CORNELL
Conference Report

SPONSORED BY
NEW YORK STATE SCHOOL OF
INDUSTRIAL AND LABOR RELATIONS
A UNIT OF THE STATE UNIVERSITY OF NEW YORK

FIFTH ANNUAL

Personnel Institute for Savings Bank Association of New York State

AUGUST 2-5, 1955

at Cornell University, Ithaca, New York

ON-CAMPUS, NON-CREDIT PROGRAMS

The Institute on Personnel for the Savings Banks Association of the State of New York, reported in these notes, was the fifth in an annual series of conferences conducted for the Association by the New York State School of Industrial and Labor Relations at Cornell University.

A variety of conferences, institutes, seminars and workshops are held throughout the year on subjects of current concern to practitioners from business, industry, labor, government and to others with related interests. Teaching methods and intensiveness of coverage vary in accordance with the program's purpose and the group to be served. There are no formal academic requirements for admission to conferences permitting open registration, or for the setting up of programs for special organizations.

The conferences, institutes and seminars held throughout the year are announced individually six weeks to a month prior to their beginning. A detailed statement of the program for the summer seminars is contained in a special announcement published by the School.

During the summer of 1955 the following programs, in addition to the Institute here reported, were offered: Fifth Annual Conference for Training Specialists; Problem-Solving Conference Workshop; Employment Stabilization Issues and Problems Seminar; Developing Human Relations Training Materials Workshop; Health, Welfare and Pension Plans Seminar; In-Plant Communications Seminar; Community Relations for Business and Industry Seminar; Personnel Selection and Placement Seminar; Organizational Uses of Effective Talking and Listening Workshop; and Improving Appraisal and Development of Supervisors Workshop.

Mimeographed reports on many of these programs are now available and will be supplied upon request.

The School, in addition to special non-credit programs open to general enrollment, also conducts similar programs on campus in specialized areas for individual management and labor organizations. These programs supplement the more general offerings to meet particular organizational needs.

To receive additional information concerning on-campus, non-credit special programs, to be placed on a permanent list to receive announcements of all special programs, or to discuss possible on-campus programs of specialized nature for employees of a single organization, write: Robert F. Risley, Coordinator of Special Programs, New York State School of Industrial and Labor Relations, Cornell University, Ithaca, New York.

TABLE OF CONTENTS

"EMPLOYEE RELATIONS LEGISLATION AND ITS ADMINISTRATION"

Address delivered by

JAY KRAMER

Member, New York State Labor Relations Board,

before the

INSTITUTE ON MANAGEMENT OF THE SAVINGS BANK ASSOCIATION
OF THE STATE OF NEW YORK

on the

Campus of Cornell University,
Ithaca, New York,

Dinner Meeting, August 2, 1955.

I have been asked to speak to your association on Employee Relations Legislation and its Administration. A noted Harvard Professor recently observed that the year 1954 saw important developments in the field of industrial relations. Thus, a New York arbitrator held that it is not permissable to fine a waiter because he is writing a book about the customers and the owner of the restaurant. The New Jersey Supreme Court held that a bartender hit by a flying beer stein may nevertheless collect Workmen's Compensation. An Australian tribunal held that compensation was proper in the case of a dislocated jaw suffered while yawning at work (a disability hardly to be feared among bankers I am sure). Boxers appearing in professional bouts in Indiana were required to take non-Communist oaths. The town of Waterloo, Nebraska, forbade barbers to eat onions between 7:00 a.m. and 7 p.m.

Now obviously while this presents an interesting summary of startling events in industrial jurisprudence, it is not too germane to the subject that you have asked me to discuss tonight. Instead, I understand that you would prefer that I talk to you briefly about some problems which may face the savings bank industry in the State of New York in the relatively near future and that I then hold myself ready for a question and answer session. That is my assignment, tonight.

We might set the stage for tonight's discussion by adverting to the statement in the New York Times on June 13, 1955 by the president of the Office Employees International Union, A.F. of L. That gentleman urged all affiliates of the American Federation of Labor and the Congress of Industrial Organizations to keep their billions of dollars of pension and welfare funds out of banks or insurance companies whose office staffs are not organized; that union official also referred to working conditions in many large financial institutions as "so sub-standard that these offices are nothing more than air- conditioned sweatshops."

It is the fact that only a handful of small financial institutions, most of them with direct union ties, have white-collar staffs which are organized and that none of the major banks or insurance companies has a union contract covering office workers. As pension and welfare reserves now total more than 20 billion dollars and the treasuries of American unions themselves aggregate nearly an additional billion dollars, this appeal for a financial boycott would seem to present a somewhat sober problem for the banking industry.

We might go on by pointing out that 8 out of every 10 industrial workers in major cities in the United States are covered by a union contract, while only one out of every 6 office workers in those major cities is covered by a union contract. Two-thirds of the contracts covering the office workers were with unions that also represented plant workers in the same establishment.

The plea for union organization among other white-collar workers uttered by the president of the Office Employees International Union, A.F. of L. has received considerable vocal support. Walter Reuther, president of the United Automobile Workers and of the C. I. O., recently revealed that one of the first objectives of a combined labor organization after their merger is completed in the late fall, would be a mass organization drive to unionize the millions of unorganized white-collar office people in the United States. He is quoted as saying that "we will give of our strength and energy and resources to bring the benefits and the strength of trade unionism to these unorganized workers." George Meany, president of the American Federation of Labor and destined to become the president of the merged labor organization, has recently said that it was his "hope and conviction" that the Amalgamated A.F.L. -- C.I.O. would be able to concentrate its full energy on organizing within the jurisdiction of the Office Employees International Union; finally, Peter J. McGavin, assistant organizing director of the A.F. of L. has said that the Federation planned to start a large scale recruiting drive among white-collar workers in August, 1955, even before the merger of the A.F. of L. and the C.I.O. becomes effective.

Now, these present some thoughts for consideration by your Association. An additional factor arises from an evaluation of a prediction by Adolph A. Berle, chairman of the board of the Twentieth Century Fund, on the occasion of his resignation as chairman of the Liberal Party of the State of New York. He then stressed that Twentieth Century Fund preliminary studies which are now underway indicate that in twenty years labor and pension funds "will own 35% of all big business" in the United States; 35% is normally working control, as you know. Big business was defined as the 600 corporations which own 65% of American industry, excluding banks and finance companies.

In this connection it is worth noting that the State Department of Insurance recently reported that every fourth person in New York State has a stake in the sound operation of the 500 welfare funds which now exist in this jurisdiction and that almost three billion dollars of assets are now involved, three times more than four years ago.

It is in this context and against this background that the subject you have asked me to discuss with you tonight takes on meaning and motivation.

II

At this juncture, therefore, it would be worthwhile to determine the impact of State labor policy as embodied in the law which my agency administers. That policy as stated in the preamble to the New York State Labor Relations Act is very direct and very simple. It calls for the encouragement and the establishment of the principles and practices of free collective bargaining.

Prior to the enactment of the State and National Labor Relations Acts, the right of employees to associate and bargain collectively was recognized at common law. That right, however, was neither protected nor enforced. As a result, we had a series of grave industrial disturbances for many years to achieve recognition of a labor organization as the representative of the employees, or to protest discrimination against employees who had become active in union activity. The New York State Labor Relations

Act was enacted to substitute the ballot box and the conference table for the strike and the lockout. The Act became law in 1937, and has remained substantially unamended. It guarantees the rights of employees to form, join or assist labor organizations of their own choosing and to bargain collectively. It prohibits intereference by employers with those rights and it imposes upon the employer the duty to bargain in good faith with a majority representative in an appropriate unit. To determine the majority representative the Act provides for state conducted elections to determine the collective bargaining representative.

Some people assume that the labor relations acts, either State or Federal, dictate the relationships or the nature of the collective bargaining contract between management and labor. That is hardly correct. Quite to the contrary, the basic tenet of both State and National labor policy is the compelling of negotiation in good faith rather than blind agreement. The requirement of good faith bargaining is based on the promise that good faith negotiation will actually lead to that agreement which the labor relations acts themselves do not compel. The core of governmental labor policy, both State and National, is the furtherance of the principles and practices of free collective bargaining.

Free collective bargaining is more than the mere negotiation of collective agreements. That is, of course, the ultimate goal of both State and National Acts; for only by collective agreement jointly entered into by free labor and free management can we achieve stability in labor relations and the execution of labor contracts to determine wages,hours and working conditions for stated periods of time. The concept of freedom, however, has a wider range encompassing within its scope all the aspects of employer- union - employee relationship, and it requires, it seems to me, an attitude of mind and approach wholly different from anything experienced prior to the impact of collective bargaining.

In terms of a concrete example, an employer does not fulfill all his obligations by recognizing and negotiating in good faith with the union after it has achieved majority status. It is equally his obligation to respect the rights of unions and employees at the organizational stage before majority status is achieved. An employer in our nation, whether covered by State or National Labor Relations Acts, is also under a duty at the outset not to interfere with the rights of his employees in the exercise of free choice to decide for themselves whether or not they want to join a union. An employer at the outset is also under the duty not to throw the weight of his economic strength against the union which may be trying to organize his employeees or in favor of one of several unions which may be so engaged.

Experience has demonstrated that it is at the beginning stage in the development of collective bargaining that friction and strife most often occurs. We have seen too many cases involving unfair labor practices which are born of stubbornness, ineptness, lack of understanding and complete ignorance of human relations or labor relations practice or law.

In industries which have had no previous experience in dealing with labor organizations, it is oftimes the fact that the reaction to the advent of organizational activity approaches complete resentment and deep shock. The interest which employees, hitherto unorganized, may show in a labor organization ordinarily surprises, and indeed, deeply hurts some employers. Many employers who are sure that they have done a good job in employee relations feel that employee interest in a union indicates that the employer has in some way fallen down on his job. This all too human reaction may lead him or his supervisory staff to interrogate and make statements and to engage in conduct impinging upon his employee's freedom of choice and thus prohibited by our State and National policy. In these circumstances an employer may find himself, quite unwittingly, in violation of the law, even though he undoubtedly possesses freedom of speech in these matters provided he does not in statutory terms "intimidate, coerce or restrain" employees. This means, in general terms, that promises of benefits or threats of reprisal are outlawed. His attitude and conduct, born of misunderstanding, not out of malice, may produce bitterness and counteraction in the form of a strike or other economic pressure. Difficulties of this kind at the outset of union organization can be minimized if an employer learns to think before he acts, reflects before he speaks and if he will sit down and engage in some sober, searching, and critical reflection preferably with able labor relations counsel as to his employee's rights and his own rights and obligations under applicable law.

When faced with a claim for representation rights, the employer is entitled to be satisfied, in good faith, that a specific labor organization does actually represent his employees. If he has a bona fide doubt, he has the right to petition either the State or the National Board, as the case may be, for an election to resolve the issue as to whether his employees really wish to be represented by a labor organization. If an employer does this and maintains clean hands, he will be sure that a free democratic secret ballot under the auspices of the appropriate government agency will provide a clear answer to the question he has in his mind. Employers who act hastily and unthinkingly many times find that they have deprived themselves of the right to an election by engaging in conduct which makes a free election impossible. This forces resort to other means of determining majority status and denies both to the employer and his employees the privilege of having representation disputes submitted to a conclusive test at the polls.

In its final stage, the sharpest test of good faith in collective bargaining is made at the bargaining table. This does not imply that an employer need blindly accept or yield to all union demands. Full bona fide acceptance of our statutory labor policy requires both parties to approach the negotiations with the willingness and desire to come to terms and embody them in a written agreement. This means much, much more than simply going through the motion of meeting and discussing -- even at great length or in many conferences -- contract proposals. The statutes require that the parties manifest good faith - and the Acts both State and National - certainly contemplate an attitude of give and take. Over and above the statutory labor-management policy, it is clear that if democracy is to survive, rigidity of thinking and of action has no place in the collective bargaining process.

In New York State the outstanding record of industrial peace is a tribute to the understanding and maturity of both industry and labor. I am convinced that stable labor management relations under collective bargaining in our State is based upon management acceptance unreservedly of the fact that labor organizations are here to stay and must be dealt with and, on the other hand, by labor organizations' acceptance unreservedly of the importance of earning a profit and recognition of management prerogatives and the right of an employer to run his business. The great record of industrial peace in the state of New York has been the result of a deliberate government policy calculated to put a premium on voluntary procedures designed to achieve agreement between labor and management and a penalty upon those unfair practices which make for strife and unrest. In New York State the trinity of the recognized and legally enforceable right to collective bargaining to achieve a contract, the aid of voluntary mediation and the voluntary recourse to arbitration offered by an agency sister to my own - have worked magnificantly for all the people of the State.

I would like to provide you tonight, if I only could, with a chart marking clearly all the boulders and the shoals and the rapids and the sand-bars, to the end that you do not run afoul, deliberately or mistakenly, of the law of State and of the nation. No one can do that. I will, however, explain some of the important problem points, and I will also suggest for your consideration, that basic to trouble-free management in this area of conduct is a good faith, intelligent and understanding approach to the problems of collective bargaining. This is the bedrock and the touchstone. The price of freedom is wisdom and the conscious acceptance of responsibility. Bankers especially have an obligation to their employees, their stockholders, their communities and their State. Both employers and unions have obligations to the public at large and indeed to one another. Labor disputes of whatever nature are to be avoided because our national strength and the fabric of our national order requires that we do all that we can to avoid disruptions of our economic strength.

III

I would like now to talk to you specifically about some of the legal problems in the banking field in connection with the imposition of labor relations law.

In 1947 there was a flurry of organizational activity in the banking industry. In that year the New York State Labor Relations Board was called upon to decide an unusual number of cases involving banking employees. The problems that were brought to us mainly concerned the unit appropriate for the purposes of collective bargaining. You will recall that the statutory obligation is to bargain collectively with the majority representative of employees in an appropriate unit. An appropriate unit is a term of art.

