

Are the jobs ever coming back?

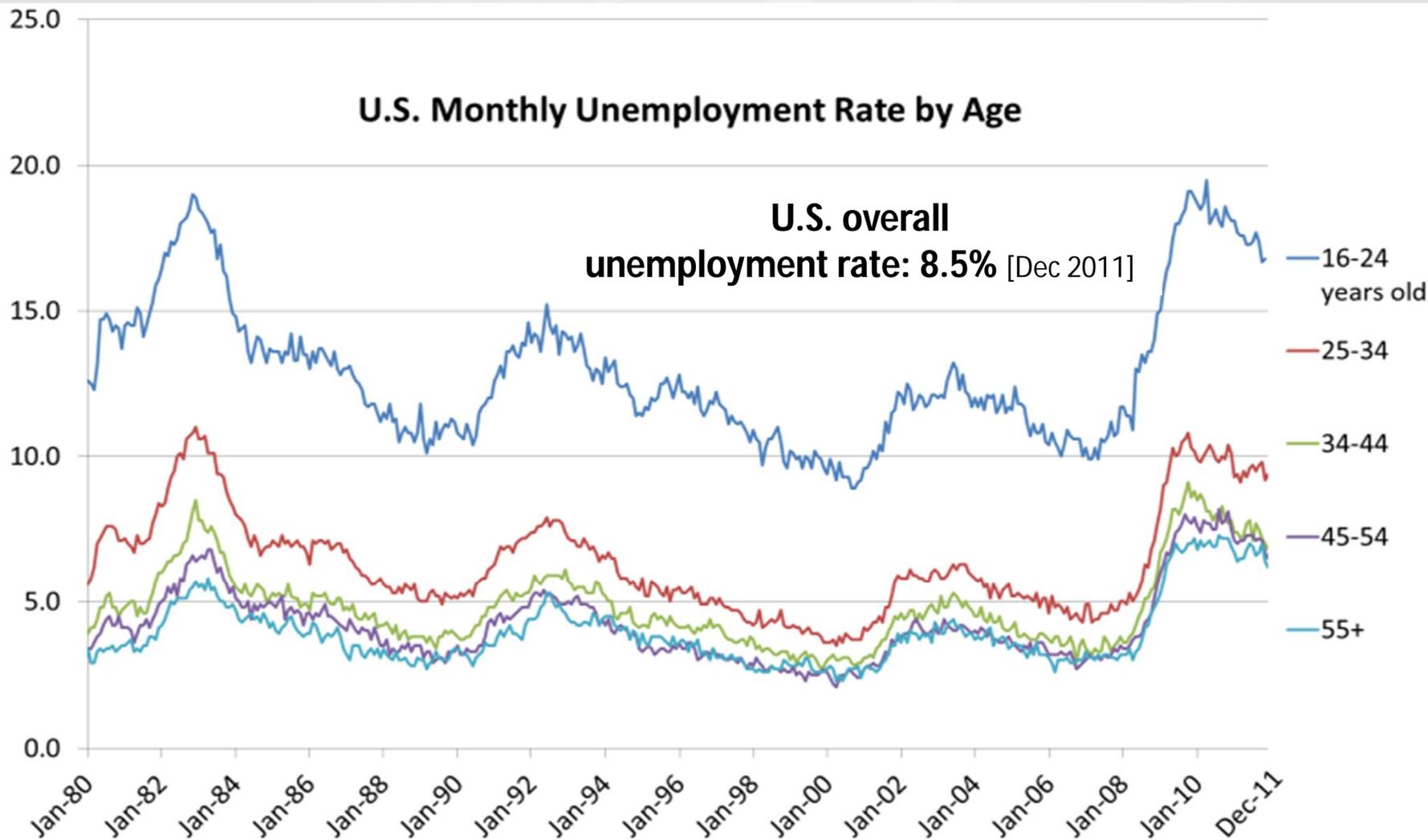
Management priorities, market incentives, workplace technology, and sustainable employment

