Seniority and Job Security
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SENIORITY AND JOB SECURITY

It has only recently been widely realized that security of job tenure is at least as important to the worker as wages, hours, or other conditions of employment. The depression of the early thirties and the severe unemployment that accompanied it have led most people to value job security more highly, in comparison with individual opportunity, than they had in the past.

Seniority, as defined by the United States Department of Labor, is:

... the principle granting preference to employees in certain phases of employment in accordance with length of service. The principal aim of a seniority program is to afford the maximum security and reward to those who have rendered longest service.*

With a strict seniority system, decisions on lay-offs, re-hiring, and (sometimes) promotion are not left solely to the discretion of foremen or other representatives of management. Instead, a straight and clear-cut formula serves as a guide.

The first seniority provisions appeared on the railroads about fifty years ago. Numerous sales and consolidation of lines gave frequent opportunity for discrimination in the discharge or reassignment of employees. Among the first demands of the railroad unions were those for the application of strict seniority rights in case of lay-off, re-hire, promotion, transfer, and assignment to various runs.

The seasonal nature of many industries — and the resulting frequency of lay-off and re-hiring — caused a special desire of the regular employees for job protection. With the rise of mass-production industries and the development of industrial unionism, the desire for seniority protection became even greater. There was the case of older workers, who, in semi-skilled jobs in mass-production industries were especially likely to be displaced by younger, more vigorous and rapid workers. In addition, it was difficult for management in huge factories, employing thousands of workers in skilled, semi-skilled, and unskilled classifications, to determine who merited promotions. The desire, too, of the new industrial unions to demonstrate their strength in job protection undoubtedly was a large factor in their insistence on seniority systems.

Today seniority has been extensively adopted as an operating guide by labor and management. The principle of seniority helps, no doubt, to clear up many problems resulting from discrimination and favoritism (or the suspicion that they are present, which has an equally bad effect on morale, and consequently on the efficiency of the workers). It is, however, a rather complicated standard, with many administrative problems that must be carefully considered if it is to function smoothly.

There is no one standard which can be used to cover all seniority provisions. The variations in types of provisions are tremendous, and each industry, each company, each plant or shop, has to work out its own system — one that is adapted to the particular situation. Seniority plans differ in many respects, such as the scope of the seniority list, the calculation of length of service, the kinds of decisions that are determined by seniority, the extent to which facts other than length of service may be considered, and the conditions under which seniority is earned and lost. Generally speaking, most seniority provisions follow a pattern within a particular industry, with variations depending on the plant. Some of the different types of seniority will be considered below. Quotations from labor agreements are given to illustrate many of these types.

**Differences in the Scope of the Seniority List**

**Plant-wide Seniority.** Plant seniority is probably the simplest form of seniority to establish, and under some conditions is the most difficult to operate. There is but one seniority list for the entire plant. The position of each employee on the list depends on his length of service, regardless of the jobs he has held in the plant. The following is an example of such a provision in a typical agreement in the chemical industry:

The Company and the Union recognize and accept the principle of seniority and agree to apply it according to the following provisions:

a. Plant seniority of an employee is measured by the years, months and days from the start of his continuous service.

This type of seniority provision works most satisfactorily when there is not too sharp a difference in the kind of skill required for the various jobs. If the work were diversified, too much time might be spent in testing ability and re-training employees for new, un-
familiar jobs whenever there is an expansion or contraction of the work force. Plant-wide seniority usually permits one employee to "bump" another with less seniority, if he has the ability to perform the job. "Bumping" means that an employee displaced from one job can retain his employment by replacing a worker with less seniority on any job that he can perform. This process of displacement may be carried all the way down the line through the whole plant. Several employees may change jobs as a result of one lay-off. This can be a very disruptive practice within a plant if the employees are not easily interchangeable because of job similarity. This type of seniority provision gives the high-service employee maximum job security by giving him the greatest opportunity of replacing another employee. For the same reason, it places those recently hired in the most vulnerable position.

