INDUSTRY'S COMMITMENT TO THE
DEVELOPMENT OF HUMAN RESOURCES

Address By

Virgil B. Day, Vice President-Industrial Relations
General Electric Company
To
Conference of the Society for Personnel Administration
Washington, D. C. June 5, 1969
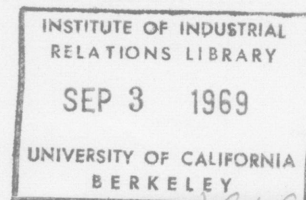
What is personnel administration? What should it be?

The first human organization was a very simple one -- one man and one woman: one Adam and one Eve. But as my own boss thoughtfully remarked of this simple social organization: "The organization was simple, but they managed to get one another into an extraordinary amount of trouble."

This was probably the first recorded example of the need for personnel administration. But another followed shortly thereafter. As my minister has reminded me in this little ditty:

> "Said Adam to Eve
> 'I begin to perceive
> That even young Abel
> Whom we raised, is unstable:
> And now it is plain
> We shall have to raise Cain."

Somehow this seems equally appropriate to the changes going on all around us today. But this facetious rhyme is not really the text for my little sermon today.

My text can be more abruptly described as a challenge, and it was once stated in these harsh words: "Fortune does not change men, it unmasks them." I suggest that fortune, in the guise of the waves of change breaking around us, will render both naked and highly visible the potential opportunities or failures now confronting personnel administration.

Yet me conclusions are optimistic, but only on the assumption that those pondering the challenges believe in two injunctions. One is the serious assertion of Goethe: "He who is firm and resolute in will moulds the world to himself." The second is the humorous comment usually attributed to that famous author, Anonymous: "Never enter the battle of wits half prepared."

At the end of what must surely be considered one of this nation's most tumultous and change-producing decades, and on the brink of the Seventies, which give promise of a continuation of this hectic scenario -- it is indeed relevant that we pause to re-evalute the real mission of the personnel function. What are its objectives? What is the unique contribution it can make to an organization? A major answer, I believe, is that its role must be nothing less than catalyzing the understanding and achievement of change, and developing people who are willing and able to cope with change.

This is a sweeping, and somewhat controversial, assertion: but I believe that it can be amply backed up.

Few argue nowadays about the need for a continuing process of self-renewal to counter that accelerated aging of our institutions. No one has written more eloquently on this subject than John Gardner, now head of the Urban Coalition. His searching analysis in his recent Godkin Lectures at Harvard expressed his fear that change is coming about too slowly to prevent the nation from losing "a commanding grip on its problems."

Commenting editorially on these Lectures, The New York Times said:

"In his brutally frank appraisal of American civilization, most state

governments emerge as nineteenth-century relics and municipal

governments as a 'wax works of stiffly preserved anachronisms. '

The tax system is out of joint, the courts archaic, and unions,

corporations, universities and the professions -- each enmeshed

in its own impenetrable web of vested interests. '"

The picture thus painted is bleak indeed; but Gardner's message is not one of

despair and resignation. "The tasks of social change," he says, "are tasks

for the tough-minded and competent" -- adding that "those who come to the

task with the currently fashionable mixture of passion and incompetence only

add to the confusion. " The "tough-minded" effort he calls for entails the

preservation of pluralism and the creation of the self-renewing society.

At this point in his prescription for such a society Gardner made the

significant observation:

"The society capable of continuous renewal will be one that

develops to the fullest its human resources, that removes

obstacles to individual fulfillment, that emphasizes education,

lifelong learning and self-discovery. "

The significance of this assertion for a conference such as this, it seems to me,

is that it suggests a new and broader role for the personnel function as a catalyst

of organizational self-renewal.

Perhaps this may seem to some of you an overly ambitious role to assign to the personnel manager. However, I would maintain that the times demand that we conceive greatly of our function, if the organizations we serve are to receive our fullest contribution. Clearly, we have to move out of the narrow administrative confines of our old concepts, if we are to change at all. And the closer we can approximate the goal I have suggested the more likely will it be that our organizations will meet Gardner's criteria for survival.

On a parenthetic but not unimportant point, I should observe that the term "personnel administration" -- with its strong connotation of merely administering a bureaucratic routine -- is completely at odds with this new concept of our function. I may use the old term a few times again in the course of this talk, out of convenience and habit; but the need for a new term -- several alternatives exist -- remains. Merely changing the title of course, changes nothing: but changing our concept of the function does suggest the desirability of developing a more descriptive title. So if you have time and energy to spare at the end of your convention, you might cap your efforts at organizational self-renewal by renaming Your Society!