The present membership of the New York State Labor Relations Board has had no opportunity to decide any banking industry cases. This should be borne in mind in connection with the cases I will now discuss. In Bank of Manhattan Company, the employer, a commercial bank, operated 52 branches divided into 4 divisions in the Metropolitan area. It employed

2,129 nonsupervisory employees. The labor organization there involved asked for a unit of the employees in the uptown division consisting of 7 branches, in which there were 116 nonsupervisory employees. The Bank objected to any unit which did not include all of the nonsupervisory employees at all of its branches. The Board split 2 to 1. The majority discussed the organization of the employer which they found highly centralized; the branches' operations; accounting controls; personnel policies; the significance of the geographical scope of the unit, distinguishing department store cases and those involving enterprises with a considerable number of branches over substantially the entire Metropolitan area; the complications that might follow if the small unit were found appropriate, and weighed all of these against the desires of the employees and the extent of self-organization. The problem, you see, was primarily one of balancing the bank's administrative organization against the extent of self-organizatiom among employees in an attempt to determine the geographical scope of an appropriate unit. The Board majority concluded that

> ". . . each branch of this banking concern is a link in a solid chain" . . . " in such cases involving highly centralized enterprises with branches not extending beyond the New York Metropolitan area, when the employees in a comparatively small segment seek certification, it is not unfair to compel them to wait until there is a deep similar interest manifested by the varioas employees in the organization as a whole. We are of the belief that the creation of the unit sought would be an opening wedge for other similar cases with the effect of causing not the peace and harmony contemplated by the Act, but general chaos, and confusion in the banking industry as a whole."

The Board then found that a unit consisting of employees in the uptown division would not be appropriate. The then chairman of the Board in his dissenting opinion declared that

> ". . . employers are, of course, expected to be ready to adapt their personnel practices to the practice and procedure of collective bargaining."

He predicted that

> "the effect of the finding that the divisional unit of employees is inappropriate, would be the indefinite postponement, if not effective denial, to those employees of their right . . . to collective bargaining."

That same year there were similar majority and dissenting opinions in the Green Point Savings Bank case. There, as you know, the employer was not a commercial bank, but rather a mutual savings bank operating a principal office and two branch offices in Brooklyn. The union sought a unit of the employees in one of the branches, the Flatbush office. The bank contended that a system -wide unit comprising all employees in the main office of both branches was the only appropriate unit. The majority of the Board rejected the union's request for a one branch unit, finding that the highly centralized organization, the employer's administrative organization, its unified character generally, the uniformity of its personnel practices and the limited authority of the branch manager make inappropriate a unit confined to one branch. The dissenting opinion which would have found a unit of one branch appropriate, pointed out that the union had failed to organize the other two branches and that under such circumstances "to find the branch unit inappropriate is tantamount to a direct denial to the Flatbush branch employees of their rights to self-organization and to collective bargaining."

The Board also decided that year the National City Bank case, involving a bank engaged in the general commercial banking business with a head office and 67 branches. The union there tried to have the Board find a bargaining unit of maintenance employees employed by the bank at one building. The majority of the Board, with the chairman then again dissenting, found that unit inappropriate and dismissed the union's petition.

In matter of Manufacturers' Trust Company, also decided that year, the bank operated a main office and 73 branches. The union wanted a unit of employees in the central clearance department. The bank urged that the appropriate unit should consist of all the non-supervisory employees in all of the branches. The majority of the Board rejected the small unit and dismissed the union's petition, stressing that

> "all of the central clearance employees are hired in the same manner as are all other employees. In addition , the record shows that transfers to and from the departments are constantly taking place. Moreover, additional help is always brought in from the branches as the need arises."

The majority of the Board referred to the union's characterizations of the clearance department as being the 'heart of the bank' and held that any restriction proposed must be drawn in the light of the unified character of the union's organization and the method by which the employer operates and controls it. The dissenting opinion declared that the employees in the central clearance department were in a separate grouping or a department set up by the employer; that they worked under the same roof; that they had a common bond because of the performance of a unique and vital function not duplicated elsewhere in the entire bank system; that they had common supervision and common working conditions; that transfers in and out of that department were few; and that only these employees had sought self-organization and collective bargaining.

In the Bank of Manhattan Company case, discussed above, the bank sought to dismiss the union's petition on the ground that it operated under supervision of the State Banking Department; that it was an agency of the State; that it was against public policy for financial institutions to be subject to the Act, and that to apply the Act would impair contract obligations contrary to the Federal and State constitutions. The Board found these arguments without merit and cited the Court of Appeals decision in Bank of Yorktown. In the Bank of Yorktown case (284 N.Y. 744, decided in 1940,) the Court of Appeals upheld the application of the New York State Labor Relations Act to bank employees.

In the National City Bank case to which I have adverted, the bank objected to the Board's jurisdiction on the ground that it was a national bank subject to direct jurisdiction and control of Congress and that it was an agency and instrumentality of the Federal Government. The Board noted that the bank's stock was privately owned; that apart from federal regulations it was responsible only to its stockholders and that it managed its own affairs. The Board sustained its own jurisdiction.

In 1947, the Board also decided two other bank cases. In the First Trust Company of Albany case, the bank engaged in the general banking and safe deposit business at a main office and two branches. There, the Office Employees International Union, Local 58, A.F. of L. sought jurisdiction over employees at all the branches and the main office. The Board found that all tellers, clerical employees, stockroom clerks, night watchmen, floormen, messengers and elevator operators constituted an appropriate unit. As the union failed to receive a majority of the votes cast in the election, the petition was dismissed on June 5, 1947.

The other case involved the Public National Bank and Trust Company and the Office Employees International Union, Local 153, A.F. of L. The bank there was engaged in the general banking business, maintaining various branches in Manhattan, the Bronx and Brooklyn. The unit found consisted of all employees of its various branches and its main office excluding officers, branch manager and assistant branch manager. On June 25, 1947 an election among the employees in that unit was held. The result was 859 against the union and 278 for the union. The petition was accordingly dismissed and the Board did not certify the union involved.

Now, this brief discussion will give you some notion of the complexity of the problems involved in determining the appropriate unit. I should now like to turn briefly to the most complex and involved of all labor relations questions, the question of jurisdiction.

IV

The problem of jurisdiction has provided a source of puzzlement to all labor relations experts ever since the enactment of the Taft-Hartley Act in its present form in 1947. The problem as it relates to banks and especially savings banks, is one to which no clear answer is provided by the reported cases. We do know that the courts, both federal and State, have upheld the application of the State and Federal labor relations act to bank employees. Whether a specific bank would be within the jurisdiction of the State or National Board depends primarily upon the jurisdictional standards which the National Board may decide to apply for the assertion of jurisdiction, on commerce grounds, over banks.

From 1937 to 1947, the National Labor Relations Board and the New York State Labor Relations Board cooperated harmoniously under an agreement whereby border-line and predominantly local matters were handled by the New York Board. Similar arrangements were in effect between the National Board and other state boards. Following the Bethlehem Steel Company case and the enactment of the Taft-Hartley Act and particularly Section 10 (a) of that Act, the possibility of continuing pre-existing cooperation was substantially eliminated.

In 1947, just prior to the enactment of the Labor Management Relations Act of that year, otherwise known as the Taft-Hartley Act, the National Labor Relations Board, because of administrative and budgetary considerations, announced that it would not assert jurisdiction over certain enterprises, including banks and brokerage houses, and expressed the opinion that cases of that character in the State of New York would more appropriately be handled by the New York Board.

Thereafter, as the N.L.R.B. moved into the assertion of jurisdiction over the banking industry, it became unclear and it still is unclear, whether jurisdiction would be asserted over a specific bank by the National Board. The answer to this problem is still awaited. Some benchmarks along the way, however, are apparent.

In 1948, the New York State Labor Relations Board was asked to certify as bargaining representative of the service and maintenance employees of the Buffalo Industrial Bank, a local of the Building Service Employees International Union, A.F. of L. The Board exercised judicial self-restraint, and on the basis of the dollar volume of the transfer of funds out of and into the State of New York, the dollar volume of consumer credit financing with customers outside the State, the volume of deposits received from customers residing outside the State and a substantial amount of credit information inquiries from correspondent banks, individuals and firms located outside of New York, concluded that that bank's operations substantially affected interstate commerce and dismissed the petition, without prejudice to refiling in the event that the National Board did not assert jurisdiction. The Board there found of significance the facts that the transfer of money out of and into New York State constituted about 12% of the dollar volume of the employer's total transfer of funds and that 30% of the total dollar volume of the employer's consumer credit financing is done with customers outside the State of New York; that 10% of the money deposited with the employer is received from people outside the State of New York; and that 50% of the total of credit information inquiries are received from outside the State of New York.

In 1950, the N.L.R.B. announced dollar volume standards which would govern its assertion of jurisdiction thereafter. In cases where those standards were not met, the N.L.R.B. declined jurisdiction as a matter of discretion. In accordance with these standards, the National Board asserted jurisdiction in several bank cases. One of these was the Amalgamated Bank of New York case. The petitioner was the Financial Employees' Guild, Local 96, United Office & Professional Workers of America, C.I.O. The National Board there found that it had jurisdiction. The facts were that the loans to borrowers outside the State of New York were in excess of $750,000.00, while deposits from outside the State were in excess of $550,000.00. The Board found that that employer is engaged in commerce within the meaning of the National Act and that further the bank was, under the circumstances disclosed, an instrumentality of commerce and should be so treated. The parties had agreed on the collective bargaining unit there involved and an election was directed.

In 1954, the National Labor Relations Board announced the establishment of new standards further limiting the areas in which it will and will not exercise jurisdiction. Neither the new standards nor the subsequent series of decisions of the National Board based thereon, define or clarify the yard-sticks which would be applied for assertion of jurisdiction over banks. So far as I know, there is no pending bank case before the National Labor Relations Board and the question as to what standards of dollar volume and what criteria will be applied, is open. Presumably, when the question is presented in a specific case the determination there will be based upon the nature of the activities and the extent to which the service involved affects interstate commerce. And presumably among the factors which would be considered would be those mentioned by my Board, the New York State Labor Relations Board, in its Buffalo Industrial Bank decision in 1948.

The National Labor Relations Board has discretionary power to decline jurisdiction, a power which it has frequently exercised. For example, even today it has declared that the entire hotel industry will not be processed by that agency. Labor disputes involved in cases where the National Board will not act, will be wholly unregulated unless the New York State Labor Relations Board moves into the situation. The position of the New York Board has been, and still is, that it will act in the area where the National Board declines to assert jurisdiction. In a recent case, Raisch Motors, we stated that:

> "we do not believe that Congress, which granted the National Board discretionary power to decline jurisdiction, ever intended to prevent the states, when that occurs, from taking necessary steps to protect their own safety, health and welfare."

You may be sure, that when and if the problems of labor relations come to your door, you will find a government agency equipped and ready to process that labor dispute if you do business in the State of New York. If the National Board declines to act, the New York State Labor Relations Board will certainly act. Only in this way can we achieve universal coverage of labor disputes in New York State and only in this way can we provide a forum where these disputes can be regulated in a peaceful way by the substitution for the strike and lock-out, of the ballot box and the conference table.

End

CONFERENCE LEADERSHIP AND THE USE OF THE PROBLEM ANALYSIS METHOD

Professor Robert Risley

Professor Risley opened the session by distributing some mimeographed materials dealing with the use of the conference method. These he commented on briefly; his remarks may be summarized as follows:

Conference Leadership

What it is. A technique for getting people to discuss a subject intelligently and to arrive at well reasoned conclusions. It makes maximum use of the thinking abilities and background experiences of all conferees. At heart, the conference procedure is designed to draw out, to evaluate, and to integrate the experience of a group of adults.

Its Importance. It is widely used in industry, business, and government(including the military services) for these two major purposes: 1) training personnel in the various arts of management, and 2) the solving of actual problems by the pooling of ideas, information, and experience.

Two Basic Types of Conferences

Guided Conference. A method of presenting information. It is led by a teacher and may take the place of a lecture. It gets its name from the fact that its leader (teacher) guides the group into bringing out predetermined information or conclusions. This method is primarily used to train personnel.

This type of conference has been known by different names, some of which follow:

Informational Conference
Directed Conference
Teaching Conference
Educational Conference
Instructional Conference

Unguided Conference. Primarily a method of solving a problem. The leader has no predetermined solution to sell the group. The leader is merely the means of stimulating the group to pool their knowledges and experiences to solve the problem their way. Although this method is primarily used to solve problems, it also trains the individual, especially when the problem is one which the conferee faces on his job.

This type of conference has been known by different names, some of which are as follows:

Problem Solving Conference
Undirected Conference
True Conference
Free Conference
Open Conference
Straight Conference
Developmental Conference

Mr. Risley noted that the program for the morning would limit the study of the conference method to the area of the unguided conference in general, and to the use of the problem analysis method in particular.

Unguided Conferences

Problem. These questions should help the manager to decide whether the problem is appropriate:

a. Do conferees have the necessary background or experiences to solve it?

b. Will it present a challenge or be of common interest to the conferees?

c. Is the problem a real one? (one in which the solution hasn't already been decided)

d. Is the problem an important one? (a current one, or one, likely to reoccur which is worth discussing)

e. Is the problem suited to the time allowed?

f. In the case of an actual problem-solving session (i.e., not a purely training session) will management give the backing needed to carry out the solution decided upon?

Conferees. Conferences are generally more successful when the conferees:

a. Have practical first-hand experiences or knowledges on the problem to be solved

b. Have similar jobs, interests, or backgrounds (a supervisor and his subordinate generally shouldn't be members of the same conference)

c. Number between 8 (real problems, on departmental or executive level, hit this number more often than the larger one) and 20. 12 to 15 conferees appears to be the size conference possessing the most advantages.

Facilities. The following facilities represent what many companies consider to be very desirable. They are suggested as a guide in starting a program. You may need to modify some of them to meet your particular set of circumstances.

