible restrictions in labor contracts. Unions are already demanding equal pay, equal benefits, and conditions for the part-time worker equal to the regular full-time worker, but part-time workers will continue to be used. Some local unions are disturbed by the instability created in their organizations by the part-time workers who have full membership and voting rights, and in some cases make up more than half of the membership.

Nonunion competition for organized firms will continue to be a problem, and may be a greater problem in the future if additional restrictions on the flexibility of the use of labor are placed in union contracts. Unions will probably be pressured in some instances by unionized firms to organize the competing nonunion firms. They will
also be pressured to remove restrictions which limit the flexibility of labor use in unionized firms. In the writer's opinion, the existence of nonunion firms will play an important role in limiting union restrictions in contracts for the unionized firms, due to the competitive disadvantages of labor restrictions on flexibility and technology.

Local union officials are currently facing a multitude of critical problems and these problems will be even more difficult to resolve in the future. For instance, there appears to be an increasing tendency for local union representatives to lose control of their membership. Union officials in many instances have been unable to obtain membership ratification of a contract after they have reached a settlement with management. In addition, some union officials are unable to temper member contract demands to something realistic as the membership is convinced that management is in a position to give more and more. The union official often realizes the demands are not reasonable, but he is an elected official and must consider his own welfare.

Local union representatives usually realize the long-run possible detrimental results to the firm and employees if they oppose technological innovations, but for their own political future they may be forced to take a stand of opposition. To add to this dilemma many of the members are currently apathetic toward their local union except during negotiations. It seems to the author that the answer
to these problems is a strong union official who can control the members, and a knowledgeable local union membership.

The unions should initiate instructional programs to educate local leaders, stewards and members concerning economics in general, the economics of the retail food industry, problems of the affiliated firms, and management-labor relations problems. It is important that local union leaders, stewards, and members become more knowledgeable so that they approach problems realistically. In addition the local unions and management need to work together to inform employees of the cost of the labor contract and explain to them the necessity of remaining competitive with other firms.

There will probably be more technology available for firms in the retail food industry in the next two decades than there was in the past two decades, and there will be an increasing rate of adoption of technology. If this technology results in employee displacement, there will be stronger union resistance to innovations than presently prevails in the industry. There have not been nearly as many restrictive work practices in the retail food industry in the past as there have been in other industries, but in recent years there has been a tendency toward more restrictions. Everyone benefits from technological progress except some of the laborers directly affected, and they even receive some indirect benefits. The difficulties encountered with the implementation of technology are partly due to the nature of the substitution of equipment and other innovations for labor, and with the union approach to solving the associated problems on a
short-run basis. There is no justification for restrictive work practices in the retail food industry. The curtailment of productivity and efficiency in this basic industry is particularly detrimental as the industry vitally affects all citizens of the nation.

We as a nation must be aware of the economic and social problems created by technological advances and take action to alleviate these problems. But, we cannot afford inefficiency and a waste of talent and resources. Restrictive management practices, for the most part, are prevented by legislation and competition. If restrictive union practices become a greater problem in the future, possibly the solution is enactment of government legislation to eliminate such costly practices.
Management Questionnaire
(Used in the Personal Interviews)

1. What unions are representing the employees in your firm?

2. (a) Would you describe your working relationship with the union as excellent, good, fair or poor? (Consider each union)
   (b) What factors contribute to this relationship? (Attitudes)
   (c) Have working relationships between management and unions improved in the past 10 years? Why?

3. (a) What types of decisions should the unions be allowed to influence through collective bargaining?
   (b) What types of decisions do the unions presently influence through collective bargaining?

4. (a) For what union positions, if any, do you have written job descriptions?
   (b) Do you have a system for evaluating union employees? Describe.
   (c) What fringe benefits are furnished to employees, including profit-sharing, bonuses, retirement programs, etc.? What do the fringe benefits cost the company? (cents per hour--per cent of wages)
   (d) What efforts do you make to encourage sound employee relations?

5. (a) In what ways do unions effect the cost of the operation of the firm?
   (b) In what ways do unions effect management's freedom to maneuver?

6. During periods of labor difficulty within the past three years (if you've had any difficulty) what have been the issues?

7. Evaluation of the unions and their operational practices:
   (a) In what ways have unions effected your firm's competitive position and firms in the industry? (Effect of higher wages on firm)
   (b) Is the present collective bargaining procedure a satisfactory method for settling contracts?
   (c) In what ways have unions benefited workers?
   (d) Do you experience a large number of grievances? (Why?)

