

# INSTITUTE OF INDUSTRIAL RELATIONS BULLETIN

Vol. 3, No. 1

February 1960

## CONFERENCE ON FAIR EMPLOYMENT

### Governor Will Address Special Luncheon Session

A special conference on fair employment will be presented by the Institute of Industrial Relations from 9:30 a.m. to 4:30 p.m., March 1, at the Fairmont Hotel, San Francisco.

Edmund G. Brown, Governor of California, and William G. Caples, Vice President of the Inland Steel Company, will make the major addresses.

The gathering will also hear the first public report on the cases which have so far come before the State's Fair Employment Practice Commission. Edward Howden, Chief of the Division of Fair Employment Practices, will make the presentation.

John Anson Ford, Chairman of the State FEP Commission, and John F. Henning, Director of the California Department of Industrial Relations, will lead panel discussions.

Caples will open the morning session with a speech on "Practical Problems and Methods of Employment Integration."

A panel on the same subject will follow under Ford's chairmanship. Participants are: Thomas P. White, Secretary-Treasurer of the Teamsters' Warehouse Local 860; Elmer Nelson, Assistant to the President of Aerojet-General Corporation; John Roberts, Director of Guidance Services for the City of San Francisco.

At a luncheon session presided over by Institute Director Arthur M. Ross, Governor Brown will discuss "Social Needs and Public Responsibility in California."

The afternoon session, chaired by Henning, will deal with the problems of "Achieving Compliance With the Fair Employment Practice Act." Howden will be assisted in his report on case histories and operating procedures by FEP Commissioners Elton Brombacher and C. L. Dellums.

Members of the afternoon panel are: Russell Crowell, President of the Alameda Central Labor Council; Terry A. Francois, member of San Francisco's Commission on Equal Employment Opportunity; Daniel E. Koshland, Chairman of the Executive Committee of Levi Strauss Company.

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### Speakers at March 1 Meeting



Edmund G. Brown



William G. Caples



John Anson Ford

### Conference Scheduled On Health Insurance For Older People

Should a federal law be passed to provide health insurance for retired persons and older members of the labor force?

A conference on the issue will be presented March 24 by the Institute in cooperation with the California Labor Federation.

The all-day meeting will be held at the International House, Berkeley. The registration fee, which includes lunch, is \$5.

Arthur M. Ross, Institute Director and Chairman of the Governor's Commission on Retirement and Employment Problems of Older Workers, will open the conference with an address on "The Older Worker in America."

Dr. Lester Breslow, Director of the Bureau of Chronic Diseases at the State Department of Public Health, will speak in the morning on the health problems of the elderly. Principal speaker at the afternoon session will be Nelson Cruikshank, director of the AFL-CIO's social security department, who is to cover current legislative activities in the field of health insurance for older people.

Each speaker will be followed by a panel discussion. Participants are representatives of the California Labor Federation.

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### Management Group To Study Problems In Communication

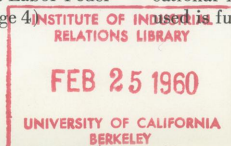
A series of six seminars on "Effective Business Communication" have been arranged for management representatives of the St. Paul Fire and Marine Insurance Company.

The program is being conducted by Samuel G. Trull, Acting Assistant Professor of Business Administration at the University.

Seminars will cover such subjects as the importance of advance planning, the use of visual materials, the ways in which individual participation in group discussions can be increased, the processes by which group decisions are made, and an evaluation of the "problem-solving" process. Particular emphasis is to be put on the techniques of making group decisions.

Recent surveys have indicated that executives are making use more and more often of group discussions as a means of solving organizational problems. The St. Paul Insurance series is one of the Institute's attempts, through the Community Services program, to assist industry in the development of more effective methods of communication.

Information on the Institute's educational facilities and how they may be furnished on request.



## CURRENT RESEARCH ACTIVITIES

Three major works by members of the Institute staff have appeared within the last few months—Reinhard Bendix's *Max Weber: An Intellectual Portrait* (New York: Doubleday, 1960), Seymour M. Lipset's *Political Man: Where, How, and Why Democracy Works in the Modern World* (New York: Doubleday, 1960), and William Kornhauser's *The Politics of Mass Society* (Glencoe, Illinois: The Free Press, 1959). All three authors are also members of the Department of Sociology and Social Institutions on the Berkeley campus.

Since the subject matter of the volumes lies somewhat outside the field of industrial relations, the authors conducted their research under other auspices. However, in the case of Lipset's book, certain chapters which deal with relationships between occupation, social class, and political behavior were originally published as articles and have been included in the Institute's reprint series.

