

The Company's Personnel Relations Program

STANDARD OIL COMPANY
OF CALIFORNIA

The Company's Personnel Relations Program

A brief summary of a series of talks, made to the Management personnel of the Standard Oil Company of California, on the subject of The Company's Personnel Relations Program. This subject was presented as part of the Company's Management Conference Program - a program of conferences designed to promote and maintain effective "Management Teamwork."

Prepared by
the Personnel Department

STANDARD OIL COMPANY OF CALIFORNIA
October 1949

Last year over 1200 members of the Management Conference Program were asked individually to name the subjects that they wished presented in the 1949 series of meetings. The answers received indicate a widespread interest in

The Company's Personnel Relations Program

Following are a few of the many related subject requests received from the members:

"What is the Company's overall industrial relations philosophy?"

"What is the foreman's part in the Company's personnel relations program?"

"What are the duties, functions and organization of the Company's Personnel Department?"

"What is the relationship between the Company Personnel Department and the personnel staff groups in the major operating departments?"

"What is the Company's hiring procedure - how are applicants screened and selected - on what basis are they recommended for hire?"

"How can we improve and maintain a high degree of employee morale?"

"What is the Company's Executive Development Program?"



What is Personnel Administration?

PERSONNEL ADMINISTRATION -- leadership and achievement of results through the support, cooperation, and efforts of others -- IS MANAGEMENT.

Personnel Administration -- the selection, training, and utilization of personnel to the best advantage, and maintaining a high degree of employee morale, response, and productivity -- constitutes the major portion of the total obligation and burden of Management.

Employee morale, response, and productivity can be achieved ONLY THROUGH THE MEDIUM OF HIGH QUALITY SUPERVISION -- a supervisory team that fully understands and discharges its personnel relations obligations -- that KNOWS AND PRACTICES GOOD PERSONNEL ADMINISTRATION.

Who is Responsible?

In a properly designed scheme of management, THE SUPERVISOR is the one who actually administers the most essential and important phases of the Company's personnel relations program. The supervisor, up and down the line, is the one who is held accountable for results. By supervisor, we mean every member of management who assigns work to others, who achieves results through the support, cooperation, and effort of others, regardless of the size and extent of his organizational unit or units.

Following are primary phases of the Company's personnel relations program that can be administered successfully ONLY BY THE SUPERVISOR: --

- ▶ Making sure that he selects, builds, and maintains a highly qualified work force.
- ▶ Making sure that his people are properly placed, inducted and oriented, and that their individual capabilities are used to the best advantage.
- ▶ Periodic rating or performance appraisal of each member of his organization, and follow-up and counseling of the individual to assure his training, development, and job satisfaction.
- ▶ Training of each member of his organization, making sure that job instruction is clear and fully understood at all times by each individual, with a follow-up and appraisal of results.
- ▶ Eliminating all possible work hazards and unsafe working conditions and training employees to observe safety rules and regulations.
- ▶ Making sure that employees under his supervision are aware of and fully utilize the Company's medical facilities and services.
- ▶ Making sure that the Company's personnel policies and benefits, and labor agreements are applied equitably and in accordance with basic intent.
- ▶ Knowing each employee, his interests and capabilities and making sure he is treated equitably as an individual and in such a manner that will enlist his response, efforts, and cooperation.

Why a Personnel Department?

Why then does the Company maintain a Personnel Department?
Why do the major operating departments have personnel divisions?
Why do some of our field operating units have personnel men attached to the staff of the field executive or manager?

The answers will be found in a full understanding of the distinction between line organization and staff organization and the responsibilities and relationships incumbent on each.



LINE MANAGEMENT HAS THE RESPONSIBILITY AND IS HELD ACCOUNTABLE FOR GOOD PERSONNEL ADMINISTRATION.



STAFF MANAGEMENT ADVISES AND ASSISTS LINE MANAGEMENT IN THE FULFILLMENT OF THE LATTER'S OBLIGATIONS, AND ALSO COORDINATES INTER-DEPARTMENTALLY THE SPECIALIZED ACTIVITIES FOR WHICH STAFF MANAGEMENT IS FUNCTIONALLY RESPONSIBLE.

