



This is to certify that the

thesis entitled

"The Feasibility of a Personnel  
Department for a Small Food  
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Henry Paris

has been accepted towards fulfillment  
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**"The Food Distribution program at Michigan State University  
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THE FEASIBILITY OF A  
PERSONNEL DEPARTMENT IN  
A SMALL FOOD CHAIN

BY

Henry Paris

AN ABSTRACT

Submitted to the School of Graduate Studies of Michigan  
State University of Agriculture and Applied Science  
in partial fulfillment of the requirements  
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Approved

E. A. Brand



Henry Paris

The objective of this study is to recognize the feasibility of an organized personnel department for a small food chain. This study discusses some of the important problems of the expanding small food chain, in regard to personnel management.

The writer conducted extensive research in text books, trade periodicals, and other sources connected with the field of personnel management. In conjunction with this research, the writer took graduate courses in Personnel Management. A questionnaire was sent to thirteen food chains, The National Association of Food Chains, Super Market Institute, one personnel consultant, and the United States Department of Agriculture. Personal interviews were conducted by the writer with various personnel directors in the food industry, one personnel consultant, instructors and professors connected with the personnel field, and many food chain executives.

The study recognizes the need for the management of aggressive food chains to plan in terms of the future as well as the present. There are many small chains of today which may become the medium or large chains of tomorrow. These chains can grow only as fast as the personnel in them grow. The organized personnel department in a small food chain is a means to that end.

From the data gathered from this study, it appears that the management of the small food chains, which are successfully operated, are placing more emphasis on personnel development.

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There are a few of the small food chains which have developed well organized personnel departments.

The feasibility of an organized personnel department in a small food chain is advocated, by the writer, by the development of Personnel Organization, Employee Selection, Employee Training, and The Utilization of Personnel.

There are basically two types of organizations, which are: (1) Formal, and (2) Informal. The formal organization is illustrated by the use of organizational charts. The informal organization is discussed by the day to day relations which exist in any working group.

Employee selection is recognized by the presentation of job analysis, recruiting, and selection techniques. Emphasis is placed on the various selection techniques which may be used by the small food chain.

Training is presented in this study by recognition of the limitations of the small food chains, and then organizing training programs to fit these limitations. The check-list type of on-the-job training is used very effectively by some of the smaller chains. Training can be successfully done by the small food chain.

The utilization of personnel begins with the evaluation of personnel. This study reveals some of the merit rating programs which are used by some of the food chains. There is also a need for communications and motivation in utilizing

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personnel to their maximum efficiency.

The writer has presented some of the basic principles which may be used in erecting a personnel department for a small food chain.

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## CHAPTER I

### Introduction

#### Purpose of the Study

The objective of this study is to recognize the feasibility of an organized personnel function for a small food chain. This recognition will be exposed by an analysis of the following criteria:

- (1) Organizing the personnel department
- (2) Securing an individual who has promising potential
- (3) Helping develop the employee's potential by training
- (4) Motivating the employee by recognition for a job well done, or correcting the employee for a job improperly performed
- (5) Determining the degree of success, as relative to an organized personnel function, in a small food chain

#### Need for the Study

The phenomenal growth of the food chain industry, in the past decade, has necessitated a higher caliber individual in the organization to help assume some of the responsibility which comes with this tremendous growth. There is an urgent need in the small food chain, as well as the large, for an organized method of selecting, training, and utilizing personnel to their maximum efficiency. The necessity for having competent personnel in the small chain is even greater, proportionately, than the need for competent personnel in the large chain. In the large food chain, it is possible to have a few incompetent individuals in the organization without hurting the overall operations of the concern. Conversely, in the small food chain, a few incompetent individuals, at

either operative, supervisory, or executive level, could cripple the entire organization.

### Definition of Terms

A small food chain is defined, in this thesis, as five or more supermarket or superette operations, which has a minimum total annual volume of \$780,000 per store.

Personnel department or personnel function is defined, in this thesis, as an organized method of selecting, training, and utilizing personnel of a company for the maximum welfare of the employee and the company.

### Scope of Study

The scope of this study was narrowed to include the factors pertinent to a personnel function of a small chain operation. It was necessary to integrate some of the procedures of the medium and large chain operators in order to secure a valid picture of the "personnel" operations.

The scope of this study was encompassed by the following methods of research:

- (1) Research in books and food trade periodicals
- (2) Survey of thirteen food chains
- (3) Personal interviews

The writer conducted extensive research in many text books, trade periodicals, and other various sources connected with the field of personnel management. In conjunction with this research, the writer took graduate courses in Personnel Management, under the Food Distribution Curriculum at Michigan State University.

A questionnaire was sent to thirteen food chains, The National

Association of Food Chains, Super Market Institute, one personnel consultant, and a letter requesting training methods data was sent to the United States Department of Agriculture. Of the seventeen organizations surveyed, sixteen replied to the information requested.

The survey, in addition to the questionnaire, requested copies of any literature or documents which the company had available in the field of Personnel, such as:

- (1) Employee Selection Procedures
  - a. Recruiting
  - b. Interviewing
  - c. Application blanks
  - d. Employee indoctrination literature
  - e. Psychological tests used
- (2) Merit rating or employee evaluation
- (3) Organizational structure of the personnel department
- (4) Job analysis and classification
- (5) Type of training
  - a. On-the-job
  - b. Formal training manuals
  - c. Check-lists used at store level
- (6) Meetings conducted by personnel department
- (7) Safety program
- (8) Specific techniques of motivating employees and establishing good public relations.

The twelve chains answering the questionnaire varied from a very small operation of 287 employees to a large corporation of 30,000 employees. These chains were located throughout the United States and there was at least one representative from each section of the country.

The purpose of this survey was to examine the procedures, in regard



to personnel administration, of chains which were considered to be representative chains in the food industry.

Personal interviews were conducted by the writer with various personnel directors in the food industry, one personnel consultant of a reputable eastern concern, instructors and professors connected with the field of personnel management, and many food chain executives. These interviews took place over a period of twelve months, and many enlightening ideas and sound advice were gained by them.

#### Development of the Study

This thesis is divided into four major sections:

- (1) Personnel Organization
- (2) Employee Selection
- (3) Employee Training
- (4) The utilization of personnel

The first part of this thesis handles the various aspects of personnel programming through organizational procedures. The purpose of the personnel department organization is to outline a definite procedure which the individuals within the department can follow. After a proper definition is presented, the recognition of formal and informal organizations within a small chain is illustrated. An organizational chart of a small chain is used as an example of a formal organizational structure. Lastly, the results from the survey of twelve representative food chains is presented. The purpose of this survey is to show the degree of emphasis that these chains are giving organization.

The second part of this thesis deals with the selection of employees.

Job analysis provides the basic criteria for selection. After specific jobs have been established, through the job analysis, the process of recruiting individuals for these jobs is presented. The various tools used in recruiting, such as the application blank, interviewing techniques, and psychological tests are discussed.

The third consideration in this thesis is that of training. Training begins when an employee is hired. From this indoctrination training, the employee goes through an organized training program, either at store level or at home office, or possibly a combination of both.

The final subject of this thesis is the utilization of personnel. The utilization of personnel begins with an evaluation of the employees, which is accomplished by merit rating. The advantages and disadvantages of merit ratings are discussed, as well as the various types of ratings used. The use of merit ratings by food chains is indicated in the results of the survey taken of twelve chains.

Motivation through communication is emphasized as an excellent tool in utilizing personnel. Various procedures are presented, and their applicability to the small food chain is discussed.

Public relations is recognized as one of the most important elements of success of any growing concern. Methods of public relations are shown through the practices of some of the more aggressive companies.

The final summary and conclusion of this thesis attempts to validate the feasibility of an organized personnel function for a small food chain.

### Limitations of the Study

The field of personnel management is a relatively new field. The various techniques and procedures are, for the most part, in an experimental stage. There has been little done by the small food chains to develop personnel departments. Those in existence have been organized within the last few years. Therefore, there is little information available on them and their operations.

It is not the intention of the writer to present a specific personnel program which will work in every instance. It is the purpose of this study to recognize the importance of personnel operations in the small chain.

It is extremely difficult to evaluate the worth of a personnel department to a company. Such things as training, motivation, and public relations are hard to measure, but invariably, those organizations which stress these factors are successful operators.

## PART I

### Personnel Organization

## CHAPTER 2

### Personnel Organizational Programming

#### The Necessity of Organization

"Organizational planning is the process of defining and grouping the activities of the enterprise so that they may be most logically assigned and effectively executed.<sup>1</sup> From this definition, it becomes apparent that defining and grouping the activities of an enterprise necessitates some tangible tool, such as an organizational structure.

The small food chain, just the same as the large chain, should have some type of formalized organizational structure, but before this structure is constructed, it is necessary to investigate the types of organizations. Basically, there are two types of organizations--the formal type, consisting of the line, line-staff, and functional; and the informal type, consisting of the informal day to day relationships that exist in any working group.

The formal and informal structures will serve as a background to the survey presented on page eighteen. This survey shows that the food chains recognize the necessity of organization. Present day competition, within the food industry, is forcing the small food chain to organize to meet the competition of the aggressive chains.

- 
1. Dale, Ernest. Planning and Developing the Organizational Structure. (Research Number 20), New York, American Management Association, 1952, pp. 43-77.

### Recognition of the Formal Organization

Basically, there are three types of formal organizational structure which are:

- (1) The line organization
- (2) The line-staff organization
- (3) The functional organization

The line form of organizational structure, sometimes referred to as the military form, was used by all companies before the separate staff departments were introduced. In the line organization, an individual department head had complete authority and responsibility in his sphere of operations, including hiring and training his personnel.

The line and staff organization is by far the most widely used today. In the line and staff organization, the line organization is retained, but line officers are relieved of certain detail work. In the strict line organization, a supervisor would be responsible for recruiting new help when needed, but in the line and staff organization, the personnel department relieves the supervisor of this task. The personnel department specializes in recruiting, selecting, training, and utilizing personnel to their maximum ability. The personnel department is a major staff function, and the duties and responsibilities of this department should be clearly defined. In the line and staff organization, it is desirable to draw an organizational chart showing the lines of authority

2. Moore, Franklin G. Manufacturing Management. Manufacturing Management. Homewood, Illinois, Richard D. Irwin, Inc., September, 1954, p.67.

and

or

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and the staff function for each position in the company. The organizational chart of the personnel department should show the duties pertinent to this department, such as recruiting, selection, training, fringe benefits, safety, job and employee evaluation, medical services, and public relations which come under the auspices of the personnel department.

