

THIRTY-SEVENTH
ANNUAL REPORT
GENERAL ELECTRIC
COMPANY



1928

DECEMBER 31, 1928



Central District and Charles K. West, Manager of the Atlantic District, were elected Commercial Vice Presidents and will have charge of commercial activities in their respective districts.

PRICES

The trend of average selling prices of your Company's products continued downward in 1928. Keen competition in the industry and improvements in manufacturing methods and general efficiency have contributed to that result. Reductions in selling prices during the year resulted in savings to customers and the public generally of approximately \$9,000,000 and these savings are in addition to the benefits resulting from improved designs and better operating characteristics.

EMPLOYEES AND PAYROLLS

The average number of employees of your Company during 1928, not including those of associated companies, was 73,526, compared with 72,981 in 1927. Total earnings of these employees amounted to \$134,056,000 in 1928 and \$130,798,000 in 1927. Average annual earnings per employee were \$1823 and \$1792 respectively, an *increase* of 1.7 per cent. The cost of living, according to the index of the National Industrial Conference Board, *decreased* 1.2 per cent in 1928 compared with 1927.

Compared with the year 1914, average annual earnings of employees in 1928 have increased 126 per cent and the cost of living has increased 62 per cent.

Almost fifty-eight per cent of all employees on the payrolls at July 1, 1928, had served the Company for five or more years. Nineteen per cent of all employees of the Company in 1903 and twenty-six per cent of those on the payrolls in 1908 are still in the service.

PENSIONS

In December 1927 the General Electric Company created a Pension Trust of \$5,000,000. Subsequent payments made to the Trust by your Company, plus income from investments and less disbursements, have increased the balance in the Trust at December 31, 1928, to \$7,909,191.99.

Pensions amounting to \$514,495.30 were paid to 953 retired employees during 1928, some of whom drew pensions for only



part of the year. At December 31st there were 877 on the pension rolls.

The Trustees of the Pension Trust and Custodians under the Additional Pension Plan consist of C. C. Chesney (Chairman), J. G. Barry and A. H. Jackson, Vice Presidents, W. W. Trench, Secretary, and S. L. Whitestone, Comptroller, who constitute the Pension Board, J. R. Lovejoy, Chairman of G. E. Employees Securities Corporation, and C. W. Matthews, Bond Director of the G. E. Employees Securities Corporation, who represents the employees.

The Additional Pension Plan announced to employees in December 1927, and referred to in the last annual report, was to have been made effective on January 1, 1929. It met with such general acceptance that after conferring with the representatives of the employees, the effective date was advanced to July 1, 1928.

The Additional Pension Plan provides that 1½ per cent of the earnings of employees is to be set aside as a fund in the hands of Pension Custodians and the accumulated principal and income are paid out to the employees upon leaving the employ of the Company, to the heirs upon death, or in the form of "additional" pensions upon retirement.

Acceptance of the plan was made a mutual condition of employment for all employees who had completed five years of continuous service and who on July 1, 1928, were forty-five years of age or less and for all employees thereafter completing five years of continuous service. Every one of this group of 27,000 men and women accepted the plan. For employees over forty-five years of age, and with more than five years of service, the plan is optional. It was accepted by 91 per cent of this group. Employees with less than five years of service have until the expiration of that period the option to come in under the provisions of the plan.

GROUP LIFE AND DISABILITY INSURANCE

For nearly nine years your Company has provided group life and disability insurance protecting a large majority of the employees.

The 1926 annual report described an Additional Group Life and Disability Insurance Plan which was offered to employees in the latter part of 1925. In December 1927 announcement was made to employees that on January 1, 1929, this plan would become a mutual condition of employment for some and optional for others. It met



with such general acceptance that after conferring with the representatives of the employees, the effective date was advanced to July 1, 1928.

Acceptance of the plan was made a mutual condition of employment for all men employees who had completed five years of continuous service and who on July 1, 1928, were forty-five years of age or less and for all men employees thereafter completing five years of continuous service. Every one of this group of 21,000 accepted the plan. For men employees over forty-five years of age on July 1, 1928, and with more than five years of service, the plan is optional. It is also optional for men employees who have served more than one year and less than five years, until the expiration of the fifth year, when it becomes a mutual condition of employment. There were approximately 28,000 men in these two groups and 85 per cent accepted the plan. It is optional for all women employees after one year of service. There were approximately 16,000 women eligible, of whom 73 per cent accepted the plan.

Since the "additional" insurance plan was put into effect in November 1925, \$2,608,867 has been paid to 1186 employees (or their beneficiaries), of which \$1,217,367 was under the free insurance policy of the Company, and \$1,391,500 was the additional insurance paid for by the employees.

HOME OWNERSHIP PLAN

The progress in the acquisition of homes by employees has continued. During 1928, 347 homes of a value of \$2,656,394 were financed under the plan.

In all, 1837 employees have been assisted in financing their homes, representing a value of almost \$14,000,000, of which the employees have paid in excess of \$4,633,700, or approximately 33 per cent, the remainder being carried by financial institutions on first and second mortgages.