A. Time Factor
   1. On company time
   2. Between hours of 9-11:30 a.m. or 2-4 p.m.
   3. On Tuesdays, Wednesdays, or Thursdays
   4. Not during vacation seasons
   5. Conferences once a week
   6. Duration - 1, 1½, or 2 hours

B. Place
   1. Room free from distractions and interruptions
   2. Large enough to seat 20 people
   3. Centrally located
   4. Congenial surroundings (informal)
   5. Adequate lighting and ventilation

C. Equipment
   1. Comfortable chairs (with arms; not folding chairs)
   2. Tables arranged in U shape
   3. Plenty of blackboard space (or sheets of white paper)

D. Recording
   1. One of conferees or an "outside" recorder takes notes.

Leader. The job of the conference leader may be thought of as involving three phases. The more important duties of each of these phases are as follows:

A. Before the Conference (preparation)

   1. Gets management's backing to hold conference and to take prompt action on conference recommendations
   2. Organizes the conference -- time, place, conferees, facilities, problem, etc. Prepares a discussion plan that promotes discussion which fulfills the aims of the conference

B. During the Conference (leading it)

   1. States the purpose of the conference
   2. Presents the problem or topic to be discussed
   3. Conducts the discussion by:

      a. Getting it started
      b. Encouraging everyone to participate
      c. Keeping discussion on "beam"
      d. Asking questions that provoke thought and thorough discussion

e. Dealing with conferees who are overtalkative, timid, distractors, etc.
f. Recording on blackboard points which group approves
g. Getting the group to formulate a workable solution to the problem
h. Keeping his own opinions to himself

4. Summarizes the conference highlights

C. After the Conference (follow-up)

1. Sees that conference report is prepared and distributed
2. Keeps confidential all personal remarks by individual conferees
3. Follows up on the conference recommendations

The Problem Solving Approach

Many of the difficulties encountered in the decision-making process may be overcome by adopting a problem-solving approach. In essence, this means adopting the same attitude as we do when our car is not running right. We recognize something is the trouble and try to find out what it is. If we can determine what is the matter with the car, we try to determine the cause or causes and decide upon the action needed to correct the trouble. Sometimes we are only concerned with a patch-up job that will hold together temporarily until we can get to the garage where an expert can work on the car. Sometimes we are concerned less with the immediate trouble than with its possible future implications and, thus, want either to do preventative maintenance or to eliminate possible causes or trouble in the future as well as to meet the immediate difficulty.

Our success in locating the trouble with our car and making these repairs will depend upon how much we know about cars generally, our car particularly, how well we can analyze the trouble, and how skillful we are as mechanics. This kind of problem we all approach and tend to deal with by using the problem-solving method. We are able to approach the problem in a logical method and attempt, by means of systematic analysis, to determine our best course of action.

When we come to problems with people, however, we often lose our objective, analytical approach. Frequently, instead of looking for the key problem and its cause we look for whom we should blame. Many times we ourselves are part of the problem and because of our involvement are not able to look at it objectively as a problem. It is necessary to develop a problem-solving approach in dealing with people problems in order to be successful and effective.

The Problem Analysis Method

The problem analysis method is a procedure for examining in logical and objective fashion the difficulties encountered in working with and supervising people. It is based on the same principles we use in trying to correct trouble that develops without car. The use of this method in handling problems should develop a pattern for problem-solving which will increase effectiveness and improve decisions. It is a basic skill applicable to both individual decision-making and group decision-making.

The essential steps of the process are:

1. To systematically accumulate the facts needed to fully understand the situation, the people involved, and their relationship.

2. To recognize the key information and to properly organize it, eliminating the wheat from the chaff.

3. To identify, state, and understand the problem or problems with which we are faced--major or key problem and important sub-problems.

4. To analyze the situation in view of the problem or problems to gain a knowledge and understanding of the causes.

5. To think of various possible courses of action and to consider effects of various courses of actions, both immediate and long range, on the people involved, other people in the work group, and the organization as a whole.

6. To make an appropriate decision and take appropriate action to meet the problem and eliminate its causes.

7. To support the decision with facts and sound reasoning.

8. To examine each problem situation to see what can be learned from it, how we can avoid a similar problem in the future, and, in view of the subsequent developments, how similar problems in the future can be dealt with more effectively.

In order to become familiar with the problem analysis method, various situations will be analyzed and decisions made following the steps of the process. The method used consists of the following steps:

1. Presenting a case situation.

2. Examining the situation to determine what additional facts are needed and how they might be obtained if not available.

3. Analyzing the situation on the basis of available information to determine the problem or problems to be met.

5. Determining the causes of these problems, non-personal and personal.

5. Determining possible courses of action and their effects.

6. Making a decision as to the course of action to be taken.

7. Reviewing the case to see what can be learned of value in preventing or handling similar problems in the future.

The purpose in our using the problem analysis method is not to get an answer to a problem but to examine cases to accomplish two objectives:

1. Develop skill in systematically analyzing and in understanding problem situations in order to make better decisions both as individuals and as members of a group.

2. Learn from the cases how to deal more effectively with employee problems.

A Practice Case.

To illustrate the use of the Problem Solving Method, Professor Risley conducted a practice session making use of the following incident:

No Light, No Work

> Alice Gordon, an employee with 20 years service in the bank, had recently been making a number of mistakes in her work as well as having difficulties with other employees in her work group. The personnel officer called her in to talk with him. Before anything more than 'hello' had been said, Alice started telling him that her eyes were going bad because of the poor light in which she had to work. And because of this, she was making mistakes, getting tensed up and acting cross with everyone at home and at work. She said she would have to have her desk moved to get better light.
>
> Assume you are the personnel director. What would you do with Alice?

The rest of the session was spent in drawing out the "hidden facts" behind Alice's sudden change to an erratic and disruptive behavior, and a comparison between the group decision and the disposition made in the actual case.

SELECTION AND ORIENTATION PROBLEMS

EMPLOYEE COMMUNICATIONS PROBLEMS

Professor Edward Sargent
New York State University
College for Teachers
at Albany, New York

"Is orientation more than induction?" asked Professor Sargent.

The participants and Professor Sargent devoted the first ten minutes of the discussion to a review of some of the definitions used for the common terms applied to the techniques of bringing in new workers and helping them get adjusted to their jobs and the work situation.

One authority's description of induction was cited; this description specified two functions of an induction procedure: (1) for the personnel officer or department, the task is to introduce the new employee to the company as a whole; (2) for the supervisor, the assignment is to introduce the new employee to his specific work group.

No clear line, it was decided, separates either induction or orientation from training. Yet training is an activity that can and should go on indefinitely, whereas the induction and orientation phases do end and are replaced by a new stage of employee's assimilation in the work force.

Another authority, Professor Sargent noted, thinks it well to recognize orientation as consisting of three phases: (1) before the job starts, (2) the induction period, and (3) the first six months or so on the job.

Another definition recalled by a participant urged the inclusion within the concept of orientation of all aspects of "adjustment to the job." This concept, it was noted, could apply to transfers as well as new employees.

ORIENTATION IN SAVING BANKS

"What do you consider your most pressing orientation problems at the present?" asked Professor Sargent:

One of the participants expressed dissatisfaction with the degree of retention of orientation information. New employees are given a certain amount of information during the first week. This information is of the kind needed by the employee in the performance of his first duties, and of the kind helpful to his understanding of banking procedures. But while the employee may listen carefully, he doesn't seem to grasp the meaning of all he is told.

Another participant said that all his years of experience had not yet settled for him whether it is better to limit the first few days to an introduction to the work group, or to include the introduction to the whole organization. Either course seems to produce a certain amount of confusion.

In the discussion that followed, most of the group agreed that some explanation of the whole banking set-up and operation is desirable, even though some confusion may remain. The bank must expect, they argued, to repeat the explanation later, at which time the earlier information would be recalled with more understanding. One value of the larger concept of orientation, they said, is that the employee is made earlier to feel "a part of the organization," even though the organization may remain something of a puzzle for some time.

One participant described a special "trainees school." Salaried trainees spend four weeks in a combined school and on-the-job operation; in the mornings they get special instruction, in the afternoons they report to the regular work location. This method is not used for purely clerical help, who get their training entirely on-the-job.

"What happens," asked Professor Sargent, "between the selection of an employee and the day he reports for 'induction'?" The group response indicated no widespread, common policy. For one thing, the interim period varies for every new employee. Some come to work the next day after the employment interview. Others may need a few days preparation: giving notice where presently employed, etc.

Professor Sargent then described his experience in working with a hospital group seeking to improve its orientation procedures. The hospital personnel ultimately found it desirable to set up a period of a few days in which the new employee is "prepared for work" before being assigned to his job. Just the chance to read carefully through the booklet before reporting can be helpful to the new employee.

SELECTION PROBLEMS

At this point, the discussion shifted to problems of selection, and specifically, the difficulties of attracting applicants who possessed the qualities banks desire in their employees.

"What is the normal procedure," asked Professor Sargent, "for drawing in and interviewing a prospective employee? Is the action started before or after an opening occurs?"

Most participants agreed that the irregular nature of vacancies opening up made it difficult to do any advertising, screening, or interviewing before it became clear that an employee would have to be replaced.

Professor Sargent asked next if the banks were conducting any programs in co-operation with the schools. One such program was described at length. It brings in, to work in the bank, a number of high school pupils enrolled in commercial courses. These students work on a part-time basis for several weeks, sometimes months, before graduation. This arrangement gives the banks a chance to screen some potential employees, as well as to increase among school people the general information on what working in a bank is like. Other participants acknowledged somewhat similar programs.

The position of teller was singled out as one in which the problem of selection was acute, for several reasons. Teller turnover is higher than turnover in most other positions. The rank and pay is not sufficient to attract college graduates, so the problem is to find high school graduates who are sufficiently neat, personable, and capable. (Often the people selected are so capable and ambitious, however, that the bank does encourage them to continue their schooling.)

The officer of one bank having an unusually severe turnover problem with tellers a few years ago mentioned his bank's decision at that time to hire largely from girls applying, and especially girls from lower income groups who were ambitious for improvement in status. The hope was that this class of girls would stay on an average of five years, as against an average at that time of less than three years. This hope was in vain, largely because of complications brought on by the Korean War. Girls of this type tended to marry early if their sweethearts were drafted into service. And they followed their husbands around the country if possible.

Representatives from other banks acknowledged that they generally found it desirable to hire as tellers girls not long out of high school. But for other jobs (in accounting departments, etc.), they found it better to look for more experienced people, making transfers within the bank in many cases.

One participant suggested that the banking business has got to review its whole recruiting, hiring, and promotional systems in the light of present economic conditions and the growing competition from other industries for white collar workers. The banks may have to resort to lower standards, or offer higher pay, or provide greater fringe benefits, or explain better the benefits and opportunities now a part of the bank work. In some cases the avenues of promotion - and the requirements for it - must be better understood, because movement upwards in banks is slow and can't be expedited very much.

Professor Sargent here asked how the banks did manage to attract so many capable people now that the business boom has made comparable jobs at rather high wages fairly easy to obtain.

Is there any connection, he continued, between this development and the worrisome high rate of turnover? Is the present hiring policy too optimistic? Should the hiring officers wait longer, in order to get not just capable people but those with clear motivation toward the banking business?

There followed a round table discussion which provided some exchange of information on procedures for evaluating applicants and on the nature and use of probationary periods. Most members felt that conditions do not permit any other policy than simply to grab fast for the person with unusual abilities who meets or comes close to meeting the requirements for the job. One person acknowledged a policy of keeping a small margin of surplus employees, so as to be able to hire very attractive applicants whether or not an opening was available at the moment of their appearing in search for employment. Participants from other banks thought this a scheme with great appeal, but also a luxury that smaller banks could not afford.

ORIENTATION AGAIN

A general questioning of the degree of advanced planning in all these matters brought the discussion back again to the topic of orientation. Professor Sargent suggested that any institution has a need to review occasionally its orientation procedures, and what is more, to get down in writing for the common view of all people with responsibility in this area, an understanding of just what steps are being followed. Very often this very procedure is initiated by an outside consultant brought in to evaluate and revitalize orientation programs. He does this in order to see what company practice has been. But he often finds out that when the personnel involved try to get their procedures down on paper, they disagree on what these procedures are. And it often turns out that not all new employees <u>have</u> been getting the same treatment.

Such an inventory of procedures also makes clear the frequent need to spread out over a longer period of time some of the orientation process. Orientation is in many ways an educational process, and is subject to the general principles of education. For example, the fact that learning is best accomplished in small doses, by building on what is already known, by effective use of repetition - all these principles make a case against the heavy one shot type of orientation program.

The discussion indicates, suggested Professor Sargent, that the "introduction to the whole company" needs to be begun early, and to be repeated in parts over a period of time. It is only then that the "whole view" can become meaningful.

A participant agreed, saying that his bank has recently changed from one full day of orientation to a six-separate-periods plan, mixed with training in the department. This new system also offers benefits by permitting more sharing of the responsibility for breaking in a new employee between the personnel officer and the supervisor.

Harking back to an earlier question about doing more before the employee reports for work, one participant said her bank gives first a tour of the bank and a demonstration of its facilities to attractive candidates for some of the better positions, before they are hired. Other members thought this a good plan for some candidates, but not one that could be used for all people applying for all jobs.

One participant with a personnel assignment contended that "plush" recruiting and orientation programs conducted by many industries today may be doing all business a disservice. This overselling of a company as a place to work, she argued, tends to develop in a new employee a feeling that the company needs him greatly, that his employment is all to the benefit of the company and not to himself. One consequence is a falling off of respect for the job. Sometimes the person develops an early and permanent irritation when he discovers that the company which wooed him so eagerly expects a full day's work in return for his pay check.

But another participant said this folly could not be charged to banks. In fact, he said, banks do not advertise their job values enough. Over the past fifteen years, conditions of employment have improved greatly, and yet the quality of applicants has fallen off. Banks need to advertise more in the proper way. This may mean closer liaison with counselors and teachers in the school systems. High school students place a great deal of reliance upon the advice given by their counselors, and these advisors to the young do not seem to be recommending bank work as much as they once did.

Professor Sargent referred to a survey whose results would confirm this last point. A number of young people still in the last year of high school and others already in college were asked what kind of business they would like to work in. Banks were not only among the also-rans, in many cases they were not mentioned at all. But the "oversight" does not seem to result so much from a poor opinion of banks as from a tendency not <u>to think</u> of the banks as a place to work. Why should this be so?

In reply, a member of the group suggested that the present indifference or apathy toward the banking business does have a real and palpable cause: that in comparison with many other kinds of business, the opportunities are narrow, and the work routine. The banks may offer a little more security, but the feeling is that the young person has to wait many years until those on top die off.

Other members quickly moved to qualify the gloomy view. Said one: many jobs in the bank do not offer many chances for promotion, but they are good jobs for many people who want to master a respectable assignment, perform it with polish and skill, and not worry about the greater responsibilities that promotions would shoulder upon them. For these jobs, women are generally hired. But this very condition gives greater opportunities for advancement in <u>other jobs</u> - especially in the jobs men are still being hired for. Said another member: banks are one of the few places in the modern commercial world where learning the business on-the-job is so important that a college education is not an indispensable pre-requisite. This advantage should be made clear to able high school graduates who cannot afford the delay and cost of a college education.