Bendix has been a close student of Max Weber's work for many years. Thus, his book is not so much the product of a particular piece of research as of a major intellectual interest of long standing. Although there is an introductory chapter presenting a brief sketch of Weber's career and personal life, the volume is primarily an analysis of the development of Weber's thought.

Lipset likewise recognizes his intellectual indebtedness to Max Weber, as well as to Robert Michels and others, in an introductory section. He then goes on to consider the economic and social conditions that have contributed to the stability or instability of democratic institutions in modern societies. A major theme running through his analysis is a concern with the importance of distinguishing between education and social class as determinants of political behavior.

Kornhauser's book is more specifically concerned with the conditions contributing to the overthrow of the democratic order. In seeking to analyze the sources of support for communism, fascism, and similar movements, he develops his central argument that a pluralist society is likely to be inherently more stable than a mass society. Both Lipset's and Kornhauser's studies were supported by a grant from the Ford Foundation.

## RECENT PUBLICATIONS

### Health Plans and Collective Bargaining

By Joseph W. Garbarino

(Berkeley and Los Angeles: University of California Press, 1960; \$5)

Although research on voluntary health insurance plans in the United States has been increasing rapidly in recent years, there has been relatively little careful analysis of the economic aspects of collectively bargained health and welfare plans. Yet the development of negotiated plans has not only brought private health insurance to many families not previously covered but has also introduced a new element into the market for medical services. For the first time, consumers of medical care have been represented by professional negotiators who have attempted, in some instances, to use economic power to force concessions from suppliers of medical services.

It is this aspect of the voluntary health insurance field—the economic impact of bargaining—that Professor Garbarino's study is particularly designed to explore. Has the spread of collectively bargained health plans played a major role in driving up the cost of medical care? What has been the impact of this growth on the relative roles of insurance companies, Blue Cross and Blue Shield plans, and independent group practice plans? To what extent and in what ways have the county medical societies and the hospital associations been drawn into the process of collective bargaining? Have the negotiated plans had a noticeable impact on the organization of medical services?

These problems are nationwide in character, but they cannot be readily analyzed on a nationwide basis, since most of the significant negotiations are occurring in a limited number of metropolitan areas. The San Francisco Bay Area, which forms the locale for much of Garbarino's analysis, is one such area. Here the unions have been in a position to bargain with insurance companies, the California Physicians Service, Blue Cross, and the Kaiser Foundation Health Plan. Under some of the plans, moreover, union members have been given an opportunity to express a choice between the Kaiser Plan, on the one hand, and CPS or insurance company coverage, on the other. The presence of these choices has given union representatives wider latitude in negotiating for "packages" of protection than has been possible in most other areas.

### Institute Reprints

**Industrialization, Ideologies, and Social Structure**, by Reinhard Bendix (No. 132). Dr. Bendix considers some implications of his book-length analysis of management ideologies and the authority relationship between employers and workers (*Work and Authority in Industry*, 1956). The essay is divided into four parts: (a) a summary of the changes in management ideology that have occurred in the Anglo-American and Russian civilizations over a 200-year period, (b) the historical significance of such ideologies, (c) the theoretical implications of a study that treats these ideologies as an index of social structure, and (d) the difference between totalitarian and non-totalitarian forms of subordination in industry.

**Radiation Disability: Will It Be Adequately Compensated?** by Earl F. Cheit (No. 133). Based on a statement before the Joint Committee on Atomic Energy, Reprint 133 examines the reasons for concern over radiation as an occupational hazard and analyzes the problems which have arisen in respect to state workmen's compensation laws. Dr. Cheit finds that only a few of the state laws approach recommended standards of protection; under a number of laws, workers injured by exposure to radiation receive protection and benefits less favorable than those available to the victims of more "conventional" industrial accidents and disease.

**Biological Models and Empirical Histories of the Growth of Organizations**, by Mason Haire (No. 134). In considering a biological model for industrial organizations, Dr. Haire treats in some detail such subjects as the natural laws of growth, the operation of natural law in forces internal to an organization, the relation of an organization to its environment, and the interdependence of size, shape, and function. He emphasizes the need in organization theory for more empirical data and for conceptual frameworks based on the logic of science.

**Price Behavior and Productivity in the Medical Market**, by Joseph W. Garbarino (No. 135). This article is primarily an analysis of the behavior of physicians' and surgeons' fees over the past two decades. An effort is made to determine the relative importance of the factors responsible for the upward movement of the price of medical services. Dr. Garbarino finds that the growth of health insurance has not been as important in the rise of medical care prices as is commonly believed and that the most important factor has been the failure of the supply of medical services to grow with the demand for more medical care.

