Employment Relations and Industrial Welfare in Britain: Business Ethics versus Labor Markets

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Firms, Markets and Employment

Perspectives on employer-employee relations have undergone significant changes, and business historians can claim a substantial contribution to the subject's development. What was once the study of trades unions and collective bargaining was transformed into an investigation of shop-floor organization and the regulation of employment. The focus moved to the firm, its objectives and its capabilities, and, as a result, business historians offered insight into the evolution of labor management. Just as technological progress altered production systems and skill requirements, greater returns to scale influenced the size, capabilities and needs of firms. The adaptation of work relations on the factory-floor was partnered by modifications in employment relations, as big business evolved status and benefit policies that might assist the procurement and maintenance of labor [Fitzgerald and Rowley, 1997, pp. ix-xxvi; Gospel, 1983, pp. 1-24; Jacoby, 1990, pp. 1-20]. Earlier interpretations of Taylorism, deskilling, and their impact viewed employee motivation and loyalty to be a negligible consideration, yet later historical research at the level of the firm unearthed policies aimed at the integration of workforces [Edwards, 1979; Burgess, 1975; Fitzgerald, 1988; Gospel, 1992; Nelson, 1975; Lazonick, 1990; Brandes, 1976; Jacoby, 1997].

These organizational goals were increasingly characteristic of large British employers in the twentieth century, at least within certain sectors, and are reminiscent of the so-called "white collarisation" or inclusiveness of Japanese industry [Gordon, 1985; Sugayama, 1995]. The Japanese employment system has been linked with specific national and cultural traits, and the gradual systemization of workplace status and benefits within Britain also grew out of deeply-embedded values and corporate traditions. In entrepreneurial or family businesses, ownership and practice were justified as mutually beneficial by appeals to ethical, usually Christian values and to the traditions of paternalism which infused social hierarchy [Roberts, 1979]. Classical political economy could not fully describe the realities of industrial employment. During the twentieth century, the employment and corporate welfare schemes which replaced owner

BUSINESS AND ECONOMIC HISTORY, Volume Twenty-eight, no. 2, Fall 1999.
 ISSN 0894-6825

paternalism also expressed a sense of mutual obligation between company and employee, but began to incorporate a new managerialist philosophy. By the 1920s, large-scale organization and planning were being equated with higher wages, social security, and, ironically, stability of employment, and it was argued that only "human values" in industry could overcome class divisions [Hannah, 1983, pp. 32-3; Sheldon, 1923, pp. 70-99, 145-98; Rowntree, 1938]. Although paternalism became a dated concept in many but not all industries, Christian ethics continued to vindicate the ultimate goals of managerialism and "scientific" administration.

An effective organization, it was argued, depended on moral legitimacy, and the search for efficiency was justified if agreed objectives could be fulfilled. For the workforce to be utilized, values and managerial requirements had to be founded on a broad consensus. Labour could be seen either as an investment or a cost, and companies did gain from the retention of skilled, experienced or loyal workers, despite market fluctuations and widespread insecurity in many leading industries. Unable to rely on personal links with an employer or a controlling family, large-scale businesses established rules about the employment relationship and the rights of recognized or permanent employees. In describing the rise of managerial enterprise, Chandler emphasizes technology, production and throughput [Chandler, 1990], but generally overlooks the development of procedures which could integrate the workforce [see Fitzgerald, 1988; Lazonick, 1990; Suzuki, 1991].

One major writer on commercial administration, Oliver Sheldon, differentiated between business organization and management, which he defined as the art of dealing with men "for the satisfaction and development of their own material requirements and moral and mental faculties." Sheldon argued, with some exaggeration, that the new industrial management was an innovative social force "directing industry to the service of the community," so highlighting a theme common to current debates on stakeholding versus shareholding forms of corporate governance. Service was, therefore, more important than individual wealth, and companies had to produce the citizens as well as the goods which society required. Cooperation through shared ideals which went beyond the wage contract was essential to efficiency and living standards and to the health of civil society. It followed that man management and the employment relationship were primary, and that other aspects of management were secondary [Sheldon, 1923, pp. 71-91, 192-8]. Sheldon's employer, the Quaker and chocolate manufacturer Seebohm Rowntree, believed the shopfloor to have a greater sway over character and values than the church, and that community service ideals were at the root of organizational cohesion and good management [Briggs, 1961, pp. 247-8].