Staff Management therefore is only responsible for the quality and reliability of the service, advice and assistance it gives to line management.

What is Line - What is Staff?

Most large companies today, with their thousands of employees, originated as small enterprises, some as a one-man enterprise or with only two or three employees. Every day in this country such enterprises are starting - enterprises, some of which will some day be large companies, making proportionately large contributions to our standard of living.

While the business is small - say with two or three or five employees - the volume and complexity of problems are likewise small. The owner or executive - the **LINE MANAGER** - in person may handle all the management phases of the business. He perhaps keeps his own books, makes out the income tax return, makes out the pay checks, budgets expenditures, investigates credit risks, etc.

But as the business grows, the managerial problems also grow in volume and complexity to the point where they exceed the personal capacity, comprehension, and knowledge of the line manager. He finds he must engage the services, advice, and assistance of people who specialize in phases of the management process that are highly essential but incidental to the primary processes of production, manufacturing, transportation, or marketing. For example, he may have to engage the services of an accountant, a designs engineer, a purchasing agent, a tax expert, etc. Such people are known as **STAFF**. They give specialized attention to certain phases of the **LINE MANAGER'S** problems so that the **LINE MANAGER'S COURSE OF ACTION AND DECISIONS** may be supported by facts, figures, investigation, and research.

As the business continues to grow, it may incorporate, sell stock, and acquire multiple ownership through stockholders. The chief line executive is now the **PRESIDENT** of the company. He may have to delegate portions of his managerial burden to a **VICE PRESIDENT** or **GENERAL MANAGER** of Production, of Manufacturing, of Marketing, etc. Each of them may have to delegate portions of their managerial burdens to **ASSISTANT MANAGERS, FIELD MANAGERS, PLANT MANAGERS, DISTRICT MANAGERS**, etc., and they in turn to **SUPERINTENDENTS, FOREMEN, SUPERVISORS, BRANCH MANAGERS**, etc. All these are members of **LINE MANAGEMENT** and carry the primary responsibility for maintaining the work force, the organization, and the operations that are the core and mainstay of the business, that keep the business going, that support the employees and stockholders, that bring the cash into the till.

Each of these members of **LINE MANAGEMENT** requires, to varying degrees, the services, advice, and assistance of **STAFF** and **STAFF MANAGEMENT** who specialize in such fields as accounting, organization, personnel, engineering, purchasing, etc., in order to discharge effectively their primary obligation of running the business or any of its subdivisions. Such is then the purpose of **STAFF AND STAFF MANAGEMENT** - to provide **LINE MANAGEMENT** with the **NECESSARY ASSISTANCE, SPECIALIZED KNOWLEDGE** and **AUTHORITATIVE ADVICE** to the end that the latter may be in a position to do a fully effective management job.

