

PATERNALISM IN INDUSTRY

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Paternalism is one of the most important types of relationship that may develop between workers and those for whom they work. It has had a widespread and recurrent existence under very different conditions of industry. Further, it occupies a peculiar and important position in our modern industrial society. It has been one of the chief sources of resistance to unionization of workers in recent times. In a somewhat modified form it is reappearing in industry today, frequently as a counter-offensive to unionism. These various considerations make its study a matter of prime importance.

It is desirable, first of all, to correct an erroneous impression that paternalism in industry is peculiar to a specific stage in industrial development that is now out-moded and archaic. There is abundant evidence to show that paternalism is a persistent form of relationship which may appear in the most diverse industrial settings, in different types of economy and in different epochs of industrial development. Thus, it is to be found frequently in chattel slavery, in serfdom, in feudal relations, in colonial plantation economy, in mission stations among backward peoples, in guild systems, in farm tenantry, in capitalist handicraft economy, in small factory systems and even in modern mass production industry. Such evidence indicates that paternalism is rooted in certain natural conditions which may occur and reoccur under very different industrial circumstances.

The characteristic features that distinguish paternalism from other forms of industrial relationship are: (1) a sense of proprietorship over workers held by the owning or directing group; (2) the possession of conclusive authority and control by this directing group in matters affecting the workers; and (3) a sense of responsibility and obligation on the part of the directing group for the welfare of their workers.

The sense of proprietorship is merely the belief and feeling held by the proprietor or his agent that the workers belong to the industrial unit which he owns or directs. This sense of proprietorship may range from the sense of complete ownership of the full person, as in the case of chattel slavery, to ownership merely of his labor and skill, as under a wage relationship. However, even under a wage system of hire the proprietor or his agent is inclined to feel that the worker and not merely his work belongs to the establishment.

The second feature -- the possession of authority and control over the workers -- is, of course, intrinsic to any work relationship wherein there is a director of the workers; the director necessarily has the power and authority involved in such direction. The extent of such authority and control may vary considerably. With his authority and control the proprietor or agent can determine what welfare action is to be taken in the case of the workers. In this matter the worker lacks the right of determination but becomes instead the recipient of the care and benefits given by the proprietor or his agent.

The third feature -- a sense of responsibility and of obligation for the welfare of the worker -- is the most outstanding mark of paternalism. It is a tempering influence on the mere proprietary and control relationship and imparts to that relationship a personal and benevolent character. The worker ceases to be a mere object of utility and the abstract relation of proprietor and worker is converted into a human relation. The sense of

responsibility may vary greatly both in degree and kind, giving rise to various shades and forms of paternalism. Thus, the sense of responsibility may extend to the whole worker -- his food, shelter, clothing, health, moral status, and religious belief -- as, for example, was usually the case on plantations in Brazil prior to the elimination of slavery; or it may be confined to limited recreational facilities as in the case of some business concerns in contemporary American industry.

It is no accident that the word, "paternalism", should be applied to a type of industrial relationship which embodies the three central features which have been mentioned. These three features are precisely those that characterize the paternalistic family as a historic type. In this type of family the father is the head and director (it is his family); the children in belonging to the family are subject to his headship; the father has responsibility for the welfare, protection and care of the children; he determines what this welfare and care are to be; he has authority and control *vis-a-vis* the children; he is the donor and they are the recipients.

It is easy to understand why paternalism appears so readily in the most diverse kinds of industrial settings. Given some favorable circumstances the three essential features of paternalism emerge spontaneously and naturally in industry. First, the sense of proprietorship comes naturally to those owning (as in chattel slavery), employing, directing or using workers. The very fact that the workers belong to the industrial establishment, are dependent on it and are subject to its control gives the proprietor or his agent some sense of possession over them. Second, the intrinsic nature of the work relationship is to lodge authority and control in the hands of those who own, employ, or manage the workers -- they, not the workers, give the orders, commands, and directions. Third, the sense of responsibility, which is the crucial factor, tends to arise naturally in a number of ways. Proprietary feelings in themselves foster a sense of obligation to take care of what is felt to belong to oneself. More important, human sympathy for the workers may arise spontaneously in close personal association between the proprietor or his agent and workers. Proprietors or agents may come to know workers individually as persons, develop likes, friendships, and attachments toward them and consequently feel some corresponding obligation for their care. Feelings of responsibility may also arise as a result of moral claims which workers impose on the proprietor or agent; by various acts of ingratiating, importuning, obeisance, and unusual forms of personal aid workers may establish and weave claims for special treatment.

