



The Scientific Organisation of a Department Store and Its Effect on Industrial Relations :

The "Globe Stores" at Zurich

The International Labour Office has already published, either among its Studies and Reports or in the International Labour Review, a series of articles or reports on industrial relations in various undertakings.¹ The following article, which forms part of the series, is of special interest owing to the fact that the undertaking studied has during the past few years undergone complete reorganisation in accordance with carefully studied principles of scientific management.

It thus offers an opportunity of examining the repercussions which rationalisation may have on the relations between directorate and staff. For this reason the present study has been more particularly planned with a view to throwing into relief the connection which exists between these two problems.

NATURE AND SIZE OF THE UNDERTAKING

THE "Globe Stores" (*Magazine zum Globus*), a limited company with a share capital of 8,000,000 Swiss francs² having its headquarters at Zurich, consists of a chain of stores of varying sizes situated at Zurich, Basle, St. Gallen, Aarau and Chur. In addition to these branches, there is also a men's clothing store, the *Globus Löwenplatz*, which is an integral part of the same group. The *Merkur*, a men's outfitting store at Basle, and the French firm of the *Grands Magasins du Globe* at Mulhouse are attached to the parent undertaking

¹ Cf. in particular : *Studies on Industrial Relations*, Vols. I, II and III. Studies and Reports, Series A, Nos. 33, 35 and 38. Geneva, 1930, 1932 and 1935.

² All the sums mentioned in this article are given in Swiss francs.

as subsidiary companies. These three concerns, together with the restaurant departments of the stores at Zurich and Basle, are not covered by the present article, which is confined to a study of the Globe Department Stores regarded as a Swiss retail firm.

Although each of the different branches is a separate undertaking under the direction of a branch manager, the organisation of the whole concern is closely controlled by the central management at Zurich. The whole business therefore forms a single administrative unit and must be treated as such, especially as the methods used for dealing with the two questions with which the present study is mainly concerned—scientific management and relations with the staff—are highly centralised.

Before entering on a consideration of these questions, a few brief notes may be given as to the dimensions, economic importance and general structure of the staff of the undertaking.

In 1934 the Globe Stores covered a total ground area of 31,650 square metres (of which 12,880 were occupied by the sales premises proper) and employed an average of 1,224 persons. These figures may seem modest enough compared with those for similar undertakings in the big capitals, but the Globe Stores is nevertheless one of the largest undertakings of its kind in Switzerland, and the Zurich and Basle branches, with nearly 450 employees each, are among the largest retail establishments in the country.

In 1933 the turnover was 22,965,164 francs and the net profits 741,309 francs. The wage bill amounted to 2,901,352 francs. As in all commercial undertakings, the principal item of expenditure is the purchase of stock, which reached the figure of 16,259,194 francs in 1933. If these figures are analysed according to the classes of goods purchased, they will give some idea of the position occupied by the undertaking in the industrial life of the country and will show which branches of production are affected by the extent of its purchasing power, and therefore also by the size of its turnover.

The goods stocked by the Globe Stores are classified in five main groups : food, ready-made clothing, clothing materials and accessories, furniture and household equipment, miscellaneous. The relative importance of these five groups is shown below :

	Area occupied by selling departments m ²	Annual turnover per m ² Fr.	Annual turnover per salesman Fr.
Food	957	2,353	55,000
Ready-made clothing	3,908	2,730	44,300
Clothing materials and accessories	1,158	2,285	28,500
Furniture and household equipment	3,633	1,182	40,500
Miscellaneous	1,346	1,530	36,880

It may be inferred from these figures that the textile and food industries, and the workers employed there, are those which are most largely dependent on the selling power of the department stores, their biggest customers. Next come the hardware, wood, leather, glass, and similar industries, that is, those which play the largest part in furnishing and equipping the home.

Like all other similar undertakings, the Globe Stores does not employ manual workers except for certain kinds of work such as the transport of goods. The actual process of selling, which is the dominant activity of the undertaking, is non-manual work. In a department store, therefore, the selling staff proper occupies the position of the workers in a factory; it forms the majority of the staff and, since it carries on the essential activity of the undertaking, it is the chief category to be considered in a study of the consequences that the rationalisation of the Globe Stores has had for the staff.

The higher-grade or executive staff—those who make the preparations for the actual selling or fulfil functions of organisation and management—probably plays a larger part in promoting the prosperity of the undertaking in a department store than it does in a factory.

In the Globe Stores the executives form nearly 12 per cent. of the total staff, i.e. a total of 124 persons distributed as follows: general management (1 general manager and 6 chiefs of central services); 6 branch managers with their chiefs of services; the staff in charge of the sales departments (52 heads of departments, some of whom are seconded by assistant heads); 6 central buyers; the employees of the personnel service; and the heads of departments other than selling departments (delivery, advertising, offices, etc.).

Between the executive staff and the selling staff comes the category of head saleswomen, numbering 180, whose position may be compared to that of the foremen in industrial undertakings.

As regards the rank and file of saleswomen, there are 480 permanent employees, together with 100 apprentices and auxiliary employees, whose numbers vary with the season but are normally 120 and 130, reckoning one full-time saleswoman for 220 hours' work a month.

Lastly, the Globe Stores employs 146 persons in its transport department, canteen, and special services for customers; 138 office employees; and 31 publicity and display experts. The distribution of the staff by age and sex, their wage and salary scales, etc., are described below in the section concerning the staff.

NEED FOR REORGANISATION AND THE DIFFERENT STAGES OF THE PROCESS

The system of organising the work of the Globe Stores about to be described is of comparatively recent origin, having been introduced by a series of rationalisation measures systematically applied from 1928 onwards. It was during that year that the management became conscious of the need for a general reorganisation of the undertaking. As the following table shows, there was a continuous growth in turnover throughout the pre-war period, enabling a steady 10 per cent. dividend

INDEX NUMBERS OF THE TURNOVER OF THE GLOBE STORES

(Base year : 1910-1911 = 100)

Trading year	Turnover ¹	Net profits	Trading year	Turnover ¹	Net profits
1907-1908	45	45	1921-1922	144	59
1908-1909	54	40	1922-1923	121	7
1909-1910	78	76	1923-1924	127	8
1910-1911	100	100	1924-1925	135	61
1911-1912	131	87	1925-1926	142	62
1912-1913	147	109	1926-1927	148	64
1913-1914	152	91	1927-1928	162	82
1914-1915	102	18	1928-1929	180	91
1915-1916	93	75	1929-1930	199	98
1916-1917	120	97	1930-1931	237	117
1917-1918	141	135	1931-1932	278	122
1918-1919	171	97	1932-1933	286	113
1919-1920	209	108	1933	278	85
1920-1921	280	87			

¹ Up to 1932-33 the trading year began on 10 January; for the purposes of the figures, therefore, the calendar year and the commercial year practically coincide. Following the rationalisation of the undertaking, the trading year has been the same as the calendar year since 1933; so that the figures given for 1933 do not include the first ten days of the year. The lower figures for that year are probably attributable to this circumstance, and to the rebuilding of the Basle branch of the Stores, rather than to a falling-off of business due to the depression.

to be paid. A sharp fall in 1914-1916 was followed by a rapid recovery, which became still more marked after the war. The turnover went on increasing at a rapid rate until 1920-1921; but profits, after reaching their peak in 1917-1918, began to fall from 1919-1920 onwards. Then came the depression years of 1922 and 1923, after which business improved again until it reached the pre-war level in 1926. But in spite of this favourable progress, profits still remained low—appreciably below their pre-war level. Not more than a 5 per cent. dividend could be paid on the ordinary shares and 7 per cent. on the preference shares; and net profits, which represented 10.6 per cent. of the total turnover in the base year, dwindled to 4.6 per cent. in 1926-1927.