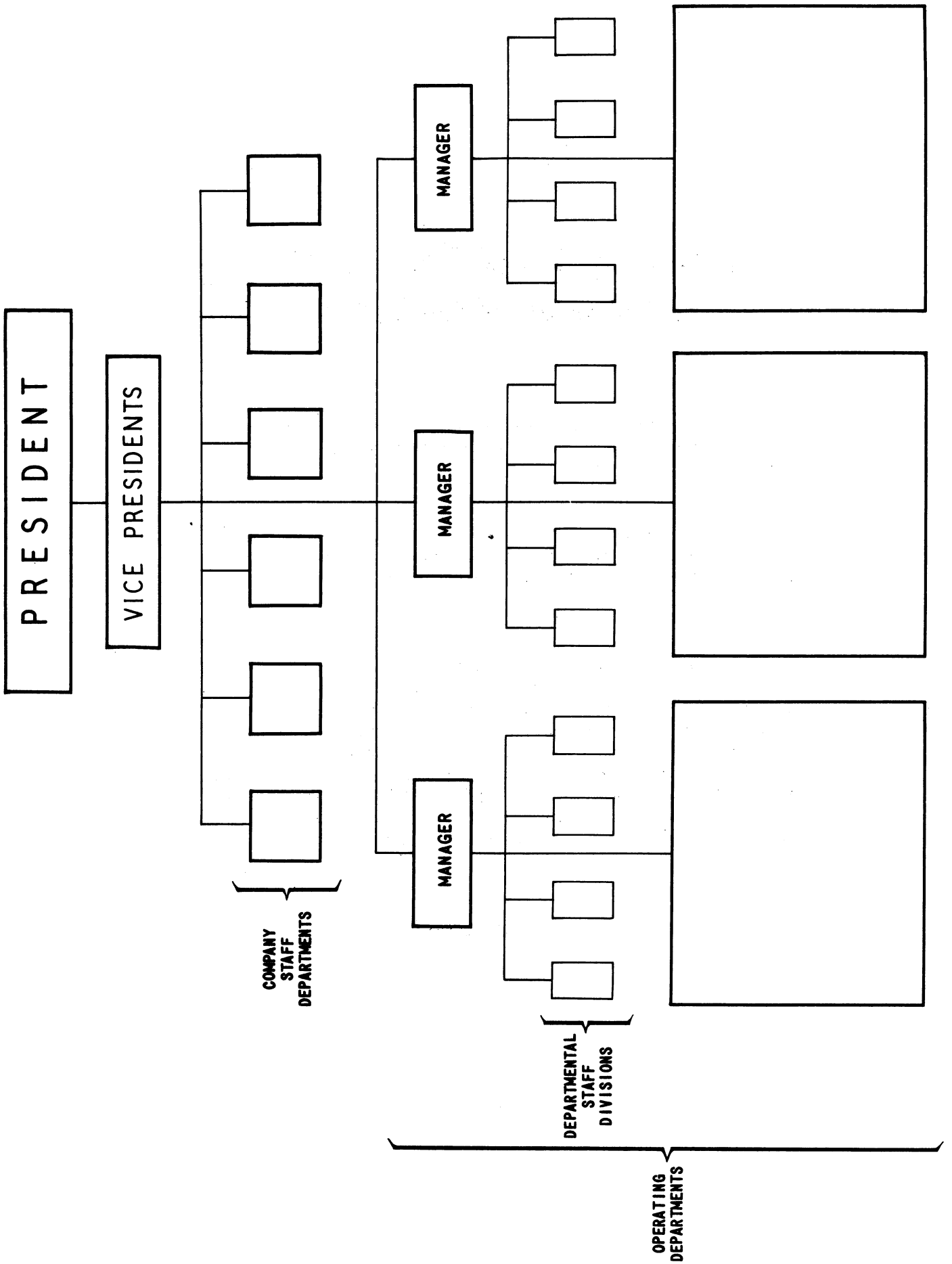
Company and Departmental Staff Organizations

The accompanying diagram is a simplified illustration of the manner in which STAFF departments and divisions are set up to serve LINE MANAGEMENT in our own Company.

Serving the Company as a whole, we have various STAFF DEPARTMENTS such as Comptroller's, Engineering, Executive Development, Personnel, Public Relations, Labor Relations, Medical, Organization, etc. These departments are charged with the responsibility of keeping abreast of the best thought, practices, and developments in their respective fields -- they formulate policies, methods, plans, and procedures -- they review, coordinate, digest, and make appropriate recommendations on significant proposals. Through appropriate channels they serve all departments of the Company.

In addition, within each major operating department, there are STAFF DIVISIONS set up similarly to the staff departments mentioned above. But instead of serving the Company as a whole, they concentrate their attention on the problems specific to the operating department of which they are a part.

The DEPARTMENTAL STAFF DIVISIONS serve and report to the line management of their respective operating departments. They are charged with the responsibility of advising, serving, and assisting their respective line managements to the end that operations will be carried on most effectively and within the framework of overall Company-wide policy, methods, and procedures. They keep closely in touch with the COMPANY'S STAFF DEPARTMENTS in their respective fields in order that they may have the essential background, why, and wherefore of Company policies. Similarly, the Company staff departments keep closely in touch with the respective departmental staff divisions in order that the staff departments may at all times have the benefit, knowledge, and background on the effects and results achieved by company policies, methods, and procedures at the "firing line."