January 25, 2012

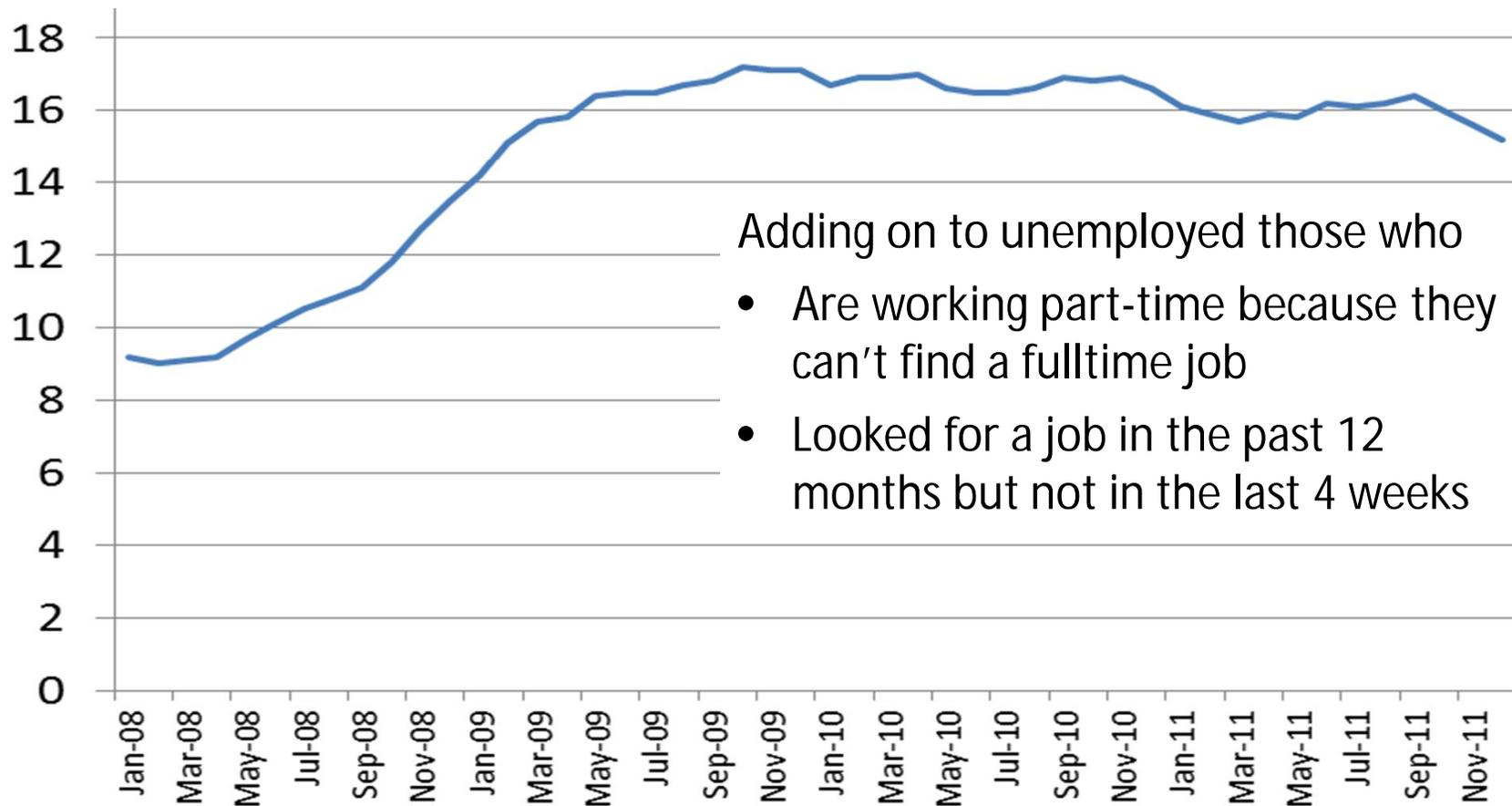
Moderator: Kevin Hallock

Panelists: Steven Berkenfeld, Frank Koller