One important indicator of the employment relationship was a range of fringe and welfare benefits, originally provided on a personal or paternalistic basis, and then gradually systemized through formal schemes with stipulated rights. While the writings of Sheldon and Rowntree were aspirational, they were reflecting and encouraging industrial practices which assisted the unity ideal of the firm and its manpower and skill demands. The need for these schemes grew alongside the size of companies, despite or even because of the rise of state provision. In seeking to explain the origin and expansion of industrial welfare, the values and religious beliefs of businessmen have been stressed, yet economic and organizational aspects have received less attention. The sociological interpretation of business behaviour has a long and highly respected pedigree, and Max Weber's thoughts on Protestant Individualism and Western capitalism have been imitated by more recent discussion of Confucianism and East Asian growth [Weber, 1904-5; Morishima, 1982; Redding, 1990]. The influence of values and religious belief is difficult to interpret, but changes in the character of industrial welfare in late nineteenth and early twentieth century Britain are revealing perspectives on this debate.

Religion and Values

The management of labor at the level of the firm has been related by historians to cultural and social factors. Joyce's classic work on the sociology of the urban cotton-mills to be found in mid-nineteenth century Lancashire discovered a defining paternalism centred on the workplace, and identified patriarchy and gender as a major source of workplace division and organization. With factories employing local communities, the beliefs and personalities of the owners were important factors in relations inside and outside the workplace, and paternalism was practised by a range of religious affiliations, Anglican as well as Nonconformist [Joyce, 1980]. Further urbanization and growth in plant size gradually eroded the circumstances of paternalism in Lancashire's textile industry, and Joyce contends that the later decades of the nineteenth century witnessed growing class awareness and conflict [Joyce, 1980, pp. 331-44]. Nonetheless, he exaggerates the pervasiveness of paternalism, omitting instances of trade depression, harsh treatment, and discontent, and nineteenth century industrial and social relations consequently demonstrated more continuity than he first allowed [Dutton and King, 1982; Roberts, 1979, pp. 171-83]. On the other hand, where industries retained personal or family ownership, paternalistic practices were widespread even after 1900. Long service and personally-awarded welfare benefits were characteristic of the pottery industry and brewing [Whipp, 1980; Whipp, 1990; Fitzgerald, 1988, pp. 137-48]. By focusing on the sociology of textile communities, Joyce overlooked the economic and employment objectives of paternalism [Huberman, 1987], and these remained even if new circumstances demanded new means with which to maintain the supply and quality of labour. While changes in company ownership and size made paternalism inadequate, they encouraged the development of systemized welfare schemes [Fitzgerald, 1988, passim; Fitzgerald, 1995, pp. 224-43].