**Departmental Seniority.** Under departmental seniority there is a separate seniority list for each department. An employee on a discontinued job can replace someone in his own department, but not in other departments. For this type of seniority, length of service may be calculated by any one of several methods. Seniority may be computed for each department in which the employee had worked. He retains his seniority in each department. If he is forced out of the department in which he is working, he can exercise his seniority in any of the departments in which he has previously worked, displacing any employee with less seniority there.

Another type of provision permits seniority only for the department in which the employee is currently working and computes it from the time he started to work in the department. Such a provision does not recognize the employee’s right to seniority in departments in which he has previously worked.

In another type of provision seniority is good only for the department in which the employee has worked longest. The provision given below is from a typical agreement in the machine-tool industry:

Departmental seniority will be established . . . and all employees who have worked the majority of their time in any given department will be considered employees of only that department.

**Combinations of Plant and Departmental Seniority.** Since neither plant nor departmental seniority has proved fully satis-
factory, there has been an attempt to combine the two. The combinations have generally produced better results. The following provision in a labor agreement illustrates a simple type of combination:

When conditions warrant an increase or decrease in the number of employees in the plant, the principle of plant-wide seniority shall apply. When conditions warrant an increase or decrease in the number of employees in a particular group or department, then the principle of department seniority shall apply.

Some contracts provide for lay-offs to be based on plant seniority, and for promotions to be based on departmental seniority.

A provision that is often favored by both unions and management is one by which seniority is calculated on the basis of the employee's total service with the company, but can be exercised only within his present department.

In case of a lay-off, the employee cannot displace any other employee with shorter service in any other department, nor can he apply for a promotion in any other department. In the event of a re-hire after a lay-off, he can be re-hired only in the department in which he was last working. He is laid off, however, after any employees who have worked in the department a longer time than he, but whose total plant service is less than his.

Management prefers a combination system such as this, because it makes employees more willing to transfer than they would be if they did not carry their accumulated seniority with them. Likewise, it is more feasible than a straight plant-wide seniority system where "bumping" would prevail and where extensive re-training of displaced employees would be necessary. Although it is true that no seniority gives an employee a claim to a job unless he has the ability to perform it, still some time may be lost in testing the presence of that ability; and even if the ability is unquestioned, it takes some time for an employee shifting to another job to attain normal efficiency. Many unions prefer this plan also because the employees can better afford to accept promotions, and because fewer employees are adversely affected by the elimination of one job.

Another combination is found in some labor agreements; one that provides for departmental seniority in skilled and semi-skilled jobs, and plant-wide seniority for unskilled jobs. This means that a skilled or semi-skilled worker may, in the event of a lay-off, dis-
place an employee with less seniority in his own department. In the event, however, that there is no such opportunity, he may join the unskilled labor pool of the plant and receive whatever work there is available according to this total length of service in the plant. An instance of this type of provision occurs in the following agreement in the automotive industry:

Employees having one year's seniority or more who have exhausted their seniority . . . (in their department and division) . . . shall be placed in the plant in line with seniority by the Employment Department on any job they have worked or on any job for which they are qualified.

Craft or Occupational Seniority. Under this type of seniority there is a separate list for each craft or occupation regardless of the department in which it is located. It is well suited to plants where the same skill is used in more than one department. It has in general the advantages of departmental seniority and avoids the disadvantages of plant-wide seniority. The same variations are possible here as under departmental seniority.

Application of Seniority

The question of the application of seniority is very important and is often not adequately specified in collective agreements. Does seniority apply only in lay-off and re-hire? Is it to be considered also in promotions and transfers?

Where seniority provisions exist they always apply to lay-off and re-hiring. Sometimes they apply also to promotion and transfer. Management generally is more opposed to seniority for promotions than to seniority for lay-off and re-hiring. Seniority may prevent the promotion of the best qualified employee, and may thus reduce the incentive for good work. Moreover, the best employees may quit and seek employment where their ability will receive quicker recognition. Management therefore usually seeks to limit seniority to the problem of job security. The union, on the other hand, may fear that the management might discriminate against union members in making promotions.