U.S. labor market statistics

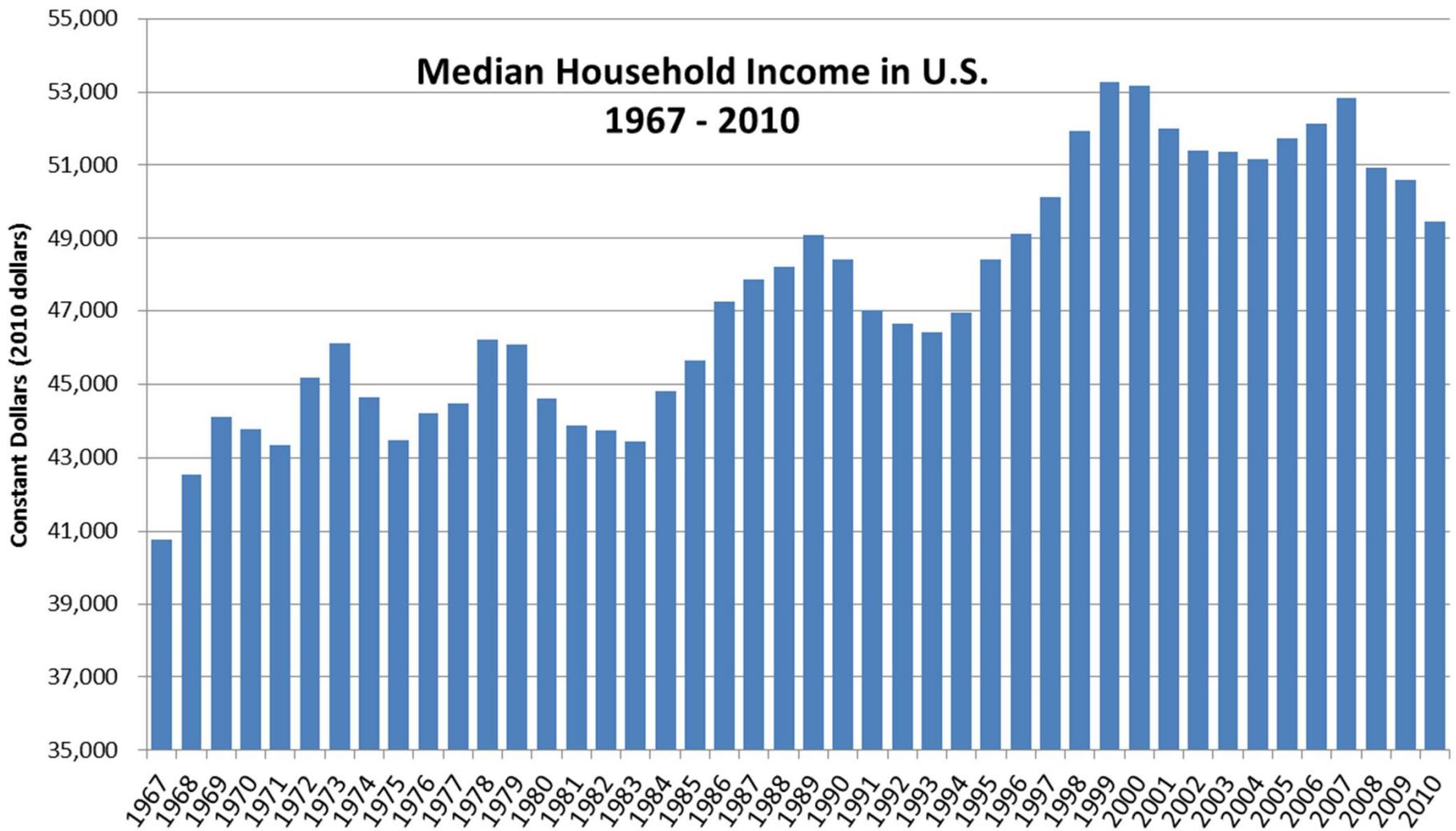


Over 15% of Americans are "seeking more work"