# WHAT IS ORGANIZED IN AN ORGANIZATION?

**By Mason Haire**

One of the fashionable subjects of the day is the problem of organization. In many academic circles "organization theory" is an accepted term. In companies a Department of Organization Planning is definitely in vogue. We seem to go from panacea to panacea looking for the solution to broad managerial problems—for example, job rationalization, scientific personnel selection, labor relations, human relations, operations research. Interests wax and wane much as the hems of skirts rise and fall. Each new development has seemed, at the moment, to be the great white hope for solving a company's problems. Currently the interest is in organization planning, and there is a diligent search for "the best organization."

A real difficulty seems to lie, however, in the fact that no one is very clear about what the best organization is best at. By what signs would we recognize it if we saw it? There are three distinct theoretical approaches to organization planning and quite different assumptions are present in each. In the first place, the approaches represent different appraisals of the nature of man. Of course, the character of the "ideal" administrative apparatus will differ with differing concepts of man. In the second place, the approaches take into consideration the adjustment problems of the particular individuals who must be satisfied (the responsible members of the organization).

## **Classical organization theories**

Let us look at some views of organization and see what this means. The classical theories of organization of Urwick and Fayol are built on an accounting model. Administrative control is built into a system much as cash control is built into a bank or quality control into a production process. There is maximization of neatness and control. The concept of man is that of homogeneous units, relatively unmodifiable, which can be plugged into the slots designed. The notion of "an extra pair of hands" fits this approach well. Specialization of function and rationalization of work are carried from the production line to the organizational apparatus.

This system allows a high degree of personal adjustment because nothing can go wrong undetected. The chief executive officer can go home at the end of the day knowing that not much can get out of line without his knowing it and being able

to correct the trouble. A tremendous amount of information is centralized to create this situation, and there is a corresponding centralization of authority.

Favoritism tends to flourish in such an organization. Training is minimized because members are relatively unmodifiable, and the leader tends to be the "born" leader rather than the professional manager.

## **The decision theorist**

The second model is the administrative organization of the decision theorist. In this case, man is viewed as a rational creature (in a modified sense). Instead of guaranteeing that the top knows what everyone has done, the system anticipates and programs decisions in advance to take care of all choices that may come up. We often see articles today about attempts to build a computer that will work like a man; a decision theory of organization tries to specify the job so the man will work like a computer.

The decision theorist's organization is a chess game in which an assistant does the playing. The boss has told his man all the moves the opponent may make and which action to take in every anticipated eventuality.

This approach protects the chief executive. He can go home at night knowing that no one has made a poorer decision than he. Indeed, no one else has made a decision. Instead of the "extra pair of hands" of the first approach, the organization members in this situation become "extrasensory" mechanisms which stand in the place of the programmer and do what he would have done had he been there.

Rational man would always make the best choice of alternatives; administrative man would if he could see clearly. Since he cannot, he is told in advance how to choose. He is not allowed much initiative for fear he would make a mistake, and little initiative is got out of him.

## **The human relations approach**

A third approach seems to be grounded in the human relations movement, job-satisfaction surveys, and interest in the motivation of people at work. Instead of the rational man it concentrates on the motivated man. The aim is to create a situation in which the individual's initiative is stimulated to the maximum. The system calls for stated management objectives and requires that the chief executive officer set clear and obtainable goals

for all subordinates. So far as the personal adjustment of the chief is concerned, this system is best suited to the executive officer who is comfortable when relying on the other person for drive and choice as well as execution.

For the person who needs neatness to be happy or for the person who is uncomfortable relying on what the other person sees in a situation, the above system is nightmarish. The ability to work as a team leader and to take responsibility for allowing a team to do the work requires a good deal of a chief executive in terms of personal adjustment.

A special problem is involved in this third approach. There is heavy dependence on the human relations specialist's contention that more human satisfactions are good. But, "good" for what? Will more satisfactions be good for the company in that productivity will increase? Or is the provision of more human satisfactions simply a good thing in itself? Perhaps increased satisfactions lead inevitably to increased productivity, but we need a lot more careful study of the extent to which this is true. And it would be useful to have a careful accounting of the expense of providing satisfactions and the return from the increment of productivity. If the contention is just that more satisfactions are good in themselves, we need to make a different sort of evaluation: how much of the company's good (profits) can and should be sacrificed to obtain more satisfaction?

## **Conclusion**

The present article is not designed to answer the question, "What is the best approach to organization?" but it may help to clarify the reasons for choosing a particular method. Usually, when an organization is changed, it is in the expectation that it will be "better."

What does "better" mean? One feels more comfortable, somehow. But in what way? Does one know sooner if something goes wrong? Are general decisions distributed to all levels for action so that subordinates cannot make worse (or better) decisions? Or does "better" mean that everyone will be able to use his initiative to the maximum benefit of the organization? The answers to these questions may have real cost implications, and they certainly will have implications for the executive's feeling of security.