The formal organizational chart has a definite place in the small chain. Figures I and II on pages ten and eleven illustrate the organization of a small chain which is now engaged in a dual operation of wholesaling and retailing. Figure I on page ten shows that a company can administer a wholesaling function which is completely independent from the retailing function. The right side of Figure I shows the wholesaling function, whereas the left side of the chart illustrates the retailing function. Notice that these two functions are coordinated by the executive planning committee. Figure II shows the further breakdown of the organizational structure of the retail store.

The functional organization originated in the late nineteenth century when Fredrick W. Taylor recognized the need for specialization. In this type of organization, everyone is a specialist. This type of organization is little used today as such, because most business executives feel that there is a need for lines of authority. The organizational lines were omitted in the functional organization, because every specialist was on a co-equal basis with the other, and there was no formal line of delegation of authority by a superior.

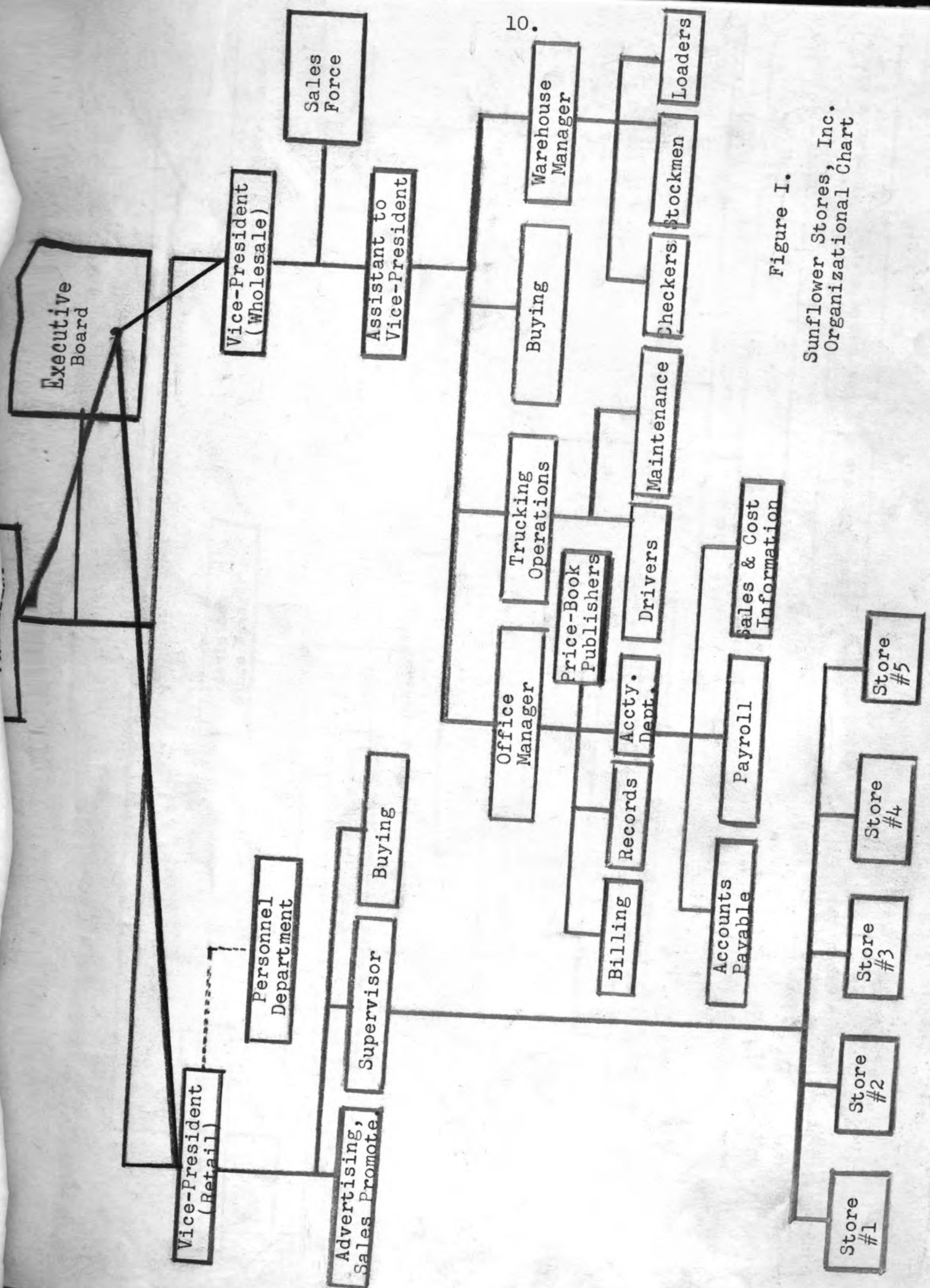


Figure I.

Sunflower Stores, Inc.  
Organizational Chart

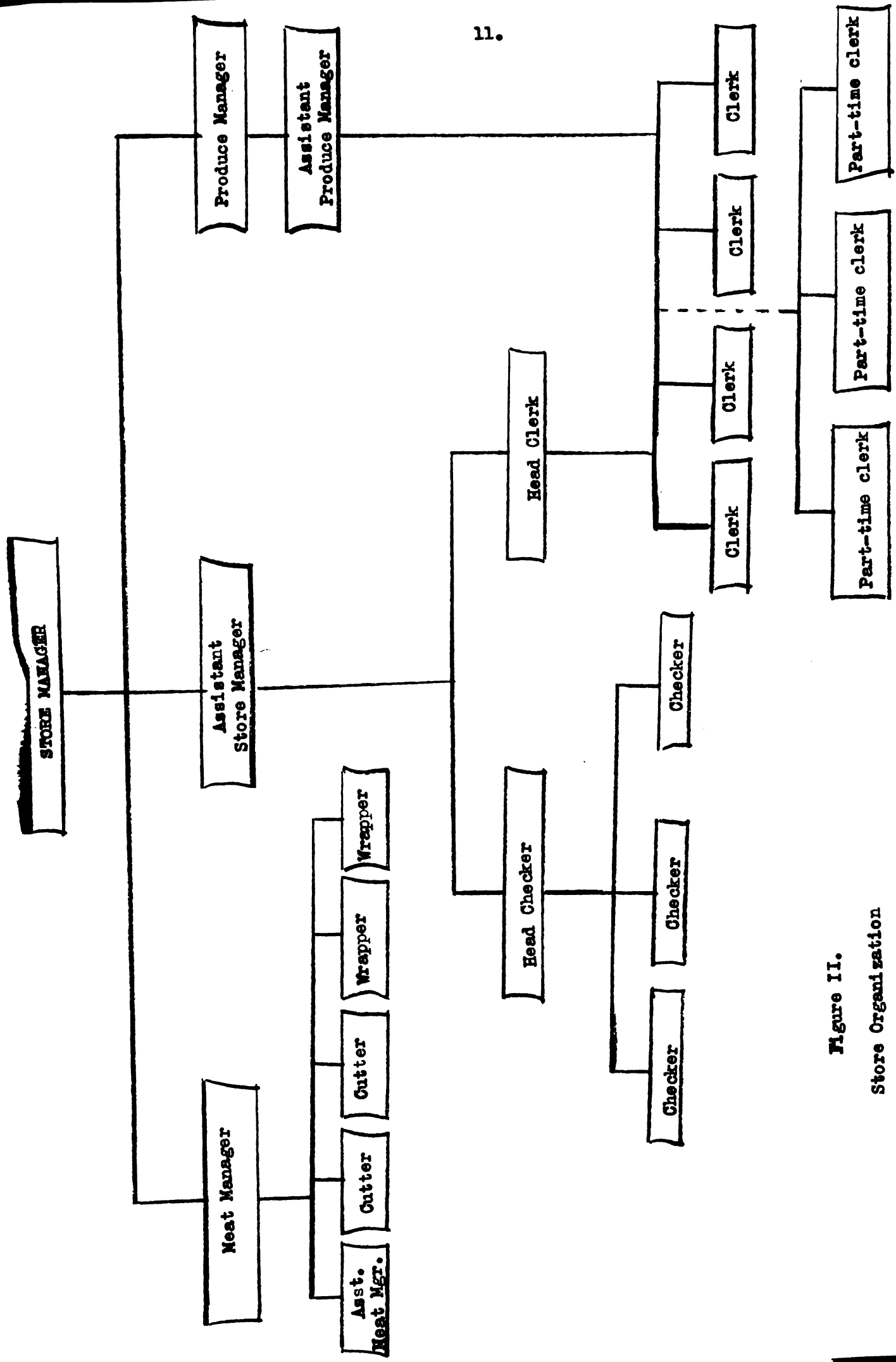


Figure 11.  
Store Organization

### The Inevitable Informal Organization

For every formal organization, there is a series of informal organizations. The informal type of organization is referred to here as that type of organization which exists outside the formal lines of an organizational chart. The "real" leader is the most important factor in this informal organization. Although a man may have the title of vice-president, if he is not consulted on matters of importance by his subordinates, he is not the "real" or informal leader.

### How Does The Personnel Department Become a "Real" Leader

The personnel department has an excellent opportunity to become a "real" leader, although it is in a staff position and not in the direct chain of command. The status of the personnel department may be obtained in either of two ways. First, it may be handed status with authority by top management, or secondly, it may gain status from below by performing assistance to lower supervision. Both of these factors are important. It is essential that top management recognize the importance of the personnel department and cooperate with them in every way, if it is to function properly. Without the backing of top management, the personnel department remains weak. Once the status is given from above, it is up to the personnel department to gain its status from below. The department may gain this status by relieving the line officers of some of their work, and become a helping hand to them as a specialized department.

3. Jucius, Michael J. Personnel Management. Homewood, Illinois, Richard D. Irwin, Inc., 1955. pp. 59-61.

Dr. Eugene E. Jennings, of Michigan State University, compares the services of the personnel department with that of a doctor of medicine. The professor says that the personnel department should be a one stop operation; a complete cure for that one specific problem. Dr. Jennings' analogy is interpreted to mean that the personnel department should train the individual to cope with the problem he has, so that the next time the issue arises, the individual can handle the situation without the use of the personnel department.

Professor Fremont Shull, Michigan State University, comments on personnel management as pervasive in all forms of supervision throughout the entire organization. Mr. Shull states that personnel management must be a task which is performed by every member of the management team.

From the above viewpoints, it appears that personnel management must be "sold" to the employees. The personnel department must have cooperation from the lowest manager to the highest executive. Every supervisor in the organization must be a personnel representative.