Deviations from Straight Seniority

Straight seniority exists where length of service is the only fact that determines the decision. Other facts are often considered.
Sometimes they are carefully listed. In other cases there is a general provision to permit exceptions to straight seniority. An example of this provision occurs in the following typical agreement in the food processing industry:

When it becomes necessary to disregard strict seniority, each case will be considered by the Joint Relations Committee, and full consideration will be given to their recommendations.

**Ability.** In most cases seniority applies only if the employee has the ability to do the job. In some cases skill and ability are the first considerations, and seniority governs only between employees whose skill and ability are approximately equal. Skill is often given more consideration in promotion than in lay-off. Seniority is qualified most often by skill and ability in cases of transfers and promotions and by "ability to do the job" in cases of lay-off and re-hire.

One type of contract states that promotions will be based on length of service, skill, and ability, and may include any of the following qualifications: knowledge, experience, physical fitness, character, attendance and safety record, family status, and place of residence. When other qualifications are equal, length of service will govern. An example of this type of provision is found in a chemical industry agreement, as follows:

In promotions, transfers, or the filling of new jobs or vacancies, ability, skill and seniority shall be the determining factors, but where ability and skill are approximately equal, seniority shall govern.

The second type of contract states that a vacant or new job will be posted, and senior employees will have first chance to try for the job. If the senior employee can do the job to the satisfaction of management, he is to have the job. If he cannot do the job, he will be returned to his old one, with no loss of seniority. The following example is taken from a typical agreement in the public utilities industry:

The parties hereto agree . . . to the system of posting and bidding for the filling of vacancies . . . .

A. Where there is an opportunity for advancement, the employee having the longest continuous service record with the Company shall be the first considered for employment.

Promotion shall depend on the employee's length of service and qualifications as to skill, knowledge, experience, character, physical fitness, attendance, safety record and performance on other jobs.
The award of jobs under the posting and bidding system will be discussed by the Company and the Union before any award is made permanent. For this purpose the Union will appoint a subcommittee of the General Labor Relations Committee.

B. If, after a promotion, an employee is found to be unsuited for the duties of the new position, he shall return to his former job without loss of seniority.

The determination of ability has always been a controversial question. The right of management to determine ability has been challenged by unions which state that this right would lead to the same arbitrary decisions that seniority provisions are designed to eliminate. As a general rule the unions can challenge a management decision on ability through the use of the grievance procedure.

In order that there may be some objective measurement of ability, many plants have evolved tests to rate ability. Unions have usually not been receptive to such tests, except in cases in which they participate in their formulation and administration. In this connection, it should be remembered that when the union insists on an inflexible seniority system, it is an indication of a feeling of insecurity and a fear that management is not prepared to deal fairly with the union. When a union is convinced that management will bargain in good faith and respect the union, more flexible interpretations of seniority provisions and other provisions within the contract generally result.

“Exceptional” Employees. Many contracts contain clauses giving management the right, in the event of a lay-off, to exempt from seniority provisions certain “exceptional” employees. These exceptional employees are generally recognized as being men who are necessary to maintain efficiency in the plant when production is low, or whose skills are especially needed during a retooling period. An example from an agreement in the food processing industry is an illustration of such clauses:

Lay-off and re-hiring shall be by plant seniority, and where a part only of the employees are to be laid off or re-hired, employees shall be retained or re-hired . . . in order of their seniority, except so far as insuring efficient and continuous operation of the plant may, in the Company’s judgment require retaining or re-hiring, out of their seniority order, employees having special skill, experience, and/or ability.
Some limit, such as 10 per cent of the working force, is often placed on the number of employees that may be designated by management as "exceptional."

**Acquiring Seniority**

New employees are generally hired on probation. For a certain length of time (usually between 30 and 90 days) they may be discharged for any reason that management deems sufficient. During this time these employees hold no seniority rights whatsoever and generally are laid off before any work-sharing plan goes into effect. After their probational period is over, they receive full seniority rights, and their seniority dates from the time of their hiring.