SELECTION AGAIN

Noting that recruiting problems were now the center of discussion, Professor Sargent threw out two questions raised in his mind by comments made here and there.

"What" he asked, "do you do when a very desirable young person comes to your banks seeking employment, but at a time when you have no openings and see no clear prospect of an opening in the near future?"

In reply, representatives from a couple of the larger banks said that their turnover rate might be such as to make it worthwhile to take on such a candidate as "surplus" temporarily. Of course, the applicant would have to be really superior to justify this action. Others said they could do little more than ask such an applicant if he would like to be notified when an opening should occur, even though he might have taken another job meanwhile.

"If you keep such names on file," asked Professor Sargent, "how much investigation do you do ahead of an opening, so as to be able to make the job offer promptly? "

The participants, in general, acknowledged a reluctance to seek many letters of reference when no job offer could be made right away, even to the best recommended of persons. There is considerable time and labor involved for the personnel departments but, beyond that, there may be some resentment on the part of those references queried when no action results. Some banks, though, have worked out a kind of compromise procedure. When any applicant seems worth investigating, the personnel officers make telephone calls to the people, or firms listed as references. This is in effect a screening process, so that the letters are asked for only when the telephone calls result in promising information. Other quick checks are possible, e.g., the use of a retail credit report on <u>families</u> of applicant. This is, of course, a kind of information that must be interpreted carefully.

Professor Sargent suggested that one advantage of "advanced interviews" would be to narrow the field by discovering which applicants had real interest as apart from those who are merely wild shoppers.

In reply, several members pointed out that the shoppers are hard to detect. Most of the banks represented had suffered this common experience: of being visited by attractive candidates for jobs, young people with good school and work records, apparently ambitious, who have gone through the whole hiring process including the physical exam, and then have not reported for work. No explanation is given; not so much as a telephone call. They simply are never seen again.

One explanation of such irresponsible conduct is that the mysterious applicant may have been using the bank as a part of a stratagem to get better treatment - e.g., a raise in pay elsewhere. But this theory will certainly not explain all such cases. To a large extent, the fault must be charged against a relaxation of the concept of responsible conduct in the training of youth today.

One participant suggested that bank people have been slower than many others to recognize or, perhaps, to accept the changing manners and fashions of young people. Even though this new generation is a little breezier, more informal in its behavior toward older people and superiors, most of these kids are as well meaning and hard working as the generation of their parents. Perhaps something valuable has been lost in the sloughing off of little courtesies and the carefully cultivated gestures of respect. But that is a loss for this whole age, and bank officers must recognize the change as a *fait accompli*, he advised.

COOPERATIVE PROGRAMS

The last topic for discussion under the general subject of selection and orientation programs had to do with possible joint ventures with the school system.

Referring back to earlier descriptions of work-and-study programs wherein commercial students actually worked at banks, one member of the institute group paid tribute to the value of savings programs conducted in co-operation with the schools. Pupils down through the grades bring money to school regularly and teachers arrange for the money to be deposited in a community bank. Beyond the value of savings, the whole arithmetic of handling money is taught to children by this means. They watch the sums grow; they compute the interest and check the figures against the banks. And the children develop, incidentally, a realization of the function of banks in the community.

Speaking as a professional educator, Professor Sargent assured the group that teachers everywhere are eager to make whatever use they can of "community resources" in the effort to give concrete and practical form to the traditional subjects they teach. Remarkable results have already been obtained by cooperation with stores, large industries, radio stations, etc. Banks too have the opportunity to participate in such ventures. Of course, any such programs have to be well thought out, planned in detail, and carefully supervised - otherwise they can turn into real boondoggles.

SUMMARY

A few moments were spent in summarizing the over-all subject. Among the points made:

(1) Banks, like many other businesses, are concerned with attracting well-qualified people to their staffs. There is a general feeling that applicants today are not so well qualified as they were ten to twenty years ago, and that turnover in some jobs is too high for comfort.

(2) Outside of two or three jobs, most of the positions in a bank do manage to hold workers through the critical orientation period. And once trained, bank workers tend to stay, and to make a career of the bank business.

(3) While banks are in no position to compete with large industrial firms (and do not need to compete with them) for the college students graduating year by year, they would like to compete more favorably for the brighter and more ambitious high school graduates. It may be that more thought given to cooperative programs with high schools, and more information supplied to teachers and counselors will improve the banks' record in attracting the young people they want.

(4) The size of operations is not great enough to justify expensive and detailed orientation programs operating around the clock. Even so, banks have found it wise to make clear just what orientation activities are needed and are being provided. In general, the spread-out orientation, where training on-the-job and an introduction to the whole business are combined over several days, or weeks, in some cases is better than the one-shot program, crammed into a day or three of thick and fast explanations.

(5) Young people today do not polish their shoes as sturdily, or say "sir" so readily as those of an earlier generation. But neatness, scrupulous honesty, and industriousness are still prime requisites for banking work, and a careful scrutiny of background via references and records is still possible and necessary.

(6) It may be better to choose the very good person when he appears upon the scene, and find work for him to do until a definite slot opens, rather than to wait until an opening appears, and then hire the best of the applicants who may apply at that moment. But the small bank may find this difficult.

EMPLOYEE COMMUNICATIONS PROBLEM

In moving on to the second subject assigned for the afternoon discussion, Professor Sargent noted that on the basis of the group's decision more time was spent on the first subject. As a result, he said, the subject of communication could only be touched upon, with a rather formal presentation and a very brief discussion period following.

KINDS OF COMMUNICATION

Specialists in communication, said Professor Sargent, often speak of <u>three</u> kinds of communication. By this they usually mean downward communication, upward communication, and horizontal communications. Sometimes however it is profitable to speak of three other kinds of communications, as suggested in an article written by Professor Ralph Campbell: the formal systems (employee publications, management directives, reports, conferences, etc.); the informal (the grapevine being the most notorious form); and communication by example (conduct and behavior on the job by superiors). This tripartite division is very well worth thinking about, because attitudes, feelings, patterns of behavior are often established, not just by what an executive says, or by what his secretary may confidentially say he thinks, but by the way he acts himself.

DISCUSSION

In the discussion period that followed, institute members exchanged information on the communications media used in their banks: memoranda, presidents' letters, directives to supervisors with information to be relayed to work force, bulletin boards, booklets on benefit plans, etc.

The major question posed for group deliberation was this: What is the most strategic way to get across an <u>unpleasant</u> piece of information?

In general, answers specified the importance of timing, of candor, of honesty, and of firmness of decision.

Morale depends, participants said, on confidence that management decisions are logical and fair. Decisions which are not so cannot be shored up or made sweet by any devious strategies of communication.

Here the intent of the original question was explained further. The rules always seem to say: give a full and honest explanation of management actions. But, asked the original question-raiser, what about such a matter as the appointment of a high officer from the outside, when a logical contender in the eyes of the other workers is already employed in the company?

In reply, the group agreed that some decisions involve considerations that cannot be known by all subordinates, and cannot be fully explained to them.

In the case mentioned, for example, management may have some clear but private knowledge of factors which would rule out the appointment of the person believed by employees to be a logical choice.

Subordinates often do develop expectations about actions that are outside their province, their knowledge, and their judgments. This tendency is amplified by the democratic flavor of our society.

But their expectations simply cannot be met on some occasions when these expectations are unreasonable. The decision they dislike may be unpopular; it will have to remain so. Management cannot guarantee to make all its actions popular or understood, though it should try to as far as possible.

In the cases where it cannot, the most formal, clear, but unembroidered announcement is the best policy.

Professor Sargent here suggested, with emphatic support by two bank presidents in the group, that the need of orientation in the largest sense of the term is to develop in all employees an understanding and acceptance by all employees of how the business functions; of what the rights and duties of management are, and what expectations on the part of the employee are proper and what are not.

It goes without saying, however, that an executive who avoids explaining something unpleasant by saying that the employees do not need to know why, when their expectations are really justified, is asking for trouble generally, and for wounded morale in particular. One person expressed it this way, "you cannot maintain good morale if you are not logical."

A final point of caution was expressed: When an officer makes a decision, he may delegate the labor of communicating it if he so wishes but he is obligated to review the means and timing chosen, and he is ultimately responsible for the results of that communication. In handing out communications remember four things:

(1) Make sure the recipient understands the instructions.
(2) Make sure the recipient is given enough information.
(3) Have the necessary meeting or meetings.
(4) Set the information out as fast as you can (In general speed is more important than details).

GUIDING RULES FOR COMMUNICATIONS

Many people with managerial responsibilities have found it helpful to set up check-lists of principles. Professor Sargent mentioned the following list compiled by Professor Earl Brooks, and, at the request of participants, promised to arrange for its inclusion in this report.

GENERAL

(1) All people on the management level must know the value and importance of communications.

(2) All people in management must themselves be informed if they are to carry their own responsibilities for communications.

(3) Every action of any executive must include planning for communications as well as for other details. (For example, in replacing a man it is not enough to write a job description and job specification, recruit candidates, and interview and evaluate them. An executive must also determine who the affected parties are, what shall be told them, how it shall be told, by whom and when).

(4) The most difficult thing in communications is determining who will be affected by an event and, therefore who should be told. This requires that mature, stable and successful people, usually well up in management, put themselves in the shoes of others who are less secure and judge what the latter need and want to know.

THE TIMING OF COMMUNICATIONS

(1) Timing should be such that a supervisor always hears information before his subordinates.

(2) All persons on any level who receive information for passing on must share a responsibility for passing it on as simultaneously and uniformly as possible.

(3) If it is decided to inform people about any event, the informing should take place well in advance of rumors, gossip and conjectures. If the information deals with vacations, shutdowns, etc. it should be released soon enough to be useful to individuals whom it was intended to benefit.

(4) All announcements should be timed so that the reasons given for them do not have any chance of conflicting with other information fresh in employees' minds.

WHO SHOULD BE TOLD

(1) If one person in a department or in a unit is told, all who are equally in need of the information must be told. People who are forgotten are resentful.

WHO SHOULD TELL

(1) Telling is best accepted from one's immediate superior.

(2) Where choice is possible in who should tell, always choose a person who is highly acceptable personally, and who has a record for telling things clearly, interestingly, and acceptably to the hearers.

(3) While it may conflict with unity of command, we must remember that employees occasionally like to hear your boss or your superior's boss.

WHAT DO YOU COMMUNICATE

(1) We should tell people those facts most calculated to make them feel they belong, that they are an informed and inseperable part of their job, their department, and the company.

(2) We should tell those things that will make employees and managers have a feeling both of opportunity and security, that will remove wonderment, anxiety, and aimless questions that make for confusion, and indifference at work.

(3) We should select those things to tell which people will take pride in knowing, which will help satisfy the needs for attention, status, and the feeling of importance.

(4) Some say we should tell all that employees will eventually learn by themselves. They say we should do this so that we can tell the facts constructively, truthfully, and shaped to whatever purpose we have in mind before others distort the facts through lack of information or for their own ends.

(5) We should tell, some say, that there are three categories of facts to be communicated:

(a) Those that must be told. They are the things that directly or rather immediately affect a man or his job. These include work assignments, flow of work in offices, methods of operation, standards of production, pay, overtime hours, rules and regulations, duties and responsibilities, quality of performance, job security, etc.

(b) Those that should be told. These are facts a little less directly or less immediately connected with the work operations or the physical conduct of the office or the factory. These facts include knowledge and attitudes necessary to coordinate one's work with that of other people or departments. They deal a little more with the future and with that environment which is a little distant from the job. They include vacation pay, company services, management policy, departmental organization, the place of the job in the whole scheme of things, expected standards of personnel conduct, the finished product, anticipated changes in operations, systems, or personnel that influence the man, the job, or the department.

(c) Those things that it would be nice to tell. These might be thought of by some as luxury items. They deal broadly with the company, its organization, its leaders, its economy, its plans for growth and expansion, the company production line, its advertising, sales, research, legal, manufacturing departments and their problems, broad company policy, the economic order, citizenship, etc.

(6) Things that are an absolute necessity for telling on one level may become luxury items for people at another level. There are no hard and fast rules for determining what to tell. Good judgment and knowledge of what people will want to know should guide.

(7) In telling reasons for employees' separations, good judgment must be used in order not to needlessly hurt the reputation and welfare of an employee who has been separated for cause.

HOW TO COMMUNICATE

(1) Success in communication depends upon gaining acceptance of what is said. Therefore, the communicator will carefully plan not only what to tell but how to tell it so as to gain most acceptance.

(2) One of the best ways to gain acceptance is to give reasons, reasons which have meaning to those being informed.

(3) Where persuasion is needed, the oral word can be more effective than the printed word. There is a better opportunity to observe reaction and adapt your presentation to gain the required end.

(4) If the details are complex or if the facts are those which the employees do not want to believe, you may as well expect at the outset that you will have to follow up by a review and retelling.

(5) Keep the channels open both ways, by inviting employee response to your telling. Things will go down a lot easier if you welcome a few observations and opinions flowing up, even unpleasant ones.

(6) In planning to communicate, always seek for more than one medium. A meeting which is reinforced by a letter sent home or a poster which is reinforced with an announcement of the P.A. system is startingly more effective than an announcement which gets only one treatment.