#### The Elements of Organization

In the organizational structure, there are five fundamental elements, which are:

- (1) Planning
- (2) Delegation of Authority
- (3) Span of Control
- (4) Coordination of Activities
- (5) Control

"Planning is fundamentally a mental disposition, an intellectual  
<sup>4</sup>  
 process of a projected course of action."

In any type of organization, there must be some organized planning. This planning step is the first element in determining the nature and purpose of the organization. An efficient plan will serve the purpose of creating and maintaining a uniform consistency of operations.

The second element of organization is the delegation of authority. Delegation of authority means the right to give a subordinate the power to give orders in a given scope. It is important to interject the necessity of delegating authority to an individual who is capable of handling it. It is also important for the superior to realize that, while authority may be delegated, he is not thereby relieved of the responsibility. The superior is still responsible for seeing that the duties are administered. The individual who receives authority should understand exactly his responsibilities, and concentrate on expected results rather than detail duties.

The delegation of authority leads to the third phase of organization, which is the "Span of Control." The span of control is the number of  
<sup>5</sup>  
 subordinates that one superior can properly oversee. One of the best means for securing the proper span of control is the organization chart, which is a technique of explaining span of control in conjunction with delegation of authority. Figure II, page eleven, illustrates one type of

4. Urwick, L. The Elements of Administration. (New York; Harper and Brothers Publishers, 1943, p. 33.

5. Moore, op. cit. pp. 44-45.

organizational chart at store level. This type of organization gives the store manager a wonderful opportunity to exercise delegative authority through span of control. The head meat merchandiser has five people under his jurisdiction; two cutters, two wrappers, and one part-time helper. The assistant manager is head of the grocery department, and directly under him is the head checker and head clerk. This gives the assistant manager an opportunity to use the delegation of authority and the span of control. Notice there is an overlap in the organization of clerks. There are not always enough full-time duties to be assigned; there must be some who work in the grocery department as well as the produce department. Under the produce department head there is only one assistant. This is due to the different jobs which necessitate change in duties as the occasion arises. Although this may appear somewhat unorthodox, compared to the industrial organization, the different tasks performed by one man calls for a distinct organizational structure at "supermarket level."

The fourth element of organization is recognized as the coordination of activities. The coordination of activities is defined as the ability to communicate horizontally. It is extremely difficult for one phase of operation, such as sales, to work efficiently if another phase, such as advertising, is completely unaware of what program is being undertaken. Meetings and committees help to foster a better relationship between the executives at planning level by giving each an opportunity to inform the other of the activities of one specific department. The coordination that exists within an organization has a direct effect on the morale of all



concerned. This most important morale factor is often the difference between success and failure.

The final operation in the organizational structure is control. In differentiating between span of control and control, the span of control has been defined as the number of employees one man can properly oversee; whereas, control deals with the proper execution of every phase through the overall operation. In administering control, it is necessary to check and compare the differences in one group and another. In control, there exists the interpretation of policies, the integrity of authority, uniformity, and a definite means of follow-through. There are some instances in which discipline is used as a method of control. Control is not an implement to be used as a threat, but as a measure of operations.

#### The Application of Organization by the Food Chains

The writer conducted a survey among twelve food chains in regard to various aspects of organization. These twelve chains varied considerably in size, but they were all considered well organized companies. The results from this survey are shown below in Figure III.

FIGURE III

#### ORGANIZATION

(1) Do you have an organizational chart of your company?

yes	<u>8</u>
no	<u>4</u>

(2) Is each job clearly defined in writing?

yes	<u>3</u>
no	<u>7</u>
some	<u>2</u>

(3) Approximately, how many employees in your company?

average 5,839  
range 287--30,000

(4) Do you have a personnel department?

yes 10  
no 2

(5) If so, do you have a personnel director whose full time is devoted to personnel work?

yes 8  
no 4

(6) How many people are employed in your personnel department?

average: 1 personnel man for  
every 530 employees

(7) Is your company unionized?

yes 8  
no 4

### FIGURE III

Results from a survey taken on  
twelve representative food chains,  
concerning organization.

From the above data, the writer illustrates the importance that the food chains are giving formalized organization. Eight of the twelve chains had an organizational chart, ten chains had a personnel department, and eight chains had full time personnel directors. It is noticed, however, that few of the organizations have defined each job in writing. The growth of unions is noticed in eight chains. This union growth should be recognized as a coming trend by those companies which do not have unions, as well as those organizations which do have them. The number of employees in the personnel department varied considerably, but two of the chains, which are noted for their personnel interest, have more than

the usual ratio of personnel men to employees. One of the medium chains, having 3,200 employees, has a personnel department of sixteen people, while one of the small chains had three personnel men and 340 employees.

The writer believes that this medium size chain's personnel department is equaled by none, and that this small chain's recognition for the need of organized personnel activities is pointing the way for others in the era of keen competition.

## PART II

### Employee Selection

## CHAPTER 3

### Employee Selection

#### Job Analysis

Before employees are selected, it is necessary for the personnel man to know what jobs the applicants are to fill. In essence, job analysis is the measurement of the worth of the job to the company. It is necessary to differentiate between job analysis and job specifications. Job analysis measures the worth of the job to the company, whereas, job specifications include the minimum hiring requirements for each job.

Every employee wishes to know the opportunities that are ahead for him, if he wants to advance within the company. Job analysis is a tool which establishes the levels of various jobs. By an examination of the job analysis, the employee can see what is expected of him at his present job, and what is required for the next higher job.

#### Methods of Job Analysis

The next consideration of job analysis will be the methods by which they are obtained. Basically speaking, there are two methods by which job analysis may be secured. These two methods are observation and personal interviews.

There are some authorities who say that observing a job is an excellent means of obtaining the value of the job. There are others who

1. Bellows, Rodger M. Psychology of Personnel In Business And Industry. New York: Prentice-Hall, Inc., 1955. pp. 176-208.

believe that personal interviews are necessary. Another opinion on the matter is that a combination of the two will serve as a better means of job analysis. One company finds that by requesting each employee to write the duties of his job, and each supervisor to write his interpretation of the same job, is an excellent means of making the job analysis. Some personnel representatives believe that this method also increases morale. A comparison of the two interpretations of the job by employee and by supervisor, often indicates where misunderstandings could begin. Another chain representative related how his company had used personnel men and "operative" men working together to evaluate the job.<sup>2</sup>

The small chain could possibly secure an adequate job analysis by working with the store managers and department heads in their various stores. The writer proposes the following steps by which a small chain could secure an adequate job analysis:

- (1) The individual employee write and outline the duties of his job
- (2) The individual employee's department head write and outline the duties of the same job
- (3) The store manager and the personnel representative evaluate the job descriptions
- (4) Personnel representative and supervisor would evaluate the findings and write a job description
- (5) Review by higher member of management, and approve

---

2. "Personnel and Labor Relations." National Association of Food Chains, (March 7-8, 1955.), Chicago, Illinois, p. 15.

Figure IV., below, illustrates the findings of the survey made by the writer in regard to job analysis.

### JOB ANALYSIS

Do you have a job analysis or classification for the job at:

Store level.....	yes	<u>5</u>	; no	<u>7</u>
Supervisory level.....	yes	<u>4</u>	; no	<u>8</u>
Executive level.....	yes	<u>4</u>	; no	<u>8</u>
No job classification.....		<u>3</u>		

Figure IV.

Figure IV. illustrates that only three of the twelve companies surveyed had no job classification.

### Recruiting

Some of the more aggressive food chains have recognized the necessity of drawing high calibre personnel into the organization. The efficient personnel department realizes that "just anybody" will not do; not even for the lowest job in the store. The progressive chains have created a much closer relationship with the high schools, and the various food associations have made steps to attract a higher class person into the food industry. Figure V., on the next page, shows some of the various methods of recruiting which are used by some of the food chains.

Figure V.

## METHODS OF RECRUITING

Check the methods your company used in recruiting

Recommendations from employees..... yes 11 ; no 1

Signs in store or office..... yes 8 ; no 4

Recruit from high schools..... yes 7 ; no 5

Advertise in local newspaper..... yes 8 ; no 4

Other sources which were mentioned were:

Employment agencies

Unions

Figure V.

From the above data, there is a direct reflection on the use of applicants who are recommended by employees. Most every company had more than one method of recruiting, but the majority emphasized recommendations from employees. Employment agencies and Unions were mentioned by one chain as a source of recruiting, but for the most part, their usage is the exception, rather than the rule.



### The Important Role of the Application Blank

The application blank plays a most important role in the selection of an employee. The usage of application blanks may be utilized in the form of testing. The application blank is referred to as the non-test trial predictors. Items such as age, sex, marital status, number of dependents, and those pertaining to training and experience can be used as trial predictors of success. To differentiate between the non-trial predictors and the trial predictors, reference will be made to application blanks as non-trial predictors, and psychological testing, which will be discussed later, will be referred to as trial predictors.

Item analysis of application blanks is a simple statistical technique which can be used to identify the non-test items of data that are related to the success on the job. By the proper use of such techniques, psychological tests are often eliminated. It should be recognized that this is not an efficient method for the entire selection, but it definitely does have some value.

The non-test trial predictors are validated in much the same way as psychological tests are. There are some items that will have more bearing than others and should be recognized and given more weight in the final analysis. This "weighing" of items is referred to as a weighted application blank, which means that each item on the blank is given so many points, and in order to qualify, the applicant must make a total of so many points.

3. Stead, William H. and Associates, Occupational Counseling Techniques. New York: The American Book Company, 1940. pp. 256-257.

The weighing is done by assigning a score to each of the variables according to the amount of relationship they bear to the success on the job. For the small organization, a detailed study of the men in the organization, who have been very successful, may serve as a means of obtaining the weights to be assigned to the specific items.

When the analysis has been made and proper weight has been assigned, the personnel man should have a scoring key to facilitate rapid scoring of each blank. From the application blank, the scorer derives a weighted composite predictor score from the applicant. There should be a definite cut-off score for hiring. Usually, this cut-off score is low.

Some firms have prepared application blanks in the form similar to multiple-choice psychological tests in order to facilitate the analysis and scoring of the items. Thus, instead of asking the applicant to write a word to describe his marital status, the application form would contain several possible choices and he would merely check the correct one. The following will serve as an example:

- A. ☐ Single
- B. ☐ Married, have no children
- C. ☐ Married, have one or more children
- D. ☐ Widowed
- E. ☐ Separated or divorced

This type of question is much easier to read; it is easy to score, and yet is very specific. This method reduces errors in filling out or reading forms.