The personal legacy of business entrepreneurs and their families have been important shapers of corporate cultures and organizational practices, often beyond incorporation. Because paternalism and industrial welfare are associated with philanthropy, religious motivations deserve particular consideration. A survey of British business leaders revealed a wide variety of confessional affiliation, with only Jewish and Quaker employers revealing an unusually high concentration compared to the size of their sects [Jeremy, 1988, pp. 16-18; Jeremy, 1990, pp. 102-4, 110-1, 113; Nevaskar, 1971]. Congregationalists supplied a number of prominent paternalists, notably William Lever, the Willses, Colmans, and Pilkingtons (respectively producers of soap; tobacco; mustard; and glass), as did the Unitarians at Brunner, Mond and Courtauld (chemicals; silk and rayon), and the Methodists at Boots, Rank, Reed and Mackintosh (retailing; flour milling; paper; and confectionery) [Jeremy, 1988, pp. 118-141, 188-205]. Although industrial philanthropy was hardly unique to the Quakers, it became associated in the public mind with the chocolate firms of Cadbury and Rowntree, which, as manufacturers of consumer products, widely advertised their activities, and most notably the model villages that they founded [Fitzgerald, 1990, pp. 217-8; Emden, 1940, pp. 149-51, 164-87]. Interestingly, the US chocolate company of Hershey was another prominent case of corporate benevolence, and its founder was brought up as a Mennonite, so sharing the Quaker ideals of pacifism, ascetism, and service to the community [Shippen and Wallace, 1959, pp. 21-3, 130-44]. Max Weber, in his famous study of capitalism and Protestant values, saw the Mennonites as the Quakers of Germany and the Netherlands [Weber, 1992, p. 44].

But Quakerism did not provide employers with a single, coherent business philosophy, and could claim only a number of individuals who were industrialists. The lessons drawn from religious conviction produced both the socially-conscious Rowntrees and Cadburys, and the avaricious and harsh Bryant brothers, owners of match manufacturer Bryant and May, where working conditions caused one of Britain's most famous strikes. The Bryant brothers stated only their duty to shareholders. Nor could the commitment of other Quaker companies - Huntley and Palmers (biscuits) and Clark (shoes) - be compared to the employment practices developed at Cadbury and Rowntree by the inter-war period. When Bryant and May established a number of welfare benefits for its workers in the 1920s, the reforms were introduced by the professional manager, George Paton, on grounds that reversed former attitudes: the right to profits had to be balanced alongside the interests of workers [Fitzgerald, 1989, p. 62]. Dellheim's careful analysis of Cadbury's corporate culture emphasizes the legacy of the founding family and their religious values [Dellheim, 1987], but a wider evaluation of British employment practice and industrial welfare invalidates any case for Quaker exceptionalism. Because Child's account of the Quaker employers' conferences during the inter-war years focuses on theological motivation, it fails to account for other factors which additionally conditioned management at their factories. Nor did British Quaker employers extensively reinterpret their values in order to accommodate new ideas about bureaucracy, systems and planning, as Child suggests, for these modern mandates were well suited to their traditions of duty and care of God-given resources [Child, 1964].

Labor Markets and the Employment Contract

In understanding the development of labor management in the twentieth century, the nature of labor markets and the institutional responses of firms are key variables. Conscious of the debates on workplace control, historians discovered differences between primary and secondary labor, in which skilled workers are contrasted with the more marginal unskilled. They used, too, ideas about external and internal labor markets, the first representing established ideas about the laws of supply and demand between companies, the second adding an institutional dimension to the actuality of work. Large firms in particular sought to influence or restrain the movement of labor, by allocating jobs and benefits according to an internally-determined hierarchy that assisted corporate objectives [Doeringer and Piore, 1985; Stone, 1975]. The engineers of late nineteenth century Britain were clearly in a primary-external labor market, because of their self-regulated apprenticeship systems and highly-transferable skills; the employment of cotton spinners was better characterized as a primary-internal arrangement; while the mass of building industry laborers were located on the secondary-external perimeter.

During the twentieth century, adjustments occurred in the market-firm boundary within certain industries, and, through changes in technology, operational size, and market demand, many companies benefited from greater control over their competitive circumstances, ultimately becoming more oligopolistic. As Chandler suggests, managerial enterprises were responses to the increasing economies of scale and scope, and they grew in size through the internalization of production-stages [Chandler, 1990]. A parallel, but more neglected, pattern can be discerned in the organization of labor. The mass output technology which undermined traditional craft skills was by definition capital-intensive and large-scale, and the modern corporation sought to maintain a workforce suited to its shopfloor needs, those which facilitated the flow of goods or protected a greater investment in plant or market share.

