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FOOTNOTES . . .

*The following short articles and items
are submitted for your interest by the respective authors.*

REPORTING ON THE PERFORMANCE OF AN 1800'S EMPLOYEE INCENTIVE BONUS PLAN

by

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INTRODUCTION

The Peace Dale Manufacturing Company, of Peace Dale, Rhode Island, operated during the 1800's. Its product line included ladies' shawls, gentlemen's traveling mauds (robes), and shoe lastings (closely woven fabric for shoe uppers). In 1876, the company published a brochure for the Centennial Exhibition. The brochure provides a company history and boasts itself as the first successful operator of power looms in America, "if not the world..."

In 1878, the company president, John N Hazard, established an employee incentive bonus plan, called the "Plan on Cooperation." The plan stated that dividends were payable as follows:

To persons in the employ of the Peace Dale Manufacturing Co. during the January next preceding the payment, and who were in said employ, at least seven months out of the twelve preceding the 1st of February. Employees discharged for cause, who have not worked at least seven months during the year ending January 31, or who have voluntarily left the employ of this company, previous to that date, will not be entitled to any dividend. The amount of wages each person earns, during the twelve months next preceding the 1st of February, to the nearest whole dollar, is the amount on which the dividend shall be paid.

Management reported the bonuses to be paid to employees through a series of circulars. While the bonus plan may not have been the first of its kind, its publicity through these circulars provides interesting insight into one management team of that day. Techniques of

management that were codified in the twentieth century did exist in an earlier era.¹ By publishing these circulars, the Peace Dale officers demonstrated their concern with management and labor relations, the psychology of the workplace, profit-sharing and perhaps most importantly, disclosure.

FINANCIAL AND ECONOMIC DISCLOSURES

The circulars enumerated the conditions which warranted the paying (or not paying) of a bonus in a particular year. For example, even though an 1883 circular laments the results of the past year as not "highly satisfactory," the same circular declares that management is "glad to announce" that a sufficient profit had been realized at Peace Dale to declare a dividend of 3% to labor. The circular notes a heavy outlay to maintain the condition of the plant. Alterations and additions had been made to the plant at a time when the goods market had been unsatisfactory. A five-year summary of the performance of the plan of cooperation was also provided:

1. Jan. 31, 1879, -- No dividend.
2. Jan. 31, 1880, Div., 5%, \$5,842.40
3. Jan. 31, 1881, Div., 5%, \$5,999.65
4. Jan. 31, 1882, Div., 3%, \$3,760.14
5. Jan. 31, 1883, Div., 3%, \$3,760.35

In its 1886 circular, Peace Dale management reported that no dividends would be paid

¹ For example, today, employee incentive and pension plans must comply with the discrimination and disclosure requirements of the Internal Revenue Code, the Employee Retirement and Income Security Act, the Securities and Exchange Commission and the Financial Accounting Standards Board.

To speak of the causes for the bad business of the past would be futile, even if we could definitely point to them...in these times of universal trade depression, it is only by the minutest care, and attention to every detail, that we can expect to successfully compete with others who are straining every nerve to out-strip us...we are told that the English mills are today running at no profit, and only kept running by their desire to feed starving workmen.

A theme throughout these circulars was shared responsibility evidenced by their system of cooperation. Management warned that inefficiency and wastefulness will "fritter away and destroy this fund." In the 1883 circular, management noted that the economic outlook was not good, and that employees should increase their effort and "attend to the little savings, the wool-washers save every scrap of wool, the spinners make

less waste, the 1994, No. 2, Art. 7 the whole bobbin, and so on through all the branches, [so that] a great saving can be made, which will wonderfully affect the amount of earnings."

CONCLUSION

The publication of this profit-sharing plan obligated the management to some extent to pay these "dividends." The disclosure is refreshing and rare. Obviously, management had a close relationship to its employees at Peace Dale, as illustrated in its 1886 circular: "It is with satisfaction...that we look upon our undisturbed condition of mutual confidence and esteem...we are truly thankful that this element exists, and we trust that it will exist as long as a mill stands in Peace Dale..."

REFERENCES

- Brochure: 1876 Centennial Exhibition – The Peace Dale Manufacturing Co.
- Circulars:
 - No. 2 – March 1, 1880
 - No. 5 – March 1, 1883
 - No. 8 – March 1, 1886

EARLY FINANCIAL RECORDS OF DEGANIA: THE FIRST KIBBUTZ

by
Garry Favel

Those familiar with modern Zionist history are aware of the role that Degania Aleph, the first kibbutz, played in the development of contemporary Zionism. Degania Aleph, established in 1910, did not originate as a utopian socialist entity, but rather as a workers collective. It later evolved into a kibbutz, organized as seen today.

This short note illustrates the value of bookkeeping archives, as an auxiliary tool in understanding and assessing organizational or distributive techniques within a subculture. The well kept archives at Kibbutz Degania Aleph, dating from 1910, include minutes of general meetings, bookkeeping records and copies of original contracts. These records make it possible to study how its affairs were recorded.

The records that were available include the financial records of the kvutza (group), which were audited to facilitate the profit-loss sharing agreement with Hachsharot HaYishuv (a part of the original Zionist infrastructure to ensure land management and usage). The profit loss

sharing agreement required the settlement to pay half of the profits earned to Hacharot HaYishuv. Additionally, extensive and meticulous recordings of the work days per member by branch of work are available. The original relationship between the settlers and the kvutza as a separate legal entity, can be examined through these records.

The relationship between the settlers and the kvutza, provides a basis in which to study the extent to which the original settlement followed socialist principles. The relationship required the recording of the work days per individual and the amount each was credited per day. In 1910 the individual work records represented a ledger with the month, day, individual's name and place of work. Exactness in the recording of work days was needed to make sure that each settler received proper credit to his personal account. Each settler received the same amount regardless of the type of work performed. The 1910-11 individual ledgers show