This reduction in profits, accompanying a rising turnover, clearly pointed to the conclusion that general costs were too high and that the management of the concern was unsatisfactory.

The matter began to engage the attention of the heads of the concern in 1928, and the Board of Directors signified its firm intention of improving the position by making various changes in the personnel of the general management.

In 1928, therefore, the new general manager, together with several members of the Board who had been trying to effect reforms for some time, undertook to introduce scientific management methods in the Globe Stores.

The rationalisation of the undertaking was carried out in two successive stages, the first of which began in 1928 and the second in 1930. Before embarking on the changes, the new manager visited the United States to study the theory and practice of organisation in some thirty department stores there. As he pointed out in his report on this journey to the Board of Directors of the Globe Stores, what chiefly impressed him were the American methods of dealing with the human factor; and on his return he accordingly turned his attention to perfecting the methods of selecting and training the staff.

At the same time he also applied a series of organisational and technical measures, and made a special point of trying to inspire all the employees of the Globe Stores with the spirit of cheerfulness and vitality which had struck him in the American stores.

Among the practical improvements introduced, a new method of dealing with the old problem of "stale" goods

deserves special mention. All goods were marked with a letter indicating the half-year during which they were bought, and stock more than eighteen months old was regarded as out of date. This measure, backed up by the checking of old stock on the fifteenth of every month, made possible a systematic reduction in prices and the carrying out of a policy for clearing old stock. It greatly facilitated the work of all the departments, especially as bonuses were paid to the staff for the sale of "mark-downs". The commercial success of these measures was reflected in a considerable reduction in the amount of stock carried, as shown by the following table :

MOVEMENT OF STOCK

Year	Value at end of trading year (000's omitted)	Ratio of turnover to value of stock ¹	Year	Value at end of trading year (000's omitted)	Ratio of turnover to value of stock ¹
	Francs			Francs	
1917-1918	4,997	2.3	1926-1927	4,894	2.5
1918-1919	8,687	1.6	1927-1928	4,940	2.8
1919-1920	9,992	1.8	1928-1929	3,885	3.8
1920-1921	10,777	2.1	1929-1930	3,158	5.2
1921-1922	8,150	1.5	1930-1931	2,818	6.9
1922-1923	5,588	1.8	1931-1932	2,535	9.1
1923-1924	5,077	2.0	1932-1933	1,873	12.6
1924-1925	5,240	2.1	1933	2,462	9.3
1925-1926	5,324	2.2			

¹ Generally speaking the figures expressing the ratio of stock to money turnover may be regarded as indexes of the turnover of stock. Since 1928, therefore, there has been a sharp rise in the rate of the turnover of stock, which has now reached an unprecedented height. Since 1929 a different formula has been used to measure the rate of turnover, based on the average value of the stock and the ratio between the money turnover and the purchasing price. The indexes calculated on this basis are as follows : 1929 : 2.5 ; 1930 : 2.8 ; 1931 : 3.6 ; 1932 : 3.8 ; 1934 : 4.27.

Apart from this reform, the general manager also introduced various small improvements in the management of the concern. But one of the main results of his visit to the United States was a firm conviction of the need for a radical change in the basis used for estimating the activities of the undertaking, and particularly in the analysis and control of overhead expenses, that is to say, for "budgetary control".

The introduction of this reform marked the second stage in the rationalisation of the Globe Stores. The management enlisted the help of the International Management Institute, and the managing director and general manager attended the two International Discussion Conferences organised by

the Institute in 1930 and 1931. The first of these was devoted to a study of budgetary control, while the second showed the great utility of the "groups for the exchange of experience", the secretaries and most influential members of which had come from various countries to report on the results obtained. After the first Conference in 1930 the Globe Stores became a member of the International Management Research Group of Department Stores. The management then inaugurated the second stage in the reorganisation of the undertaking by introducing a rationalised system of management, based on the suggestions and research of the permanent office of the Group in Paris and on the experiments already made in the same field by several of the nine department stores belonging to the Research Group under the direction of its general secretary.

The first step taken by the management towards carrying out its reorganisation scheme was the establishment, under the supervision of a management expert, of an organisation board to apply the new scientific methods of management. The most important of these measures were the following:

Application of the principles of "functional" organisation and the "staff and line" system;

Introduction of budgetary control;

Other measures to improve management methods;

Merchandising; improvement of central purchasing system;

Creation of new functions: internal organisation; personnel.

They are considered in turn below.

FUNCTIONAL ORGANISATION

Of the fundamental principles for the rationalisation of an undertaking there are two—functional organisation and the "staff and line" system—which the Globe Stores succeeded in applying by indirect methods as soon as it entered on the second stage of its rationalisation.

The first task assigned to the organisation board by the general manager was that of analysing overhead costs. The object of this is to show not only the nature of overhead expenses but also their origin; and it is impossible to tabulate the parts of the concern in which overhead expenses originate

without establishing a general organisation chart for the whole undertaking.

The rationalisation board took this task in hand at once, and it soon became apparent that the undertaking had been organised quite without plan or system. It was in fact a typical example of an organism which had grown haphazard and under the influence of individual personalities. There was overlapping in many departments and considerable confusion in the distribution of powers and responsibilities and in the grading of the staff. As a result of all this there was a lack of balance and uniformity, an absence of co-ordination at the top and of co-operation at the bottom, which rendered any rational management of the undertaking impossible. In easier times the force of routine and of the old patriarchal system of authority in the hands of a competent general management had enabled the firm to carry on without undue difficulties, in spite of the waste of money and energy which the system entailed. But with the onset of the depression the lack of an organised structure and a rational system of management was felt with double force.

After examining the chart drawn up by the organisation board, the management decided to divide up all the activities of the staff of the store into the following five main "functions" :

(1) Finance and control : accounts ; cash desks ; statistics ; budgetary control ; office work.

(2) Merchandising : purchase and sale ; technology of stock ; market analysis.

(3) Publicity : technique of advertising ; display.

(4) Internal organisation : handling of stock between purchase and sale ; reserves and warehouses ; checking of stock ; delivery and despatch ; technical equipment ; supervision of buildings and equipment.

(5) Personnel : working conditions ; working relations between members of the staff ; improvement of working methods ; welfare and education.

On the basis of this definition of functions the following reforms were then introduced : creation of an organic structure embracing the whole activity of the undertaking ; distribution of duties among different categories of suitably trained employees ; administration of functions by chiefs of service selected

on account of their special qualifications and not solely on grounds of seniority.