Core employees might be valued because they possess general or company-specific skills, and internal labor markets are linked to formal and on-the-job training. Alternatively, it is their experience, proven loyalty, or acculturation which the firm seeks to retain, and institutionalized hiring procedures and the awarding of permanent status require investment. Pay and job hierarchies, employment rights, due process, and welfare benefits are the means by which internal labor markets are transformed into a concrete reality. Railway workers were engaged in natural, capital-intensive monopolies, in which discipline was important for operational and safety reasons, and life-time employment could be anticipated. Issues of reliability or security of supply additionally influenced the policies of gas and electricity utilities. Internalization within the emergent managerial hierarchies of other industries brought similar systemization and professionalization to labor management, although collective bargaining arrangements outside the firm and the persistence of contracting-out within traditional sectors prohibited in Britain any even or consistent trend.

Expanding rather than contracting demand, for example in the food and drinks sector, extended the scope for job security, while market fluctuations in shipbuilding supported an externalized job market for the skilled and unskilled.

Historians have observed the establishment of welfare and housing schemes which assisted the supply of labour and skills, and the award of fringe benefits, notably pension schemes, as a major means of retaining the loyalty of core employees [Nelson, 1975; Fitzgerald, 1988; Fitzgerald, 1989; Gospel, 1992; Sugayama, 1995; Fitzgerald, 1997]. Company provision did not decline alongside paternalism, but, as the firm of Rowntree and the Quaker conferences observed, grew in a more systemized form to meet the needs of modern industry. But it was not these firms which first practised what was popularly called business philanthropy. Such policies were associated with particular industry and corporate characteristics, and it was the railways, the original managerial enterprises, which first discovered the advantages of corporate welfare.

Railways and Management Innovation

As regulated, large-scale monopolies, the railways had an important role in the development of business administration, labour management and industrial welfare. Monopoly determined the orderly laying of lines, and size and the efficient flow of traffic depended on the emergence of managerial hierarchies. Lack of competition and organizational requirements were supportive of secure employment and large internal labour markets. Safe and orderly working relied on rigorous discipline, but incentives, motivation and loyalty were also viewed as important. Public services were vulnerable to strikes and subject to political scrutiny, and industrial action was especially costly to capital-intensive enterprises. Many railways realized that paternalistic relationships were inappropriate to their size of operations. Companies were, moreover, founded through Acts of Parliament, and their articles of association guarded the use of shareholders' funds by preferring properly-constituted friendly societies to the personal granting of benefits. For railways, welfare amounted to a substantial commitment, and regulations and actuarial advice helped guarantee the solvency of schemes [Fitzgerald, 1988, pp. 25-8, 33, 38].

The London and North Western Railway was formed in 1846 through the amalgamation of three concerns, and became Britain's biggest grouping. It controlled 500 miles of track and about a quarter of all railway revenues. The company immediately investigated the problems of large-scale operations and management organization, and, in 1848, it introduced the divisional system to coordinate the flow of traffic. Issues of administration and personnel were investigated and reformed during the first two years. One report concentrated on managerial staff, their rights and duties, and, as a result, a superannuation scheme was established. A further report dealt with the welfare of all employees below the rank of clerk. It was said that the directors of the London and Birmingham Railway, one of LNWR's predecessors, had acted "like ordinary millowners bound to do for their population that which the millowners did" in providing on a personal basis houses, sick pay and pensions [Fitzgerald, 1988, pp. 28-30]. Such unsystematic procedures were to be found in other aspects of labor management. The report recognized the need for a different approach because of a high turnover amongst skilled and semi-skilled workers, who were complaining of harsh discipline. Sick pay, pensions, bonuses and housing schemes were rationalized and expanded in response, and reform often required legislative sanction [Public Record Office, RAIL/93, LNWR, 15 June 1848; RAIL 1007/629]. Parallel developments were later recorded at the Great Western, the Great Northern, the South Eastern, and the Midland, Sheffield and Lincolnshire Railways. Given the dangers of railway employment, companies made provision for accidents, and the formal schemes created as a result of employers' liability legislation between 1880-97 usually offered benefits beyond the statutory minimum. At the MSLR and the North British Railways, they were not seen merely as a legal necessity, but were used as an opportunity to foster good feeling and enhance industrial relations [Fitzgerald, 1988, pp. 35-9].

