

Forty years of Scanlon Plan research: a review of the descriptive and empirical literature*

Michael Schuster

The Scanlon Plan has been on the American industrial relations scene for over 40 years. The first Scanlon Plan was instituted by Joseph Scanlon—a steelworker, cost accountant, professional boxer, local union president and finally, until his death, a member of the faculty of industrial relations at the Massachusetts Institute of Technology (MIT) (The history is described in Davenport, 1950; Goodman, Wakely and Ruh, 1972; and White, 1979). As the local union president of the steel mill in which he was employed, he witnessed the depressed economy of the 1930s threaten the financial viability of his employer and the employment and income security of his membership. In discussions with Clinton Golden, a United Steel Workers' Vice-President, Scanlon was advised to harness the energy and talents of his members to save the company. As a result of the success of his initial efforts Scanlon joined the international union staff to work with other economically endangered firms.

Because the Scanlon Plan originated during the depression, it was initially presumed that Scanlon Plans were only useful in failing companies. However, in January 1945, the plan was instituted at Adamson Company to improve an

*Financial support for this research was provided by the Employment and Training Administration, US Department of Labor under Research and Development Grant no. 91-36-79-10. Since grantees conducting research under government sponsorship are encouraged to express their judgement freely, this report does not necessarily represent the official opinion or policy of the Department of Labor. The grantee is solely responsible for the contents of this paper.