—

DETERMINING EMPLOYEE ATTITUDES

Douglas Williams, Partner
Douglas Williams Associates
New York City

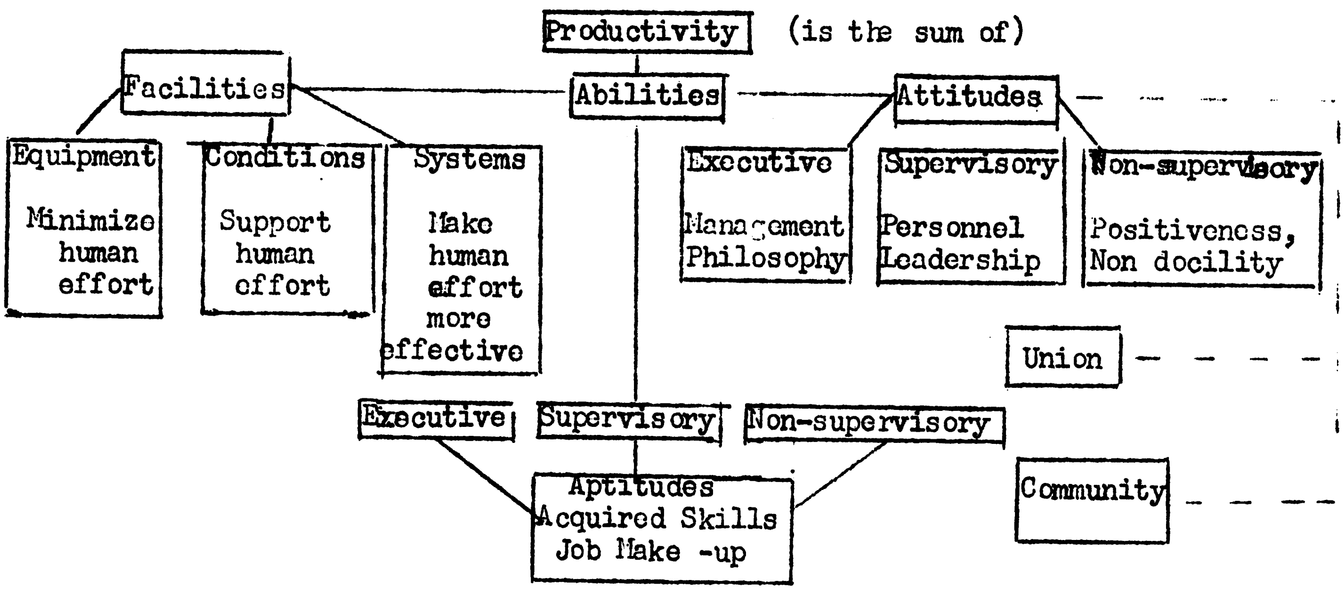
Mr. Williams opened his discussion on means of determining employee attitudes by reciting a quatrain of Kipling's:

> I keep six honest serving men
> (They taught me all I know);
> Their names are What and Why and When
> And How and Where and Who.

Most of the questinns about the use of employee attitude surveys as a management tool, said Mr. Williams, could be conveniently answered under these six topics.

<u>Why do an employee survey?</u>

The need for, and value of, determining employee attitudes follows logically from the importance of the attitudes and opinions themselves in the operation of any business. To show graphically the significance of attitudes, Mr. Williams distributed copies of the following diagram.



Any company doing business must buy or erect facilities sufficient to house its operations. It must buy enough equipment and the right kind of equipment to minimize human effort. It must make sure that the working conditions are such that they will support the human effort. And it must install the kind of systems that will make this human effort more effective.

Furthermore a company must hire and retain a work force which will provide the most skilled direction and operations possible. Executives, supervisory personnel, and the non-supervisory work force need to possess the aptitudes necessary for the kinds of work they perform, they must have or be trained in the special skills needed for each work assignment, and the jobs themselves must be set up to draw most efficiently upon individual human effort.

But the values of well-planned facilities and well-recruited abilities can be nullified by uncooperative attitudes and negative opinions. Unless executives are well imbued with the proper management philosophy, unless supervisory people can provide the kind of leadership that will transform management directives into well-disciplined productive effort, unless the work-force has the desire to produce inequality and quantity, the business cannot operate efficiently and profitably.

What is an employee survey?

There is little point in conducting a survey which simply attempts to find out whether employees "like" or "don't like" the company they are working for, or whether they think the management roster is made up of "good fellows" on the whole. Surveys are too costly to use simply to satisfy a vague company curiosity.

A survey is valuable when the opinions it charts reveal what actions, and policies will be constructive blocks upon which the company can rely or can build improvements. And a survey is valuable when, on the other hand, it reveals just what is obstructing management efforts to make the business run more profitably and smoothly.

When an attitude survey succeeds, it usually points toward unsuspected or unconfirmed flaws in organization, in leadership, or in methods. However, even when a survey contains no surprises for management --- seldom the case --- the perspective it gains on the intensity of attitudes, and the relative importance of various problems, is of concrete value.

How is an employee survey conducted?

While practitioners in the field have built up a good deal of know-how, and certain common methodologies, the keyword remains flexibility. No one conducting research in opinions and attitudes should rely solely upon standard techniques or upon standard sets of questions for all kinds of businesses.

Two basic methods are useful, however, for classification. The choice lies between the use of personal interviews and questionnaires. In some cases a thorough survey may require a combination of the two.

In almost all cases the use of the personal interview is essential, even if a questionnaire is used. In general, the interview produces qualitative results, the questionnaire quantitative results. In a personal interview it is possible to evoke more useful answers in a few minutes than can be obtained from a questionnaire asking many formally structured questions.

More specifically, the personal interview permits delving into the reasons why back of attitude; the employee can give illustrations of his working experiences that account for his opinions. These personal interview results often point the way to remedial action. But the personal interview is more costly and requires much more planning and effort in arranging meeting schedules; it must be conducted by a skilled interviewer, and the findings must be interpreted and evaluated with care.

The questionnaire is often useful for compiling comparative figures: e.g., before and after particular programs, among different groups of employees, to provide periodic indexes to shifts of opinion, etc. In some cases the questionnaire approach as a first step may be used to reveal areas that the personal interview can focus upon in a follow up. In other cases, a questionnaire is useful as a check-back, on wide-spread surveys, of trouble spots not revealed until they were disclosed through interviews.

In both methods a great deal of skill is required in setting up the kinds of questions that will encourage an honest response and will lead to voluntary disclosures. Inept or leading questions may lead to answers the company would like to see, but which may be inaccurate appraisals of real attitudes and opinions.

Who should be covered in the survey?

Specific problems dictate the nature and extent of the group to be surveyed. But in general surveys of an organization, in which an overall description of the climate of opinion is desired, the approach of sampling attitudes from all level---from top management though the lowest level of employee is most instructive.

Management attitudes are surveyed to reveal management philosophy and traditions and to acquaint the research team with management needs that the survey results can meet. Further, the inclusion of management at the outset helps to motivate needed support for the survey. And too, supervisory attitudes are a critical element in the operational success of the organization for supervisory people will usually have the difficult task of implementing many of the corrective procedures introduced as a result of the survey. Their having an opportunity to express their feelings at the time of the survey will help to earn their whole-hearted cooperation at that later difficult stage of follow-up.

By and large, the crucial area of attitudes is the non-supervisory work force. In their hands, in the final analysis, rests the task of production. Accordingly the degree to which they are motivated to work in the interests of the company, or not, is a heavy determinant of the company's progress.

Where should the survey be done?

In 99 out of 100 cases, the results of a survey are much better when the questioning is done on Company premises. As long as provision is made for privacy, and as long as the interviewer can inspire confidence in the interviewee, the company location will not reduce the reliability of the answers.

When should the survey be done?

Just as the results tend to be better when surveys are conducted on company property, so do the results seem better when conducted on company time. It is the company that desires the information, so it ought to bear this cost factor. Employees may resent demands made on their own time.

Example

To illustrate the results of one survey conducted by his firm, Mr. Williams distributed a two-page result sheet on "Questions on Management Promotion." (See pp. 42-43)

Discussion period

Members of the institute were encouraged to ask questions at this point. The following is a selection of questions by the group, with the answers of Mr. Williams:

1. What prompted this survey on promotion?

The survey was not on promotion alone; this was one of around 75 questions asked (probably 10 or so were on the subject of promotion). The company had expanded fast--in a few years its number of personnel had been doubled. The purpose of the survey was to determine if human relations factors had gotten "out of kilter" as a result of the management concern with factors relating to operations and finance. They were genuinely shocked by some of the findings.

On this matter of why surveys are done, too many organizations wait until trouble has occured before they analyze their employees' attitudes: until productivity has slumped, until quality has deteriorated, until there is a severe union problem, or the like. Employee surveys should be regarded in the same light as a medical examination (or a financial audit). Have them done before problems become deep seated, and necessitate major surgery.

2. What psychological training do interviewers have? or other training? or background?

No one field of study guarantees a successful interviewer for this kind of work. Training in psychology can be useful, but there is less chance for the direct application of formal psychological education than in such work as aptitude testing. What is more important is possessing certain traits of personality and insight. A cluster of characteristics shown by experience to be necessary includes the following:

Empathy, an ability to see, or even to feel the point of view of the persons being interviewed. The best interviewers quickly establish a sense of rapport and gain the confidence of the interviewee that his remarks are being heard with attention and sympathy.

Ability to recognize the needs of the company, to be able to keep in mind at all times that the company has a legitimate purpose in trying to make profits possible. In a sense, these two characteristics--empathy with employee, and respect for company's needs--are warring ones. The person very high on one may be low on the other. The good interviewer needs to strike a careful balance between the two.

3. How can management check the validity of the findings submitted by a survey organization?

There are ways of checking validity, but no sure fire ones. A second survey could be invalid if it used the same methods as the first and the first was off base. When employee complaints target certain areas of operations, company records may also show these areas to be trouble spots. But company records have to be interpreted carefully. Whether used as a check on findings or as a measure of the success of corrective measures, these records may be misleading. Productivity, for example, depends upon a great many factors. The improvement of methods may increase a productivity figure, even though employees remain discontented, say, with their pension plan and tend to work below their top potential. On the other hand, an improvement in attitudes may not be followed by an increase in productivity because of such causes as shifts in work assignments made necessary by other considerations.

In the final analysis, a company engaging the service of a survey firm should check its record with clients it has served, and pertinent Business Associations. The findings of competent surveyors will usually bracket some sore spots in company operations, and ones worth doing something about. Occasionally some finding will need correction or modification in the light of broader company experience. But it is rarely safe to disbelieve a report of unrest, simply because traditional channels of communication had produced no evidence of that unrest before the survey.

4. Does an organization conducting an attitude survey go so far as to recommend courses of action?

Yes, although again, management may modify that action in the light of its own long-term experience. In some cases, survey people will recognize rather commonplace grievances and, becaude of their contact with many other businesses, know what remedies have worked best elsewhere. In some cases, the problem will be rather unique, and the survey firm can work with the management in determining the best course of action.

5. Is the current popularity of opinion and attitude surveys and indication that attitudes all over the country are bad, that attitudes in general need improving?

A full answer to this question perhaps needs to follow some careful definition of what constitutes bad attitudes. But briefly it might be said that one of the penalties of human imperfection is some dissatisfaction and grievance. No boss is perfect, no system of doing business is infallible. One consequence is a subordinate's tendency to rebel, to be uncooperative. And within one company, the attitudes may change from time to time with the management learning rather slowly of these changes.

On the whole, American workers are reasonably industrious, reasonably cooperative, and fairly easy to get along with. But few companies have things so good they cannot find areas for improvement. The attitude survey is one tool for finding those areas needing improvement.

6. Are unions responsible for much of the bad, or undesirable attitudes to be found in business and industry today?

In most cases where attitudes are bad, they were probably bad before the unions came on the scene. Unions tend to exploit bad attitudes rather than to create them. It is sometimes even true that by gaining benefits and forcing improvement of bad working conditions where such exist, unions may, in the long run, improve some attitudes. Union propaganda, on the other hand, can aggravate and add to undesirable attitudes.

7. How do unions know what employee groups, in what organizations, are ripe for their appeals?

Such information is easy to find. Any union organizer can find out the locations of potential unrest by merely talking with employees, because they talk so freely about their jobs (as well as by discussions with cab beauticians, barbers, garagemen, drivers, bartenders, etc.)

Incidentally,, it might be said here that "white collar" workers are, on the face of it, the least susceptible to union appeal, and the least likely to air their grievances outside their own circles. The traditional white collar prejudice against identification as laborers (and in favor of being identified with management) is a strong factor operating to the benefit of employers hoping to remain unorganized. But in many companies these people do feel "left out." Management rarely takes any special interest in them; management too often fails to give them rewards equivalent to those won for union people by their leaders.

One might even lay down the generalization that if any form of business employing white collar people primarily becomes unionized it has itself to blame. Individual good employers may not deserve this fate, but the industry, as a whole, will.

8. How can survey people be sure that they are really finding out what is on the minds of people being interviewed? Isn't there a tendency to "put on the Sunday suit," to behave according to some vague idea of what is expected?

Most people with experience in surveying attitudes are quite confident of their success in encouraging people to express themselves freely. Certainly there are always a few who are timid or fearful, who may say little, or refuse to express their true feelings. And oftentimes there are a few who will jump at the chance, not just to complain, but to complain extravagantly without any just cause. But the good interviewer soon learns to recognize these extremes, and to rely primarily on the great bulk of the work-force sample who do not go to either extreme.

This large group in the middle do quickly take on a sense of confidence and will "unload" freely to the interviewer. In some cases they may even come in with a written list of things to be sure they don't forget them. The usual reaction is one of appreciation for the opportunity to express themselves. They like the fact that management is interested in their ideas.

9. How large must an organization be before it can be surveyed effectively?

We have/ some surveys for companies with a force as small as 100. However, sampling procedures are meaningless with very small groups. These would have to be surveyed entirely. But the problem is largely one of cost. Very few small organizations (50-75 e.g.) can afford a personal interview survey. Perhaps for small groups, such as a savings bank, a standardized questionnaire could be developed for use throughout the whole Association. This method would not produce all the information desired, especially detailed information concerning conditions at any one bank, but it might produce some leads which could then be followed up, economically enough, by personal interviews.

10. Are there any cautions that have to be used in any survey?

Many. Most of them are the responsibility of the firm doing the survey. But there is one over-riding consideration that must be stressed to the company. The failure to follow-up the results of a survey can be most damaging indeed.

Conducting a survey fosters a curiosity in the employees. They want to know the results, and they will only be angered if the company tries to withhold or disguise unpleasant results. And where employees are confident they have put their fingers on bad-situations or conditions, they expect some corrective action to be taken, or satisfactory explanations provided in lieu of such actions. Oftentimes, information is the most important kind of action. At any rate, the company which is not prepared to follow up the results of a survey would be well advised never to institute a survey in the first place.

(The survey results mentioned earlier by Mr. Williams follow, on the next two pages.)