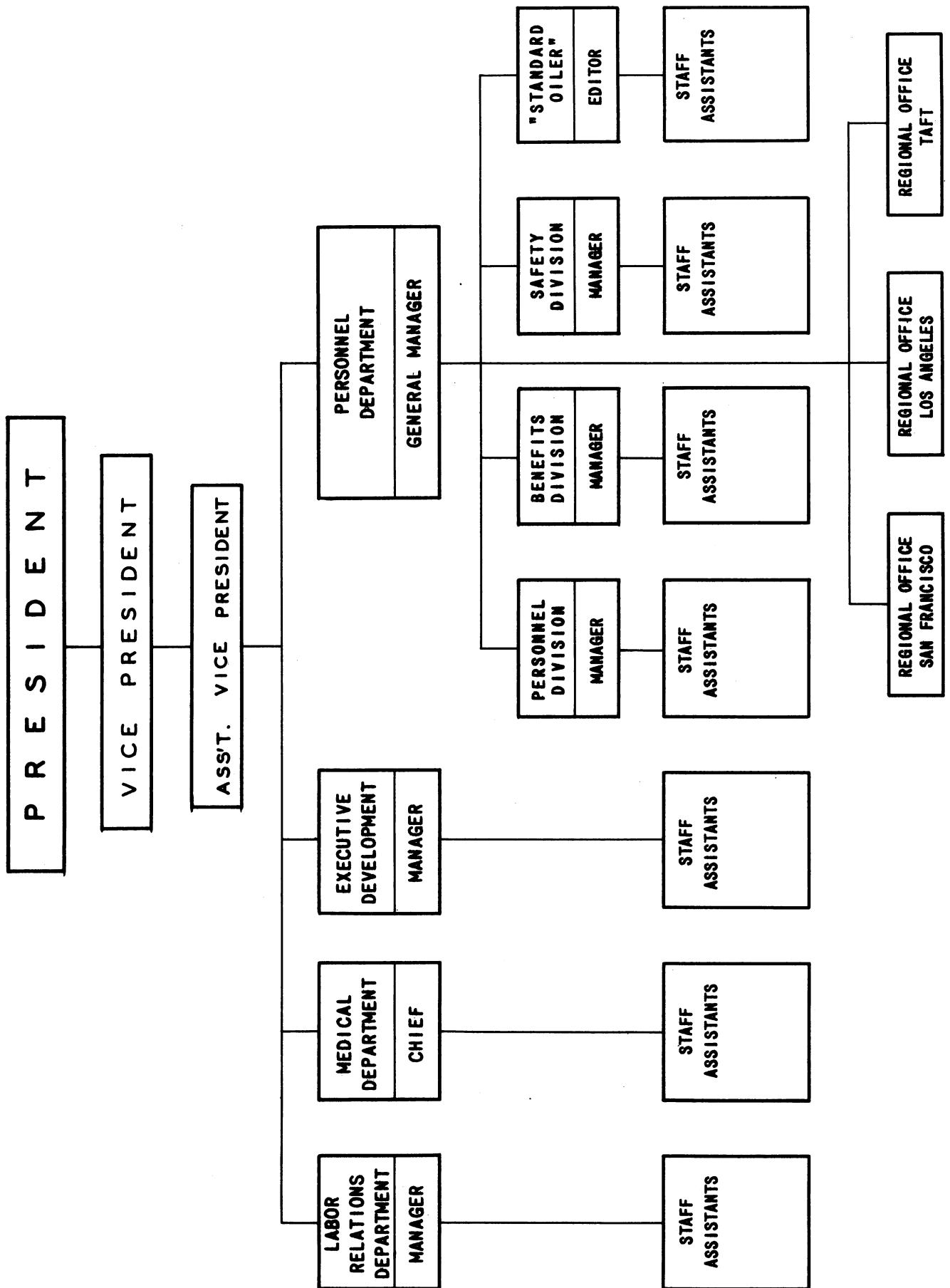


Company Staff Organization for Personnel Administration

The accompanying chart shows the COMPANY STAFF DEPARTMENTS or organizations that serve the Company as a whole in the field of personnel administration.