8. (a) How does management determine the wage rates and fringe benefits they can offer unions?
   (b) How should wage rates and fringe benefits be determined?
9. (a) What important technological changes have taken place in your company since 1958? (new machinery, new methods, layout, scheduling, speed up)

10. (a) Have the unions been cooperative in making these technological changes? (Why?) Union attitude toward technological change.
(b) What are the problems that have in the past and are presently impeding the acceptance of new technology?
(c) What problems occur at the time new technology is put into effect? (Why?)
(d) Have employees cooperated in making technological changes?
(e) How can the problems associated with technological change be resolved to the mutual satisfaction of both management and labor?
(f) What steps do you take to gain and maintain employee approval of new technology?

11. (a) When making tentative plans for technological changes, are unions consulted?
(b) What procedure do you use in working with the union when implementing a technological change?

12. (a) How many workers in your company have been displaced by the adoption of new technology in the past five years? (per cent)
(b) In general, what has happened to displaced workers?
(1) Released? (Should there be severance pay)
(2) Retrained? (What is the company, union, and government's responsibility in terms of retraining)
(3) Moved to another location?
(c) Have employees been added?

13. (a) Who in your opinion receives the benefits from technological change? (Explain)
(b) Should management, should the public, and should the workers equally share in the benefits derived from technological change? How should the benefits be divided?

14. (a) Have there been technological changes which you would have made had there not been unions?
(b) If yes, what effect did the union have?

15. What major technological changes do you anticipate making in the future?

16. What has the adoption of new technology meant to your company and the employees?
(a) Social problems and/or benefits?
(b) Economic problems and/or benefits?
17. In what ways could the cooperation between unions and management be improved?

18. (a) What are your main criticisms of organized labor and the major problems you are encountering when working with organized labor?
(b) What problems do you expect in the future?

19. Considering all facets of firm management, is labor relations one of the major problems facing management today?
Union Questionnaire
(Used in the Personal Interviews)

1. (a) What is the role of the national union in local union affairs?
   (b) To what extent does the national set the pattern for local unions?
   (c) Do the local unions have autonomy?

2. (a) Would you describe your working relationship with management as excellent, good, fair or poor?
   (b) What factors contribute to this relationship? (Attitudes)
   (c) Have working relationships between management and unions improved in the past 10 years? Why?
   (d) In what way could cooperation between management and labor be improved?

3. (a) How does the union determine their wage rate and fringe benefit demand when making a contract proposal?
   (b) How should wage rate demands and fringe benefit demands be determined? By labor? By management?

4. (a) What types of decisions does your union presently influence through collective bargaining?
   (b) What types of decisions are presently the sole discretion of management, but in your opinion the union should have the right to influence?

5. (a) In what ways have unions benefited workers?
   (b) In what ways have unions affected the firm's competitive position, firms in the industry, and the economy?
   (c) During periods of labor difficulty within the past three years, if there have been any difficulties, what have been the issues? (grievances)
   (d) Is the present collective bargaining procedure a satisfactory method for settling contracts?

6. (a) What important technological changes have taken place since 1958 within the companies in which your union operates? (new machinery, new methods, layout, scheduling, speed up)
   (b) What major technological changes effecting your union do you anticipate in the future?

7. (a) What are the problems, if any, that have in the past and are presently impeding the acceptance of new technology?
   (b) What problems occur at the time new technology is put into effect?
   (c) How can these problems be resolved to the mutual satisfaction of labor and management?
8. (a) What difficulties have you experienced with companies when technological changes have been made? (Why?) General attitude?
(b) Have the unions cooperated in making technological change or have they resisted new technology? (Why?) General attitude?
(c) Have the employees cooperated with technological changes? General attitude?

9. (a) What procedure should a company follow when working with the union concerning a technological change?
(b) Are the companies following this procedure? If not, what procedure are they following?
(c) Are you satisfied with the company's evaluation of the technological changes that are needed and implemented?

10. (a) Who in your opinion receives the benefits from technological change?
(b) Should management, should the public, and should the workers equally share in the benefits derived from technological change? How should the benefits be divided?

11. (a) How many workers in your union have been displaced by the adoption of new technology in the past five years?
(b) In general, what happened to the displaced workers?
   (1) Released (severance pay?)
   (2) Retrained (What is the company, union, and government's responsibility in retraining?)
   (3) Moved to another location?
(c) Have total union numbers increased? Why? (new jobs, expanded sales)

12. What has the adoption of new technology meant to your union and your members?
(a) Social problems and/or benefits?
(b) Economic problems and/or benefits?

13. What is the company's responsibility to an employee when he is displaced by technological change? How should this vary with:
(a) Length of service?
(b) Age?

14. What is the union's responsibility to an employee that is displaced by new technology?

15. What is the government's responsibility when a group of employees in a particular industry are severely affected by technology?
16. (a) What are your main criticisms of management and the major problems you are encountering with management today? (b) What problems do you expect in the future?

17. What are the major problems confronting labor today?
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