QUESTIONS ON MANAGEMENT PROMOTION

In the next two questions are listed some factors which may be taken into consideration when a member of management is promoted. From this list please pick the factors which you consider best answer the questions. There may be a characteristic not listed which you think should be included. If so, please add it to the list.

In your opinion, what three things do you think (name of company) should consider most in picking an employee for promotion from one position to another in the management group?

		First Choice %	Second Choice %	Third Choice %
1.	Length of Service	1	5	13
2.	What a man knows	22	8	5
3.	Education	1	3	2
4.	Who a man knows	*	—	*
5.	Cost consciousness	*	1	3
6.	Appearance	*	*	3
7.	Ability to improve methods	4	8	11
8.	Ability to get along with others members of management	3	9	9
9.	Intelligence	16	6	6
0.	Ability to plan and organize work in advance	15	20	13
x.	Ability to maintain good employee relations	16	26	21
y.	Ability to stay on top of work in process	3	4	6
1.	Ability to perform basic requirements on the job	15	6	4
2.	Speed of getting the work done	—	1	1
3.	Other thing		2	2

* = less than 0.5%
\- no mentions

Questions on Management Promotion

As things are now, in your opinion what three things does '(name of company) take into accoutn most in picking an employee for promotion from one position to another in the management group?

	First Choice %	Second Choice %	Third Choice %
1. Length of service	10	15	18
2. What a man knows	13	7	6
3. Education	4	4	3
4. Who a man knows	23	10	9
5. Cost consciousness	2	3	3
6. Appearance	*	1	2
7. Ability to improve methods	3	3	3
8. Ability to get along with other members of management.	9	16	10
9. Intelligence	6	4	5
0. Ability to plan and organize work in advance	5	6	5
x. Ability to maintain good employee relations	3	8	8
y. Ability to stay on top of work in process	1	5	6
1. Ability to perform basic requirements of the job.	15	7	11
2. Speed of getting the work done	1	5	5
3. Other things	2	1	2

* = less than 0.5%

THE ROLE OF COUNSELING IN EMPLOYEE RELATIONS

Professor Temple Burling

To provide a base for the morning's discussion, Dr. Burling suggested that the members of the Institute spend a few moments contributing their own definitions of "counseling" toward a concept all could accept in common.

A half-dozen replies made it clear that the act of counseling requires the transmission of some kind of advice or information by one person to another. But all recognized that the contexts of this process can vary greatly, that a two-way communication is usually involved, and that the two people concerned may have different purposes, sometimes not compatible.

For example, the interview may be sought by the counselor, or it may result from an expressed need of the person being counseled. The counselor may wish to teach or coach the other person, out of his own experience or knowledge. He may wish to use the interview as a means to implant certain thoughts, philosophy, or points of view in the other person's mind. To do this he may need to draw out first the other person's thoughts, feelings, desires, or fears.

The person being counseled may seek help or advice about personal problems, or may want clarification of his record, his prospects, his performance. He may want aid in improving himself.

Whatever the case, in business and industry, counseling usually involves a member of management and an employee of lower status, or a staff specialist and another person whose problem requires the knowledge that only the specialist possesses. And in almost every kind of counseling situation, either the counselor or the person being counseled wishes to produce some kind of change.

<u>The problem of changing a person</u>

In what ways and to what extent can a person be changed, asked Dr. Burling?

In reply participants suggested that most people can be changed though the means required may be very difficult in each case. Changes often tend to be superficial, and are often merely temporary. In some cases fear or threats are required, though in general the beneficient kinds of change are best produced by benignant means: sympathy, patience, and understanding.

Dr. Burling noted that in most industrial business situations, when a superior desires a change in a subordinate he is primarily concerned with a change in behavior. And yet, behavior can rarely be changed satisfactorily without first producing a change in attitudes and feelings.

Perhaps, suggested Dr. Burling, the problem needs restating in these terms: How can a superior or executive, or a personnel office use an interview to bring about some changes in a person's behavior (going back, in the process, to attitudes and feelings), or in his goals, or in some cases in the person's whole personality?

With this statement a participant agreed, and added that the practical problem of counseling for most personnel officers was the problem of helping a worker to improve or correct his work performance by removing, or helping the person to remove, the cause of his working below or contrary to his potential. These causes might include marital problems, or social maladjustments, or personality defects, etc.

The importance of the diagnosis

Helping people to realize their best potential, and giving some kind of aid for deep-seated problems are two quite different activities, Dr. Burling advised. In either case, though, the critical first step is that of diagnosis. This does not mean a highly clinical procedure or the delivery of opinions in heavily technical language. One simply has to recognize that few problems get satisfactorily handled unless a reasonably accurate analysis of the causes precedes other actions.

In the counseling situation, the fundamental tenet is that you must listen well, Dr. Burling said. This requires an enormous amount of patience and endurance. The tendency is to jump at first and sometimes superficial clues, and to follow with a bright but hasty remedy. The good counselor learns to avoid this impulse, and to realize that the obvious and external aspects of a problem very often hide more deepseated troubles, complicated by the extremely significant factor of individual differences. The cure for one person's problem may be of no help to another person whose problems seem to be similar.

Where the advice of an expert or experienced counselor is needed, i.e., where the person counseled largely needs supplied information he lacks- the positive suggestion of the counselor may provide a sure and quick remedy: the choice of an educational program, for example, or legal advice. But in treating personality problems and the like the psychiatrist understands his function to be of another kind; to help the patient to diagnose his own problem, so that he finally and clearly understands it. Then the patient "writes his own prescription."

In the great number of cases of maladjustment, the people need less advice than is generally supposed, though they may need a great deal of help in clarifying their problems.

Diagnosis in the counseling situation

"How does this apply specifically to counseling?" a participant asked.

1. Again, replied Dr. Burling, the first requirement is to listen. This means more than letting the other fellow get things off his chest. "Talking out" a problem is sometimes good therapy, but more is usually needed.

2. Listening means a study of the problem, but also a study of the person. The nature of any advice given may depend as much on the nature of the person as on the nature of the problem.

3. Listening must be an active process; the concentration required is so great that it is often very exhausting.

4. Listening is a juggling act. Because you have to correlate the thing being said at any one point with the total picture of the personality and the problems built up to that point, often a new statement or expression will force a severe revision of the picture so far formed. Diagnosis, for this reason, is a continuing process, never completely finished.

5. The listener must be alert to patterns. Lists of human traits and characteristics are of little help; lists of needs and drives - while good for the listener to know- are not of great aid either. The matter of individual differences overrides the common attributes assigned to people as a "species." Two men, for example, may show the same lack of motivation, but the causes may be completely different. One man may be in despair because his wife doesn't keep up with him; another man may be rebelling against an over-ambitious wife.

6. Getting the person to talk freely, and about things interesting to himself, is a necessary preliminary. Techniques can be learned- the Rogerian devices are popular: repeating the key phrases of the person's statements; supplying sympathetic murmurs; repeating the idea of the person but in the listener's own words and asking for corroboration; recalling things said earlier in the interview and asking for correlation, or resolution of any seeming discrepancies. All this reassures the person that the counselor is not merely listening to him passively, but wants to help.

The trained or experienced listener will be able to discern statements here and there which are close to the heart of the person's problem. These the counselor may pick up, combine, form a tentative picture from - and thus cautiously direct the speaker toward his ultimate self-diagnosis. But the counselor must be careful not to force any interpretation upon the person. If the person rejects it, he may nonetheless, at a later time, bring up the idea himself. In the interim he may have learned to accept the idea, if it is a true one, and it is easier to manage if he can offer it voluntarily at a later time.

In all this, the counselor must remember that no one can change a man's personality except himself, and he will rarely do this except when he <u>discovers more about himself,</u> and in a situation which motivates him to change. Incidentally, said Dr. Burling, most changes developed in this context are for the better. Psychiatrists contrary to some popular opinion, have more faith in human goodness and human potential than any other group.

<u>Discussion</u>

"How do you suggest to an employee that he needs psychiatric help?" a participant asked.

There is no easy or natural way to do this, replied Dr. Burling. Apart from the embarrassment produced in the interview situation, other difficulties are bound to follow. Sometimes a personnel officer can consult a psychiatrist, and describe to him the symptoms that have caused some concern. The psychiatrist then, sometimes, can suggest the best means of persuasion to use, according to the disorder that appears to be present.

"What are the chances of salvaging a person on the brink of psychosis?" another member asked.

Dr. Burling noted that medical records suggest that chances are not very good. At least, the odds are discouraging for several types of psychoses. The difficulty is that by the time symptoms become generally apparent, the person may not be on the brink any longer. This is especially true when the symptoms are manifested at work, because the job is often the last place where the symptoms are demonstrated. For the person becoming ill, the attempt to hold on to reality is strongest where the requirement to do so is the strongest.--and this is usually the place where he earns his living. He is more likely to begin "giving way" at home, and in more intimate circles. If his family or relatives or close friends - providing he has them - have ignored, or failed to see the first indications of trouble, the trouble may not be subject to treatment when the symptoms become advanced. At least, the chances of cure - by that time --are not good unless the person is hospitalized. Very rarely can psychosis be relieved by a simple, regime of visits to a doctor.

"What is the responsibility of a personnel officer who recognizes what seems to be such a case?" another member asked.

In the discussion that followed a variety of difficulties was considered. Removing a person from his job - even if this is sick leave and not dismissal- may remove the last hold the sick person has on reality. Yet a bank can hardly afford to do anything less.

Furthermore, attempting to see to it that the person gets proper care can involve legal and social dangers. Notifying the family that a member is sick and needs help may cause resentment and even revengeful actions. They may not want to face the fact of the member's sickness. Bank officers have no real authority to contact directly the family doctor, unless the person already has a medical history of some kind that has come to the official knowledge of the bank. Even so, such contact may prove safe and helpful at times.

In some cases, a seemingly curt dismissal or suspension of a worker is the best device, for it may cause other members of the family to come seeking an explanation. Then the bank officer is in a proper position to explain the reasons behind the action.

If the bank retains a physician, he can sometimes be apprised of the problem, and will be able to make professional contacts with a family physician.

Dr. Burling, at this point, described in some detail the differences between psychotic behavior and the merely neurotic, and the significance of the differences to the personnel officer.

The gloomy picture with respect to treating the psychotic does not hold for the neurotic, who can ofteh be relieved of his neurosis if he can be motivated to want such improvement himself. Certain symptoms here can be watched for by the personnel officer - apart from such open and dramatic demonstrations as hysteria or aggressive actions toward other employees. A sudden record of absenteeism where formerly the person was dependable, or tardiness instead of punctuality, alcoholism, etc., indicates usually a problem to which the person finds difficulty in adjusting . Or sudden changes in patterns of behavior, or unexplained shifts in attitude.

But, Dr. Burling cautioned, a business firm may not want to eliminate every speck of neurosis in its employees. It may do well to distinguish between the "odd behavior" that limits work effectiveness, and that which does not. A typist who suddenly becomes grossly unhappy and weeps all day over the typewriter is in need of some comfort, and perhaps even therapy. But a great many very effective workers are so effective partly because of crotchets and obsessions. Some synics have said that an ingredient in the success of every man who has got ahead is a neurotic nugget of some kind.

Members of the gruup next exchanged information on the hiring and handling of persons with epilepsy. Generally the group agreed that every effort should be made to give work to and to retain these persons whose seizures are not severe. and will not create danger to themselves and other workers. But there is a need to maintain close observation of their progress and to check carefully the medical history of such persons.

Dr. Burling was asked about the extent to which psychiatrists are used in business and industry today. He replied that more than a hundred psychiatrists have had industrial experience, but their duties and responsibilities have been very varied. He proceeded to give some opinions on what constitutes efficient and economic use of psychiatrists.

1. The giving of emotional first-aid which is of course not far-reaching therapy- can be done by the physician or trained counselor: psychiatrists would be wasted in such work.

2. Psychiatric advice can be helpful to anyone setting up employment selection procedures, but psychiatrists are not needed to administer the tests, etc.

3. Psychiatrists should be "saved" for bad cases (probably handled best outside the place of work); for human relations consulting; and for consulting on employee training and supervisory development.

A final question asked Dr. Burling if he cared to distinguish between the contributions that can be offered by psychologist- consultants and psychiatrist-consultants. In reply, Dr. Burling specified certain services which psychologists render to business today. He also recalled, with some amusement, the traditional jealousies between the two professions that once produced controversy, charges, and counter charges. But, he noted, all the while each group has been studying the other's techniques, areas of knowledge, and qualifications, and in doing so, learning so much from each other that they now exchange regards of mutual respect.

EMPLOYEE TRAINING AND DEVELOPMENT

FOR JOB IMPROVEMENT

Professor John M. Brophy

In initiating the discussion, Professor Brophy queried the group on why it was interested in employee training and development? What conditions were contributing to problems in the area? What issues or unresolved problems do they face right now? In response the group pointed out the following conditions which require their attention and are of real concern.

1. It is difficult to motivate employees to take advantages of training opportunities now available to them, for example, through such programs as the A.I.B. (American Institute of Banking) courses.

2. It is often difficult to maintain interest in training on a steady, continuous basis. Crash programs stir up momentary excitement and enthusiasm among both the trainers and the learners. But both groups suffer spells of disinterest, and training often slacks off into a discontinuous and jumpy affair.

3. Short, well-run training efforts often succeed in turning loose on the job an enthusiastic worker. But the routine nature of most assignments becomes enervating, and the enthusiasm tends to die out.

4. Without special inducements or nagging supervision, properly trained employees will often slip into a performance which does not follow correct procedure, even though they know in their minds what the right ways are.

5. Courtesy training has produced some good results, but also many disappointments. Many employees do not really care about the public relations responsibility they share in meeting bank customers. While not discourteous, they are often dull, inattentive, bland, dispirited.

6. Banks have a continuous need to educate groups of high-school graduates who come and go in great numbers. (This turnover problem, it was noted, had been discussed at length in previous sessions.)

7. Even in training operations that are reasonably efficient, the element of selection and placement remains crucial. A well-trained girl can sometimes perform admirably or abominably depending on the work situation she is placed in. The problem is often a matter of work climate, not of training or of aptitude. There still remains a challenge to personnel people--already harried--to "match up" new workers with the group needing a new member so that factors of age, natural interests, backgrounds, etc, will make for congenial relationships.