The Company organization for Personnel Administration includes the Labor Relations, Medical, Executive Development, and Personnel Departments. The functions of each are shown in more detail in pages following.

These COMPANY STAFF DEPARTMENTS are charged with the responsibility of studying, formulating, recommending, and assisting in the administration of a Company-wide pattern of Personnel Relations policies, procedures, and practices. Through their assistance and influence, the Company's benefit plans are centrally developed and uniformly administered for all departments; the various labor contracts are negotiated and administered within the framework of basic Company policy; the various personnel policies and procedures are developed and applied uniformly in all departments, consistent with basic intent.



LABOR RELATIONS DEPARTMENT

MANAGER

W. H. Roberts

1. Study of best LABOR RELATIONS practices throughout industry.
2. Study and development of sound LABOR RELATIONS policies.
3. Follow LABOR LEGISLATION State and Federal.
4. Counsel and participation in UNION NEGOTIATIONS.
5. Counsel on UNION CONTRACT ADMINISTRATION.
6. Handle ARBITRATION CASES.
7. Relations with GOVERNMENTAL LABOR AGENCIES.
8. N.L.R.B. CASES, UNION ELECTIONS, CERTIFICATIONS.
9. Handle matters pertaining to LABOR UNION other than those representing our employees.

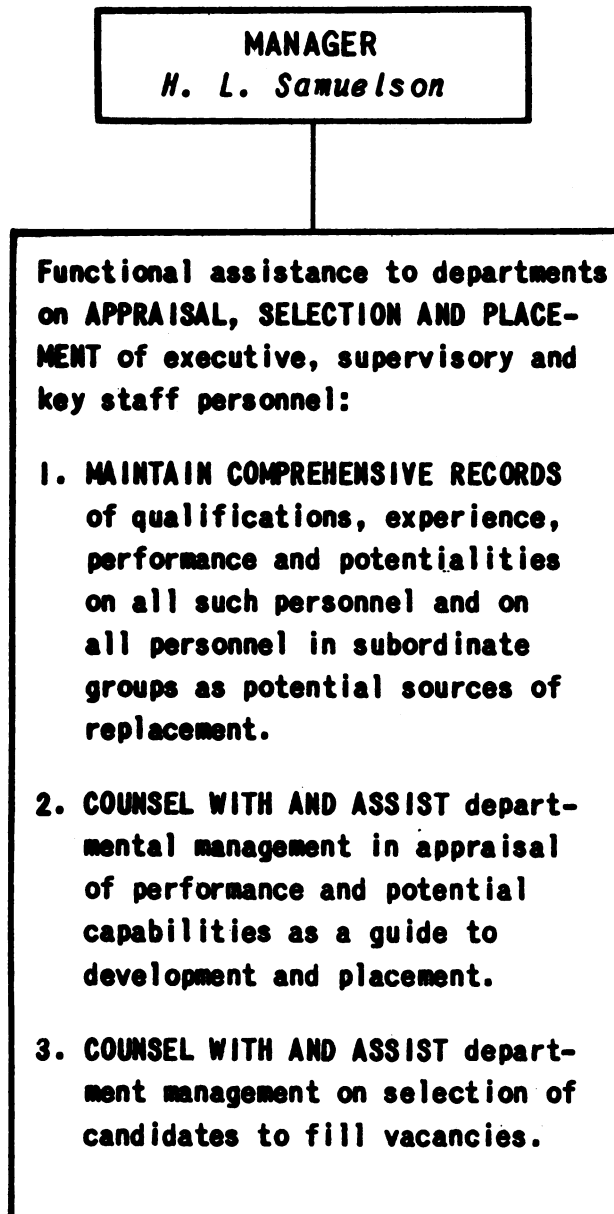
MEDICAL DEPARTMENT

CHIEF

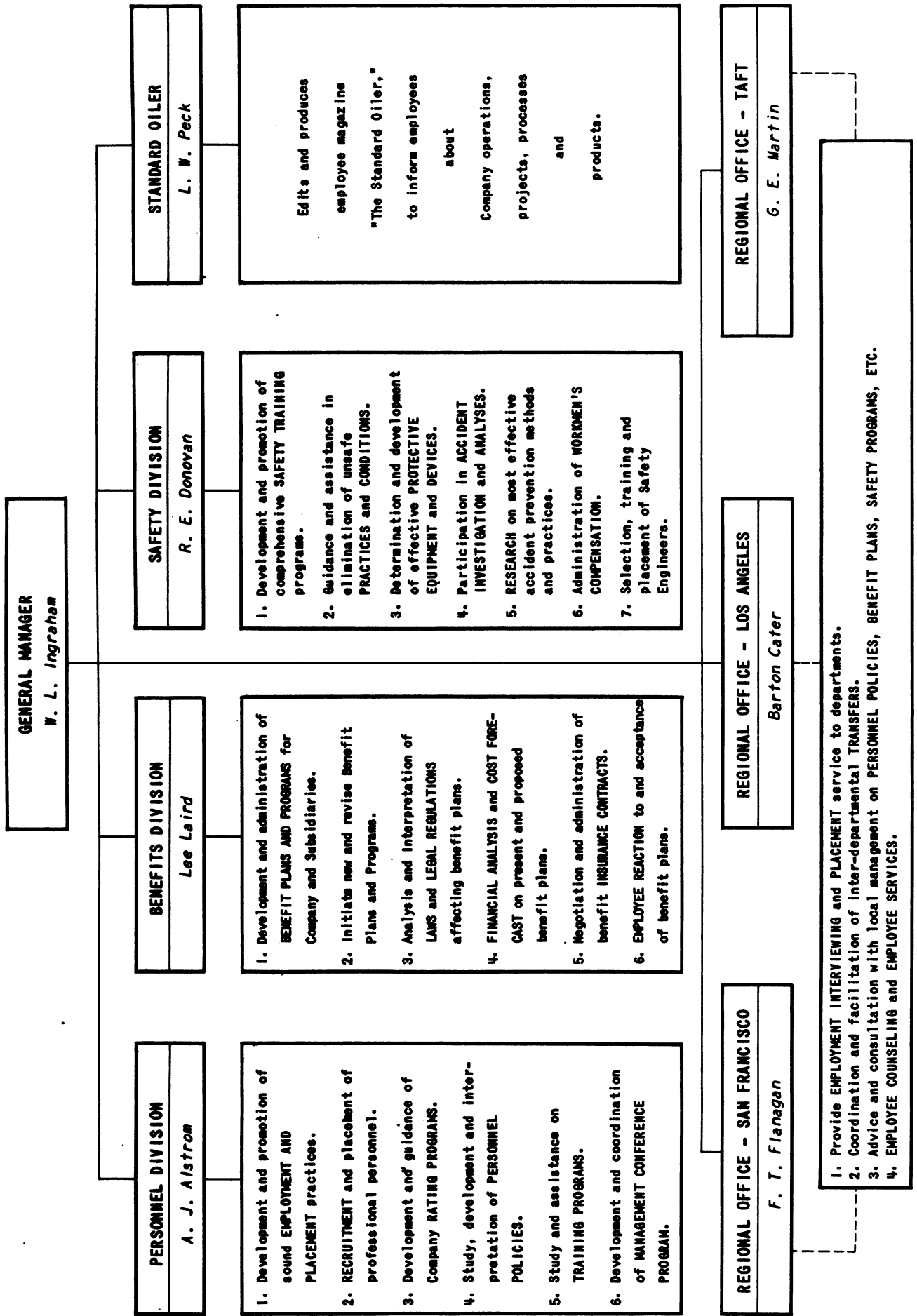
Dr. L. E. Curtis

- 1 . Develop and administer a program of INDUSTRIAL MEDICINE.
2. PRE-EMPLOYMENT EXAMINATIONS.
3. Maintenance of HYGIENIC WORKING CONDITIONS.
4. Advice on NON-INDUSTRIAL DISABILITY cases.
5. Medical care of INDUSTRIAL INJURY and OCCUPATIONAL ILLNESS cases.
6. Selection and supervision of the Company's MEDICAL STAFF.