The conditions which foster the growth of paternalism are, of course, those which promote the appearance of the three cardinal features which have been considered. One may readily identify the more important of such conditions: close personal association between proprietor and workers as in small work establishments; isolation of the work establishment as in the case of a plantation or so-called "company" town; a small turn-over of the workers with a resulting permanency of relationship; nurturing of expectations of assistance on the part of the workers; pride or sentimental interest in the workers, particularly under the influence of a religious doctrine or ethical code; a strong sense of ownership, particularly when such ownership is vested in a single individual who is continually present in the work establishment; and a condition of relatively unrestricted authority or control over the workers. Conversely, one may note the conditions that militate against paternalism: absentee ownership; the absence of personal relations between proprietor or agent and the workers; impermanency of relationship as in the case of rapid turn-over of workers; absence of pride or sentimental interest in the workers as when they are disliked, despised, or regarded as mere

objects of utility; and strong restriction on the authority of proprietor or agent with a consequent contraction of his area of control over them.

While paternalism, when viewed in broad historical perspective, must be seen primarily as a natural growth, it may also exist as a mere conventional pattern and, on occasion, as a result of deliberate studied policy. On many occasions paternalism in industry has appeared as a form of noblesse oblige -- as a relationship which does not spring from the sentiments of personal contact but instead from a code of social propriety, similar in nature to our conventional code governing contributions to charity. In such circumstances the proprietor or agent follows a paternalistic policy as a means of maintaining status among his peers and as a means of satisfying his obligation to his social world and not essentially to his workers. The weaknesses of paternalism, which will be shortly recounted, are likely to be particularly keen when paternalism exists as a conventional pattern.

Paternalism in the industrial relation may also arise as a deliberate policy on the part of ownership or management. There are a multitude of instances showing its sporadic appearance following in the wake of labor disturbances and revolts or strikes of workers. The typical pattern is first to subdue the disturbance and then to extend amelioration, forms of assistance, or new benefits. It is my impression that more recently in industrial history there is a tendency to follow a paternalistic policy, not as an aftermath of a disturbance indicating dissatisfaction among workers, but as a studied procedure to establish a relation which would obviate the likelihood of such dissatisfaction. It is this latter kind of paternalism that is of particular interest in our contemporary industrial picture.

It is advisable to consider the weaknesses of paternalism that make it vulnerable before other forms of industrial relationship. The basic weakness of paternalism lies in the fact that in the last analysis it is subservient to an interest in the profitability of the industrial enterprise. Whether the industrial unit be a plantation worked by slave labor, an estate manned by serfs, a large farm worked by tenants, a guild composed of journeymen and apprentices, a small factory using piece workers or a large plant employing wage workers, its essential existence as an industrial enterprise requires that it be operated profitably. Profitable operation is necessarily the chief and ultimate goal of the enterprise. Direction or management of the enterprise is necessarily guided by this goal. Thus any program of welfare benefits or policy of paternalism can be followed only to the extent allowed by the position of profitability. When the management of the enterprise is forced to choose between profitable operation and a paternalistic program that prevents or endangers seriously such profitable operation, the choice is the former. It would be a poor management, essentially unworthy of its responsibility as management, which would allow the industrial establishment to flounder and to perish by subjugating the interest in profitable operation to a paternalistic interest.

It is this feature that demarcates paternalism in industry from paternalism in the family.