The following is an example from a typical agreement in the petroleum industry:

All employees for their first thirty (30) day period of their employment are on probation and their services may be terminated during that time at the employer's discretion, provided, however, this section shall not abrogate such employee's rights of promotion and demotion.

**Special Questions**

**Loss of Seniority.** The most frequent reasons for loss of seniority are: (1) discharge for cause, (2) voluntary quitting, (3) prolonged lay-off, and (4) failure to report promptly when called back to work. Occasionally additional causes for loss of seniority are included in contracts. In a few cases the seniority grade of an employee may be lowered as a penalty for breach of discipline.

**Leaves of Absence.** Leaves of absence are usually granted for specified periods of time in case of military service, maternity, union business, or for any other reason regarded as valid. During such leaves of absence seniority is retained, and usually continues to accumulate. Seniority is lost if the employee does not return to work when his leave expires or obtain an extension of leave. The illustration given below is taken from a typical agreement found in the textile industry:

All Leaves of Absence for 2 weeks or more shall be applied for in writing. . . . If an extension of leave is desired, application for the extension shall be made in advance of expiration date. Extensions of Leaves of Absence shall be for periods of not more than thirty days. All employees on Leave
of Absence shall report for work on the date of expiration or sooner if the reason for Leave no longer exists. . . . In maternity cases the Leave of Absence shall be for not more than nine months, subject to extension for good cause shown. . . .

Long-service Employees. Many contracts contain provisions granting special protection to long-service employees. The general provision in such contracts is that the company will make a special effort, in the event of a lay-off, to find work for employees who have been with the company for a certain length of time. See the following provision from an agreement in the automotive industry:

Employees having ten years' seniority or more shall have plant-wide seniority. They shall be placed in line with seniority by the Employment Department on any job for which they are qualified.

Sometimes long-service employees will retain their seniority during a longer period of lay-off than in the case of other employees. The following provision is also taken from an agreement in the automotive industry:

Employees who have been laid off for more than twelve (12) months will lose their seniority excepting those who had five (5) or more years' seniority on August 22, 1945. The latter will lose their seniority when they have been laid off for a period of twenty-four (24) months.

Foremen. Provisions in collective bargaining agreements relating to the seniority status of foremen usually state that a foreman who has been promoted from the position of worker retains his seniority for use in case of demotion. He may or may not accumulate seniority for the time he has spent as a supervisor. Absence of such protection makes promotion unattractive to the workers. An illustration of this provision is found in an agreement in the liquor distillers' industry:

If an employee is promoted to a supervisory position outside the bargaining unit but within the plant, he shall be excluded from the coverage of this agreement but shall continue to accumulate departmental, divisional and plant seniority for a period of one year. In the event he is, within such one year period, returned to his non-supervisory position, he will be credited with all such seniority. After such one year period he shall accumulate only divisional or plant seniority while working as a supervisor or outside the bargaining unit.

Unions often try to include a provision that a foreman who has not been promoted from the ranks shall have no seniority. Management, on the other hand, argues that it needs to provide work for
its foremen in slack times so that there will be competent supervisors on hand when more men are needed.

Union Representatives. In general those workers who are elected to full-time union office keep, and sometimes accumulate, seniority during the time they are serving in that office. Agreements generally provide that shop stewards or committeemen shall have top seniority. This applies only in the case of lay-offs. The reason for such a provision is that there should be an experienced representative of the workers in each operating department no matter how much the force may be reduced. Some unions do not request this clause because it might be resented by the other employees. Other unions feel it is necessary as a sort of compensation for the often thankless job of shop steward. This special seniority sometimes applies also to certain union officers. An instance of this provision is seen in a typical agreement in the automotive industry: Notwithstanding their position on the seniority list, the Plant Shop Committee and the President, Vice-President, Financial Secretary, Recording Secretary, and Treasurer of the Local Union shall in the event of a lay-off and re-hire be continued at work at all times when one or more departments or fractions thereof are at work, provided that they are able and do the work being done at the time.