The skills of railway workers on the line were job-specific and experiential, and the retention of proven employees emerged as a major objective. As a means of securing their loyalty and the coherence of the internal labor market, they were frequently required to join pension schemes. It follows that laborers employed on construction projects were not offered such benefits, and that the highly-skilled engineers located in the railway workshops could enrol voluntarily, because their training was autonomous, external to the companies, and provided a ready pool of labor [Fitzgerald, 1988, pp. 30-1]. Sir George Findlay, General Manager of the LNWR, stated in 1889: "The Company are very far from being unmindful of the material welfare of the men they employ, and indeed it is their constant study to maintain the most friendly and cordial relations with them, and to make them feel that their employers have a sincere interest in them and in their well-being at all times, apart from the mere buying and selling of their labour..." Promotion to guard, signalman, station-master or inspector came from the lower ranks, and needed thorough training, as well as "knowledge and experience" and "general intelligence, capacity and character" [Findlay, 1889, pp. 75-5, 82-3; Mavor, 1891, pp. 49-50].

When the North East Railway investigated all aspects of management in the early 1900s, it introduced a "line and staff" structure. As far as labor was concerned, it noted that the influence of discretionary welfare payments was "very much lessened by the fact that they are not assured," even where they were generally awarded to everyone. In order to secure employment rights, the new pension fund was registered under the Friendly Society Act of 1896, which stipulated that contributions and participation guaranteed individual entitlement. The legislation, moreover, forebade compulsory membership, which was common to schemes founded under the railway companies' own Acts of Parliament. Participation as a condition of employment usually assisted the financing of welfare benefits and maximised the effectiveness of labor management policies [Fitzgerald, 1988, pp. 38-9]. The systemization of welfare in the railway industry did not, of course, occur in any deterministic way. The

Railways Act of 1921 created four large groupings, and the consequent rationalization of administration revealed divergent practices. The Great Central, the Great Northern of Scotland, and the Hull & Barnsley Railways all operated ex gratia funds, and these were only gradually wound up under the new London and North Eastern [Fitzgerald, 1988, p. 44). The amalgamated companies continued to emphasize the importance of labor management and welfare schemes. An LNER document, written in 1924, claimed that it was in the employer's interests to have a "healthy, thrifty, contented, self-respecting and efficient staff," and that labor like capital was an investment. Efficient workers required recreation and educational opportunities, healthy work conditions, and decent housing. Industrial welfare mollified class hatred, and a "spirit of cooperation" improved efficiency. The National Union of Railwaymen rhetorically described corporate schemes as "capitalistic dope and industrial soothing syrup," and the companies were careful to separate welfare benefits from issues of union membership and pay negotiations [Public Record Office, RAIL 390/439, LNER, Report on Welfare Work, Feb 1924; Pole, 1923; Browne, 1923, pp. 1, 25].

Labor Management and the Steel Industry

The British steel industry seems a representative example of the neo-classical market, and numerous collective bargaining agreements fixed wages along a sliding-scale and according to the selling price of products. Companies were reliant on international markets and were vulnerable to over-production. Although there were regional variations in hiring procedures and employment practices, a system of subcontracting underpinned payment by results and numerical flexibility. The wage-contract could not answer all the problems of labor management, and opportunities for its internalization and institutionalization grew with the size of companies, particularly in the inter-war period. Amalgamations from 1914 to 1939, especially in the light steel and other growth sectors, encouraged developments in company organization. Nonetheless, core employees had always existed within firms, and, as well as being favoured through length of service, these were often trained or experienced in firm- or machine-specific skills [Fitzgerald, 1988, pp. 77-82]. Mass production increased the demand for these employees, and enhanced the value of individual experience and judgement. With some six months required before a worker became fully efficient, companies might perceive some advantage in the reduction of illness and labor turnover [Brearly, 1933, pp. vii, 85]. During the inter-war period, several firms systemized their welfare schemes and founded joint contributory pension and sick schemes with predetermined rules and rights to benefit. These developments often followed the amalgamation of companies and the reorganization of management, and were not just an outcome of greater size [Fitzgerald, 1988, pp. 82-4]. Only in these enterprises did the scale and sophistication of welfare provision begin to match that of the railways.