In the paternalistic family paternalism is the matter of primary importance; in the industrial enterprise it becomes necessarily secondary in importance. Thus, as many students have noted, when conditions of profitability in industry become "tough" or adverse, benevolence toward workers tends to go by the board; pressure is placed on the workers for harder work or more productivity, and labor costs are trimmed. The very fact that paternalism is necessarily of secondary importance in the industrial enterprise imparts to it a psychological contradiction -- a contradiction that is

likely to be reflected in a general feeling of workers that in the last analysis the paternalism is not genuine and that in reality they exist as objects of use and not persons enjoying ultimate consideration. However vaguely experienced, a genuine suspicion is likely to arise as to whether their interests as workers are really effectively taken care of by the paternalistic management.

A second inherent deficiency of paternalism lies in the fact that the determination of the conditions affecting the welfare of the workers resides in the hands of the proprietor or agent and not in the hands of the workers. This is equivalent to putting the workers in the position of wards or dependent recipients. However beneficent may be the actions taken by the proprietor or agent the absence of determination of such actions by the workers constitutes a weakness -- a weakness which becomes serious when the workers come to form conceptions of themselves as having the right to make their own determinations. When this occurs workers are disposed to resent the implication that management knows as well or better than they what is best for them and their interests. Independent spirits chafe under paternalism. In general, the spirit of democracy militates against paternalism by promoting a feeling for freedom of choice and self-determination of action.

A third major deficiency of paternalism lies in the firm position of authority of the proprietor or agent. Such authority allows an expression of personal feeling and mood that may seriously undermine the benevolent tone of the paternalistic relation. The proprietor or agent, secure in his proprietary feelings and in his position of authority may express relatively freely his variable moods -- his irritabilities as well as his pleasantries, his angers as well as his kindness, his preferences and likes toward some workers and his dislikes and aversions toward others. This is most likely to happen in the case of minor agents (overseers, foremen, supervisors) of the proprietor. Having a lesser sense of paternalistic responsibility they are likely to show a great tendency to exploit their favored position of authority by granting favors to some and withholding favors from others. Such differential treatment, even though the treatment be benevolent, gives rise to feelings of favoritism and partiality, to jealousies among workers and to grudges and resentments. Even when the top officials of an industrial enterprise are resolutely opposed to capricious and differential treatment by minor agents it becomes difficult for workers to achieve any correction of this matter. To report instances to top officials may lead to concealed reprisals by the minor officials who are affected; furthermore, the top officials in response to their interest in preserving the control feature which is so vital to paternalism may take only perfunctory steps to correct the situation.

These three weaknesses of paternalism explain why a sincere paternalistic policy may give rise under certain circumstances to a condition which is thoroughly contrary to what is sought. Ever so frequently, the proprietor or agent may engage in a paternalistic program out of genuine feelings of concern for his workers, showing solicitous care for their welfare and giving them substantial benefits, only to discover on some occasion marked dissatisfaction among the workers, or an astonishing readiness on their part to organize or to join a union. The sincere paternalistic proprietor or agent can scarcely help but feel not only shocked but hurt by such a discovery and to judge the workers as showing distinct ingratitude. Such an adverse growth of worker dissatisfaction is above all likely to be concealed since the authoritative and dependent relation under paternalism does not lend itself to a free and outward expression of complaints, grievances and resentments.

These weaknesses explain in general why paternalism has usually succumbed to unionization when workers are relatively free to choose between these two forms of industrial relationship. The three central points of weakness in the paternalistic system are precisely the strong vantage points of unionism. The organization of workers into a union provides them with an association whose major purpose, ostensibly, is to take care of their interests. Thus, such interests instead of being made secondary and subservient to the profitability interests of management become the primary concern of the union. Further, the union is a medium through which the workers may exercise some collective determination of conditions affecting their welfare instead of being merely dependent recipients of benevolence. Finally, in providing the workers with power and strength and in bringing work relations under sets of rules, unionism offers a measure of protection against favoritism, discrimination and other forms of personal exploitation. These advantages suggested by the nature of unions explain why paternalism, in spite of its spirit of benevolence and the genuine benefits which it may frequently provide to workers, usually gives way before unionism.