Adding on to unemployed those who

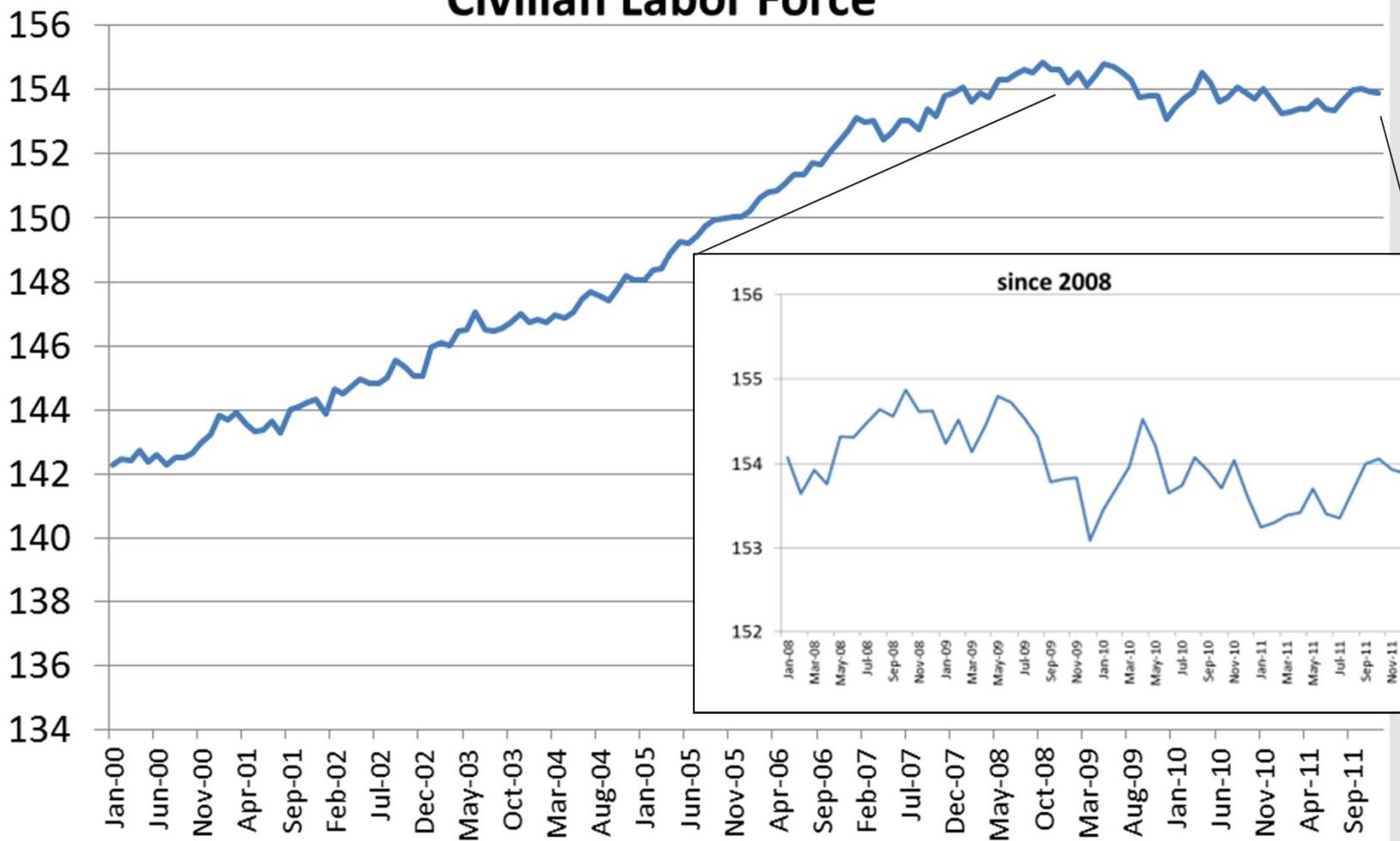
- Are working part-time because they can't find a fulltime job
- Looked for a job in the past 12 months but not in the last 4 weeks



