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Profit-Sharing

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Article abstract

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Profit-Sharing

Ernest Moreau

This brief report of the last Congress of the Boards of Trade of the Province of Quebec brings new suggestions for the study and application of this idea under way: profit-sharing.

The directors of the many Boards of Trade of the Province of Quebec have just studied, during their recent convention, the problem of profit-sharing.

This is an event which deserves to be noted, and which proves that the idea is under way and that those who have the mission to apply it are seriously preoccupying themselves with it.

The industrialists and traders, realizing their social responsibilities, had already touched on the subject the year before under similar circumstances. They wanted to make this the principal topic of their studies this year.

Without taking up at length the topic, well-known to all, it is timely to say that the employers agree among themselves that it is urgent "to introduce elements of the partnership contract into the wage contract in order to improve the general conditions of the workers." And that the directions contained in the collective pastoral letter of the Bishops of the Province of Quebec on "the labour problem in regard to the social doctrine of the Church", on the subject of profit-sharing, was the principal motive for the study at the convention of this question.

Mr. J. A. Archambault, the new president of the Provincial Board of Trade, in explaining the topic, declared that "the employer must take, in the social order, the same responsibilities that he must take in the economic sphere and if he does not manifest this spirit of risk and adventure in the sociological sphere, he will be surpassed by the State and the masses. He added, however, that profit-sharing is a subject which has deeply interested, divided and even caused serious discussions, and, that for the present, it was urgent to rally opinions and appeal to initiatives, while acting prudently, because modern times do not authorize insecurity."

The problem of profit-sharing is not new, as, under various forms, it has found its application in industrial circles in many countries. It has even become obligatory in many countries under communist control as well as in most of the

MOREAU, ERNEST, President of the Quebec Board of Trade.
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countries of South America. But in our country as well as in the United States, it has met with ups and downs.

At the present time, it is diffused in a methodical manner by an organization called the "Council of Profit-Sharing Industries" founded in 1947, which groups mainly American enterprises and also a certain number of Canadian firms. This association accepts in its ranks an employer who, in virtue of any arrangement whatever, pays to all his employees, in addition to normal regular wages, special amounts in cash or deferred, and based not only on personal or group qualifications but on the prosperity of the enterprise as a whole.

It must be admitted, however, that there are but few business men in the Province of Quebec who have belonged to this association, because in this sphere, as in many others, they are reluctant to belong to any organization where the English element dominates, not by natural aversion, but by prudence, because of differences of concepts from the viewpoint of application of economico-social ideas.

Are we behind the times? Or are we too prudent? From the statistics furnished during the discussion of the problem, it is recognized that, in proportion, the experiments in our midst are quite numerous and it must not be expected to find a general application in these difficult years when profits are uncertain.

Before applying a profit-sharing method, there must be stability of profits, because to withdraw from or discontinue this procedure of distribution to employees, is to work against our objectives.

Those who have attended the Convention have been sufficiently informed on the method of application as well as the putting into force of this plan.

As it was well understood that this study was to be made in an objective way, the convention has closed without the approval of any resolution favourable or unfavourable, leaving to those interested the care of using to good advantage the voluminous documentation that has been supplied to them.

However, it would seem to me that it would be interesting to make known the contents of a project suggested by Mr. François LePelch, engineer and industrial consultant, of which the experience in this sphere merits being mentioned. He suggests the following idea:

"While refusing for the moment to take position for or against the system, it cannot remain without some effect in the sphere of constructive action.

In face of collective workers' action, with demanding tendencies, the heads of enterprises have the imperious and urgent duty to put into force a constructive programme tending to promote the basis of a new cooperation, solid and durable, in the common interest.

If profit-sharing, after proper experiments, proves itself to be effective, it should be recommended and the application of this method organized.

To this end, it is suggested:

1. — The nomination of a committee to insure concerted action of the executives of the professional associations of the Province. It would be directed to find in a few key enterprises in the Province, a very restricted number of medium-sized businesses, of which the management would be favourable to try out the plan.

The business, to be experimented on, would necessitate the internal organization approximating the technical and psychological conditions necessary to the normal operation of the plan.

2. — The final technical and psychological preparation of the experiment, the choice of the plan, the assistance in putting into operation, will be done by qualified experts, working in the language used in the enterprise, and of whom the sales spirit of their services will not have destroyed the idea of service to the public. These experts would benefit from the whole technical help of the considerable experience of the members of the Profit-Sharing Council.

3. — The attempted experiment being useful to the community, the special committee would study the modalities of moral and material support.

4. — The experiment should last the reasonable time of two years, at the end of which a special convention would be called to study the results presented by the experts, with the comments of those interested themselves, employers as well as workers' representatives.

5. — The important and difficult task of all the Boards of Trade would be to protect these loyal experiments and to denounce publicly all attempts to sabotage them which will be numerous, varied and will come from all quarters, even the most unexpected."

We recommend particularly this initiative to the directors of the Provincial Board of Trade and, in the meantime, we congratulate them to have put before public opinion this problem of profit-sharing.

Already, the press have commented favourably this idea under way.