Services corresponding to the five functions enumerated above were then set up in each of the branch stores. At the head of each was placed a competent and responsible chief, to whom all the employees fulfilling the corresponding functions were answerable. For reasons of economy, however, responsibility for certain functions was entrusted to the branch managers.

THE STAFF AND LINE SYSTEM OF ORGANISATION

The recasting of all the activities of the Globe Stores into specific functions would by itself merely have resulted in creating the bare bones of an organisation, had not the central management also been reorganised by the formation of "general staff services" corresponding to the five functions of the undertaking.

Each of these five central services controls all the employees and activities attached to the function for which it is responsible. It holds a kind of delegation of powers from the general management, and needs to display considerable discernment and tact in order to reconcile its *de facto* authority with the disciplinary and hierarchic authority exercised by the branch managers and their chief assistants.

The general management is also supported by a general secretariat and by the organisation board. If the central services of the Globe Stores are compared to an army staff the organisation board fulfils the same functions of planning and co-ordination as does the general staff branch of the army.

Experience has shown that this system of organisation leaves the general management free to devote itself to its proper functions of central administration and the direction of activities in the strict sense of the term, which include :

- (1) Laying down the main lines of commercial policy ;
- (2) Examining, co-ordinating and approving the plans and schemes established on the basis of these main lines of policy by the organisation board and the special services for the various functions ;
- (3) Controlling execution, and making adjustments to meet changes in external conditions.

But one reform still remained to be accomplished: the rationalisation of the general management itself. Here again a *de facto* situation had established itself, depending on the personalities concerned. The management of the concern was in the hands of the managing director and the general manager, who had divided the work between them reasonably enough, but who, according to the principles of rational organisation, should properly have stood in a relation of supervisor and supervised. The fact that they were on good terms with each other certainly mitigated the disadvantages of this initial lack of balance; but as the reorganisation of the Stores proceeded the need for an undivided command became more and more evident. This has now been achieved, for at the beginning of 1935 the managing director became sole manager of the concern.

What have been the effects of these reforms on the staff, and how far have they affected industrial relations? Any attempt to simplify or reform a state of affairs consolidated by long-established routine and based on compromises of all kinds is bound to give rise to friction, resentment, and even resistance, which tactful persuasion may do much to allay or overcome, but which it is sometimes necessary deliberately to override.

The Globe Stores was no exception to this rule. The period of reorganisation put the psychological tact of those responsible for carrying out the reforms to a severe test. The process of finding the right man and putting him in the right place meant that some workers had to be transferred from places they were not competent to fill to more suitable posts, and in some cases those who had proved incapable of adapting themselves to the new methods had even to be dismissed.

All these changes demanded great skill in handling people on the part of the management and general staff as well as considerable *esprit de corps* and self-sacrifice among the employees concerned. Generally speaking, however, a short period of vigorous and determined action was enough to establish the present situation, which is characterised by the meticulous selection of the staff, understanding of the system, and the harmonious development of the whole complex of functions. By this means an easier atmosphere was created, gradual adjustment was brought about by force of habit, and general satisfaction resulted.

INTRODUCTION OF BUDGETARY CONTROL

The general features of budgetary control were defined at the International Discussion Conference on Budgetary Control convened at Geneva in 1930 by the International Management Institute.¹ Budgetary control is a method of rationalisation which seeks to express everything that can be measured in figures in a business concern in terms of estimates and results. The estimates are established on the basis of previous statistics of the undertaking's activities and forecasts resting on an analysis of market conditions. They are calculated for uniform periods (years, half-years, quarters, months, weeks, and even days) and are used as standards of measurement to check actual achievements at the end of the basic period selected.

This control enables the management's policy to be constantly adjusted to variations in external conditions that may affect the undertaking. The estimates cannot, however, be established in the same way for a commercial undertaking as in industry. In industry the method can be given its fullest logical application, beginning with a purchases budget and going on to a production budget, an expenses budget, a finance budget, and finally a general budget. In a department store the economic activities present other characteristics and this system must be somewhat modified. The starting point in this case is the turnover budget; side by side with this an expenses budget is established, on which the general finance budget is then based. In commerce as in industry the overhead expenses budget covers the staff budget, enabling the cost of wages and salaries to be estimated and checked.

The budget for the Globe Stores is established twice yearly for each month of the following half-year. Both the turnover and expenses budgets are built up from the bottom; that is to say, the heads of departments or groups of departments prepare the budget for the stock of each department and that for the overhead costs of each group regarded as their source, quite independently. In this way the system of budgetary control helps very materially to build up a sense of responsibility and foster a spirit of collaboration which is in the interests of all parties.

¹ See also: "Some Reflections on Budgetary Control", in the *Bulletin of the International Management Institute*, July 1930, and the three volumes of documentation submitted to this Conference. These publications are obtainable from the International Labour Office.

The responsible chiefs establish their budgets with the help of the figures for the preceding years recorded by the finance and control section and of the budgeting instructions issued every six months by the general management. These instructions, which state the main lines of the firm's commercial policy and lay down in detail the manner in which the selling schemes of the branch stores are to be planned, draw attention to the following general principles :

(1) Before drawing up a budget, a clear idea must be obtained of the general situation and of the commercial policy of the house ;

(2) The budget is based on the selling schemes of the individual departments ;

(3) The selling schemes and stock budgets are the basis of all the other budgets.

With these rules to guide him the chief of each department draws up his own programme within the limits of his instructions and with the help of his assistants. He first establishes the stock budget, which includes the purchases budget, the sales budget, and the budget representing the difference between the two, or the addition to the purchase price required to cover overhead costs and secure a profit. It also contains the budget stating the initial value, final value, average value, and rate of turnover of stock. The overhead expenses budget, in which costs are classified according to their nature (wages and salaries, rent, publicity, taxes, office and shop equipment, travelling expenses, postal, telegraph and telephone expenses, repairs, insurance, depreciation, etc.) is prepared by the "functional" chiefs concerned.

The two basic budgets are then submitted as drafts to all the services concerned in order to ensure the necessary co-ordination. They are incorporated in the general budget of the branch store, checked and, if necessary, altered by the finance and control service, and subsequently discussed at several conferences before receiving the final sanction of the branch manager and general manager. They are then referred back to the heads of departments and to the "functional" chiefs, who thus have before them a working scheme drawn up by themselves, on which they can set to work with a due sense of their own responsibility.

Control of the execution of the budget is ensured in a similar

way, but from the top downwards. By these methods a constant and almost immediate check can be kept on all the activities of the undertaking, whereas the old methods of accounting only showed the results at the end of every trading year.

The whole system is based on percentage indexes of costs showing the relation of the actual results obtained to the budget estimates, and in some cases to the figures for the previous year. Not only are the monthly results given, but the cumulative results for the preceding months from the beginning of the year; and the results still to be obtained during the rest of the year in order to keep to the budget estimates can also easily be calculated. Thus the central management and the branch managers have constantly available figures enabling them to adjust their line of conduct from day to day, to speed up business or retard it, and, in brief, to manage the undertaking on genuinely scientific lines.