ILR School

ADVANCING THE WORLD OF WORK

Civilian Labor Force



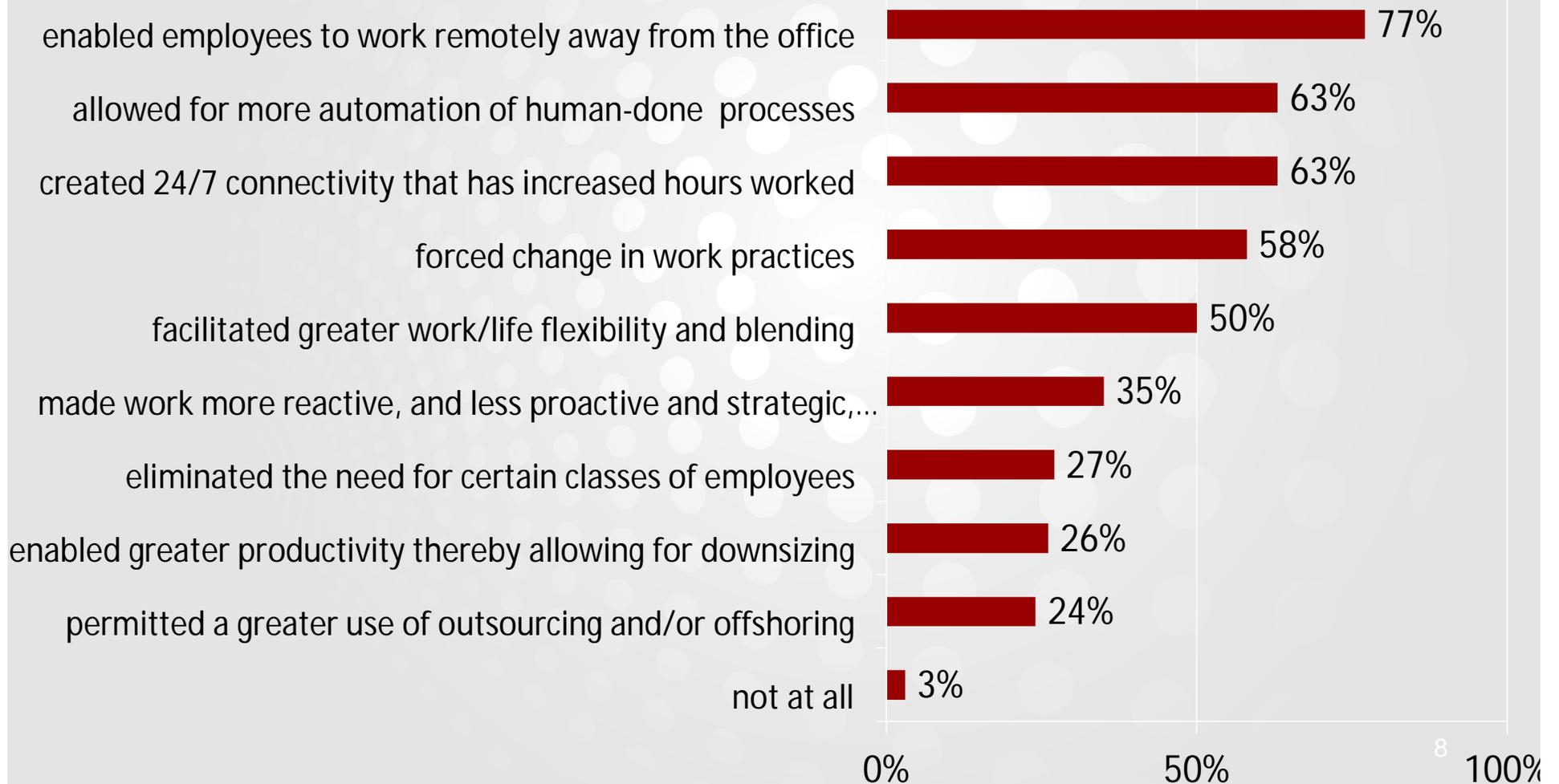
Who We Are

Steven Berkenfeld ILR '81, Managing Director, Investment Banking Division, Barclays Capital