Turning to the challenge in the business sector, it is my conviction that business will be confronted in the Seventies with a whole new range of challenges in both the economic and social expectations of society. Further, these challenges may not successfully be met unless those responsible for personnel relations assume a greater level of responsibility in the decision-making process of the business. Their arena is as wide as a company's relationships with people -- that is to say, their arena is the whole

business. Their function is to understand the forces of change, both internal and external to the business; how those forces will impact on the people in the business at all levels; and to help their operating management anticipate and respond to change successfully.

Nor is their only responsibility to respond to change. "Act, not react" should be their motto. They must help business itself to become an agent of change in shaping its social and political environment -- as, historically, it has shaped the economy. The lesson of future history will, I am sure, be that accelerating change demands, not a resignation to the inevitable or to merely "drifting with the tide, " but an activist philosophy that states (in effect) that we can be masters of our fate rather than victims of circumstance. Without such a philosophy, events will be firmly in the saddle, riding society on a reckless course. With it, we may at least hope to be able to create a more tolerable environment in which the human dimension is dominant, as it should be.

However, to be able to take anticipatory action, we must first be able to project the probable course of events, to make sense of the multitudinous items of change that assail our senses every day, and to give us the necessary lead time, between the inception of a new idea or trend and its "coming of age. " We need, in other words, a keener sense of social forces and what one educator has termed "an instinct for creative survival in a political world. "

It was with these objectives in mind that, two years ago, we established in General Electric a Business Environment component to provide, in effect, both an environmental framework and a future-orientation for our personnel and industrial relations planning and policy development. In fact, this type of environmental forecasting is fast becoming an essential input for corporate business planning as a whole: the personnel planning need is only a part of the picture.

Too many of the business plans we deal with today are still two-dimensional affairs: they are based upon projections of economic forecasting (estimates of GNP components, disposable income, market segments and the like) and of technological forecasting (for instance, the probable development cycle of new materials, new products, new processes). For the rest, we are too apt to cover ourselves with the caveat "other things being equal." However, in this day and age, this is no cover at all, as the sudden eruptions of new forces on the international scene, and on our campuses and in our cities here at home, should have by now made abundantly clear. What I am saying, in other words, is that our business planning must have two additional dimensions -- social and political forecasting -- if it is to make sense in tomorrow's world.

The initial venture of our Business Environment component into this field of social and political forecasting was a report entitled "Our Future Business Environment: Developing Trends and Changing Institutions." This study was based upon an extensive literature search, and on a series of dialogues with 65 of this country's most eminent economists, sociologists, political scientists,

historians and observers of the business and labor scene. Clearly, then, the final product represents their thinking and predictions, not ours: but it does, we believe, provide us with a valuable base from which to assess the probable impact of environmental change on our Company, and to plan the needed action and response to meet and shape these trends.

It is not my purpose today to give you a detailed account of this study, but rather to deduce from it some conclusions and implications that are relevant to the objectives of your conference and the theme of my talk.

The first, and most important, conclusion is that the key future problems of society (and, therefore, of business) will essentially be "people problems," and that the major determinants of social and political change will be <u>attitudinal</u> shifts rather than purely physical changes. Of course, these physical changes -- more income, new products, better schools, urban renewal -- are important: they will be most significant as tangible indicators of our changing way of life. But it is the less tangible, less obvious forces that may combine, in sub- terranean fashion, to work the greater changes in our society. Some of the elements of attitudinal change that the experts discussed were:

- -- an emphasis on the "quality of life;"
- -- some modification of the old Puritan work ethic, and a growing belief in leisure as a valid activity in its own rights;
- -- a new "self-image" that higher education bestows on its graduates;
- -- a rejection of authoritarianism as an acceptable style.
- -- a growing belief in the values of pluralism, decentralization, participation, involvement;

-- a heightened respect for individual conscience and dignity.

One point in this area of attitudinal change I would like to draw your attention to particularly. There are many indications that we shall be moving through a period of increased public impatience -- a lower frustration tolerance with many forms of economic hardship (such as poverty and unemployment); with social injustice; with strikes and other disruptions. It is an impatience born of affluence, and aggravated by the conspicuous difference between the ideals of our society and our actual performance. This impatience is influenced, too, by the rising level of education and by the social unrest that is now so prevalent. It is a factor we must reckon with in trying to assess what public reaction is likely to be to corporate actions. It is a state of public mind that we must expect will engender an insistence on "instant" solutions to problems, rather than on good solutions, if they are slow; and business inevitably will be tied in with these solutions -- good or bad -- at popular insistence, and maybe under government pressure.