The system did not, however, begin to function smoothly right from the outset. As in other concerns, it was attended by certain disadvantages in the initial stages, such as extra work, too much red tape, arguments, inaccurate statistics, errors and delay. Much time and energy, and a vigorous display of authority, were needed to set the machinery in motion, but, once the initial impetus had been given, opposition, both active and passive, gradually faded away and gave place to a real spirit of co-operation.

OTHER MEASURES TO IMPROVE MANAGEMENT METHODS

Other measures were also adopted to promote smooth and easy relations through the influence of the higher-grade staff, aiming in particular at developing self-control and a sense of responsibility in the executives.

The first innovation to be noted in this domain is the system of checking the way in which time is spent. All the members of the central management—the general manager himself having set the example—and most of the executives in the branch stores as well now keep a simple but effective check on the way in which they spend their time, by a method suggested by the organisation board. Each person is supplied with a time sheet corresponding to a week or month and divided into daily columns, which in turn are subdivided into hours; he enters his various activities on these sheets in the form

of special symbols or figures. This record is kept continuously, hour by hour and day by day, without any complicated formalities. By adding up the data at the end of the month information, sometimes of a rather surprising kind, is obtained as to the manner in which the person concerned has spent his time and the relative and absolute value of the time spent in fulfilling different duties.

Another similar rationalisation measure is that of "task sheets"—standard forms prepared by the organisation board—on which each employee gives details of his various duties. Nearly every service now keeps a file composed of these sheets and containing a complete list of duties, forming as it were the specifications for the work for which the service is responsible.

On the basis of this analysis of duties, the organisation board, in agreement with the service concerned, also laid down working standards for certain special functions. Here again the example was set by the chief executives. The working standards for the general manager, which are classified under several heads, contain under the title "Technique of group management" a description of a number of ways of improving industrial relations, as follows :

"The best methods of guiding subordinates, explaining what is expected of them, co-ordinating their work, and arousing their keenness, are as follows :

- (a) Conferences on the objectives, lines of policy, and plans contemplated for adoption ;
- (b) Conferences on the objectives, lines of policy, and plans finally adopted ;
- (c) Collaboration of assistant executives in transforming the general plans adopted into more detailed schemes of work, instructions, programmes, and timetables ;
- (d) Constant spreading of information, by means of conferences, concerning the situation and trends of the business, the principles of management, and the new ideas and technique of the management ;
- (e) Examination of results in common, seeking out errors and omissions, and determining and eliminating their causes (ambiguous replies, badly prepared schemes, etc.)."

Side by side with these measures, a system of meetings and conferences was also organised with the object of securing the collaboration of all concerned in dealing with management problems. The list of these meetings is as follows :

Every week :—Tuesday : meeting of general manager and chiefs of central services ; Saturday : meeting of branch manager and his immediate subordinates (including heads of departments) in each branch store.

Every month : Conference at Zurich between the general manager, the branch managers, and the chiefs of service of the central administration.

Monthly meetings are also held by the merchandising committee (for technological discussion), publicity experts, instructresses, etc. Lastly, there is also an annual meeting of the executive staff which, like the "Youth Conference" described later in this article, is held for educational purposes and for the promotion of friendly relations rather than for the purpose of organisation.

These various meetings of the administrative staff, offshoots of the management's friendly policy of supplying its assistants with information and advice, forms a very effective method of applying one of the foremost principles of scientific organisation : the correlation of individual effort.

MERCHANDISING : IMPROVEMENT OF CENTRAL PURCHASING SYSTEM

Merchandising covers all the operations connected with the purchase and sale of stock. Its object should be to satisfy the wishes of customers, which the saleswomen at the Globe Stores are required to note immediately on special forms. The selling staff also reports on changes in fashion, the necessary technical qualities of goods, and the prices suitable for different classes of customers.

The merchandising service is attached to the general management, acting as its technical adviser on buying and selling. It also fulfils the same function for the branch stores. These duties are performed by six central buyers, each of whom specialises in a certain group of goods. They receive the samples and prepare and co-ordinate purchases, but the actual ordering is done by the heads of departments within the limits of their stock budget. The central services again intervene, however, through the finance and control service, which keeps and settles the accounts.

INTERNAL ORGANISATION

Similar remarks apply to the steps taken by the Globe Stores to organise the new function of "internal organisation". This service is responsible for everything connected with the premises (buildings and plant, furniture, machinery, apparatus, motive power, cleaning, insurance, purchasing, storing and distributing running supplies), and for handling the stock (taking delivery, customs formalities and transport arrangements, checking on arrival, management of warehouses and reserves, marking, internal transport, packing, and delivery). It also ensures that the most modern improvements are applied in carrying out all these operations. It often has occasion to improve health and safety conditions and to reorganise the methods of performing the many ancillary activities connected with the work of a department store.

The duties of this service are carried out by various classes of workers, such as motor drivers and transport workers, who are organised in trade unions and whose status under labour legislation is different from that of the selling staff. In this as in other domains, the relations between employer and labour are regarded as satisfactory on both sides. Labour disputes are practically unknown in the Globe Stores; on the rare occasions on which differences have arisen they have been promptly settled in a spirit of mutual understanding.

THE PERSONNEL SERVICE

The personnel service is a branch of the subject which must be dealt with in somewhat greater detail. Every undertaking that wishes to apply a really scientific system of management soon finds itself faced with the necessity of creating a special service responsible for everything connected with the human factor, and the work of these services has become one of the essential features of rationalisation. It is the personnel service which is specially concerned with industrial relations, since it is responsible for dealing with working conditions, the problems of daily life, and the very complex relations which grow up between people working in the same undertaking.

Accordingly, as soon as the reorganisation of the Globe Stores was taken in hand in the autumn of 1932, a personnel service was set up, which has undergone various changes since that date, and which in 1934 employed some twenty persons,

including six instructresses, one woman superintendent, and various auxiliary employees, such as canteen manageresses, etc. The whole service is under the authority of the personnel manager, attached to the central management. The fact that the former manager of the Zurich branch of the Stores was recently appointed to this post shows the great importance attached by the Globe Stores to personnel management. The two large branch stores at Zurich and Basle also have their own personnel managers, but in the smaller branches this function is performed by the manager of the store himself, or by some other "functional" chief.

The activities of the personnel service are sub-divided as follows: statistics and data concerning the staff, wages and salaries, hours of work, engagement of staff, education, insurance, health and welfare, guidance and social questions. The programme of work planned for the service includes a number of enquiries to be carried out in coming years, dealing with the following questions: job analysis, routing, time and motion study, fatigue research, methods of payment, cost of living, periodical enquiries into the working relations between the employees of the undertaking, practical tests of various systems and methods.

In addition to these plans, the task sheet of the service also mentions the following activities which have already been completed or are now in progress: definition of the competence of the training service, creation of a pension fund, staff rules, new regulations for purchases by the staff, drafting of a list of working standards for the personnel service, raising of the level of wages and salaries, minimum-wage fixing, introduction of a Saturday half-holiday for the staff of the central administration in summer, bonuses for increased sales, grants for sports, saleswomen's dress, closing on Sundays and public holidays, rules for canteens, the question of overtime, education of the higher-grade staff, living conditions of staff, etc.