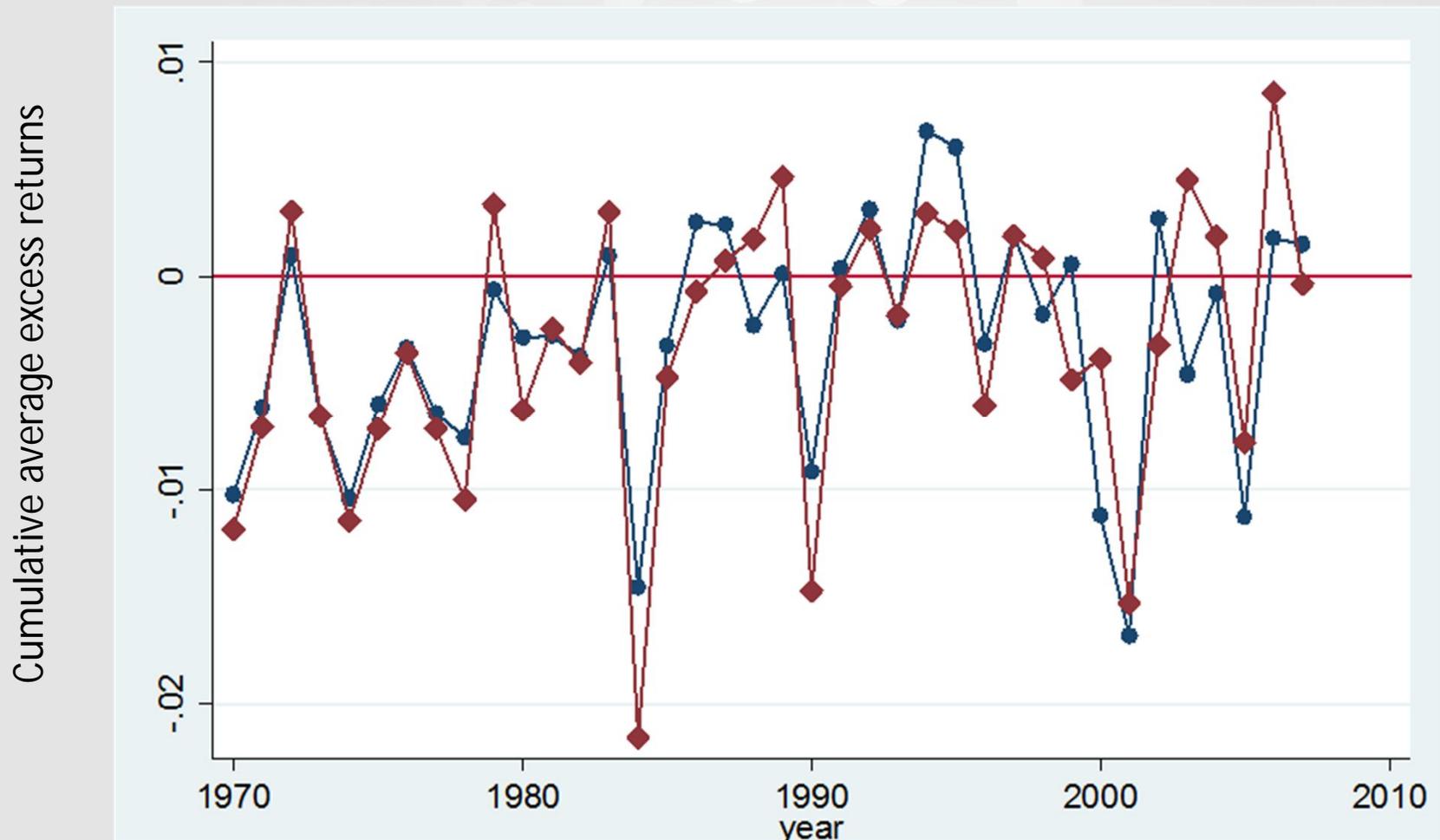
Kevin Hallock Joseph R. Rich '80 Professor
Director, Institute for Compensation Studies (ICS)
ILR School, Cornell University

Frank Koller economic journalist and author of *Spark: How Old-Fashioned Values Drive a Twenty-First Century Corporation: Lessons from Lincoln Electric's Unique Guaranteed Employment Program*

How has technology generally, and advances in information technology in particular, changed your organization's need for and utilization of employees?



Layoffs and Stock Price



Lessened Commitment of Firms to Workers and Workers to Firms?

How Quick is the Change?

Lincoln Electric

Profile:

- 2,700 US employees (9,500 global)
- \$ 2.5 billion in Sales (expected)
- \$ 3.6 billion Market Capitalization
- production in 20 countries

Management and pay structure:

- Guaranteed Continuous Employment
- Piecework-based compensation
- Merit-Based Profit-Sharing

Worker compensation: average total pay in 2011: \$79,050
(of that, \$30,775 in bonus)

Lincoln Electric: Another way to pursue profits?

Excerpt from:

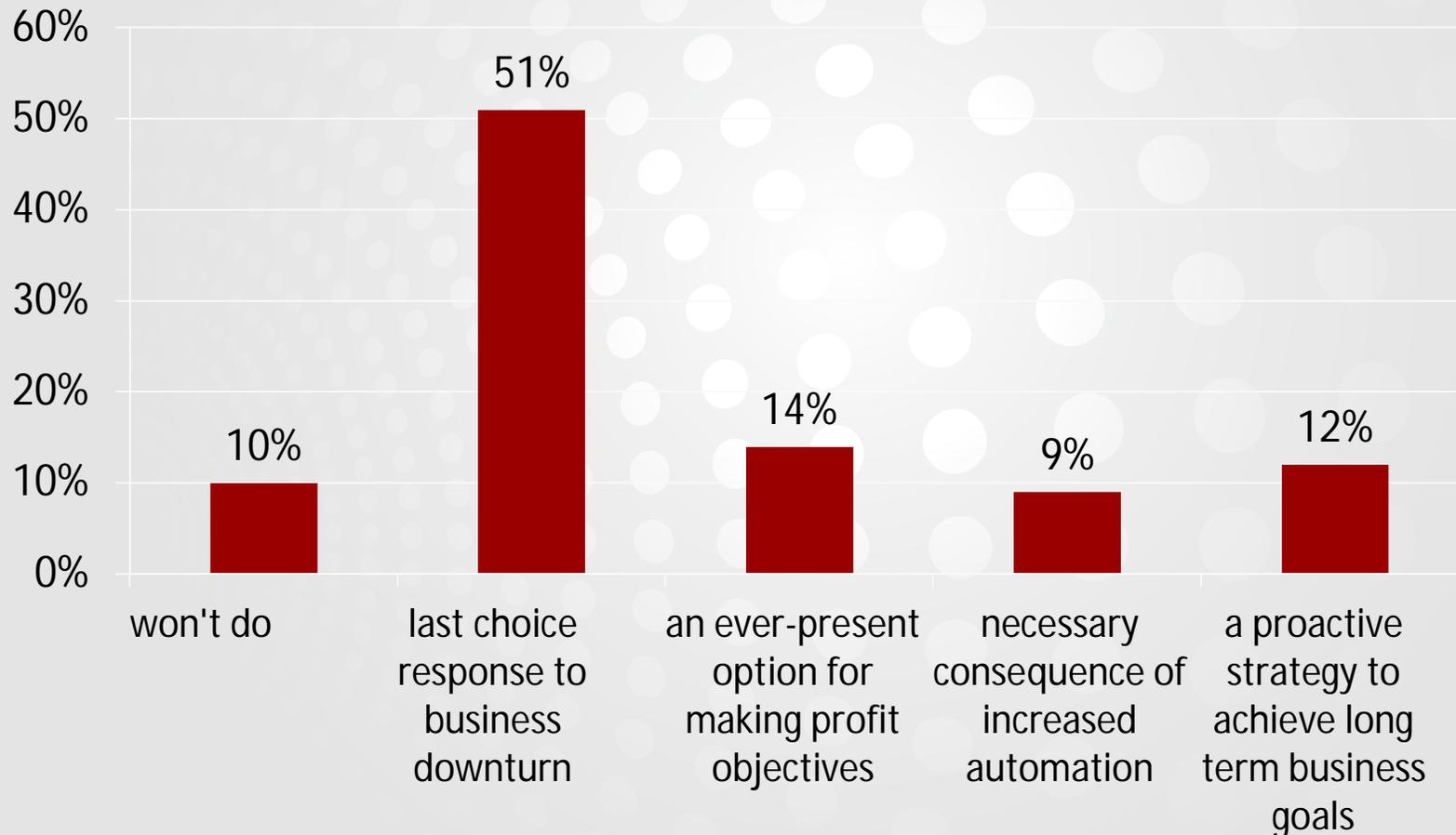


PBS NEWSHOUR

AIR DATE: July 13, 2011

“Cleveland Manufacturer Welds Together Job Security, Profits”

Separate from the recent recession, how would you characterize your senior management's view of layoffs or downsizing?



Workers and Shareholders: Quotes from Two CEOs

I don't think of how we operate as a social responsibility. We can ... spread the pain in a way that long term will better represent our shareholders' interests without crucifying our employee base.

John Stropki, CEO at Lincoln Electric

Workers and Shareholders: Quotes from Two CEOs

I do not see that we have a special obligation to our employees. This is an issue of excess human capacity ... We trained our people to have specific skills and paid for that training. Then we paid them for their skills. What are we to do when those skills are no longer required? ...That's not our business and not our obligation.

William Anders, CEO of General Dynamics,
with respect to layoffs in 1990s

Lincoln Electric versus the market



Why aren't iPhones Made in the U.S.?

Policy Responses?

- Work Sharing for Unemployment Insurance?
- Regulation? (France & Unintended Consequences)
- Retraining Workers?

Continuing the Conversation

- Topical Lunch today with Cornell's Atkinson Center for a Sustainable Future
- Conference in NYC in June 2012
- Email us: ics-ilr@cornell.edu
Institute for Compensation Studies

Henry Ford II and Walter Reuther (head of the United Automobile Workers) touring a newly automated Ford production facility:

Ford: "Walter, how are you going to get all of these robots to pay your union dues?"

Reuther: "Henry, how are you going to get them to buy your cars?"

(The Economist, "Difference Engine: Luddite legacy", Nov 4th 2011)