Many smaller concerns, which could not afford to administer a

psychological test, could benefit favorable by an efficient evaluation of the application blanks that the company uses. There is a significant value in the use of non-test information of this kind, if it is predictive of success, the company has saved a considerable amount of time and money.

The figure below illustrates a weighted application blank which is used by a reputable grocery chain.

#### THE WEIGHTED APPLICATION BLANK

Pertinent Facts	Possible Scores
Present age	(The possible scores for each item would depend upon the weight given to that item upon the analysis by the personnel department)
Time at last address	
Marital status	
Number of dependents	
Time on last job	
Time unemployed	
Grocery experience	
Selling experience	
Initial contact	
Home ownership <sup>4</sup>	
Auto ownership <sup>4</sup>	

Figure VI.

#### Interviewing

Interviewing is a delegate task which requires a definite skill.

There are some basic factors which must be considered in the interview which will be discussed here. The first step in the interview is to establish rapport and put the applicant at ease. A casual statement or

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4. Maynard, Harold H. and H. Nolen. Sales Management. New York: The Ronald Company, 1950. p. 256.

a nice gesture often does the job. It is difficult to schedule interviews at a specific time per individual, but an effort should be made to do this as closely as possible. The small company, which cannot afford to have a full time personnel man for hiring, should set aside one or two days a week for interviewing. The Director of Personnel, of a growing chain, has suggested that a small concern could very effectively utilize a part time personnel man by scheduling interviews at designated times. The smaller companies have been neglecting the proper attention which should be devoted to interviews. Too often is the case that a man is hired just because there is a vacancy. Time should be spent in the selection of employees, for, after they are selected, it is a tremendous expense and chore to the company to remedy the mistake they could have so easily avoided. Privacy is another factor of consideration. There is a new trend in interviewing to interview the applicant's wife. This new trend has some merit, for the success or failure of many a man can be traced back to his wife.

The Wonderlic Personnel Test is probably one of the most used interview tests by the food chains. This test is usually used in conjunction with other tests. The Wonderlic Personnel Test is often referred to as the Diagnostic Interviewer's Guide. The Wonderlic tests consist of a series of organized questions which can be prepared in advance of the interview. Four areas of information are covered; personal history, work history, social history, and family history. Since the guide deals with biographical information, its use is considered as supplemental to the rest of the interview. There are several

deviations as to the use of the test. Some of the questions may be answered during the interview, and others may be answered after the applicant has departed. In addition to providing necessary information concerning an applicant, the Wonderlic Test also provides for a rating by the interviewer of the person's capabilities and future potentials which are judged by the responses to the questions asked by the interviewer. There may be, for example, a section on work history showing whether the individual has demonstrated capacity to grow and develop in the work which he has previously done. This is illustrated in Figure VII. on the next page. Did he profit by the work experience? This sort of judgement is facilitated by the interviewer's asking, "What experience of value did you get from each job?" On family background, the questions reveal whether or not the applicant's training and family background, in social, economic, and educational terms, have developed traits of personality and character that are desirable from the standpoint of success on the job for which he is applying. This is done in asking, "Did your parents insist upon your getting the education that you have?" On social history, a description of the character of the applicant's social history is helpful to determine his sociability and interest in people. "Do you enjoy being with other people?" On personal history, a discovery of motivational factors may be obtained. Is he ambitious? Is he capable of hard continuous work?

The interviewer should write any additional information he so desires in the space allocated for comments. The interviewer should not be biased in any way and should endeavor to do as much objective

## DIAGNOSTIC INTERVIEWER'S GUIDE

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

Interviewer: \_\_\_\_\_

Work History:

Interviewer says---

1. Give me the names of your past employers. Begin with the last or present employer and go backward. Tell me:
  - (a) How you got the job.
  - (b) What you did.
  - (c) Why you left.
2. How did your previous employer treat you?
3. What experience of value did you get from each job?
4. Did you do work of such quality that your employer would be glad to recommend you?
5. Can you give me any example of success in your experience, particularly in handling people?
6. Were you ever criticized for the kind of work you did? Give me some examples of mistakes or failures.
7. What kind of work did you enjoy the most and seem to progress the best in?
  - (a) Mechanical work?
  - (b) Clerical and detail work?
  - (c) Contact Work?
  - (d) Do you know of any?

Figure VII: The Wonderlic Personnel Test.

rating as possible. One of the better techniques for obtaining information in the interview is by getting the applicant to talk as much as possible through a non-directive type of interview.

The last consideration in regard to interviews is the place they will be held. There are two lines of thoughts on this--centralized versus decentralized. The people who advocate centralized hiring say that it can be done more effectively through the facilities of the office and the food industry is leaning somewhat in this direction. The decentralized hiring, or hiring at store level, has its advantages, such as being time saving and inexpensive, but the general consensus appears to be that the full-time employees are hired at the office and the part-time employees are hired at store level. Figure VIII., below, shows the results of the survey taken in regard to the place of hiring.

#### WHERE DO YOU HIRE YOUR PERSONNEL?

Your part-time employees are hired by:	Personnel department	<u>1</u>
	Store managers	<u>11</u>
Your full-time employees are hired by:	Personnel department	<u>8</u>
	Store managers	<u>4</u>

Figure VIII.

In some specific cases, store managers do the full-time hiring. In the above survey there were two chains who did not have a personnel department, but full-time hiring was done by an executive of the company. All of the efficient operators agree that references should be checked in connection with hiring.

### The Use of Psychological Testing

Personnel departments are faced with the challenge of identifying the individuals with the characteristics needed for the various jobs. With 22,028 jobs listed in the Directory of Occupational Titles known by over 40,000 titles and a labor force of about 61,000,000 workers,<sup>5</sup> problems of matching workers to jobs come into focus.

There is a definite need for a short cut in selecting people to their jobs and several techniques have been created due to this urgent need. One of the techniques which has received an enormous amount of attention in the past few years is psychological testing.

The food industry, for the most part, seems to be somewhat reluctant as to the usage of the psychological test. The more aggressive companies have made excellent use of the psychological test in selecting new employees. Figure IX., below, shows the findings of some chains as to their usage of psychological tests.

#### PSYCHOLOGICAL TESTS

Are tests given applicants for full-time employment, to aid in selecting qualified personnel? . . . . . Yes 8 No 4

Figure IX.

According to the last report of Personnel and Labor Relations, released by the National Association of Food Chains, the usage of

5. Bellows, op. cit., p. 278.



psychological tests is growing. One chain has done some experimenting with a test designed to check personality, interest, and ability, but is not yet satisfied with the results. Eleven chains, in a discussion at the NAFC Clinic, said that they had regular use of standard tests in their hiring programs. It was agreed, however, that a good personality test was yet to be found.

In discussions with various personnel directors, the writer believes that the psychological test does have a place in the small chain if it is used correctly. The main trouble with the psychological test seems to be that small concerns object on grounds that the psychological test is too expensive and does not "work". This presumption is a fallacious statement. There are now, on the market, tests which could be very effectively used by the small chain, with relatively little cost. There are many psychological services which render an adequate service. It should be noted at this point that there are some tests on the market which are of completely no use. The test itself is definitely no criteria for hiring an individual, but a good test will serve as a supplement to the other selection tools. Most people who have been successful with the use of psychological tests advocate their usage to a negative degree. By this is meant that a good test will not necessarily pick good men, but it will eliminate those that have no chance to succeed. For this reason, the writer believes that a good test could at least eliminate the lower ten percent of applicants.

When an applicant is given a test, he realizes that it is somewhat of an honor to become a member of that company because they want the

best employees possible. When he passes the test, he has a feeling of self-satisfaction in that he has qualified for a job. Tests also aid in rejecting an employee. Employees who are told after an interview that they were not selected often are extremely bitter; whereas, an employee who fails the test knows that there is a definite reason why he was not selected for the job.

PART III

Employee Training

## CHAPTER 4

### Training

#### Indoctrination of New Employees

Training begins as soon as an applicant is accepted for employment. The first impression that an employee gets of the organization of which he has just become a part, is a lasting one. The small chain has a decisive advantage over the large chain when it comes to orientating employees. Many times in a small organization, the president can personally welcome a new employee and tell him what is expected of him by the company and, in turn, what he may expect from the company. Unfortunately, too many small chains are overlooking this opportunity to develop good morale.

In the writer's opinion, the indoctrination of new employees is one of the most essential steps in any personnel program. Some suggested methods as to how this indoctrination can be made effective will now be presented.

It is usually better if an employee, including store level employees, can be hired at the home office, because he is in the presence of the nice physical facilities, as well as the top executives. If at all possible, the president or some high official of the company should welcome the new employee into the organization. Often the personnel man is delegated this job when it is impossible for the president to do this. It is the opinion of the writer that the president's welcome will have a much more lasting effect than that of the personnel representative and that this little time taken by the president will more than pay for itself in the long run.

After the employee has been welcomed, he should be briefed on company policy. Some small chains who find it too expensive to send each store employee to the home office for indoctrination, should completely brief the store managers as to what should be covered. Employees hired at the home office should be accompanied to the store by one of the officials from the office if at all possible. A letter or card of introduction to the store manager should be given to the new employees who are not accompanied to the store.

Assuming that the employee has to be briefed at store level, as most of the smaller chains do, the procedure should be as organized and simple as possible. There should always be a booklet given the new employee telling him about the company. Some suggested data for this booklet includes:

- (1) A welcome from the president
- (2) Brief history of the company
- (3) Organization of the company
- (4) Job security and opportunity for advancement
- (5) Something about wages and incentives
- (6) Vacations and holidays
- (7) Insurance and fringe benefits
- (8) Procedure on absences
- (9) Union relations, if any
- (10) Hours of work
- (11) Personal appearance and cleanliness

- (12) Rules on smoking, telephone calls, eating in the store, auto parking, employee purchases and tips
- (13) Obligations to customers---friendliness, "thank you", and service
- (14) Service buttons or insignia
- (15) Recreational facilities
- (16) Meetings which will be paid for by the company

These suggestions are used by many chains but the booklet is completely useless if it is not read. It is not enough to publish this booklet, but each point should be gone over with the employee by the store manager. The personnel department will have a greater chance to function effectively if preventive measures are incorporated into the program. One of the smaller chains, having 340 employees, supplies a personnel kit to each new employee. The outside of the large envelope, containing the kit, has a check list for the store manager to use as he goes over each item. After all points have been sufficiently covered, the store manager and employee sign the report and return it to the home office. Figure X. on this page and page thirty-six lists the points which are included in the personnel kit.

The first day on the job should be a pleasant one, and a day which the employee will look back upon favorably.

Figure X.