Personnel Statistics

Some general figures were given at the beginning of this article, outlining the general working of the undertaking. These may now be amplified by more detailed statistics of the numbers and composition of the staff, based on figures which since autumn 1932 have been regularly compiled and published in the firm's own journal.

NUMBER OF PERSONS EMPLOYED

Date	Permanent staff ¹	Auxiliary staff ²	Total staff ²	Apprentices included in total figures
1932 : Sept.	757	127	884	61
Oct.	746	145	891	57
Nov.	735	157	892	62
Dec.	722	383	1,105	66
1933 : Jan.	723	161	884	66
Feb.	720	163	883	67
March	712	155	867	66
April	709	173	882	63
May	741	184	925	90
June	738	196	934	90
July	738	182	920	91
Aug.	813	137	940	103
Sept.	813	222	1,035	102
Oct.	877	235	1,112	102
Nov.	876	316	1,192	104
Dec.	877	602	1,479	103
1934 : Jan.	985	238	1,223	103
Feb.	989	201	1,190	103
March	987	220	1,207	101
April	974	237	1,211	93
May	1,020	227	1,247	117
June	1,031	221	1,252	110
July	1,005	205	1,210	110
Aug.	992	194	1,186	108
Sept.	961	196	1,157	111
Oct.	954	214	1,168	110
Nov.	953	269	1,222	108
Dec.	948	470	1,418	107

¹ Excluding the men's outfitting stores at Zurich and Basle.

² Figures obtained by dividing the total number of hours worked by the auxiliary staff by 220, the number of hours worked by a permanent employee during the month.

It is clear from this table that there is regular and constant recourse to temporary workers in the Globe Stores. This practice leads to a certain stability of employment for the non-permanent employees as well, and the system is also to the advantage of the concern itself, which is nearly always able to obtain the services of the same trained auxiliary workers.

The table also shows that the number of persons employed by the undertaking increased by over 300 during the second stage of its reorganisation, that is to say from 1931-1932. Rationalisation as applied in this particular case therefore did not lead to a reduction of staff, or prove a cause of unemployment. On the contrary, it stimulated the business of the undertaking, as shown by the earlier table giving its turnover and profits, and enabled new opportunities of work to be created in spite of the prevailing depression.

DISTRIBUTION OF STAFF BY SEX, AGE, AND LENGTH OF SERVICE

A. Distribution by sex

Category	Men	Women	Total
Executive staff	89	18	107
Subordinate staff	159	687	846
Total	248	705	953

B. Distribution by age

Age	Executive staff			Subordinate staff			Total		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 15	—	—	—	—	8	8	—	8	8
15-19	—	—	—	21	130	151	21	130	151
20-24	6	—	6	43	190	233	49	190	239
25-29	20	1	21	35	143	178	55	144	199
30-34	25	8	33	16	87	103	41	95	136
35-39	15	3	18	16	39	55	31	42	73
40-49	14	4	18	15	61	76	29	65	94
50-59	8	2	10	9	25	34	17	27	44
Over 60	1	0	1	4	4	8	5	4	9
Total	89	18	107	159	687	846	248	705	953

C. Distribution by length of service

Length of service	Executive staff			Subordinate staff			Total		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under one month	—	—	—	—	7	7	—	7	7
1-6 months	—	2	2	20	85	105	20	87	107
6-12 "	5	1	6	19	76	95	24	77	101
1-2 years	20	3	23	41	144	185	61	147	208
2-3 "	15	2	17	26	85	111	41	87	128
3-4 "	13	1	14	10	68	78	23	69	92
4-5 "	9	—	9	8	60	68	17	60	77
5-7 "	9	1	10	9	53	62	18	54	72
7-10 "	5	2	7	8	37	45	13	39	52
10-15 "	4	2	6	3	27	30	7	29	36
15-20 "	5	1	6	5	12	17	10	13	23
Over 20 "	4	3	7	10	33	43	14	36	50
Total	89	18	107	159	687	846	248	705	953

The main conclusions to be drawn from these three tables are that women form the majority of the employees of the Globe Stores, a circumstance which is only natural in view of the nature of the business ; that the average age of the staff is low (63 per cent. under 30 years) ; and that there is a marked stability of employment. Out of a total of 953 employees, 403 had over three years' service, including 234 with over five years, 110 with over ten years, and 51 with over twenty years' service.

Wages and Salaries

It has been seen that in 1933 the turnover of the Globe Stores amounted to 22,965,164 francs, of which a sum of 2,901,352 francs was absorbed by wages and salaries. The wage bill thus represented 15.5 per cent. of the turnover, as compared with 14.94 per cent. in 1932 and 13.73 in 1931.

Before reorganisation was begun, in 1927, the wage bill amounted to 1,445,117 francs ; it therefore doubled in amount during the reorganisation period. Although no personnel statistics exist previous to the end of 1921, and no statistics of wages are available for the pre-rationalisation period, the management holds that it is out of the question that the staff should have become twice as large during that period, and ascribes the increase in the wage bill mainly to a very substantial rise in wages and salaries.

For some years past, indeed, the management has followed the policy of raising wages, which were originally too low. In spite of the depression, wages and salaries have been maintained, and twice a year increases are granted in respect of transfers due to marriage, or death, or for other causes. In the first half of 1935 the estimates provided for increasing the wages or salaries of 160 employees at a total cost of 23,550 francs, while for the second half of 1935 the provision was for 100 employees at a cost of 15,000 francs.

Moreover, the mere fact that wages were maintained at their existing level during the rationalisation period, which coincided with the depression years, has had the effect of raising the level of real wages in relation to the cost of living. The variations in the cost-of-living index from 1927 to 1934 (base : June 1914 = 100) were as follows :

	Zurich	Basle		Zurich	Basle
1927	163	138	1931	152	126
1928	164	138	1932	141	112
1929	164	140	1933	133	107
1930	161	133	1934	131	115

The compilation of a fresh statistical series was recently begun, showing the distribution of the staff by wage rates and average monthly earnings, as follows :

DISTRIBUTION OF STAFF BY WAGE RATES

Monthly wage	Executive staff			Subordinate staff			Total		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Francs									
Under 100	—	—	—	24	141	165	24	141	165
100-150	—	—	—	8	120	128	8	120	128
150-250	—	—	—	25	301	326	25	301	326
250-400	17	3	20	78	120	198	95	123	218
400-600	27	13	40	24	5	29	51	18	69
600-1,000	35	2	37	—	—	—	35	2	37
1,000-1,400	6	—	6	—	—	—	6	—	6
1,400-2,000	3	—	3	—	—	—	3	—	3
Over 2,000	1	—	1	—	—	—	1	—	1
Total	89	18	107	159	687	846	248	705	953

These figures show that, excluding the heads of the concern, the executive staff in general earns between 400 and 1,000 francs a month, while most of the subordinate staff earns between 150 and 400 francs. The comparatively high proportion of employees earning less than 150 francs a month is explained by the fact that this category includes 108 girl apprentices, and some 70 restaurant employees who receive tips in addition to their wages.