Share-the-work Plans. Most contracts contain provisions for work-sharing even when a seniority system is in effect. Typically, such clauses provide that probationary and temporary employees shall be dropped before hours are reduced below forty. Any further curtailment shall be accomplished by reduction of hours until a certain level is reached. This level varies from 24 to 40 hours. When this level has been attained there shall be lay-offs so that the level of hours may be maintained for the remaining workers. A typical agreement in the machine manufacturing industry contains such a provision:

Should it become necessary to reduce expense because of a depression in business or other causes, the general principle of sharing the work shall be adhered to till the hours fall to forty.

Too much work-sharing has resulted at times in "sharing the misery," and in keeping men tied to part-time jobs when they might be working elsewhere, or receiving unemployment compensation. This is entirely contrary to the principle of work-sharing, which is designed to maintain as many people as possible in slack times.
It is also apparent that older workers prefer adhering to a seniority plan rather than a work-sharing plan during slack times, while younger workers, with little accumulated seniority, prefer work-sharing. It is not unusual to find different locals within the same international union having entirely different provisions for distributing the work during slack times, depending on the composition of the membership.

In several industries, notably the building trades and the garment industries, there are no seniority plans in operation. In the construction industry most jobs are too temporary to use a seniority system. Some system of job rotation is therefore applied as an alternative by most unions in this industry. In the clothing and garment industries there are at least two sharp seasonal slumps each year. Under a seniority system there would be continual "bumping" and shifting of jobs. In these industries, when there is a curtailment of production, all work is shared (through reduction of hours) by all regular employees, regardless of seniority. This is done so that what income there is can be distributed among all the workers. A seniority system would leave all but a few out of work entirely for weeks or even months each year. In other industries, such a drastic work-sharing program might not be expedient, because it would prevent workers from securing other employment. In the clothing and garment industries, where work in all shops is curtailed at about the same time, there is little chance to find other work.

**Consequences of Seniority Provisions**

**Productive Efficiency.** Management’s main objection to seniority systems has been that these systems tend to destroy the worker’s incentive to efficient production. One of the greatest incentives to efficient production before seniority plans were introduced was that the least efficient workers were the first ones to be laid off, while the most efficient workers were retained for as long a time as possible. It is doubtful, however, that the fear of lay-off provides a good incentive to productive efficiency. Worry over the possible loss of a job may often reduce efficiency. Beaumont, in *The Psychology of Personnel*, has pointed out that:

It has sometimes been assumed that threatened loss of security would serve as a strong motivating force, and occasionally employers have thought it advisable to hold over the workers the threat of being fired if their work was
not satisfactory. Experience has shown, however, that few people operate efficiently under such conditions. The positive prospect of the reward of security is more powerful than the negative prospect of insecurity as punishment; and workers who can look forward toward regular employment at a satisfactory wage level tend to perform better than those who merely know that they will be discharged if their work does not suit.

The prospect of promotion is likely to be a much better incentive than the threat of lay-off. The application of straight seniority to promotion is, therefore, more likely to have a bad effect on labor efficiency than its application to lay-off.

Sumner Slichter has pointed out (*Union Policies and Industrial Management*) that there are some ways in which seniority may improve the productivity of the working force as a whole. Seniority tends to preserve the efficiency of some of the poor workers by preventing the concentration of unemployment among them. Without seniority, they would be out of work much of the time; unemployment and turnover would tend to discourage and demoralize them, thus further reducing their efficiency. The same holds true for older men. While seniority often keeps them working at jobs that could be done more efficiently by younger men, it is undoubtedly more productive, from the standpoint of the community as a whole, for them to work at the jobs they know best than for them to work at other jobs or to be unemployed.