Paternalism was as characteristic of the nineteenth century iron and steel trade as textiles, notably in its many industrial villages. Two examples were the Coalbrookdale Company and the Pease businesses, respectively famous in the history of steel technology and the railways, and both Quaker owned. The largest firm of the mid-nineteenth century, the Dowlais Ironworks in South Wales, was the host to a range of benefits. The manager talked of "family feeling," often a result of generational employment and of mutual relations between employer and worker [British Parliamentary Papers 1867-8 (C.3980-I) xxxix 1, Qs.10,041-132]. Similar claims were made throughout the traditional steel regions of South Wales, Birmingham, Sheffield, North East England, and Scotland [Fitzgerald, 1988, pp. 84-7]. Government interest in munitions production during the First World War brought a number of initiatives in industrial welfare, and rationalization during the economically troubled 1920s and 1930s highlighted questions of business organization. Although formed in 1918, the United Steel Companies did not begin administrative reforms until 1928-30, and it also undertook "ventures" into management responsibilities which had "come to be regarded as important and essential," despite not being the "primary activities of buying, manufacture and selling."These included medical amenities, sick pay, and pensions for staff and workers, the last bolstering loyalty and easing the shedding of labor. Rationalization, technological change and increasing plant size brought parallel developments at Richard Thomas and Company, makers of tinplate, and there were significant changes at Stewart and Lloyds, the tube producers. The opportunities for businesses in the North East of England were constrained by declining market demand and a comparative failure to reorganize [Fitzgerald, 1988, pp. 94-108].

Rowntree and the Chocolate Quakers

The chocolate and confectionery industry came to be dominated by the Quaker firms of Fry, Cadbury and Rowntree, and the "industrial philanthropy" of all three was widely known. Interpretations of motive remain difficult, even in their case, and the Quakers themselves would hold both ethics and good business practice to be part of God's design and consequently in accord. The Rowntrees epitomised the ideals of their sect: when others converted to Anglicanism, they remained loyal to their religion; they continued to be suspicious of public honours and formality; and their company was based on notions of fair dealing, quality products, financial rectitude, and an avoidance of debt. Their pacifism instilled a dislike of industrial conflict, and attitudes to employees were inspired by a belief in the worth of each individual. The enterprise was shaped by Joseph Rowntree from the 1870s onwards, and paternalism was personal, benevolent, and an exercise in practical and moral authority which extended to the home. When the firm grew rapidly in the 1890s, and the new Cocoa Works was built just outside York, Joseph Rowntree quickly realised that paternalistic practices were no longer appropriate, and deliberately created systems to replace his personal involvement. Rules on timekeeping, pay and hours were formalized, and authority was gradually delegated to managers and welfare supervisors [Fitzgerald, 1995, pp. 52-4, 65-6, 233-9, 317]. His son and successor as company chairman, Seebohm Rowntree, summarized these developments: "organised welfare work" had its origins in fact that "industry, which used to be conducted in small units, is now more frequently conducted in very large units, and the attempts to create a good working environment, which was often made quite informally in the small unit, must be organised, lest it be overlooked, in the increasing complexity of the unit" [Fitzgerald, 1995, p. 237]. Interestingly, both Cadbury and Rowntree were interested observers of industrial welfare policies and business management in the U.S., drawing lessons in turn and at different times from NCR and Dennison Manufacturing [Rowlinson, Child and Smith, 1990, p. 63; Nelson, 1975, pp. 106-7; Fitzgerald, 1995, p. 266].