The following table (page 215) gives a still clearer idea of the structure of wages in the Globe Stores. The figures do not include the salaries of the heads of the undertaking or the wages of auxiliary workers, apprentices and restaurant staff.

In practice, the wages of the selling staff are fixed as follows :

	Monthly wage		
	Initial rate	Most usual rate	Maximum rate
Assistant saleswoman	150	275	330
Head saleswoman	230	350	400
Head of department	400	600	1,100

Apprentices receive 40 francs a month during the first year and 60 francs during the second. There are also "voluntary" workers who are paid at the rate of 80 to 150 francs a month. Unlike the many department stores which pay only a very small fixed wage to their staff, plus a bonus calculated as a percentage on sales, the Globe Stores pays a fixed wage

to all its employees at a minimum rate conforming to local usage, thus protecting the employees against the hazards of the bonus system.

AVERAGE MONTHLY WAGES

Category	Total wage bill	Number of employees	Average monthly wage
	Frs.		Frs.
A. Selling staff :			
Women :			
Married	24,165	96	252
Unmarried	60,360	304	199
Total	84,525	400	211
Men :			
Married	27,505	46	598
Unmarried	11,460	33	347
Total	38,965	79	493
Total selling staff	123,490	479	253
B. Non-selling staff :			
Women :			
Married	10,590	43	246
Unmarried	35,145	151	233
Total	45,735	194	236
Men :			
Married	30,260	69	439
Unmarried	23,940	80	299
Total	54,200	149	364
Total non-selling staff	99,935	343	291
C. Total staff :			
Women :			
Married	34,755	139	250
Unmarried	95,505	455	210
Total	130,260	594	220
Men :			
Married	57,765	115	502
Unmarried	35,400	113	313
Total	93,165	228	408
Grand total	223,425	822	272

The wage policy of the Globe Stores is not, however, entirely opposed to the bonus system. Bonuses have been granted

in the past for the clearing of marked-down goods, and a system of collective bonuses on sales has also been tried. Generally speaking, however, the policy of the house is to pay a fixed wage in return for regular service to customers rather than to encourage the kind of "customer hunt" which is the usual consequence of payment on a bonus system and often has unsatisfactory commercial results.

The members of the executive staff also sometimes receive bonuses, usually fixed in proportion to profits and on the merits of each case.

Lastly, another element in wages and salaries which also calls for notice is the considerable reduction allowed to employees on their purchases from the Stores. The subordinate staff is allowed a 15 per cent. rebate on the ordinary selling price, and the executives pay the purchase price plus an addition of 10 per cent. This facility is very widely used by the staff, as is shown by the figures for staff purchases in October 1934.

Number of persons employed	1,224 ¹
Number of personal purchases	23,412
Number of purchases per head	19
Total value	106,520 francs
Proportion of total turnover	5.59 per cent.
Average value of purchases	4.55 francs
Average value per head	85.63 „

¹ Including employees of the *Globus Löwenplatz* and *Merkur* at Basle.

Credit is allowed to any employee up to the amount of his or her monthly wage.

The value of these purchases is increasing from year to year. In 1933 they amounted to 587.63 francs per head, and for 1934 they had reached a figure of 680.69 francs already by October.

Timetable and Hours of Work

Under the existing regulations in certain Swiss Cantons, department stores may be open from 8 a.m. to 7 p.m. The stores at Zurich, St. Gallen and Chur close at 5 p.m. on Saturday, except for the provision departments, the staff of which is entitled to a compensatory half-holiday. As the selling staff has a 2-hour break in the middle of the day, it works a 9-hour day and a 54-hour week (52 hours in Zurich and St. Gallen). Employees other than those on the selling staff also work 9 hours, except those belonging to special occupations for which shorter hours are prescribed.

Lastly, the clerical staff of the central administration works from 8 a.m. to 12 noon and from 2 p.m. to 6 p.m., i.e. 8 hours in the day and 45 hours in the week, Saturday afternoon being a half-holiday. In summer the work is done in a continuous spell from 7.30 a.m. to 4 p.m. with a half-hour break for the midday meal.

Besides the 2-hour break, which is taken in three shifts between 11 a.m. and 3 p.m., a 15-minute break is also allowed to relieve the longer portion of the day's work. In Basle the cantonal regulations prescribe a weekly half-holiday, to be granted to the whole staff in rotation. In order to equalise conditions throughout the concern, wages are slightly higher in the other branches of the Stores.

As regards the Sunday rest, the Globe can boast of having been the first department store in Switzerland to grant this voluntarily over 25 years ago. Apart from Sundays, the Stores are also closed on five official religious holidays and on the afternoon of 1 August and 1 May.

Lastly, annual holidays are also granted on the basis of one week after one year's service, two weeks after three years' service, and three weeks after ten years' service. The holiday may be taken partly in summer and partly in winter, after Christmas.

The employees of the Globe Stores thus work an average of about 220 hours monthly, making 2,650 hours in the year.

Overtime is rarely resorted to, any rush of work being preferably met by the engagement of auxiliary workers. When overtime is necessary, it may be worked by permission of the branch manager on the recommendation of a head of department. As a rule compensatory leave is granted, and food is provided free of charge during the extra hours worked. Since the coming into force of the Federal Act of 26 November 1931, that is to say since 1 November 1934, not more than 24 hours' overtime can be made up by compensatory leave, payment being compulsory for any extra hours worked in excess of 24.

Recruiting, Promotion and Discharge

The recruiting of the staff is the object of meticulous care at the Globe Stores. It is the branch managers who are actually responsible for engaging the staff, but they are assisted by the central personnel service.

Applicants are required to fill in an extremely detailed form, giving, in addition to the usual information demanded in similar cases, particulars as to their parentage, collateral relatives, children, military status, special responsibilities, etc. They are also asked to state whether they are smokers, abstainers, vegetarians; whether they have travelled abroad, and if so for what reason; what sports or games they play; and to what clubs or societies they belong. The answering of these latter questions is, however, optional.

The applicant's abilities are next examined at a personal interview, which is attended by one of the firm's instructresses and includes psychological tests. His name is then filed with the central personnel service, and when he has accepted the offer of employment he is definitely engaged by the exchange of signatures on an individual contract, a copy of which he retains. This letter of engagement includes particulars of hours of work, the probation period, the period of notice, etc. The probation period is three months, and the period of notice one month during the first year's service and two months in subsequent years, in conformity with Swiss law.

In 1933 the number of persons who were transferred in the normal course of events to jobs vacated as a result of voluntary resignation, death, marriage or other similar reasons was between 70 and 80.

As a rule the higher-grade staff is selected from among persons already employed by the firm, and the "Youth Conference", to be described shortly, plays a very useful part in this domain. In some cases, however, candidates for executive posts are accepted from the undertakings from which the Globe obtains its supplies.