8. The need for a good supervisory training program looms greater all the time.

Banks, like other employing institutions, have found that people who qualify in every other respect for supervisory positions often reveal a need for help on two scores: a) they do not know how to motivate their subordinates, or how to organize and delegate work; or b) they know how to do this initially, but have trouble in retaining interest, in keeping motivation high on routine jobs.

Job Peformance:

Discussion was then directed to awareness of performance standards as a condition of effective training. The question raised was , "How many of the people working in your banks know when they are doing: (a) an unsatisfactory job? (b) an outstanding job? and (c) a satisfactory job?

Responses from the group led to a discussion of some of the common forms of appraisals, and the systems of interviews by which employees are informed by supervision of their performance.

In general, members were confident that most supervisors now recognize the need for informing employees of their progress. And most employees, they said, are aware when they do a disappointing job, and also when their performance is so very good that the boss is highly pleased.

But the group also agreed that the few jobs are described to new people entering them in such a way as to make clear just what constitutes a high quality performance, or the gradations that are less than the best. Consequently, employees may have a vague feeling they are "doing all right," but could not say how they could improve their performance materially.

Recognizing Potential:

As a further cue to training needs discussion was turned to assessment of potential in management. The next question raised was "How many of you feel you are doing an adequate job of dectecting high potential?"

Most members felt that their banks are doing well in this respect, on the upper management levels at least. They are not sure, they said, that they are doing so well in spotting and encouraging supervisor people on the lower work levels.

Several acknowledged what they know to be an unwise tendency: to freeze a good man in a speciality where his good and reliable performance is, at the moment, extremely, convenient for the bank's operations. The person who does so well at one job may in many cases, be just the person who should be shifted about so that he can prepare himself for positions of greater responsibility. Yet, it is a human failing, these participants noted for a superior to hold on to the person who serves him so well.

Several members expressed a curiosity about the extensive use in business today of "replacement schedules,"and other devices arranged to help in spotting and keeping tab on potential executives. These devices, they thought, are of more value to large firms with many employees and a rapidly changing management force. But the element of planning ahead was recognized as vital, and all acknowledged a desire to develop feasible plans for detecting and keeping tabs on the people who might well be moved into more responsible positions as openings occur.

Solving Training Problems:

Discussion then shifted from identification of training needs to ways of meeting them. Referring back to the training needs listed on the board at the beginning of the discussion, the question was asked, How have you been meeting your training needs; what programs and methods have been found effective?

One member described at length the extra inducements offered to key supervisors with a special krack for training in order to get them to take on a training function in addition to their other responsibilities. (Usually the primary incentive was extra pay.) Along with this, the same bank is trying to keep a longer and closer watch on new employees, and especially to be able to say why a particular employee has failed or if possible to prevent that failure before it goes beyond the bounds of remedy. In the past, it has been simply recognized that some new employees "make out" on the job and others do not. Now the bank wants to know just why some do not. This new purpose has encouraged another: Paying more or renewed attention to the workers of longer service who manage to meet minimum requirements but who have remained substandard in their performance. This total effort, the participant said, has added some cost to operations, but management believes that increased efficiency and lower turnover will more than compensate.

Other suggestions: briefly noted here:

1. More training of trainers

2. Use of training schedules and progress reports.

3. Attempts to get more precise standards, to promote a more definite and uniform concept of high quality performance.

4. The use of formal or semi-formal training programs: e.g., the A.I.B., university institutes and conferences, professional schools operated by banking associations, bank-content courses within the bank

5. Educational refund plans for personnel pursuing advanced education on their own.

6. More meetings between top and middle management peopole, periodically, to examine training problems.

Additional Aids:

At this point, Professor Brophy passed out copies of a summary of a survey of executive development in small companies, (see pp. 58-59), and gave an overview of the essentials of management development programs by means of a vu-graph film.

The contents of this film are reproduced on the following pages.

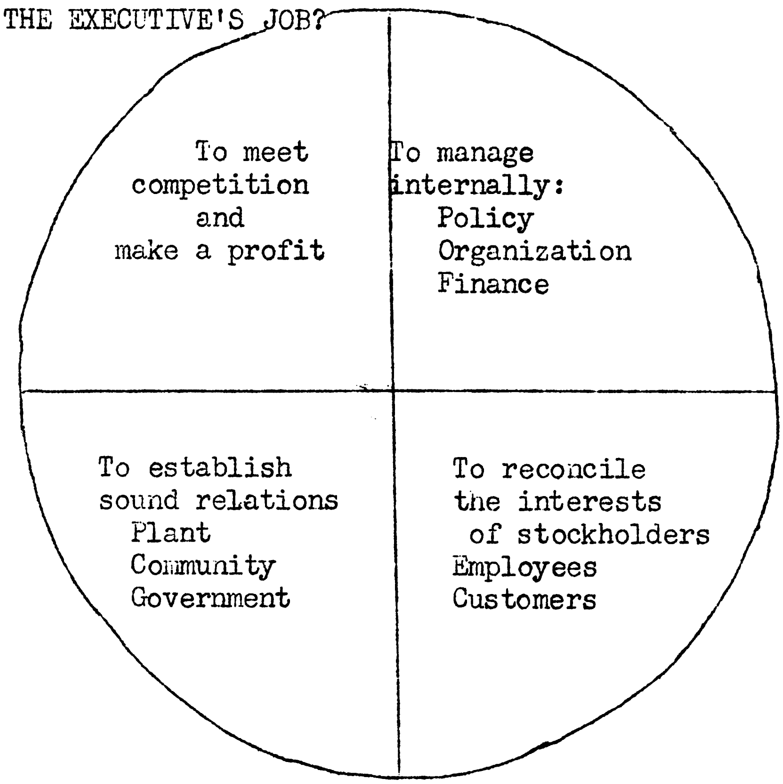
AN OVERVIEW OF THE ESSENTIALS OF MANAGEMENT DEVELOPMENT PROGRAMS

1. WHAT IS THE CONTROLLING PURPOSE OF MANAGEMENT DEVELOPMENT PROGRAMS?

To have the right people
in the right place
at the right time

through a concrete program of action based on a realistic appraisal of future needs.

2. WHAT IS THE EXECUTIVE'S JOB?



To keep the business alive and growing.

3. WHAT ARE THE SPECIFIC OBJECTIVES OF THE MANAGEMENT DEVELOPMENT PROGRAM?

1. To identify, attract, and develop a supply of young, potential management candidates.

2. To increase the competency of present managers in their present positions.

3. To prepare present managers to assume more responsibility and authority.

4. To improve management morale through promotions, transfers, and terminations based on systematic review of qualifications of all managers.

4. A PROGRAM FOR SYSTEMATIC EXECUTIVE DEVELOPMENT

Organization Planning
Present
Interim
Ideal

Plan for Development and Replacement

Based on

Periodic Appraisals

1. Of demonstrated executive ability
2. Capacity for growth
3. Need of help necessary to growth

Development Plans

To improve present Performance
- Coaching
- Counselling
- Dept'l. Meetings
- Tours
- Special Projects

To increase management potential
- Understudy
- Job Progression
- Assistant-to
- Committee Work
- Conventions

5. WHAT DOES ORGANIZATION PLANNING INVOLVE?

1. Organization
   (a) Lines of authority and responsibility
   (b) Dept'l., office, and group relationships
   (c) Dept'l., office, and group functions

2. Job or Position Descriptions
   (a) The function of the position
   (b) Duties, responsibility and authority
   (c) Relationships -- internal and external

3. Optimum Man-Specifications
   (a) Characteristics -- age, health, appearance
   (b) Job Knowledge
   (c) Experience and education or training

6. WHAT ARE REPLACEMENT SCHEDULES?

    1. Charts or tables showing the basic abilities and potentialities of managers and their need of developmental assistance.

    2. An inventory of manpower requirements in comparison to manpower resources.

    3. A listing of one or more candidates all considered fully qualified for one or more of present managerial positions, usually listed in the order of preference.

7. WHY INSIST ON INDIVIDUAL APPRAISALS?

    1. To provide a basis for evaluating company organization and services.

    2. To provide a basis for assisting managers to develop a higher level of competence in their present jobs.

    3. To enable the Industrial Relations staff to more effectively assist line management in its day-to-day training and staffing job.

    What Points do they Cover?

    1. What a manager is

    2. What he may become

    3. What he needs to get there

    4. What planned assistance is possible

8. PITFALLS IN APPRAISALS

    1. Unfamiliarity with the employee, his job or the performance standard of the job.

    2. Accumulating evidence to justify some already contemplated action.

    3. Allowing one or a few factors to determine your judgement of others.

    4. Considering the occasionally favorable or unfavorable incident more than consistent performance.

    5. The inclination to over-estimate a person in order to earn his regard and avoid his resentment.

    6. Being more critical of new employees than of friends and long time associates.

9. INDIVIDUAL DEVELOPMENT SCHEDULE

A time-table for assisting a manager to develop himself in line with the recommendations following his appraisal.

In-Company Methods	Out-of-Company Methods
Personal Counselling	University Short Courses
Rotational Assignments	Correspondence Study
Vacation Relief Assignment	Professional Meetings
Added experience on present job	Community Activity
Interfunctional training	Governmental Service
Company training courses	Trade Association Activity
Committee Assignment	Conventions, Tours

10. CURRENT ISSUES IN MANPOWER DEVELOPMENT

1. Executive vs Management Development
2. "Crash" vs Continuous programs
3. Appraising vs Playing God
4. Random vs systematic promotions and morale
5. Beliefs vs Results
6. Positive vs Negative outcomes
7. Job satisfaction vs unlimited aspiration
8. Numbers prepared for promotions vs promotions
9. Technique vs purpose -- and how much Red Tape
10. Individualized vs Unit Development
11. Forecasting vs Expediency
12. Controlled vs "do-it-yourself" administration

Executive Development in Small Companies--
A Survey of Devices and Programs

Formal, systematic programs of executive development are rarely found among plants having fewer than one thousand employees. Further, information concerning these programs is limited largely to anecdotal accounts in management publications and occasional selective studies. Information on what such programs are like "generally" rests on limited surveys based upon questionnaires and spot-interviews. Of these, one of the most revealing studies was recently completed (BNA, 1952) with the help of nearly 200 "representative personnel and industrial relations specialists" and supports the following observations.

Programs of development for present executives are in operation in nearly three-fourths of our small firms, but nearly all (97%) of these are carried on in an informal way. Under the circumstances more than two-thirds of the companies do not require their executives to participate, although all executives do so in three-fourths of the cases. However, in some instances as few as ten per cent of the executives are included. All levels of management join in these programs in nearly three-fourths of the firms. Where stratification is practiced, the pattern appears to vary with the individual firm.

More than half of the companies have a training program for potential leaders, although these differ widely in their formality and no recognizable pattern is apparent. Further, trainee-executive ratios vary so widely as to be meaningless.

The selection of potential executives involves testing in one-fifth of the plants. Many of the tests are tailor-made, often in consultation with consultants who also are employed to counsel with executives. More than two-thirds of the officers come from company ranks, a fourth direct from college and the balance from outside companies. In this connection it may be of interest to know that one-fifth of the firms select substantially all their executives from the ranks, and more than eighty per cent follow the same practice in choosing half or more of their executives. Only a fifth choose half or more of their officers directly from colleges.

To assist in planning for development programs, executive organization charts and inventories are kept up-to-date in half the companies. In addition, about a third of the firms provide their executives with a list of their duties and responsibilities. But only eleven per cent of the companies maintain replacement schedules.

Periodic reviews of executives are in use in nearly half the firms, although all are not on a formal basis. Where close daily contact permits, evaluations may be made in verbal exchanges between executives. Reviews are made annually in nearly two-thirds of the cases; semi-annually in others. Executive weaknesses and strengths are discussed with them in nearly seventy per cent of the cases, often informally and as opportunity dictates.

Development methods followed by two-thirds or more of the firms include: routing of magazines and periodicals, attendance at outside conferences, and membership in professional societies. Half or more of the firms send periodicals to executives' homes, invite them to attend periodic dinner meetings and conferences led by higher executives. Other techniques and devices used in the order of the declining importance include: visits to other plahts, circulation of company reports, college courses, job-rotation, in-plant classes led by specialists, special company letters, understudy programs, planned reading programs, and junior boards.

In addition, nearly half the companies have provisions for refunding 100% of tuition payments of courses selected for self-improvement while more than a third refund 50% of tuition costs. More than two-thirds of the companies encourage their executives to actively enter into community affairs.

In review, we find in the small company a sense of purpose concerning executive development, and a use of mechanics very similar to that found in larger firms. They compare unfavorably with the programs in larger firms by reason of their informality with its implications of inadequate planning and control.

But they show a commendable awareness of the need of executive development, an appreciation of its complexities, and a diversity in approaching the problem.

Together with similar programs in larger companies these first halting steps have emphasized the necessity of deciding what the end-product of an executive development program should be like -- the behavioral pattern desired. They have provided an insight into the length of time necessary to change behavior and in the process have dispelled the illusion of "capsule" and "canned" programs as adequate remedies; and increasingly the importance of face-to-face relationships between superior and aspirant modifies our invention or adoption of method and technique.

Such programs mark a brave beginning, but remain a constant challenge to competent executives and training specialists alike.

THE IMPACT ON EMPLOYEES OF WAGE INCENTIVES AND FRINGE BENEFITS

Professor Harlan Perrins

Definitions and Distinctions

The discussion of wage administration problems began with a pooling of some common meanings and significances attached to the concept of wages:

1. A compensation given for services rendered.

2. One of the major costs of doing business

3. Packages of money thrown regularly into the spending stream of the national economy

4. The means by which a relatively stable purchasing power is maintained.

5. An incentive to lure or attract good workers to one's employ.

6. The means to maintain living for individual family units.

7. One measure of success or status, not only at work, but in the community as a whole.

8. The price exacted by people for the lien of time placed upon their services.

This sampling of definitions indicates the many different ways people can look upon meaning of wages, according to its significance to them.

Two Basic Kinds of Wage Payments

All the vast number of schemes for paying a person for services rendered can pretty well be classified by either of two categories, said Professor Perrins.

1. For time spent on the job. Systems paying a man for time spent at work, regardless of output, offer these advantages: they are easy to calculate, and easy to administer. But such systems also have these disadvantages; it is difficult to tie the rate of payment in with varying rates of production, and thus it is difficult to adjust the costs of wages to follow other costs of producing. There also tends to be, among workers and supervisors,

a less firm idea of what constitutes a "fair day's work."