#### POINTS TO BE COVERED:

1. Sincere welcome
2. Rate of pay
3. Outline of job duties & importance
4. Hours of work
5. Date of arrival of check

#### FORMS TO BE COMPLETED IN FULL, SIGNED AND PLACED BACK IN THIS JACKET:

1. Application blank
2. Withholding Certificate
3. Payroll deduction for

- |  |   |
|--|---|
| 6. Breaks and lunch periods.   | union dues  |
| 7. Smoking regulations   | 4. Conditions of employment   |
| 8. Use of telephones   |   |
| 9. Call manager if unable to work  |   |
| 10. Parking (reason for policy)  |   |
| 11. Dress  |   |
| 12. Cleanliness & Neat appearance  | TO BE GIVEN EMPLOYEE:   |
| 13. Use of aprons  |   |
| 14. Probationary period  | 1. "Welcome" booklet  |
| 15. Union membership & dues  | 2. "Employee Benefit" book  |
| 16. Company policies toward customers  | 3. Chest X-ray  |
| Guaranteed satisfaction  | 4. Physical exam card   |
| Refunds cheerfully   | 5. "Carryout & Packing" booklet   |
| Taking customers to items  | 6. Request for working permit (under 18)  |
| Mistakes of checkers   |   |
| Carry-out and "Thank You"  |   |
| No tips  |   |
| 17. Employee purchases   |   |
| 18. Use of time card (demonstrate)   |   |
| 19. Introduction to assistant manager, department heads and fellow-employees | Mention this:   |
| 20. Tour of store  | Personnel man will later discuss other policies and will answer any questions you have. |
| All departments  |   |
| Clothes closet   |   |
| Restrooms  |   |

Covered by: \_\_\_\_\_  
 Date: \_\_\_\_\_

Figure X.

Figure X. illustrates the form that a small chain used for indoctrination of new employees.<sup>1</sup>

### Steps In The Training Program

It is extremely difficult to set a "rule of thumb" for establishing a training program, but there are some basic fundamentals which must be

1. Check-list taken from an aggressive small chain of 340 employees.

followed. Five steps which will aid the small chain in establishing a training program are:

Training Program Check-List

1. Know the job the trainee is being trained for
2. "Sell" top management and all employees on the benefits from training
3. Select courses to be taught, methods of instruction
4. Select location for training
5. Follow-through to prove the worth of training

The job analysis, which was presented in Chapter 3, is the first step in organizing a training program. It is imperative that the trainer knows the job requirements in order to teach the trainee his specific job.

Selling top management and employees on training is often a difficult task, but a necessary one. The small chain personnel man must realize that regardless of how good the training program is, it will not work if management and employees do not believe in it.

It is interesting to notice the extent by which training programs are being utilized in the food industry. Figure XI. on page thirty-eight lists the extent to which training programs are used by twelve chains, surveyed by the writer. Eleven of the twelve chains used some form of training. Super Market Institute made a survey of formal training courses in operations during 1955, which indicates fewer companies conducting such courses than the survey made by the writer. Figure XII. on page thirty-eight reveals Super Market Institute's survey on formal training courses.



Figure XI.

**TRAINING:**

Do you have a formal training program for?	clerks	<u>6</u>
	store managers	<u>9</u>
	checkers	<u>8</u>
If you have a managers training program, how long is it?		
	24 months	<u>3</u>
	18 months	<u>2</u>
	6 months	<u>2</u>
	10 weeks	<u>1</u>
Do you have on-the-job training for?	clerks	<u>11</u>
	store managers	<u>8</u>
	checkers	<u>5</u>
Is there any indoctrination of new employees at?		
	branch or central office	<u>6</u>
	store level	<u>10</u>

Figure XI. illustrates the results on training, taken from twelve chains.

---

Figure XII.

**Super Market Institute Survey on Formal Training Courses**

Cashiers	<u>25% of companies</u>
Produce Personnel	<u>19% of companies</u>
Store Managers	<u>16% of companies</u>
Grocery Clerks	<u>14% of companies</u>
Meat Personnel	<u>13% of companies</u>
Baggers	<u>13% of companies</u> <sup>2</sup>

2.

Figure XII. shows Super Market Institute's Survey on formalized training.

The twelve chains that the writer surveyed included large and small chains, and, in the writer's opinion, successful chains. It appears that the more aggressive chains are going into more intensified training of their personnel.

Another consideration of training is that of cost. The National Association of Food Chains Clinic on Personnel and Labor Relations, 1955 results indicate that companies used different accounting procedures in charging the cost of training. Seventy per cent of the participants indicated that they charge the expenses of training to the individual store. A few companies charged the personnel department for training costs. Others charged the first two days to the personnel department and then transferred to the store. There was a range from \$180.00 to \$600.00 as to the cost of hiring and firing an individual. Some thought that the supervisors should be made cognizant of this problem and have men ready to fill the vacancy ahead of time. In two years, the turnover was reduced from three and one-half per cent to one-half of one per cent.

The selection of what is to be taught is the most important single element in the entire training program. For the small chain, the personnel man must take into consideration his facilities and expense before he outlines his training course. It was suggested to the writer by a well known personnel director, that the small chain could utilize a checker training program by the following steps on pages forty and forty-one:

"Suggested Checker Training Outline"

1. Call all of the head checkers into the home office and explain the Procedure for setting up a checker training program in the stores.
2. Stress the importance of their cooperation and help, for they would

serve as the trainers in their respective stores.

3. Have each of them write their interpretations of what should be included in the training program and the length of time. (This may necessitate two meetings)
4. The personnel man should do research on the subject and have a program outlined in general form before he receives that of the head checkers.
5. The personnel man should consolidate the findings of the checkers with his own and write a definite, uniform procedure to be used by each store. (As much credit as possible should be given to the head checkers who gave their ideas and help)
6. Allow each head checker to give the entire training procedure to the "head checker class" before sending them back to store level. (This gives the head checkers an opportunity to gain confidence in themselves, and in the program, as well as allowing them to criticize each other)
7. Training could be administered to new trainees at store level as the time arises. Keep training current and continuous.

It is also possible for the small chain to have some type of training for store managers. Some of the more aggressive chains are hiring men with a college background, but relatively little store experience. There is a definite need for such training of these men. To put these men into a store, and say, "Learn the operation of the store," is an injustice to the man and the company. There should be some definite, organized procedure for learning the phases of each department's operation. The manager's training program would definitely not be limited to those men with a

college background, but would be more directed towards those young men who have shown good potential at store operational level.

The average length of such a training program runs about eighteen months, according to the writer's survey. Although the writer is not qualified to outline a definite store manager's training program, at this time, he believes there is a tremendous need for this training on the part of the small chains. Training is expensive, but an efficiently trained man will pay for himself time and time again.

### Training Never Stops

For the most part of this discussion, emphasis has been placed on the beginning training. This beginning training must be integrated into a continuous form of training.

The "big brother" program is being used by some chains for early training. This program designates an individual in the store to act as a "big brother" to the new trainee and aid him in his first week or two of training. The writer believes that the "big brother" program could be more efficiently utilized by a uniform check-list for the trainer to follow. A progress report should be made on the new employee, by the store manager or department head, after the first two or three weeks of training. Many companies are using this progress report now. This type of rating will be discussed later in the chapter on merit rating. This check-list includes such items as:

1. Receiving merchandise
2. Storing merchandise
3. Stocking merchandise

- (a) Quantity to stock at one time
- (b) Procedure on empty cases
- (c) Mutilated cans
- (d) Mutilated or torn labels
- (e) Making displays

4. Pricing the merchandise

5. Check-out procedures, packaging and carry-out

These are just a few of the items which might be included in the check-list used by the trainer. For each department--meats, produce, and grocery--a similar check-list could be used.

The writer believes that this check-list type of training has a definite place in the training of employees. The small chains could use the check-list training very effectively when home office or centralized training is too expensive.

Some companies, as a means of follow-through, check their operations before and after a training program. An example of this follow-through is when checkers are evaluated on their accuracy before a "refresher" course and after the course. The correlation between training and increased accuracy usually runs very high. One of the larger chains require their checkers to take a "refresher" course at least once a year.

New clerks or baggers could be trained, to some degree, by check-list instruction at store level. The writer is fully aware of the limitations of such training, but the facilities required and the expense involved in an elaborate training program often makes its use impossible.

Usually, the small chain does not have the money, nor the competent trainers, to conduct the elaborate training programs which are used by some of the larger chains.

The check-list instruction could be administered by the department heads at store level. Training goes on continually---whether it is good or bad will depend on the organization. This type of training could increase the trainees beginning knowledge to a great degree and, in some cases, develop a finished clerk or bagger.

For the small chains, meetings seem to play an important role in training "old" employees. Meetings often serve the dual purpose of training and motivating employees. There has been much written on motives and incentives in learning. Many experiments have been performed, different approaches to training and motivation have been made, but in essence, the findings boil down to one factor--trainees learn much faster when they are motivated. Meetings may serve this dual purpose of training and motivating, if they are conducted in the correct manner. Figure XIII., below, illustrates what some of the chains are doing in regard to meetings for training and motivational purposes. Notice that eleven of the twelve chains surveyed conducted meetings at store level, and all chains had meetings of the store managers.

Figure XIII.

**MEETINGS:**

**Do** you have meetings at store level for all employees, conducted by **store** managers for the purpose of motivation or giving information?

yes 11 no 1

If so, how often are these store meetings held? weekly 5  
 bi-weekly 1  
 monthly 1  
 as necessary 6

Do you have meetings at branch or central office for your store managers  
 for purposes of motivation or information?

yes 12 no 0

If so, how often are these meetings held? weekly 4  
 bi-weekly 1  
 monthly 0  
 as necessary 7

Figure XIII.

Figure XIII. relates motivation and  
 training to meetings of company  
 personnel.

Selecting the correct location for meetings is a problem for some  
 of the smaller chains, which have stores scattered over a large  
 geographical area. Those small chains which have stores only in one  
 city have relatively little trouble in getting their personnel together for  
 meetings.

The on-the-job training, which has been emphasized in this chapter,  
 would be practiced at store level. The checker training could either be  
 held in the store or at the home office, depending upon the available  
 facilities. Store manager training should, for the most part, be done

in the store, but the trainee should not lose sight of the operations at the central office.

The question arises, "Should one store be selected as the training store or should each store train its own personnel?" The following paragraph shows some of the views by management, on this problem.

