
Frederick Winslow Taylor, "A Piece-Rate System" (1896)

The ordinary piece-work system involves a permanent antagonism between employers and men, and a certainty of punishment for each workman who reaches a high rate of efficiency. The demoralizing effect of this system is most serious. Under it, even the best workmen are forced continually to act the part of hypocrites, to hold their own in the struggle against the encroachments of their employers.

The system introduced by the writer, however, is directly the opposite, both in theory and in its results. It takes each workman's interests the same as that of his employer, pays a premium for high efficiency, and soon convinces each man that it is for his permanent advantage to turn out each day the best quality and maximum quantity of work. . . .

Elementary rate-fixing differs from other methods of making piece-work prices in that a careful study is made of the time required to do each of the many elementary operations into which the manufacturing of an establishment may be analyzed or divided. These elementary operations are then classified, recorded, and indexed and when a piece-work price is wanted for work the job is first divided into its elementary operations, the time required to do each elementary operation is found from the records, and the total time for the job is summed up from these data. While this method seems complicated at the first glance, it is, in fact, far simpler and more effective than the old method of recording the time required to do whole jobs of work, and then, after looking over the records of similar jobs, guessing at the time required for any new piece of work.

The differential rate system of piece-work consists briefly, in offering two different rates for the same job, a high price per piece in case the work is finished in the shortest possible time and in perfect condition, and a low price if it takes a longer time to do the job, or if there are any imperfections in the work. (The high rate should be such that the workman can earn more per day than is usually paid in similar establishments.) This is directly the opposite of the ordinary plan of piece-work in which the wages of the workmen are reduced when they increase their productivity.

The system by which the writer proposes managing the men who are on day-work consists in paying men and not *positions*. Each man's wages, as far as possible, are fixed according to the skill and energy with which he performs his work, and not according to the position which he fills. Every endeavor is made to stimulate each man's personal ambition. This involves keeping systematic and careful records of the performance of each man, as to his punctuality, attendance, integrity, rapidity, skill, and accuracy, and a readjustment from time to time of the wages paid him, in accordance with this record.

The advantages of this system of management are:

First. That the manufactures are produced cheaper under it, while at the same time the workmen earn higher wages than are usually paid.

Second. Since the rate-fixing is done from accurate knowledge instead of more or less by guess-work, the motive for holding back on work, or "soldiering," and endeavoring to deceive the employers as to the time required to do work, is entirely removed, and with it the greatest cause for hard feelings and war between the management and the men.

Third. Since the basis from which piece-work as well as day rates are fixed is that of exact observation, instead of being founded upon accident or deception, as is too frequently the case under ordinary systems, the men are treated with greater uniformity and justice, and respond by doing more and better work.

Fourth. It is for the common interest of both the management and the men to coöperate in every way, so as to turn out each day the maximum quantity and best quality of work.

Fifth. The system is rapid, while other systems are slow, in attaining the maximum productivity of each machine and man; and when this maximum is once reached, it is automatically maintained by the differential rate.

Sixth. It automatically selects and attracts the best men for each class of work, and it develops many first class men who would otherwise remain slow or inaccurate, while at the same time it discourages and sifts out men who are incurably lazy or inferior.

Finally. One of the chief advantages derived from the above effects of the system is, that it promotes a most friendly feeling between the men and their employers and so renders labor unions and strikes unnecessary. . . .

It is not unusual for the manager of a manufacturing business to go most minutely into every detail of the buying and selling and financiering, and arrange every element of these branches in the most systematic manner and according to principles that have been carefully planned to insure the business against almost any contingency which may arise, while the manufacturing is turned over to a superintendent or foreman, with little or no restrictions as to the principles and methods which he is to pursue, either in the management of his men or the care of the company's plant. . . .

Such managers belong distinctly to the old school of manufacturers; and among them are to be found, in spite of their lack of system, many of the best and most successful men of the country. They believe in men, not in methods, in the management of their shops; and what they would call system in the office and sales departments, would be called red tape by them in the factory. Through their keen insight and knowledge of character they are able to select and train good superintendents, who in turn secure good workmen; and frequently the business prospers under this system (or rather, lack of system) for a term of years.

The modern manufacturer, however, seeks not only to secure the best superintendents and workmen, but to surround each department of his manufacture with the most carefully woven net-work of system and method, which should render the business, for a considerable period at least, independent of the loss of any one man, and frequently of any combination of men.

It is the lack of this system and method which, in the judgment of the writer, constitutes the greatest risk to manufacturing; placing, as it frequently does, the success of the business at the hazard of the health of whims of a few employees.