In sum, these (and other) changes would quite radically alter our public and private values. Paricularly among the better educated -- from among whom business must recruit the professional, technical and managerial people it needs -- we are likely to see the development of a strong tendency to stress:

-- quality over mere quantity;

-- the individual over the organization;

-- equity and justice over economic efficiency;

-- pluralism and diversity over uniformity and centralism;

-- participation over authority;

-- personal convictions over dogma.

The second conclusion is that the dominant fact in our labor force of the immediate future will be youth. The 1965-1975 decade will see the addition to our labor force of 15 million workers -- the largest increase in our nation's history -- and nearly 10 million of them will be between 20 and 35 years of age. By 1975 these age groups will represent nearly 40 percent of the total.

In these age groups will be concentrated the combined effects of higher educational achievement, the changing attitudes toward work and leisure (and money) and a lower frustration tolerance. Most of the more intellectually-oriented among them are expected to be concerned with the "quality and meaning of life," intent on improving things fast, impatient of old shibboleths -- and of any institution that does not share their concerns. In the fullest sense of the term, they will tend to be "anti-Establishment," questioning the old ways of dealing with problems, and even the old value-systems and priorities.

Yet it is from these restless, questioning groups that organizations will have to draw the new professional and technical manpower which will be in such demand in the next decade.

Since our personnel work has been geared to what will be the older half of the labor force by 1975, it is to the work-aspirations and compensation expectations of younger workers that our research and study must be largely directed. In this era of impatient youth, are we in business opening up

opportunities for new young leadership to rise rapidly enough to positions of

decision-making authority and responsibility? Or do we still insist on long-

duration training programs and gradual advancement through a cumbersome

hierarchy of management? Are we, the risk-takers, really willing to stake

our business success on dynamic young leaders with new ideas?

This emphasis on youth leads to a third conclusion that gets to the

heart of business' commitment to the development of our nation's human

resources. Our research suggests that our major Relations challenge will be

in learning how to manage and motivate a bi-modal work force -- a work force,

that is, which poses key and highly divergent problems to managers at its two

extremes. At one extreme will be the "top 15 percent" represented by key

professional and managerial workers. Before 1975 we shall have passed

a significant milestone in labor force history: for the first time, these professional

and technical workers will outnumber skilled craftsmen. At the other

extreme of this bi-modal work force will be the "bottom 15 percent"

of our urban and rural disadvantaged. The first group consists of

the highly educated, affluent, highly mobile and highly motivated; the

other, of the poorly educated, poverty stricken, ghetto-bound, poorly

motivated. I am not, of course, saying that the needs of the remaining

70 percent of the work force are unimportant; only that the new challenges

to our innovative thinking will polarize at these two extremes.

In the top 15 percent will be concentrated, in heightened form, all of the characteristics and attitudes of youth that I have already mentioned -- the education and affluence; the concern for quality and meaning; the new attitudes toward work and leisure. Competition for their services will be severe; and there will be a growing tendency for them to have careers that embrace a variety of work experiences with different institutions, as they search for satisfaction and self-realization in their work. The individual who starts his career in business, spends some years in government service, and then moves into education will no longer be the rare bird he now is.

While professional and technical personnel, as the elite of white collar workers, might be expected to retain their traditional preference for professional associations, their rejection of militant collective action can no longer be taken for granted. The stigma formerly associated with unionization has already been greatly modified among white collar workers as a result of the examples set by teachers and public employees. And, as was the case with the National Education Association, other professional associations may find themselves forced by members' wishes to take on more of the characteristics of a bargaining agent.

Determination of the course of this development rests largely in the hands of the managers of business, educational, government and other institutions. If they succeed in winning the commitment of these new workers and creating a work environment of challenge and reward, then unions will be restricted to their traditional fields of organization. If, however, managers fail in these efforts, then a broad new field will be opened up for union expansion.

To motivate the productivity of this high-priced manpower, and to engender in them some commitment to organizational objectives will be a personnel relations task of the first magnitude. Undoubtedly, their highly developed talents and consciousness of their own worth will place a premium on job-enlargement, on wide latitude in the selection and execution of work assignments, on greater individualization of compensation policies. These will be ones for whom life-long learning is not merely a slogan; opportunities for continuing education and self-development will certainly be considered an integral part of the "job packages" they will assess in making their career decisions.