"Training of new employees is not a standard procedure among food chains. Discussion at the clinic (referring to Personnel Clinic as indicated by footnote) indicated that some stores send new employees to a training store but that others work them in with experienced workers in several stores. Some companies place their new men in stores immediately and later send them to school; others require new men to go to a training school first before assignment. In one group, almost all reported that they put their checkers through a formal training school."<sup>3</sup>

There should be some follow-through on all types of training to evaluate the worth of the training program to the company. For the small chain, this follow-through can easily be accomplished by comparing the personnel in a store which has received a formal training program with the personnel in a store which has received no formalized training. Usually, there will be an increase in sales per man hour in the store which has received a training program. Another possible method is to compute the sales per man hour before and after training, in the same store, and notice the results. Neither of these methods is a sure method, for

3. 'Personnel and Labor Relations Clinic.' op. cit. p. 14.



often training takes a considerable length of time to prove itself, but more than likely the small chain can see quick results in an organized training program.

## PART IV

### The Utilization of Personnel

## CHAPTER 5

### Merit Rating

#### What is Merit Rating

With the tremendous growth of the food corporate chain, management has found itself cognizant of the need for efficient personnel. With the expansion of new stores comes the necessity of placing personnel who can operate the store at a profit, and at the same time, create and maintain the goodwill of the community of which they are a part.

It is the belief of many corporations that employee goodwill is obtained if promotions can be made within the company. Promotions from within the confines of the corporate family can be made possible if efficient records are kept on the worth of each employee to the organization. As management advances in the construction and possession of new stores, the question of obtaining qualified personnel to take over arises. One of the possible answers to this perplexing question is merit rating, or employee evaluation. Merit rating or employee evaluation is defined as a systematic and periodic evaluation of the worth of an individual<sup>1</sup> to an organization.

Merit rating will be approached from three phases. These three phases will include:

1. The advantages and disadvantages of merit ratings

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1. Bellows, op. cit. p. 373.



2. Types of merit ratings
3. Application of merit rating by food chains

### The Advantages and Disadvantages of Merit Ratings

The first consideration of merit ratings will be directed toward the advantages of the program. These advantages are categorized as follows:

- a. Motivational purposes
- b. Utilization of manpower
- c. Creates better managers
- d. Aids in discharging

When an employee knows that his work is being rated, he feels that he has a definite responsibility to the company. The ratee, or employee who is being rated, knows that he has a part in the company, and he is motivated by the fact that management is paying some attention to his work.

Educational psychologists have proven that trainees learn more rapidly when they have knowledge of their results. The psychologists advocate some method of testing the trainee on what he has learned. Results of these tests show that a trainee will learn more if he knows that he will be tested on the material which is covered in the training program. So it is with employees; they do better work when they realize that their actions are being rated.

Failure of motivation is noticed from a report taken from the last National Association of Food Chains Clinic on Personnel and Labor Relations. The question was asked, "Why do we lose employees?" Some of the comments heard at the clinic discussion included:

"People who leave tell us we do not show enough  
 interest in employees." "Younger people sometimes  
 2  
 leave because of lack of opportunity."

The second aspect of the advantages of merit ratings is focused on the utilization of manpower. It is imperative that the right man is placed on the right job. From the National Association of Food Chains report on Personnel and Labor Relations, comes the question of what it would cost to hire and fire an employee. One operator said that his chain figured about \$180.00, while another operator stated \$600.00. The rater, or the person who is doing the rating, has an excellent opportunity to eliminate some of this expense of losing personnel by placing the right man on the right job. Merit rating is a tool which will aid in this accomplishment. Good rating forms use different criteria for rating, and, where a man may fall short in one respect, he may be superior in another. Thus, a good man may be saved if his good and bad traits are detected and some action taken in accordance with the findings of his rating.

The next consideration is the benefit the store manager receives from merit rating. Merit ratings force the store manager to take greater notice of his employees and their actions, thus making for a better operation. Often is the case in a small operation when the argument is used that the store manager knows all of his personnel extremely well and there is no  
 2. "Personnel and Labor Relations." op. cit. p. 15.

reason for rating. This argument may be well taken, if the manager takes the time to go over all of the good and bad qualities of each of his employees, but more than often is the case when the manager fails to do this. Too often the manager takes the abilities of his employees for granted, and unless merit rating is made compulsory, he will not give a proper evaluation of each of his employees. Some good pointers to remember in employee evaluation are:

1. Have the rater go over the evaluation of the ratee, in the presence of the ratee, pointing out his strong and weak points.
2. Be sure that all points have been clearly made
3. Keep the rating confidential
4. Leave a section for additional comments
5. Have rater and ratee sign the form and send it to home office

A final advantage of the use of merit ratings is that they are helpful when it becomes necessary to discharge an employee. Many union contracts require prior notification to employees who are inefficient before discharge. Employee evaluations which are periodically made, gives the employee an opportunity to see exactly where he stands. If an employee has been consistently inefficient, then it is no surprise to him when he is discharged. The record is also there to substantiate this action.

The National Industrial Conference Board conducted a survey of ninety-four companies and found ten basic principles which are the purposes of merit ratings:

- (1) To help decide who shall be promoted, demoted or given pay increases.
- (2) To discover workers' weaknesses as a basis for planning

- (3) To uncover exceptional talents
- (4) To furnish a basis for discharge of totally unfit employees
- (5) To help higher supervisors learn how each employee is appraised by his immediate supervisor
- (6) To help higher supervisors judge the fairness, severity, or leniency with which their subordinates judge their people
- (7) To aid in assigning work in accordance with ability
- (8) To serve as a check on employee procedures generally and interviews and tests specifically
- (9) To stimulate people to improve
- (10) To develop employees' morale by fostering confidence in management's fairness <sup>3</sup>

The other side of the ledger is directed toward the disadvantages which may come from the use of merit ratings such as:

- 1. Union objections
- 2. Loses employee goodwill
- 3. Conducive to personal bias

When merit ratings are used as the sole criteria for promotions, there is a tremendous danger of promoting the wrong man. The unions, in most cases, object to any type of merit rating regardless if it is the sole criteria for promotion, or just a supplement. Unions object to merit ratings on the grounds that seniority is more important than the merit of an individual. This difference in union-management relations has long been a point of argument. The union's claim is based on the moral

3. Personnel, Developing an Employee Merit Rating Procedure,  
Bittner, (R., Vol XXV, No. 4, January, 1949) p. 277.



obligation that management has to its employees who have been with the company for a long period of time. Management would like to promote those who not only have been with the company for a longer period of time, but also take the worth of the employee into consideration. Merit ratings are subject to bad relations between management and the unions, when they are not used correctly. Many of the leaders who advocate the usage of merit rating have found it helpful to consult the unions before they put the merit rating into effect. Management has, in many cases, tried to show the unions how merit ratings can be of mutual benefit to management and labor.

Another disadvantage which may arise from merit ratings, is the possibility of losing employee goodwill. There are many employees who are not conducive to criticism and take it offensively. This is especially true in a smaller company when they have never heard of employee evaluation and they become immediately reluctant to change. Sometimes changing the name from merit rating to employee evaluation or employee progress report helps to get away from the word "rating" which is accepted with different connotations.

A last major defect of merit rating is the personal bias that often enters into the rating. This personal bias is referred to as the "halo" effect, which is defined as the tendency to judge the total worth of the <sup>4</sup> man on the basis of a specific trait."

4. Bingham, W. V. "Halo, Invalid and Valid." Journal of Applied Psychology., XXIII. (1939.), pp. 221-228

An example of this "halo" effect is when the well-dressed man, or **r**atee, is judged on the basis of this one specific trait, and receives **a**n excellent rating on every trait due to the favorable impression which **h**e made on the rater, by his immaculate dress.

The subjective observations which are found in merit ratings **a**re often subject to much personal bias, but steps have been taken, in **r**ecent year, to eliminate some of this bias. There is the element of **s**ubjectivity in any type of rating where one individual rates another, **b**ut a good merit rating form will eliminate a great deal of this subjectivity.

#### Techniques of Merit Ratings

The second phase of discussion will be devoted to the different **t**ypes of merit ratings which are being used today. There are many types **a**nd variations which are in use, but the seven listed below are the **m**ost common in today's usage:

- (1) Graphic rating scale
- (2) Forced distribution
- (3) Man-to-man comparison
- (4) Ranking or order of merit
- (5) Paired comparison
- (6) Check list
- (7) Forced choice

The graphic rating is the most used. The Mahler survey **r**evealed that eighty-five percent of the companies interviewed used this

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type of rating. This type of rating is used by Wrigley's Stores, Inc., and has been supplemented with their own variations. The graphic rating consists of a list of performance traits to be rated. Each trait is represented by a line, or scale, on which the rater is to mark the degree to which he believes the employee possesses that trait and displays it in the performance of his work.

Figure XIV.

**COOPERATION:**

Does he hold up his end  
with superiors and fellow  
workers?


				
<u>POOR</u> Unwilling to take part	<u>FAIR</u> Not a good team worker	<u>AVERAGE</u> Usually a good team	<u>GOOD</u> Always willing	<u>EXCELLENT</u> Goes out of his way to cooperate

Figure XIV.

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Figure XIV., Graphic Rating on Cooperation.

The main advantage to this graphic rating is that it is easy to rate an employee. There are, however, some noticeable disadvantages. The words of "poor," "fair," "good," "average," and "excellent" are often ambiguous and have

5. Mahler, Walter R. "Some Common Errors in Employee Merit Rating Practices." "Personnel Journal." (Volume XXVI., 1947.) P. 68.
6. Bellows, op. cit., p. 378.

different connotations. This problem has been reduced to some degree by the use of descriptive phrases under each word, as was shown in Figure XIV. Another disadvantage to the graphic rating is the distribution in a degree. There may be four men that are marked "good", yet the degree of "good" between these four men is not easily measureable.

The "halo" effect is often used in the graphic rating but such measures as putting the traits on different pages, making high traits appear first on one page and low on another, rating each employee on one trait at a time, has taken some of the "halo" out of the graphic rating.

The second type of rating is forced distribution, which means the rater has to place a specific number within a certain rating. For instance, if he was rating 100 men, he would rate 10 poor and 10 excellent, 20 fair and 20 good, and 40 average. This eliminates the possibility of being biased and is excellent for large organizations.

The man to man comparison has five scale levels and places a specific man in each scale as a comparison for the other men being rated. This method is time consuming, and is not commonly used.

(note Figure XV. on this page)

Figure XV.

#### LEADERSHIP:

Greatest leader I have known	Jones
	Levi
	Trout
Possesses a high degree of leadership	Smith
	Gray
	Lindy
Average leader	Brown
	Katz
	Green

A poor leader	Jackson
	Crook
	Lucky
Least effective leader	Black

Figure XV.