SAVINGS PLAN FOR EMPLOYEES

The G.E. Employees Securities Corporation was formed in 1922 to provide a safe and convenient vehicle for employees' savings, and statements of its organization and development have been made in these reports from year to year. The G.E. Employees Securities Corporation invests its funds principally in the stock of the General Electric Company and securities of electric public utility companies. It is the largest single holder of the common stock of your Company.



The demand of employees for bonds of the G.E. Employees Securities Corporation has continued, and at December 31, 1928, there were \$35,146,220 of bonds owned or being paid for on the installment plan by approximately 34,000 employees.

Individual subscriptions are limited to \$500 per year, and 96 per cent of the bonds are owned or are being paid for by employees receiving less than \$6000 salary per year. The largest amount held by any one employee is \$10,450.

SUGGESTION SYSTEM

"There Is Always a Better Way"

Suggestion systems have been in operation for a number of years in most of the large factories, some of the smaller ones, and in many of the offices of your Company. The system is designed to stimulate the initiative of employees and encourage suggestions for better ways of doing things. Suggestion awards are limited to employees whose duties are not of a supervisory character, and who are not specifically employed to make improvements in products or methods.

For outstanding accomplishments, either within this group or within the group which is ineligible for suggestion awards, Charles A. Coffin Foundation awards are made (see pages 13-14).

Suggestions are invited particularly for improvements that will result in better service to customers; better product, shop methods, or equipment; lower cost of production; improved clerical methods or labor-saving devices; safety, welfare, or improved working conditions; prevention of waste, etc.

Suggestion boxes are located throughout the plants, and every suggestion deposited therein is passed upon by a committee of experts who confer with the individual making the suggestion, appraise it, sometimes assist in working out details of application and, if the suggestion is accepted, see that it is put into practice, not only at the point where it originated, but in other places throughout the organization where it may be applicable.

Awards are made by the committee for every suggestion accepted. If the suggestion is one which leads to tangible savings, the award is based upon the estimated savings. If it is one which does not result in pecuniary saving, the committee decides what is just and reasonable.



Response from the employees has been gratifying and the number and quality of suggestions have steadily improved. The highest single award has been \$1200, and there have been many of from \$50 to \$500. During 1928 \$62,381 was paid to factory employees for suggestions. During that year 18,077 suggestions were received, which is 339 per thousand of eligible employees. Thirty-one per cent of those submitted were adopted. During the last six years, since the plan became systematized, awards amounting to \$263,800 have been paid to factory employees in cash or G.E. Employees Securities Corporation bonds.

PAYMENTS BY RESULTS

The Management desires to inform the stockholders of the methods employed to encourage the greatest effective productivity from all classes of employees—the opportunities that are offered for promotion and greater responsibility and for increased remuneration.

The simplest method of wage payment is to pay for time. In many respects this method is unsatisfactory, principally because in itself it offers no incentive to do a better job nor does it reward the efforts of the ambitious worker, but in many cases it is the only system that has so far been devised. However, constant study is being directed towards more effective plans of remuneration based upon results.

Perhaps the earliest incentive wage plan is the direct piece-rate plan under which payment is based upon the number of pieces produced. This is often satisfactory when the product can be standardized and put in quantity production with no changes in methods.

Modifications of the piece-rate system have been introduced, such as the differential piece-rate, task and bonus, group incentive and many others, and constant study is being made both within and outside of our organization to improve these plans, and your Company has endeavored to apply the best of them.

Earnings of the workers are studied to identify those who are making the highest earnings and to retain them and give them greater opportunities either for earning more or for promotion to supervisory work, as the Company's interest lies in obtaining the best and most highly skilled workmen and supervisors in order to give the best service and increase the productiveness of its capital investment.

Employees long in the service of the Company have acquired experience and greater skill and consequently have more value.



There is also less chance of their leaving, with a resulting decrease in labor turnover and a substantial saving of expense. Because of this all employees, not in higher salaried positions, with five or more years service, are paid supplementary compensation of 5 per cent of their annual earnings. This payment is made semiannually in cash, or in bonds of the G.E. Employees Securities Corporation, at the option of the employees.

Studies are being made to determine if the supplementary compensation for continuous service can be made dependent upon the profits of the Company, to which all employees contribute.

Employees in important and supervisory positions in all departments, including Administrative, Engineering, Manufacturing, and Sales, are formed into groups having a common interest in and responsibility for the results attained by a department, a sales district, a factory, or other subdivision of the business. The elements of the responsibility of each group are defined and used as a basis for determining the efficiency of its operation. Periodical reports are prepared showing the progress of each group and at the end of the year an extra compensation fund for each group is calculated upon the results. These plans embrace all branches of the organization, including the leading executives. The plans for this last group are based upon the net profit of a department or of the Company, after provision for all expenses, including taxes, and a reasonable return on the investment.

As soon as possible after the end of the year the extra compensation earned is paid to the participants according to their ratings, in cash, in bonds of the G.E. Employees Securities Corporation, or in common stock of General Electric Company purchased in the open market.

The grand total of all supplementary and extra compensation paid for the year 1928 to 40,040 employees amounted to \$7,431,137.

The certificate of the accountants testifying to the correctness of the published financial statements, will be found on page 21.

By order of the Board of Directors,

OWEN D. YOUNG, *Chairman*
GERARD SWOPE, *President*