**Lack of Mobility.** Seniority has certain disadvantages to the employees. A worker usually will prefer staying at a job where he has accumulated seniority and is relatively secure to transferring to a new job. By transferring he would be low on the seniority list, and the chance of his being laid off would be that much greater. This possibility may result in a worker's continuing at a job to which he is unsuited, and may also lead to a reluctance on the part of a worker to transfer to a new company or even a new industry. In such a situation, it is possible also for a company to hold its workers on terms that are relatively unattractive. Because they have seniority the workers will not want to leave their jobs. For this reason seniority may be of benefit to management by reducing voluntary quits.

There is a further possible effect of seniority which may be unfortunate for the employee during a lay-off. Knowing that he is subject to recall by his old company, the worker may hesitate to look for work elsewhere. He may be unemployed for a long time
without looking for work, because he underestimated the duration of his lay-off. Moreover, if he does seek another job, other employers may refuse to hire him because he will probably quit as soon as his old job opens up again.

It would be ideal for an individual employee if seniority protection applied in his plant, but not elsewhere. He would have protection on his present job, but would have no particular difficulty in finding other work if necessary. The widespread adoption of seniority means that the employee with some length of service has less danger of losing his job, but the consequences of job loss are more serious. Thus the total gain in security is less than it would appear if considered only in terms of the present job.

**Inter-union Friction.** Seniority is sometimes a source of friction between unions. This is especially true on the railroads, where work is pretty well specialized. The workers are divided into several unions, all of which have seniority provisions generally similar, but, for the most part, inflexible.

The two unions which are most often in conflict are the Brotherhood of Locomotive Firemen and Enginemen and the Brotherhood of Locomotive Engineers. The line of promotion on the railroads runs from fireman to engineer. Upon promotion a fireman goes on the extra list, and he is likely to alternate between engineer’s jobs and fireman’s jobs for several years. He keeps his fireman’s seniority while he is accumulating seniority as an engineer. In the event of a lay-off he can go back to his job as a fireman, and a fireman with less seniority has to make way for him. This in itself is the cause of conflict between the two unions.

In addition, the Brotherhood of Locomotive Firemen and Enginemen provides several forms of insurance for its members. The insurance equity increases as long as the member retains his affiliation with the Brotherhood. By the time a worker is promoted from fireman to engineman he probably has a good deal of equity accumulated, which he is, of course, reluctant to give up.*

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*“Upon promotion, he may, of course, keep his membership in the fireman’s organization, and also join the Brotherhood of Locomotive Engineers. Many firemen do that. Or he may go along with only membership in the fireman’s organization, relying on it to handle his grievances and to look after his interests generally, except in the making of agreements which is the prerogative of the engineer brotherhood. The latter organization, however, may feel justified in bringing pressure on him to join, particularly during a time of acute unemployment and declining membership...” How Collective Bargaining Works (New York, Twentieth Century Fund, 1942), 352-363.
Friction within Unions. Seniority is also a source of friction within the unions. This is especially true where there are great diversities of age and experience among the members. Older members will tend to favor straight seniority provisions; because they have been working longer, they will naturally receive the greater protection. Younger workers, on the other hand, will favor plans for sharing the work, at least until the hours are reduced to a certain level. Otherwise, they will bear the brunt of all the production curtailment. Almost every detail of a seniority plan that would be better for some of the members would be worse for others. Thus there is likely to be more disagreement among the members on the type of seniority than on any other contract provision.

CONCLUSION

From the foregoing analysis it is clear that seniority has both advantages and disadvantages to employees, to management, and to the public. It seems probable that most of the advantages are obtained and most of the disadvantages are avoided when some deviation from straight seniority is permitted. Under modified seniority, the employees and unions can obtain protection against discrimination and each employee can know his approximate order of lay-off. The maintenance of employee efficiency is, of course, to the interest of all concerned — employees, management, and the public; efficiency is unlikely to suffer if an equitable seniority plan is objectively administered. The very sense of individual security which a sound seniority plan induces among employees may well be a significant factor in promoting increased employee efficiency.