Before discharging employees who fail to come up to the required standard, the management gives them a preliminary warning that they will be discharged unless they improve within a period of one to three months. Only a few such dismissals, rendered necessary by the reorganisation of the concern, have taken place during the past few years.

Education and Apprenticeship; Training; the "Youth Conference"

One of the results of the general manager's visit to the United States was the decision to introduce an intensive training

system into the Globe Stores. During 1930 and 1931 a German training expert was employed to organise a system of vocational training, which was improved and extended on a broader basis by his successor, appointed in 1932 to train Swiss instructresses for each branch of the Stores. A team of five instructresses was thus trained and placed under the authority of the chief woman superintendent, who in turn is responsible to the central personnel manager. From March 1933 to February 1934 the instructresses underwent a course of training in their special duties, after which they organised methodical training courses in each branch of the Stores, in place of the old system of personal interviews supported by occasional lessons and lectures.

The training course for 1934 was designed to instruct the selling staff in the principles of salesmanship. The syllabus for 1935 aims at providing an introduction to the study of merchandising and sales psychology, and to rudimentary technology (textiles, raw materials, etc.).

The annual course of training covers 40 weeks. Each employee attending the course has a fortnightly class of 45 minutes during working hours, making a total of between 20 and 30 hours during the year. The following were the subjects dealt with during 1934 : estimating the commercial value of customers ; reception of customers ; displaying goods ; offering other goods ; advice and suggestions to customers ; effecting the sale ; the art of serving several customers at once ; taking leave of customers.

The employees are also given hints and advice of every kind. Special mention may be made of a list of "Ten Points to be Borne in Mind by Saleswomen Making a Cash Sale", and the "Guide to the Art of Salesmanship" distributed to every fully-trained saleswoman by the chief superintendent.

In order to give the training course a personal note, the whole selling staff is divided into training groups twelve or fifteen strong. In the Zurich branch there were formed three groups for men, three groups for head saleswomen, three groups for experienced saleswomen, and three groups for beginners.

There are also training courses for special groups of employees, such as specialised salesmen and saleswomen, auxiliary employees, newly engaged staff, waitresses, cash-desk girls, women supervisors, display staff, technical employees (firemen, liftmen), and lastly the executive staff. The latter, like the subordinate staff, are required to undergo a course of training

in salesmanship in order to become thoroughly familiar with the spirit and methods of the firm.

But the duties of the instructresses are not exhausted by these important educational functions. They spend the whole of their time in the Stores, and apart from the relatively short time during which they are actually conducting training courses, they have to help the saleswomen in their work by advice and example at all times. They are responsible for collecting and passing on the results of daily experience, supervising the conduct of their pupils, facilitating the carrying out of the instructions issued by the management, etc. The instructresses thus not only render valuable service in supervising sales, but act at the same time as the external instruments of the scientific management system.

The duties of the instructresses also include the training of girl apprentices. They establish a proficiency curve for each apprentice after four weeks, and subject them to half-yearly tests and to a final apprenticeship test at the end of 20 or 40 months.

All the instructresses meet in conference on the first Monday of every month under the chairmanship of the chief superintendent and in the presence of the chief personnel manager.

Lastly, the instructresses are also active in the domain of welfare; they organise courses in foreign languages, and assist in the management of the staff library and in organising all sporting, recreational and educational activities.

The training of the higher-grade staff has been greatly facilitated by the institution in 1931 of a "Youth Conference" inspired by American models. This Conference, which meets every three months, consists of between 25 and 30 employees chosen by the general management from among the staff of all the branches of the Stores because they are "young in spirit".¹

The members of the Conference are employees able and willing to improve themselves—in short, the most likely candidates for the higher posts. As the executive posts are of

¹ At one of the meetings of the "Youth Conference" the general manager defined what he meant by being "young in spirit" as follows: "To be young in spirit is to know how to throw off routine, pride and presumption; to look upon life without preconceived notions or prejudice, in joy and freedom; to avoid egoism and too high an opinion of oneself. It means having faith in the future; making mistakes indeed, but never the same ones twice; in short, being full of optimism and the will to progress."

many different kinds and the "young in spirit" may be of any physical age, the Youth Conference includes employees of every grade, from ordinary office clerks to the general manager himself.

The discussions of the Youth Conference are opened and presided over by the general manager. The subjects discussed are the most urgent tasks of the undertaking and the chief problems of commercial policy. Full minutes are taken of the discussions and distributed to all the participants, each of whom must submit a written report on the various subjects dealt with by the Conference within a fortnight. These reports provide the management with a record showing the intellectual maturity and ability of the members of the Conference. To illustrate the kind of question discussed, the subject of debate at the first two meetings in 1931 was "New management methods in department stores". In 1932 the chief item on the agenda was the reduction of overhead costs without lowering wages or dismissing staff; while in 1933 the following subjects were discussed: the increasing difficulty of earning (economics and retail trade in general; the problem as it confronts the Globe Stores in particular); price policy and "mark-downs"; personnel problems in modern economic life; the firm's newspaper as a means of fostering a satisfactory spirit in the concern. As to the 1934 Conferences, the first was devoted to questions of personnel, the second to training, and the third to sales promotion, defined as "the constant bearing in mind of the customer's point of view in drawing up sales schemes, and the co-ordination of all factors capable of having a direct influence on sales". The fourth Conference of the year was held at Basle and dealt with the reconstruction of the branch in that town.

Insurance

To complete this survey of the position of the staff in the Globe Stores, a few words must now be said as to the various insurance schemes introduced for its benefit and the measures taken by the management to set up a pension fund and promote the welfare of the staff in general.

Employees of the Globe Stores can avail themselves of insurance schemes against the risks of sickness, accident and unemployment. A pension fund was set up on 1 January 1935.

Sickness Insurance Fund.

This fund is open to all permanent employees of the firm who are not already insured with another similar fund. In October 1933, 481 employees were insured with outside funds and 281 with the firm's own fund.

The monthly contribution for insured members is 2 francs, plus an entrance fee of 15 francs. The fund also accepts "non-insured" or passive members, who pay a yearly subscription of 10 francs or a lump sum of 50 francs.

The benefits provided by the fund are payment of the full cost of medical attendance and medicaments; participation in all expenditure incurred in the interests of insured members, with the approval of the committee; repayment of special expenses such as removal to a sanatorium, etc. If the patient is removed to a hospital under the doctor's orders, the fund pays the cost of maintenance and treatment. If the firm ceases to pay the patient's wages, the fund grants him an extra allowance of 1 franc daily until recovery or until he has exhausted his right to benefit. The benefits are due for 360 days' sickness in any continuous period of 540 days.

Women are entitled in the event of childbirth to attendance by a midwife and to any other medical attendance required during the six weeks preceding and the six weeks following confinement. If the mother nurses her child, she is granted a nursing bonus of 20 francs for a further period of four weeks after expiry of the six weeks following her confinement.

Accident Compensation.

Accident compensation is provided by a fund for compulsory insurance against industrial accidents, the cost of which is borne by the undertaking. Since 1932 a voluntary scheme has been added for other accidents, in particular those incurred in playing games. The premium is fixed at 9 per mille of the wages bill, corresponding to a sum of about 18,000 francs per annum. Benefits consist of the repayment of all medical expenses and the payment of between 50 and 80 per cent. of wages during the period of incapacity for work.