At the other end of the spectrum, those of us in industry will have both a business need and a social commitment to reach out to the disadvantaged and hard-core unemployed and help bring them into the economic mainstream of the free enterprise system. Predictions of steady economic growth, relatively low unemployment rates and a tight labor market suggest that business will be forced to turn to hitherto untapped manpower pools in order to meet its labor needs. An analogy with World War II labor market experience, while not wholly accurate, is at least indicative of both the likely need and the probable problems involved in meeting the need.

Some of the more obvious pools of reserve manpower are to be found in urban ghettos and rural underdeveloped areas. Virtually all the man- power reserve in these areas has hitherto been considered "unemployable" by business, but (as in World War II) labor needs are likely to force a re- evaluation of this judgment. Reinforcing this business need will be public and political pressure on companies to become involved in -- indeed, to spearhead -- the national commitment to solving the employment and training problems of the poor.

Employing, training and motivating what might be considered "the bottom 15 percent" of the labor force will involve problems vastly different from those associated with motivating "the top 15 percent" -- indeed, vastly different from anything business has tried to do before in the way of hiring and training. For instance, where job enlargement is indicated for work assignments for the professional and technical workers, job fragmentation may be essential to cope with the lack of training and work experience among the disadvantaged. Where opportunities for ad- vanced self-development are appropriate for the professionals, we may have to provide programs to meet the basic literacy requirements for the poorly-educated unemployed. Where a loose form of participative manage- may be the correct managerial style in one instance, experience in ghetto plants suggests the advisability of a smaller span of control, more thorough guidance and some form of "buddy system."

If I might interject at this point one over-all comment, based on these observations about youth and the bi-modal work force, it would be that the sheer variety of needs and aspirations demands that a relevant Relations philosophy should focus on the individual. Less and less will the "blanket" arrangement or uniform plan meet our business needs. More and more we shall have to come down to the individual employee in determining work structure, educational opportunities and compensation practices. As in the larger world of business planning, flexibility will be a key Relations word.

The public's insistence on business involvement in these problems of poverty, unemployment and training is just one indicator of what is in effect a re-written "charter of expectations" of private companies. The public will expect more from business with respect to the "quality of life" in business organizations and the quality of business contributions to society. Even within just the manpower segment of this new charter, companies are going to have to live with the fact that both the public and government will be more inclined to scrutinize their performance in such areas as:

- -- establishing long-range goals that are in harmony with national manpower policies;

- -- running the business with prime consideration for the human factor in the equation;

- -- locating plants in urban or rural underdeveloped areas;

- -- hiring, training and testing practices that represent a real "outreach" into the community;

- -- providing opportunities for employees' continuing education and development.

Partly for these reasons, it is reasonable to conclude that personnel and industrial relations work will take on a new community relations dimension. It is predictable that the next five years will see a proliferation of ad hoc and permanent organizations -- mainly at the community level, but some at the national level -- addressed to action and communication programs on various aspects of the urban crisis (employment, education, urban renewal, transportation, pollution control, etc.). In contrast to the past, many of these new activities will concern themselves with business' internal affairs as well as its external environment. Of course, this is not a development that affects only business: indeed, so far it has been our universities and high schools that have been under siege from community groups for involvement in admissions policies, administration, standards of education, teacher hiring and the like. But these groups are students of the power system; they know where the levers of power are located, and business' personnel managers must expect increasing pressure on this front.

In the past twenty years or so we have learned how to negotiate with unions and to work with the economic and political forces involved in bargaining situations. In the next ten years a similar expertise and effort may be needed to deal effectively and constructively with organizations such as FIGHT, the Urban Coalition, community action groups, and community development corporations.

        *   *   *

Let me close by emphasizing two notes of realism. The first is that, to build in true social change and self-renewal, we must first know our strengths as well as weaknesses. It is not much of an exaggeration to say that we have largely solved the quantitative problems -- a recent edition of the London "Economist" referred to us as "Mammon's own country." Where we are hung up is on the qualitative problems. Norman Macrae, in the same issue of the "Economist," put it this way:

> "The United States in this last third of the twentieth century is the place where man's long economic problem is ending, but where his social problems still gape. On any rational view, the enormous fact of that approach to economic consummation should rivet all attention. It is almost certainly the most momentous news story so far in the history of the world. But people in the United States are at present wracked by the stretching to snapping point of too many of their temporary social tensions, so that this society which represents man's greatest secular achievement sometimes seems to be on the edge of a national nervous breakdown." (The article, incidentally, was entitled "The Neurotic Trillionaire.")