The alternatives have, of course, been caricatured a little to make them stand out, but recognition of the choices and the principles involved is important.



# ITEMS OF INTEREST . . .

## 'Supervision and Leadership'

Because of the large number of requests from members of the management community, the Institute's short course on "Human Factors in Supervision and Leadership" will be repeated again this spring.

The new series will start March 3 on the Berkeley campus. As before, meetings will be held from 4 to 9:30 p.m. on six successive Thursdays.

Professors Samuel G. Trull and Lyman W. Porter of the University are in charge of the course.

Further information can be obtained from William E. Rogin, Institute Coordinator of Management Programs, at THornwall 5-6000, extension 2571.

## Federal Employees' Conference

The conference on "Health Insurance for Federal Employees," previously announced for January 16, will take place February 27.

The one-day meeting is being presented in cooperation with labor organizations represented in the federal civil service.

Discussions will cover the Federal Employees' Health Insurance Act of 1959 and the problems which have arisen over cost, quality, and organization of the health care now available.

Dr. E. Richard Weinerman will present a broad survey of experience and problems in health insurance and medical care.

The second major speaker will be Gordon Peterson, Health Benefits Representative of the 12th U. S. Civil Service Region. Peterson is responsible for administration of the Act in the Bay Area.

A panel discussion will follow each speaker. Morning panelists are: Carroll J. Lynch, health plan consultant; Austin J. McFarlin, Manager of Employee Insurance and Benefits, California Packing Corporation; Dr. John Morrison, President of the Alameda-Contra Costa Medical Association; Donald Vial, Director of Research, California Labor Federation.

Afternoon panelists are: George Lucia, Assistant Executive Director, Blue Cross-Hospital Service of Northern California; Harry Polland, labor economist; Arthur Weissman, Chief of Statistics, Kaiser Health Foundation.

The conference is to be held at the International House, Berkeley. The registration fee, which includes lunch, is five dollars.

## Supervisors Forum

Joseph Redo of the Dobeckmun Company of Berkeley addressed the February meeting of the Supervisors Forum on "Motivation."

The Forum will consider current supervisory problems at the March meeting.

## Industrial Relations Seminar

The impact of the Landrum-Griffin Act on labor-management relations was the subject discussed at the last meeting of the Industrial Relations Seminar.

Guest speakers were J. Hart Clinton, Executive Vice President and General Counsel of the Distributors Association of Northern California, and George Bahrs, well-known Northern California labor attorney.

## Recent Labor Seminars

Both the San Francisco and East Bay Labor Seminars met during February. The sessions were held for the purpose of discussing the bonding and election provisions of the new labor law.

The San Francisco group, which met February 2, was addressed by Charles Scully, counsel for the California Labor Federation.

Roland Davis, San Francisco labor attorney, spoke at the East Bay meeting on February 9.

## Kaiser Engineers

The final seminar in the series arranged for executives of Kaiser Engineers will be held this month.

The group has been studying the problems involved in leadership and decision-making.

## Ross Asked to Advise On British Columbia's Proposed I.R. Program

Arthur M. Ross, Director of the Institute, spent two days last month in Vancouver, B.C., at the invitation of President Norman A. M. Mackenzie of the University of British Columbia.

Ross was asked in order to assist university and government officials in their plans for a proposed industrial relations program. At a series of meetings he described similar programs now operating at American universities and at the University of California in particular.

The Board of Governors of the University of British Columbia is interested in developing such a project because of the recent spread of both collective bargaining and industrial conflict in the area. It is hoped that American experience will prove useful in the organization of an integrated teaching, research, and community service program.

## Fair Employment

(Continued from page 1)

The conference is presented in cooperation with the California Fair Employment Practice Commission and University Extension.

The public is invited to attend the meeting on fair employment. Conference fee for the day, including lunch, is five dollars.

Further information can be obtained from William E. Rogin, Coordinator of Management Programs, Institute of Industrial Relations, THornwall 5-6000, extension 2571.

## Insurance Legislation

(Continued from page 1)

ation, the insurance industry, the California Medical Association, the Kaiser Health Foundation, and the State Department of Social Welfare.

Further information on the "Health Insurance for the Older Worker" conference can be obtained from John Hutchinson, Institute Coordinator of Labor Programs.

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Published bimonthly during the academic year by the

Institute of Industrial Relations  
University of California  
Berkeley 4, California

Director: Arthur M. Ross

Editor: B. V. H. Schneider

Nonprofit Organization  
U. S. Postage  
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Berkeley, Calif.  
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