In 1897, the firm became a limited company with a board of directors and a departmental structure. Ex gratia payments were increasingly seen as ad hoc and unfair, and, from the early 1900s, sick pay and pensions schemes were gradually systemised. Medical and hospital facilities were also extended, and, in 1904, large parts of the family wealth were transferred to charitable trusts, one of which funded the model village of New Earswick. Developments in industrial welfare met the needs of mass manufacturing and large-scale organization. The workers' pension scheme, introduced in 1906, complemented a similar contributory fund for white collar staff, and addressed the question of eligibility. Its regulations distinguished between "permanent" and "temporary" employees, and, as a result, a medical examination became part of a thorough hiring procedure. Some 98 per cent of eligible male workers and 95 per cent of female workers joined, although a 21 year age minimum excluded the company's many young employees. Yet 61 per cent of all male workers, compared to 75 per cent of all staff and travellers, and 11 per cent of all female workers were pension scheme members in 1906. Women were obliged to leave the company when they married [Fitzgerald, 1995, 224-33].

Joseph Rowntree's industrial philosophy was revealed in a memorandum written in 1919, in which he rejected merger with the recently-formed Cadbury-Fry combine. He did not perceive his company as a "mechanical" device for generating profits, but as a God-given trust. He stressed service to the community as a motive, and the need to be fair to management, labor, customers, and society, as well as shareholders. In looking after the welfare of workers, Joseph Rowntree wanted their involvement and commitment, but was perceptive enough to describe most tasks at the Cocoa Works as unfulfilling. He also argued that employment, wages and welfare rested upon an authoritative and efficient management [Rowntree Archives, Joseph Rowntree Papers, 24 April 1919], a viewpoint supported by the Quaker values of duty and thrift. It was a perspective echoed by Seebohm Rowntree, and, joining the 1920s debates on rationalization, he gave priority to "modern" business organization in the hope of gaining a second managerial objective, fair and decent employment conditions [Rowntree, 1938, pp. 1-8, 28, 86, 154; Rowntree, 1922, pp. 3-17, 22-6, 30-9, 56-60; B.S.Rowntree Papers, A/2453, "Christianity and Industrial

Relations," 1937].

Different times and circumstances had found a new language to express the fusion of efficiency and philanthropy, one in which the moral duties of owners were replaced by notions of inclusion and partnership. Practicality continued, however, to make the relationship between managers and workers unequal as far as decision-making and rewards were concerned. Seebohm Rowntree stated in 1923 that his company was no longer paternalistic, but combined humanity with management science. It followed that benefits at the main Rowntree company could not be easily imitated, and that differing markets, product prices and efficiency justified poorer employment conditions in the subsidiaries [Fitzgerald, 1995, pp. 210-4, 272-5]. Charitable instincts were, in summary, an inadequate basis for successful paternalism and systemized industrial welfare policies.

The Values of Capitalism

In his analysis of culture and capitalism, Weber did not assert that particular forms of religious beliefs determined all economic activity and organization. He was not seeking to replace Marx with an alternative holistic explanation, but he was interested in a social psychology seen as peculiar to capitalism, even if it was the result of many factors. To Weber, Protestant values were a vital encouragement to rational, worldly conduct and an ethical behaviour which underpinned commercial confidence [Weber, 1992, pp. 17-18, 71, 183]. His critics, most notably Tawney, acknowledged religious and other social influences. Yet Tawney associated capitalism with long-term secularization, its challenge to traditionalism affecting the sphere of religion alongside those of commerce, politics, and society. Capitalism would have been different without Protestantism, but it would have occurred [Tawney, 1990, pp. ix-xii, 271-81]. A similar perspective can be taken to our understanding of industrial welfare schemes and their development in Britain. While religious motives waned, it was the organizational and employment requirements which remained and even increased.

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