The trick is obviously going to be how to remedy the problem without throwing away the good; how to resist the cries for instant utopia, while stepping up the pace of institutional change, as Gardner urged.

The second note of realism relates specifically to business. I trust that nothing I have said will in any way lessen the concept that business is a profit-oriented institution.

Profit is still an indispensable motivator and measure, though not the end. It is one of the incentives which provide society with a more effective organizing mechanism to put to work on the tough problems.

It is worth noting that the marginal or profitless companies are not in the main the ones that are providing new employment, new products, new capital, new scientific and technical knowledge, or any other of the socially desirable things that people expect from business -- because they can't afford to. And societies that have tried to operate their economic institutions without the guidance and discipline of the profit-and-loss system have almost universally turned into tyrannies, unresponsive to the needs and wants of the people. For definitive examples, I refer you to any country behind the Iron or Bamboo Curtains or Hitler and Mussolini's experiments with National Socialism in the 1930's.

The primary purpose of a business is to meet economic needs of customers -- therefore, of society. In so doing, it is essential that business earn a profit. (More accurately, it is essential that business feels it can earn a profit -- the actual realization is the reward of the successful business only.) Profit is both the test of success and an essential motivator.

I purposely close on a note which may sound Neanderthal in this day when the usual procedure is to overstate the case that business has vast social responsibilities and must hire the poor, heal the sick, and comfort the fallen. I have spoken of the economic function and profit because focusing elsewhere can lead to a great deal of misunderstanding, or, worse, a false sense of common understanding where none really exists.

The very next thing to be said, however, is that in meeting its primary role, business can also fulfill significant social needs. Businessmen as individuals are citizens and, by virtue of being leaders in their own field, they are very often socially sensitive citizens. Business leaders are often found in the forefront of social action at the community level -- educational improvements, community development, charitable drives, local government reform, etc. But apart from participation as individuals, business as business is necessarily involved in meeting significant social needs, helping to solve pressing social problems.

In short, contrary to the beliefs of some individuals, business can serve two masters, and serve them well.

Knudsen of Ford put it well when he said recently:

"Corporate interest in social problems is not pure altruism.
The business reason for our involvement is to help create the
kind of society and economic climate which will permit our
companies to remain profitable over the long haul. In the
shorter term, however, the exercise of social responsibility --
whether it is a corporate contribution to higher education or
supporting a ghetto project -- is a current expense which re-
duces current profits.

"This means that one fact should be borne in mind by everyone,
in or out of government and politics -- and especially those
who think that any profit at all is an adequate return: The
smaller the profit a company makes, the smaller the effort it
can afford to make toward meeting public goals.

"By the same token only a thriving business firm can provide
the new jobs that are needed to absorb the hard-core unem-
ployed, which certainly must be assigned a top priority among
our urgent national goals of reducing poverty and providing
equal opportunity to all Americans. "

Helping to gain a more complete understanding of points like

these should be near the top of the list on anyone's agenda of work for

the personnel administrator.

In business, these broad issues are really what the whole per-

sonnel field is all about. At bottom, our most critical business decisions

involve people. And in our success or failure in dealing with people --

their new expectations of us -- the new responsibilities they have given

us -- will rest the success or failure of our business enterprises.

Since you are running this conference on the lines of a political convention -- complete with all the processes of democratic participation -- I feel moved to turn this keynote speech into a nominating speech. I give you:

-- a man who possesses a thorough professional competence in his work of meeting his company's manpower needs;

-- a man who has a wide view of the business, not a narrow functional view; who contributes meaningfully to the strategy-forming and decision-making of the top management team;

-- a man who has a deep understanding of people and instinctive concern for their needs in business decision-making; who has the courage to go to bat for people's needs when others might be short-sightedly tempted to forget such needs.

-- a man whose awareness of the rapidly-moving forces of social change can guide his company through the maelstrom of change;

-- a man whose basic orientation is to change. By this, I mean not only complete willingness to adjust to a changing world, but an appetite for affecting the course and pace of change.

Ladies and gentlemen, I give you -- the personnel manager of the Seventies!