**Figure XV.** The man-to-man comparison on leadership trait. (The man-to-man comparison is time consuming and has difficulty in picking the correct man to match the master scale trait.)<sup>7</sup>

Ranking in order of merit is probably the simplest of all rating methods. The rater arranges all the ratees in order, from the best to the worst. This is a fairly accurate type of rating for a small concern, with not more than 20 ratees.

The drawbacks to the ranking in order method is the difficulty in justifying a man's ranking. John is often better than Joe but it is often hard to prove it. Another disadvantage to this type of rating is that a man that is rated number 1 in a group of 30, is, for the most part, better than a man that is rated number 1 in a group of 5.

The paired comparison type of rating involves the names of two ratees. One of the pair is judged the more valuable to the firm and his name is underlined by the rater. A tabulation is made and the employees are ranked according to the number of votes each received. (Note Figure XVI. on page 57.)

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7. Ibid., p. 383.

<u>NAME</u>	<u>TABULATION</u>	<u>RANK</u>
<u>Jones-Smith</u>	Jones 3	1. Brown
<u>Jones-Brown</u>	Smith 1	2. Jones
<u>Jones-Anderson</u>	Brown 4	3. Anderson
<u>Jones-Thompson</u>	Anderson 2	4. Smith
<u>Smith-Brown</u>	Thompson 0	5. Thompson
<u>Smith-Anderson</u>		
<u>Smith-Thompson</u>		
<u>Brown-Anderson</u>		
<u>Brown-Thompson</u>		
<u>Anderson-Thompson</u>		

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Figure XVI.

Figure XVI. The paired comparison type of rating.

The check list is another type of rating which consists of a series of statements, phrases, or adjectives which are characteristic of the job performance. In this type of rating, the rater merely checks the list as to what item he thinks the ratee should fall. Much of the early check list system was used about 1927 by a well know authority, Dr. J. B. Probst.

The check list has proven successful when the supervisors, or raters, make up the check lists. This gives them the feeling of being a part of the system, and puts teeth into it. The check list below is an example which may be applicable to rating a clerk in a super market.

(Notice Figure XVII. below)

_____	He does not like to stock shelves
_____	He tends to keep comfortably ahead in his work
_____	He is a good, steady worker
_____	He is weak on planning

8. Ibid., p. 384

9. Probst, J. B. Measuring and Rating Employee Value. (New York, New York: The Ronald Press Company, 1947.), p. 166.

\_\_\_\_\_ He is making exceptional progress.

Figure XVII.

Figure XVII. This illustrates the check list type of merit rating where the employee is a good, steady worker.

The last type of merit rating system is the forced-choice rating, in which the rater does not know the rating he is giving the ratee. This method is a new type and is still in the experimental stage, but is gaining considerable recognition as a sound workable system. It is highly technical in the developmental stages, and is relatively simple in actual use. The rater rates the trait that is most likely in an individual, and the item that is least likely to fit an individual. In this procedure, the rater does not know which trait is the one which carries the rating weight. This highly technical device requires a specialist of the highest type in developing a sound rating program, but once it is correctly set up, the average rater can use it with little difficulty. Figure XVIII., below, illustrates the forced-choice rating method.

<u>MOST</u>		<u>LEAST</u>	
<u>A</u>		A	Appreciates the problems of others
B		B	Needs more practical experience
C		<u>C</u>	Doesn't see the over-all picture
D		D	Works on things he is interested in
E		E	Takes considerable pride in his appearance

Figure XVIII.

Figure XVIII. The new forced-choice rating method.

The third and final consideration to merit rating will be directed towards the application of the various types of merit ratings by the corporate food chains.

#### Application By Food Chains

From a survey by Super Market Institute, it appears that twenty-one per cent of the members of Super Market Institute are now using merit rating programs. From a survey made by the writer, twelve chains were asked, "Do you use a merit rating system?" The findings were as follows: Eight of these companies said they used merit ratings; four of the eight said they rated their employees every six months. Three of the eight that answered "yes" said they rated once every twelve months, while one company did not comment as to the number of ratings per year. Two of the companies interviewed, said they used no merit ratings, while two other companies said they were in an experimental stage. Most personnel directors believe that every six months is an adequate period for making ratings.

The next few pages illustrates an actual rating form which is used by one of the leading food chains. Notice the explanations under each characteristic, the method of scoring, and at the end of the form, the interpretation of characteristics. Following the employee evaluation, are check-list evaluations which are used for produce, checkers, bakery, and

10. Bellows, op. cit., p. 393.

11. "The Super Market Industry Speaks." (The Seventh Annual Report of Super Market Institute, Released from Chicago, Illinois, 1955.), p. 29.



store organizations. These check-list evaluations are found on pages sixty-six through sixty-nine.

Having viewed both pros and cons of merit ratings, the different types of ratings used and the application by food chains, the student of personnel management can more efficiently view the value of merit ratings.

Figure XIX.

Evaluation Form For Supervisory Employees:

Date \_\_\_\_: Name \_\_\_\_: Job \_\_\_\_: Location \_\_\_\_: Total Service \_\_\_\_:

How long have you known this employee \_\_\_\_: How long under your supervision \_\_\_\_: How long on present job \_\_\_\_: Date of previous rating \_\_\_\_.

Judge this employee on the basis of the work now being done. Be sure that each characteristic is considered separately, regardless of where the rating falls on other characteristics. Consider the line over the four columns as a scale; the extreme left as excellent; the extreme right as unusually poor. Place a check at that point on the line and over the group of words which best describes the individual. A check may be placed at a point between the columns in which case it will indicate that the employee is a little better than the lower qualification, but not quite equal to the next higher qualification. Place only one lower qualification, but not quite equal to the next higher qualification. Place only one check on a line, but it is essential that every line be checked. Approximately the center of the line will be average.

1.. Consider the command of knowledge essential to his specific work.

Has an exceptionally thorough knowledge of work	Is well informed	Fair knowledge of work	Little (score) knowledge
---	---------------------	---------------------------	-----------------------------

12	10	8	6	4	2	0
----	----	---	---	---	---	---

2. Consider original contributions made to improve methods and to add to existing knowledge.

Is highly constructive and creative	Has some creative imagination	Is only fair, needs guidance	Does only what is requested
--	----------------------------------	---------------------------------	-----------------------------------

12	10	8	6	4	2	0
----	----	---	---	---	---	---

3. Consider quality of work accomplished and the ability to produce results.

Gets maximum results	Results are above average	Results are fair	Results are unsatisfactory
-------------------------	------------------------------	---------------------	-------------------------------

12	10	8	6	4	2	0
----	----	---	---	---	---	---

4. Consider accuracy, thoroughness and dependability of results, the ability to turn out work which meets quality standards.

Work is of highest quality	Work is well done and dependable	Work is below standard	Work is poorest quality
-------------------------------	-------------------------------------	---------------------------	-------------------------------

12	10	8	6	4	2	0
----	----	---	---	---	---	---

Figure XIX. , Continued

5. Consider Sense of proportion, common sense and judgement shown in work

Exceptionally sound and sensible	Exercises good judgement	Makes frequent errors in judgement	Does many ill-considered things			
12	10	8	6	4	2	0

6. Consider cooperation with other departments of the company, knowledge and appreciation of the problems of their units.

Cooperates exceptionally well		Cooperates willingly when asked		Has to learn to cooperate		Refuses to cooperate
12	10	8	6	4	2	0

7. Consider success in building and maintaining good will, respect and loyalty of subordinates.

Is capable and forceful leader	Is respected by subordinates	Fails to command respect	Friction between subordinates			
12	10	8	6	4	2	0

8. Consider success in developing and improving subordinates by imparting information, arousing interest, ambition and delegating responsibility and authority.

Develops high caliber subordinates		Develops subordinates satisfactorily		Neglects to develop		Discourages subordinate	
12	10	8	6	4	2	0	

9. Consider success in planning and organizing work.

Effective even under difficult circumstances		Effective under normal conditions		Lacks planning ability		Work is poorly organized	
12	10	8	6	4	2	0	

10. Consider courage to defend principles and conclusions which careful and logical thought indicate are constructive industrially, economically, socially and morally.

Expresses and defends principles and opinions even under adverse conditions	Has honest convictions	Tends to agree with others against own judgement	Knowingly gives misleading information			
12	10	8	6	4	2	0

## Figure XIX. , Continued

TOTAL SCORE \_\_\_\_\_

## Scoring:

Extend the numerical score as indicated by your check mark to the score column. Record the total numerical score on the line indicated

## Score key:

Poor 0-20

Above average 91-110

Average 41-90

Excellent 111-120

Below average 21-40

1. Is the employee well suited for his present work? Yes \_\_\_\_\_ No \_\_\_\_\_  
(Consider health and other personal characteristics)
2. Indicate briefly why you have rated this employee as such
3. Indicate briefly the corrective measures taken for any low rating.
4. Does the employee have any potential beyond his present work?  
(Consider the qualifications for the next higher job)  
  
Yes \_\_\_\_\_; How demonstrated?  
  
No \_\_\_\_\_: Why?  
  
Don't know \_\_\_\_\_; needs more experience.
5. What was the reaction of the employee to the discussion of his evaluation?

## Comments:

## Signed:

Employee \_\_\_\_\_

Evaluator \_\_\_\_\_

## INTERPRETATION OF CHARACTERISTICS

1. Consider only how well informed the employee is in the duties of his job. Refer to job specifications.
2. Is he up to date on his merchandising? Is he creative? Will he try to get new ideas? Is he striving to improve and increase his store of knowledge as evidenced by proper attitude, interest, outside effort,

- school, reading? What does he think of the company's training courses?"
3. What are the store conditions? After you discuss a plan, that you both agree is workable and feasible, how well does he carry out this plan? Is he abreast of his problems or always behind?
  4. Compare records of operating statements. Is store above or below budget? Does net operating gain compare favorably with your agreed upon plans.
  5. Primarily sound business judgement. Consider: handling customer complaints, over or under stocks, carrying out company policies.
  6. Relations with warehouse, meat plant, merchandising department, other stores. Will he cooperate with these departments, help move overstocks, or carry out instructions? Will he cooperate with district manager in transferring an employee to another store to meet an emergency?
  7. Does he know how to handle people? Does he treat employees fair and square? Does he utilize his help in most efficient manner--proper organization? Is he pleasant, understanding, patient with his help, but firm in all dealings so as to remain in control in all situations.
  8. Consider quality of employee he has trained. Is he a good instructor? Has he taken time with new employee to properly induct him in his work and then followed up with a continuous training and educational program?
  9. Does he have a work schedule and does he use it? Does he effectively plan his work and utilize help to best advantage? Can he effectively change his work plan to produce best results when an employee is absent?
  10. One who carefully thinks through a problem, convinces himself that his thinking is logical and correct and then has force and conviction enough to uphold his point of view until proven wrong. This requires force of character, intelligence and interest. Definitely opposite of a "yes" man or a "wishy-washy" individual who can't make up his mind.

