

**PROFIT-SHARING
PRECEDENTS,
WITH NOTES**

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Profit-sharing precedents, with notes by Henry G. Rawson

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HENRY G. RAWSON

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BY

HENRY G. RAWSON,

OF THE INNER TEMPLE, ESQ., BARRISTER-AT-LAW.

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PREFACE.



THE interest recently evinced by Parliament in the subject of Profit-sharing, which resulted in the Report just issued by the Board of Trade, encourages me to believe that the time is ripe for publishing a collection of precedents, which will enable any one desirous of introducing profit-sharing into his business to select, without much difficulty, the particular method which will best suit his circumstances.

One of the chief obstacles that an employer has frequently to overcome in launching a profit-sharing scheme is the suspicion of his workmen, unless they are above the average in intelligence. He should, therefore, be careful to start with a well-considered set of regulations, preferably with one that has already been worked successfully; for alteration of his rules at the outset is sure to retard the growth of confidence, even if it be not directly attributed to a desire on his part to retract part of his conces-

sions to the employees. With a view also to the possible opposition of trades unions, who, as shown in the recent case of the South Metropolitan Gas Company, are ready to see in profit-sharing an attempt to sap the independence of the workmen, it is most important to leave no flaw in a scheme ; for though the point attacked may not be in itself material, the very fact that he has been obliged to modify his rules is apt to discourage an employer, and dispose him too readily to abandon his project.

I have thought it advisable, in dealing with a subject still almost in the experimental stage, not to confine myself to a selection of the forms most commonly used, and have therefore mentioned in the notes most of the important variations that have been adopted, and which are at all likely to be useful to English employers. I have also added notes, where required, as to the bearing of our law upon the subject of profit-sharing, and a chapter on the Industrial and Provident Societies Act, 1876, which facilitates in many instances the application of profit-sharing to a business. The material sections of the Act, and a selection of rules for societies registering under it, will be found in the body of the work.

A brief description has also been inserted of several institutions akin to profit-sharing that have been introduced by various English houses for the benefit of their employees. It may well be that those who consult this book, with a view to selecting a scheme of profit-sharing, may wish to know what has been done by other employers towards ameliorating the condition of their workpeople.

After some consideration, I have decided not to give the rules of any association of the type of the well-known Hebden Bridge Society, as in that class of cases the distinctive features are rather those of co-operation than of profit-sharing. They are not included by Messrs. Bushill and Schloss in their list, which is given at pp. viii, ix, *post*.

If any further justification for this work be needed, let it be found in the following forcible words of Mr. Sedley Taylor: "If I am right," he says, "in believing that a wide application of the principle of profit-sharing offers a prospect of strengthening, vivifying, and purifying commercial enterprise to an extent of which we have as yet but a faint conception, the attention of British employers and employed—and, indeed, of the British public also, in their

capacity of consumers—can hardly be too importunately called to this remedy for industrial evils at a time when we constantly hear of strikes and rumours of strikes, when capital is bitterly denounced on the one side, and the inadequacy and apathy of labour alleged, on the other, as the cause of a dangerous and growing debility in British manufacture.”

I must here acknowledge my indebtedness to the works of Miss Mary Whiton Calkins,* Mr. Gilman,† and Mr. Sedley Taylor.‡ The latter, published in 1884, is now unfortunately out of print. It advocated most ably the cause of profit-sharing, in the face of certain notable failures which had then recently occurred in this country, and in so doing gave the impulse to a renewal of experiment which has resulted in a most remarkable spread of the system. Whereas, in 1884, there were only eight or nine known examples of profit-sharing in the United Kingdom, their number now exceeds 50, of which 27 date since 1888. In fact, it is held by some that, if we except those houses which merely distribute a bonus determined arbitrarily by the employer, there are now more

* “Sharing the Profits,” Ginn & Co., Boston, U.S., 1888.

† “Profit-Sharing,” Macmillan & Co., 1890.

‡ “Profit-Sharing,” Kegan Paul, Trench & Co., 1884.

profit-sharing establishments in Great Britain than in any country in the world. Mr. Gilman's book contains a summary of most of the existing instances of profit-sharing up to the end of 1889, and some admirable conclusions, based on his investigations, as to the reasons of failure. It does not, however, give any sets of rules in detail; while those selected as illustrations by Mr. Sedley Taylor, were all drawn from a French source, and are not quite suitable for use in this country.

I am also under great obligation to Mr. T. W. Bushill and Mr. D. F. Schloss, two of the leading English authorities on the subject, for the permission to reprint their list of British profit-sharing houses, revised up to date, and for much general assistance in the production of this work. Mr. Bushill's regulations have met with such widespread approval, and so thoroughly carry out my own view of the lines on which a profit-sharing scheme should proceed, that I have, with his consent, made them the basis of my general form.

Mr. James Romnant, of 1, Temple Gardens, has kindly assisted me in compiling the index.

H. G. R.