EXECUTIVE DEVELOPMENT



PERSONNEL DEPARTMENT




Departmental Personnel Relations Obligations

While the over-all Company-wide aspects of the Personnel Relations Program requires long-range study, analysis, and planning by specialized Company staff departments, the actual day-to-day administration and achievement of results under this Program is the obligation of every member of Management in each of the Company's various departments.


Where the organizational unit is small, the member of Line Management in charge of the Unit can handle in person all of the phases of the day-to-day administration of good personnel relations, knowing that he has at his disposal the advice and assistance of Company or departmental staff agencies that specialize in this field.

Where the organizational unit is large, Line Management may need at its immediate disposal its own departmental staff to study, assist, and advise in effective personnel administration within the framework of Company policy. Examples are the Personnel Division of the Marketing Organization, the Personnel Director and Industrial Relations Divisions of the Manufacturing Department, the Personnel-Labor Relations Section of the Producing Department, etc.


Regardless of the organizational set-up, here in further detail are the major personnel relations obligations that Line Management is expected to assume, with the assistance of appropriate staff agencies as needed.




Acquire and maintain comprehensive knowledge of the Company's personnel relations objectives, policies, programs, and procedures through frequent consultation with members of the staff agencies assigned to this field.




Maintain the quality of the department's employment rating and placement activities to insure: (a) that the department obtains and retains employees of the highest quality to meet its personnel requirements, (b) that all employees are properly rated and appraised at periodic intervals and that maximum advantage is taken of the rating program to train and develop the employee, and (c) that advantage is taken of every opportunity to improve the stability and security of employment for a minimum high-grade work force.



Make sure: (a) that new employees are properly introduced to the Company, to the department, and to the job, (b) that employees receive the training and instruction essential to optimum job performance, and (c) that every member of the Management Team observes the fundamentals of high quality supervision.



Make sure that personnel throughout the department are advised, assisted, and served in the proper and equitable administration of employee benefits, consistent with pertinent Company policies and procedures.



Promote and maintain a safety program within the department that will hold the frequency, extent, and consequences of industrial injuries to a minimum.

- ➡ Provide and maintain well-designed employee facilities, equipment and work environment, and eliminate any physical obstacles in the way of employee morale and performance.
- ➡ Cooperate and consult with the Medical Department in facilitating proper administration of the Company's medical program throughout the department.
- ➡ Properly administer union relationships, keeping advised and informed of all pertinent contract provisions, taking appropriate steps to insure that labor agreements are observed and equitably administered, making sure that grievances are promptly investigated, equitably handled, and kept to a minimum.
- ➡ Closely observe employee attitudes, opinions, and reactions throughout the department, making sure: (a) that Company personnel policies are equitably applied, (b) that employees are treated fairly and considerately as individuals, and (c) that sources of discontent are investigated and appropriate corrective action taken promptly.
- ➡ Take appropriate steps to ensure that departmental wages and salaries are equitably administered and that individuals are properly compensated within the established schedules.
- ➡ Make sure that there are adequate open channels through which employees at every level may have the opportunity for expression, discussion, and counseling on their individual problems of relationship with the Company.
- ➡ Maintain personnel records which will meet departmental and Company needs in facilitating sound personnel administration and that will assist in planning personnel moves and placements that will not only meet job requirements, but will further departmental and Company aims in training, development, and utilization of talent.

The foregoing has outlined the role of "MANAGEMENT" in our Company's Personnel Relations Program and organization. Personnel administration need not be complex. Fundamentally, it is simply the recognition of each employee as an individual and treatment of all employees as human beings -- it is GOOD HUMAN RELATIONS.

A good supervisor knows his employees as INDIVIDUALS -- he knows their problems and desires, their interests and ambitions. He assumes the responsibility of leadership, recognizing that MANAGEMENT is not the direction of things, but the RECOGNITION and DEVELOPMENT of PEOPLE. The degree to which he succeeds as a LEADER will depend largely upon how well he masters the simple principles of HUMAN RELATIONS.