How, for example, are you to reward individual differences if you are paying flat rates? The answer is that you can't exactly; the best you can do is establish rate structures that set maximum and minimum rates and provide for scaled increases, granted by merit or time differentials. Whichever test is used for progression, pressures tend to make the increases automatic, and in time --except for areas of high turnover -- the structured rate system becomes, in practical effect, a single rate system (since almost all workers eventually will reach the maximum level).

2. "Output" payment, or incentive payment. Incentive payment plans are not applicable to many kinds of work or for many kinds of work groups. Where they can be set up, however, and where they are well administered, these plans offer certain advantages. The incentive aspect often works to effect increased productivity by each worker and by the total work force, and the direct relationship of amount of pay to amount of product permits easier measurement of unit cost.

Most of the disadvantages chargeable to properly-set-up incentive systems are the result of employee resistence and ingenuity in circumvention. The famous Hawthorn studies have demonstrated, among other things, that wherever identifiable work groups are involved, these groups tend to set informal quotas which partially offset the incentive motives. Even so , the incentive systems tend to effect higher productivity than can be hoped for under time-payment systems. And where group loyalties can be appealed to by skilful leaders, and where incentives are fairly computed, this informal group rapport can sometimes be made to increase production rather than to limit it.

Conditions Required for Incentive Systems

Certain characteristics of work scheduling and production must be present before incentive systems can be applied, Professor Perrins noted. Management must be able to define or compute accurately and precisely the quantity and quality of individual (or in special cases, of group) output. Management must also be able to assure the work force of fairly definite methods and fairly constant conditions.

Since very few jobs in the banking business can meet these qualifications, bank work today almost universally is paid for by time-wage systems, the participants agreed. They also noted, however, that the dynamics of modern business are such that changes will conceivably create situations where incentive systems can well be considered.

Should such be the case, Professor Perrins advised, the banks should be aware of two necessary conditions. The employees should know-and feel satisfied that they understand-the basis of their pay, and they should be confident that they have some voice in the setting up of the rates. Bank managements, for their part, should choose the incentive rates carefully, and should provide for a "guaranteed time rate" to protect the operators against loss of production from factors beyond their control.

Other Forms of Incentive

Many companies unable to use incentive systems of any consequence have tried to provide some kind of incentive supplement beyond the regular salary or hourly wage, Professor Perrins pointed out. What, he asked, have banks done along this line?

In reply, participants described the rise of bonus-plans--the Christmas bonus is the common method. But, they noted, bonus payments do not really constitute an incentive, at least not for long. Once a bonus has been established, it tends to become a fixed system; and it, too, is computed on a time-of-service basis which permits no correlation with industrial or even departmental productivity.

Professor Perrins added that bonus payments, like many profit-sharing plans, tend to be dependent on "good times" rather than on any performance rating. Though employees as a whole may come to recognize these extra blessings as produced to some extent by their extra efforts, few employees tend to see any connection between their individual daily efforts and the pie cut up at year's end. Also, bonuses and shared profits sooner or later depend upon many factors beyond the individual's control, factors that may operate quite independent of his own personal effort. Furthermore, when increases in total plant productivity result, they often do so because of technical improvements, or because of management efforts other than inspiring greater individual effort.

Perhaps for most white collar workers, where "output" is not of one kind and is difficult to measure mathematically, some kind of incentive will have to be thought out or figured on some other index than output.

One participant acknowledged an envy of the benefit some kinds of business derive from profit-sharing plans. He would be glad to adopt the same for his bank, he said, were that possible. But savings banks are mutual operations, and they must find some other index to substitute for that of profits. Such desirable goals as morale and cooperation come to mind, but these, too, defy precise measurement, he said.

A number of the group, along with Professor Perrins, discussed the feasibility of efficiency-indexed bonuses. The difficulty they acknowledged to be this: a supreme effort is made, and a bonus earned; but what then? Is the next bonus to be reserved for another increase? Or are regular bonuses to be granted as long as the first improvement is maintained?

Experience suggests that a one-shot bonus is a hazardous device. If the efficiency is maintained but no further bonuses given, workers feel that they are being "backed down." If the bonus is maintained, it does not really operate as an incentive any more but simply as part of a new wage floor, and tends to make a flexible rate structure a little less flexible.

Professor Perrins asked if bank officers had considered incentives other than wages. In reply, members referred to fringe benefits as equivalents which now multiply so fast as to require most of the management attention available for extras. Even these, however, do not offer any reward deliverable to individuals or groups within the whole work force, who out perform, or improve more than, the whole.

Frankly, said one, the banks are willing to pay more in wages to those who can produce greater financial gain for the institution as a result of their extra efforts or ingenuities. But the improved performance cannot be measured by "profits."

In further discussion, a number of participants described some small experiments in finding incentives of the sort described. Many of these seem to work for special cases, but it is difficult to work out equivalents that can appeal to the whole work force. Other problems are met, too. For example, one bank offered a bonus for meeting or bettering the budget for the year. But this could lead to playing tricks with a projected budget in order to beat it. Also, a plan urging a department to better last year's budget may produce undesirable results because it focuses efforts on a negative aspect. The department might be more productive, actually, with a larger budget, imaginatively administered.

Benefits tied in with wages

Professor Perrins next listed on the board some benefits now supplied workers by industry which are not strictly wages, but have some kind of nebulous connections with the regular wage:

1. Extra pay for time worked (Overtime, holiday, etc.)

2. Pay for time not worked (call -in pay, holidays, vacations, etc.

3. Non-production awards

4. Services supplied employees

5. The many so-called fringe benefits

In fact, Professor Perrins pointed out, most people are startled when they see compiled a fairly comprehensive list of all the benefits now provided here and there; extras which could be called fringe benefits in the largest sense of the term. To illustrate, he passed out copies of the following list:

Selected Fringe Items

1. Extra payments for time worked:

Holiday premiums
Overtime premiums
Shift premiums
Week-end premiums

2. Nonproduction awards and bonuses:

Anniversary awards
Attendance bonus
Christmas bonus
Quality bonus
Safety awards
Service bonus
Suggestion awards
Waste-elimination bonus
Year-end bonus

3. Payments for time not worked:

Call-back pay
Call-in pay
Clean-up time
Clothes-changing time
Dental care time
Down time
Family allowance
Holidays paid for but not worked
Jury duty time
Lay-off pay
Medical time
Military induction bonus
Military service allowance
National Guard duty
Paid death-in-family leave
Paid lunch periods
Paid sick leave
Portal-to-portal pay
Religious holidays
Reporting pay
Reserve military duty
Rest periods
Room and board allowances
Severance pay
Supper money
Time spent on contract negotiation
Time spent on grievances
Vacation pay
Voting time
Witness time

4. Payments for employee security:

Contributions toward:
accident insurance
disability insurance
hospitalization insurance
life insurance
medical insurance
surgical insurance
Contributions to State disability insurance
OASI contributions
Contributions to unemployment compensation
Supplements to unemployment compensation
Contributions to workmen's compensation
Supplements to workmen's compensation
Contributions to employee thrift plan
Comtributions to employee stock purchase plans
Credit union
Employee loan association
Health and welfare funds
Home financing
Mutual benefit association
Payment of optical expenses
Pensions
Savings Bond Administration

5. Payments for employee services:

- Annual reports to employees
- Beauty parlors
- Cafeteria
- Canteen service
- Charm courses
- Company athletic teams
- Company housing
- Company orchestra
- Company stores
- Cooking schools
- Dietetic advice
- Educational assistance
- Employee counselling
- Employee discounts on purchases
- Employee parties
- Employee pleasure trips
- Employee publications
- Financial advice
- Flowers for ill and deceased employees and families
- Free laundry
- Free meals
- Functions for retired employees
- Health education
- Hospital facilities
- Income tax service
- Information racks
- Legal aid
- Lunch period entertainment
- Medical examination(voluntary)
- Music at work
- Nursery
- Paid club memberships
- Paid subscriptions to magazines
- Parking space operation
- Purchasing service
- Reading room facilities
- Recreational facilities
- Rest room facilities
- Safety clothes at company expense
- Safety programs
- Scholarships
- Shower and locker rooms
- Transportation
- Vacation facilities
- Visiting nurse
- Vitamins and salt tablets
- Wedding gifts
- Work clothes at company expense

Most companies giving a large number of these benefits would find it worth their while, Professor Perrins suggested, to find means of communicating to their employees the total dollar value of all benefits they receive, and what the equivalent would be in straight wages. An employee of the company which is among the "leaders" in the matter of employee benefits may draw, for example, the handsome yearly wage of $4800, but in addition to this, be costing the company an additional $2400 for benefits provided. Companies paying all these benefits should persuade their employees to recognize the outlays as being equivalent to wages, though they are not a form of wage proper.

One pre-requisite for employee appreciation, Professor Perrins noted, is the fact of good will and good leadership by management. When the officers of a company install these benefit programs from a genuine desire to give employees opportunities for security generally shared by other workers in the American economy, they deserve a pay-off in good employee morale. And the officers are failing in one function of management — communications—if they do not get it. (If these benefits are given merely as a last-ditch effort to hold off a union, however, the "generosity" will be correctly estimated by workers, and little appreciation is likely to follow). Another prerequisite for appreciation is an adequate wage-hour pay scale. Extra benefits can never be a satisfactory substitute for adequate base pay;

the value of the extras will be realized only after the fairness of the regular pay is acknowledged.

Management will also do well, Professor Perrins advised, to grant benefits only after a real need for these benefits has developed in the employees' minds. Giving a benefit that management thinks the employees need -- no matter how wisely conceived --will give but small pleasure to the unprepared employee group.

A participant asked, at this point, how management can sense the feeling of a need as just described. It seems to be largely a matter of timing, he said; of catching the demand at its peak.

In reply, Professor Perrins and other members suggested three sources of information on the "market in security provisions."

1. Employee surveys, formally set-up and carried out, are fairly trustworthy. The problem is to select the most economic method for the size group.

2. Daily contact with workers should provide management with a kind of "pulse" in these matters. Companies which have established a fairly good "communications atmosphere," whose middle management people are sophisticated to the needs and means of upward communication, can be quite sensitive to desires building up in employee groups.

3. A comparison with the provisions announced in union contracts or benefits conferred by companies still unorganized will give banking people a fairly good idea of what is fashionable in benefits, come any given year. Of course, banks are not going to want to hand out every new wrinkle that comes along in the benefit game. But when a certain insurance feature or pension feature becomes widespread, a bank or any other business can expect its employees to develop a strong desire for comparable provisions.

Discussion of Problems

Pensions: The first topic concerning members' problems brought up for general discussion, had to do with pension programs. Members exchanged information on the various plans in effect, studying the differentials with respect to qualifications and to conditions under which rights became "vested."

Some concern was expressed about the meaning of terms: "vested," 'deferred compensation," etc. Some terms seem to have meanings, under legal usage and for tax purposes, which they do not have in the employees' understanding.

In any case, members felt that the philosophy behind pensions, i.e., that they are "the rewards for long and faithful service" should remain at the heart of any pension scheme, and that shifting fashions in industrial plans and tax laws should not be allowed to force pension plans into just another form of wage payment.

Morale, Turnover, and Costs. One employment maxim followed faithfully by management in business and industry is that turnover is wasteful and should be kept everywhere at a minimum, Professor Perrins observed. But, he said, like many other axioms, this one deserves careful scrutiny. From the wage administrators' point of view, the cost of doing business can sometimes be lower if turnover in certain jobs stays at a level somewhat above the irreducible minimum.

Those jobs for which the training period is short, and for which there are always candidates of adequate qualification, may be staffed at less cost if turnover keeps a good percentage of the workers at any one time at a wage rate below the maximum set by the wage structure. A "low turnover rate" may sound nice, but it may, in many cases, result in rather costly operations.

This is not a callous recommendation for a personnel policy that would keep good employees "moving on," so as to enable the company to hire regularly new people to perform the same work at lower pay. Very often the higher costs of low turnover are well worth the certainty of efficient operation and high morale. But when workers remain on the job, and thus qualify for maximum pay and more and more of the extra benefits, they should really prove of greater value to the company. If "high morale costs" are taken on, the employer at least ought to be sure that he actually gets that high morale, Professor Perrins recommended.

Health and Welfare Plans: "How many of the banks represented pay the whole freight on these plans?" one participant wondered.

The answers indicated that almost all of the banks do.

Two reasons were offered to explain the decisions to pay the whole cost. For one thing, the prevalence of non-contributory plans is so great that the banks would be bucking a very strong trend if they tried to do differently. A second reason argues that the bank as employer has to pay the whole cost anyway, since any money paid by the employee is paid out of his wage. What is really involved, then, is what category is to be used in labeling that part of the wage going for hospitalization, etc.

This rationale, however, all agreed, increases the emphasis that should be given to the communications problem stated earlier: that employees need to recognize what their "total wage" amounts to, what total sums the company sets aside for them in payment for their services.

Vested Rights and the Employee who Retires "early." The final point of discussion had to do with the problem of the pension plan arrangements and their effect on the employee who wants to leave the bank's employ before he is eligible to receive the money set aside for him as the bank's contribution to the pension total.

One member suggested that the "logical and fair" requirement may not be worth rigidly holding to in some cases. An example was cited of an employee who had worked seventeen years but still had three years to go before becoming eligible for the full pension rights. This employee became disgruntled and wished to leave the company.

Since he could not get the full package, he stayed on for the last three years. But he was an indifferent worker meanwhile, doing just enough to keep from being cashiered, but under-cutting departmental morale all the while. The bank might have been money ahead, the participant suggested, if the accumulated monies had been paid out and a new employee put on the job.

The comments on this case, and others analogous to it, led to the conclusion that present "pension philosophy" has yet to reach its ultimate form and will have to undergo some careful modifications in order to provide for a number of such exigencies.

Summary:

Professor Perrins closed the session by remarking that the present pace and complication of business requires an expert and scientific approach to wage administration. But it is still true, he added, that the most meticulous wage policies can be of little help unless they are based on a total personnel policy that is humane, imaginative, competitive in today's business world, and marked by the high qualities of leadership required in all aspects of modern management practice.