Despite what has been said it must not be thought that paternalism has no vigor before the onslaught of unionism. Historically, the paternalistic arrangement has been the chief bulwark against the organization of workers. Union leaders and union organizers in modern times readily admit that next to coercive measures against the organization of workers paternalism provides the greatest obstacle to such organization. In general there are three features of paternalism which account for its ability in different times and places to discourage and resist efforts to organize workers. First, and of lesser importance, is the condition of dependency of workers on management which is indigenous to paternalism. This sense of dependency may become deeply implanted. The dependent relation may be felt by workers as the natural order of relationship. Thus, workers who have been shaped through long immersion in a paternalistic arrangement are inclined to look with suspicion and sometimes with alarm at a new scheme of relationship which challenges the setting of dependency to which they are accustomed. It should be borne in mind, further, that the dependent relation characteristic of paternalism is marked strongly by the concentration of control in the hands of management; consequently, workers are likely to fear some form of reprisal in challenging a control arrangement which has been unquestioned in their work experience.

The second feature of paternalism which gives it strength to resist unionism is the benefits extended to workers in the given industrial establishment. These benefits in the form of wages, accessory monetary benefits, favorable conditions of work, perquisites and opportunities may be such as to surpass anything that a union may offer as prospective tangible advantages. Such material benefits, of course, are possible only when the given industrial establishment has favorable financial resources and a favorable margin of profitability.

The third feature of paternalism that makes it resistant to unionism lies in the vigor of the personal relations that develop so frequently in the paternalistic establishment, especially if it is of small dimension. Where the proprietor or directing agent forms a close personal relation with his workers, gives evidence of genuine interest in their welfare, and is impartial in the tangible expression of this interest workers may develop a strong feeling of allegiance to him and to his establishment. Such personal attachment and loyalty give little leeway to the entrance of unionism.

An objective scrutiny of the conditions characterizing our contemporary American industrial society discloses that on the whole the three

facets of paternalism just considered are on the wane. The rise of democratic feelings and conceptions with an encouragement of individual success offers a continuous threat to a dependent relation which is taken as being in the order of things. The necessity of keeping abreast of a moving competitive world which offers threats to established competitive positions militates in time against the likelihood of a given management being able to extend superior and differential benefits to its workers. Expanding industrial organization with increasing echelons of management and increasing mobility of labor limit markedly the extent to which personal loyalty can be developed by workers to proprietor or his agents. Thus, on the whole, paternalism as a spontaneous and natural form of relationship is undeniably in a weak position in our modern type of industrial economy.

The analysis of paternalism can be closed with some observations on contemporary efforts to establish a studied and limited form of paternalism in our modern type of industrial society. These efforts are in general undertaken to introduce a spirit of human relations between management and workers -- a spirit which gives recognition to the status of workers as independent individuals, which develops among them feelings of allegiance to their industrial establishment, and which fosters among them a sense of voluntary participation in the industrial enterprise. Such efforts, best represented in the current "human relations in industry" approach, are a kind of quasi-paternalism since they maintain and protect the authority and control of management, continue to place the workers in the position of recipients of the good will of management, and because they reinforce the sense of proprietorship that comes from increased feelings of allegiance of workers toward the work establishment.

While the values of such a studied type of quasi-paternalism are substantial it is doubtful whether this type will become entrenched in any significant manner in modern industry. While it seems to be effective to a large extent in curbing favoritism and discrimination and while it lessens to some extent the impression of unilateral managerial determination of conditions affecting workers it cannot change the other crucial weakness of paternalism, namely, the subordination of the interests of the workers to the legitimate interest in the profitability of the enterprise. As a form of employer-employee relationship it is not likely to engender an acceptance of dependency as being in the order of things; nor is it likely to yield the sense of personal loyalty which is such an important source of strength to paternalism. It will probably have to rely on the weight of the tangible benefits which it may be able to offer to workers. The dependence, in turn, of such benefits on a favorable competitive position makes this source of strength very uncertain in the long run.