In the event of permanent incapacity, the insured person is paid a sum equal to 1,000 times his daily wage (annual wage divided by 360), this sum being paid to his heirs in case of death.

Unemployment Insurance.

In the canton of Zurich unemployment insurance is compulsory for all employees between the ages of 16 and 60 whose annual earnings do not exceed 6,000 francs. In the other cantons insurance is voluntary and covers only the very small number of employees of the Globe Stores who belong to unemployment funds.

Those Globe employees who are insured against unemployment have so far had very little occasion to claim benefit from their funds, since in the extremely rare cases in which dismissals have taken place the management has made every possible effort to find employment for the discharged employees with its supplying firms or with other undertakings belonging to the joint fund of the Zurich Commercial Firms' Union, of which the Globe Stores is a member.

Pension Fund.

Up to the end of 1934 the Globe Stores paid all its retiring employees and the few employees whom it discharged compensation, or even a pension, out of a Staff Relief Fund financed by the firm itself. On 1 January 1935, however, the firm on its own initiative turned the Relief Fund, which then had a capital of 850,000 francs, into a proper pension fund. Membership of the fund is compulsory and contributions at the rate of 10 per cent. of wages are payable, half by the members and half by the undertaking; but the firm pays its share of the contribution only for employees with at least 5 years' service.

The retiring pension varies between 25 per cent. (after 5 years' service) and fifty per cent. (after 30 years' service) of the annual wage or salary. The maximum annual pension is fixed at 6,000 francs and the retiring age at 60 years. In case of death compensation at the rate of 12 months' wages or salary is payable to the heirs of the deceased, whatever the length of service.

Staff Welfare.

The welfare of the staff is a matter of special concern to the general manager, who is assisted in this branch of his work by a superintendent placed at his disposal by the chief personnel manager.

The superintendent lives in Zurich but spends one day a

week at Basle and goes twice a month to St. Gallen, and once a month to Chur and Aarau. Her duties cover all matters connected with the welfare of the staff and she is responsible, in particular, for attending to special cases. She is required to relieve, by visits, conversation or care, all cases of material, physical, or even moral distress among employees of all grades. She makes such recommendations to the general manager as she may think fit, and sometimes also has to handle delicate situations and ease the friction which may occur between members of the staff. She also sees that the lower-grade employees are properly treated.

In case of sickness employees are entitled, in addition to the benefits of the sickness fund, to sick leave with pay up to a maximum of 15 days during the first year's service, one month during the second, two months from the third to the tenth, and three months after the tenth year.

Theoretically the contract of employment is dissolved when these time limits are exceeded, but in practice the management has always granted an extension of sick leave to any employee for whom it has been necessary.

A certain number of women employees in all the shops and workrooms attend nursing classes and are competent to provide first-aid treatment in case of accidents or faintness. Well-equipped sick-rooms and first-aid boxes are provided.

The general management of the Globe Stores also concerns itself with the use of its employees' leisure. Employees with more than 5 years' service who spend their holidays in the canton of Grisons in certain rest homes with which the management has made suitable arrangements are entitled to payment of their travelling expenses and half the cost of their board-residence (4.50 francs per day). After 10 years' service these benefits are also extended to a member of the employee's family.

The Globe Sports Club, which is open to all the employees, receives an annual grant of 4,600 francs. Besides various games and sports, gymnastic classes for women employees are organised during working hours under the direction of instructresses.

Suggestion boxes are placed in all the shops and offices and a prize of 20 francs is paid for every practicable suggestion. Lastly, in spite of the considerable expense of its publication, the firm's review, *The Globe*, which was created by the general manager himself, is distributed free of charge to all employees.

CONCLUSION

What, at the end of this study, are the conclusions to be drawn as to the effects, beneficent or otherwise, of the rationalisation measures on industrial relations? It has been seen that in carrying out its vast scheme of reorganisation the general management of the Globe Stores has devoted a great part of its endeavours to questions of personnel and to the problem of the human factor as a whole; and our survey of the various measures adopted has shown that the main objective of the management has been to give its collaborators an ever larger share in the conduct of the undertaking's business. The introduction of budgetary control, task sheets, and training have all undoubtedly had the effect of giving the executive staff a more lively sense of their responsibilities and of making them realise that they are no longer isolated cogs in the machinery of a single branch of the firm, but that they play a real part in the life of the undertaking and that its prosperity partly depends on their efforts.

This sense of responsibility is not confined solely to the higher grades; it permeates the whole staff, from the branch managers to the humblest shop assistant. The lectures given by the instructresses, the training classes, and the hints on selling issued by the management are all powerful factors in its development. To give only one illustration, even the saleswomen are called upon to play a part in the conduct of the business, if only by taking note of the customers' wants and helping to estimate the turnover of their department, since the head of the department bases his estimates on the advice of the head saleswomen, and the latter in turn consult their subordinates. The fact that strict instructions are issued by the management that the staff shall be properly treated and that any suggestions or complaints they may make shall be given due consideration—a practice in which the general manager again gives the lead, since he is constantly accessible to all and sundry—maintains that atmosphere of keenness, confidence, joy in their work and, above all, good temper among the employees of the Globe Stores which cannot fail to impress observant customers as soon as they set foot in the establishment.

It has been seen that in the Globe Stores rationalisation did not create unemployment, but even led to an increase in the staff and a rise in earnings. It must be remembered, however,

that once the constructive period of reorganisation is over, many of the departments that have hitherto been extremely active will no longer need so large a number of assistants and will be able to carry on with a fraction of their present staff. Moreover, although the undertaking has successfully withstood the first depression years, it has been severely tried by the stubborn persistence of the slump. The general management has nevertheless stood by its principles and has stated that no general cut will be made in wages and salaries so long as any other measures of retrenchment remain to be tried. In particular, it has been decided that vacant posts shall no longer be filled by the engagement of fresh employees, but by the promotion or transfer of employees who are already members of the staff.

In concluding this article, it may be appropriate to quote the definition of the firm's social policy as summarised by the general manager in *The Globe*. In the opinion of the management of the Globe Stores, the earning of profits, which under a capitalist system is an end in itself, should be subordinated to higher economic and social aims, summarised as follows :

“ (1) To provide occupation, and consequently a livelihood, for the thousand employees of the firm and for their dependants ;

(2) To be of service to customers ;

(3) To provide work for manufacturing undertakings and their workers ;

(4) To earn a return on capital, which forms part of the national income ;

(5) And lastly, in order better to achieve all these objects, to make a profit.”

It would have been satisfactory to be able to set beside this declaration by the management the collective opinion of the staff, but hardly any of the Globe employees belong to trade unions, although the management has declared itself in favour of freedom of association, and there is no system of labour representation in the undertaking. We may, however, quote the opinion of an authoritative personality in a central trade union organisation in Switzerland, who has stated that “ the management of the Globe Stores shows its concern for social principles in deeds as well as in words ”.