#### Figure XIX.

Figure XIX., illustrates the supervisory employee evaluation form, as used by the Kroger Company. The small chain can get a satisfactory rating form by using this as an outline and using own traits and characteristics which could be applicable to their own operations.

## PRODUCE SCORE PAD

Store number _____	Possible score indicated by numbers.	Store
1. Is the stand clean?.....	5 _____	
(Mirror, top, front, scales, price tickets, storage compartments and floors)		
2. Is all merchandise fresh?.....	20 _____	
(Check pre-pack code and list items not fresh)		
3. Are all items correctly priced?.....	10 _____	
(List items incorrect below)		
Does each item have a price ticket.....	5 _____	
Are advertised items featured?.....	5 _____	
4. Does display have volume and permit proper refrigeration....	5 _____	
Does display have variety.....	5 _____	
Are colors contrasted.....	5 _____	
5. Are items properly prepared for sale?.....	5 _____	
(Check celery, lettuce, beets, carrots, cauliflower, cabbage, onions, radishes and spinach)		
6. Is prepackaged produce rotated and bulk produce given air and water four times a day?.....	5 _____	
7. Is reduced merchandise properly prepared, price marked and displayed?.....	5 _____	
8. Check the merchandise aging in back room, ice box or bottom refrigerated stand.....	5 _____	
9. Are perishables kept under refrigeration or iced at night?.....	5 _____	
10. Is correct method of weighing being followed.....	5 _____	
Are packages stapled?.....	5 _____	
Did the clerk say "Thank You"?.....	5 _____	

Manager:

Scored by:

Date:

Time of Day:

## CHECKER SCORE PAD

Store Number \_\_\_\_\_

Possible  
score:

1. Are two hands used when possible?..... 10 \_\_\_\_\_
2. Is the assembly correct?..... 10 \_\_\_\_\_
3. Is correct department key depressed before  
amount if put on register?..... 5 \_\_\_\_\_
4. Is merchandise pushed properly when motor  
bar is depressed?..... 20 \_\_\_\_\_
5. Is sub-total used properly?..... 5 \_\_\_\_\_
6. Is change drawer arranged properly?..... 5 \_\_\_\_\_
7. Is amount of sale and amount received called out? .5 \_\_\_\_\_  
Is amount of sale and amount received repeated  
aloud when giving change to customer?..... 5 \_\_\_\_\_
8. Is register tape given to customer?..... 5 \_\_\_\_\_
9. Is proper size bag selected?..... 5 \_\_\_\_\_  
Are heavy items slid into bottom of bag?..... 5 \_\_\_\_\_  
Are medium weight items placed in center with  
two hands?..... 5 \_\_\_\_\_  
Are crushable items placed inside top of bag?..... 5 \_\_\_\_\_
10. Did the checker say "Thank You"?..... 5 \_\_\_\_\_  
Did checker smile?..... 5 \_\_\_\_\_

BAKERY SCORE PAD    Answer "yes" or "no"

Day \_\_\_\_\_ : Date \_\_\_\_\_ : Time \_\_\_\_\_ : Store number \_\_\_\_\_.

1. Is the bakery department clean? (Rack, feature tables,  
stands, floor, price tickets and mirrors) \_\_\_\_\_
2. Is all merchandise fresh? (List items and amount  
of each, enter oldest date) \_\_\_\_\_
3. Is merchandise rotated on stand? \_\_\_\_\_
4. Does each variety have price ticket? \_\_\_\_\_  
Does each variety have correct price ticket? \_\_\_\_\_
5. Display: \_\_\_\_\_  
Does display have volume appearance? \_\_\_\_\_  
Are all advertised items in stock? \_\_\_\_\_  
Are at least two advertised items or substitutes  
given a feature display? \_\_\_\_\_  
Are related items together? \_\_\_\_\_  
Are colors contrasted? \_\_\_\_\_  
Is merchandise displayed with proper surface  
toward customer? \_\_\_\_\_
6. Enter number of varieties below:  
Bread \_\_\_\_\_ : Rolls \_\_\_\_\_ : Donuts \_\_\_\_\_ : Coffee Cake \_\_\_\_\_ Sweet Cake \_\_\_\_\_
7. Is the ordering guide maintained? \_\_\_\_\_  
(Note any part unused)
8. Are orders adjusted from the ordering guide? \_\_\_\_\_
9. Are orders made out at close of business? \_\_\_\_\_
10. Is one person assigned responsibility of bakery  
department? \_\_\_\_\_

Continued.....

Bakery Scoring Pad

Answer "yes" or "no"

## YESTERDAY'S BAKED GOODS

1. Is the stand clean? \_\_\_\_\_
2. Is all merchandise removed at close of each day? \_\_\_\_\_  
(Note age and items not removed)
3. Display:
  - Are items displayed neatly? \_\_\_\_\_
  - Is the merchandise reduced 1/3? \_\_\_\_\_
  - Are "reduced labels" on each item? \_\_\_\_\_
  - Are "reduced labels" in proper place on item? \_\_\_\_\_
4. Is table used for yesterday's baked good? \_\_\_\_\_

Signed \_\_\_\_\_

## STORE ORGANIZATION RATING: (Answer "yes" or "no" unless otherwise blank)

1. Is backroom merchandise segregated according to store shelves? \_\_\_\_\_
2. Are drop shipments together? \_\_\_\_\_
3. Are score sheets being used? \_\_\_\_\_
4. Are bottles lined up correctly? \_\_\_\_\_
5. Is equipment used properly? \_\_\_\_\_
6. Are shelves and labels in good order? \_\_\_\_\_
7. Condition of Backroom: Good \_\_\_\_\_ : Fair \_\_\_\_\_ : Poor \_\_\_\_\_.
8. Condition of Cellar: Good \_\_\_\_\_ : Fair \_\_\_\_\_ : Poor \_\_\_\_\_.
9. Condition of Restrooms: Good \_\_\_\_\_ : Fair \_\_\_\_\_ : Poor \_\_\_\_\_.
10. Is the store front clean? \_\_\_\_\_
11. Are windows clean? \_\_\_\_\_
12. Is dairy department clean? \_\_\_\_\_
13. Are venetian blinds clean? \_\_\_\_\_
14. Are checkstands clean? \_\_\_\_\_
15. Is cheese cut and on display? \_\_\_\_\_
16. Is the store shelving clean? \_\_\_\_\_
17. Are grocery shelves well stocked? \_\_\_\_\_
18. Are price tickets on all merchandise? \_\_\_\_\_
19. Is merchandise priced legibly? \_\_\_\_\_
20. Check ten prices--note numbers correct \_\_\_\_\_
21. Is merchandise clean? \_\_\_\_\_
22. Is merchandise on end aisles well displayed? \_\_\_\_\_
23. Is merchandise on end aisles price marked? \_\_\_\_\_
24. Do end aisles have price tickets? \_\_\_\_\_
25. Is approved stocking method followed? \_\_\_\_\_  
Check omissions: Price marking \_\_\_\_\_ : truck to shelf \_\_\_\_\_ :  
Rotation \_\_\_\_\_ : Wiping shelves \_\_\_\_\_ : Two hands \_\_\_\_\_ :
26. Is stamping equipment cared for properly? \_\_\_\_\_
27. Is bread and cake fresh? \_\_\_\_\_
28. Are job schedules made out and used? \_\_\_\_\_
29. Are cleaning schedules being followed? \_\_\_\_\_
30. Are lights clean? \_\_\_\_\_
31. Is the store floor clean? \_\_\_\_\_



32. List any outstanding sales promotions: \_\_\_\_\_  
 33. Report any inventory of slow moving merchandise \_\_\_\_\_

### STORE ORGANIZATION RATING

Week Ending \_\_\_\_\_ Actual Volume: Actual Hours: Act. \$ PMH

Potential Hours: Potential \$ PMH

Grocery

Meat

Produce

Checking

Manager's hours

\*Total

Store number: \_\_\_\_\_

Manager: \_\_\_\_\_

Scored by: \_\_\_\_\_

Date: \_\_\_\_\_

### Figure XXX.

Figure XXX., reveals check-list form of evaluating produce, checkers, bakery and store operations.

From the above check-lists one can see how the rater is reminded of everything to be checked. For the small chain this method is recommended. Although this check-list was taken from the Kroger Company, it could easily fit into any small organization. The small chain could make some deviations from this check-list to fit their own needs. Probably, the store manager and the supervisor could use the Store Organization Rating for their own use.

### The Need For Follow-Through

There is always the need of follow-through, regardless if it is merit rating, training, or any type of supervision. The check-list aids in

accomplishing follow-through to a great extent.

#### The New Tool Can Be Effective

It is the firm belief of the writer that merit rating plays an integral part in developing personnel. The merit rating program is a relatively new tool which the personnel departments in aggressive chains are experimenting. They find that the merit ratings are only as good as the acceptance of the plan by those who will be effected by its usage. There is a tremendous selling job that must be done before the programs are inaugurated and simplicity is a keynote to the effectiveness of such programs.

With the advancement of each chain, it is necessary that management realizes the importance of the human element. This human element is the most difficult factor to control but there are certain tools which will facilitate better usage of the human effort. Merit rating is a tool which will help the employee, the supervisor and management to go forth with greater knowledge of the potentialities of the employees who compose the failure or success of the company.

## CHAPTER 6

### Motivation Through Communications

#### Understanding Written Communications

There are few businesses which do not recognize the importance of communications; there are also few organizations which actually take time to place emphasis on the understanding of written communications. A survey made by two leading psychologists showed that the employee handbooks of sixteen corporations had been written in terms that the employees, for whom it was intended, could not understand.<sup>1</sup>

#### Techniques of Communications of Small Chains

The small chain is in an excellent position to communicate and motivate. The larger chains have a greater distance from top management to operative employees than smaller chains. Some of the techniques which will now be discussed are the ideas of some of the larger chains. These ideas, the writer feels, could be utilized by the small chains.

The limited time of the store managers and employees is a key point to remember in employee communications. According to the Personnel Clinic of the National Association of Food Chains, the material should be as concise as possible.<sup>2</sup> Bulletins to store level employees should be written in brief, simple terms.

According to a Super Market Institute survey, only thirteen per

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1. Cosimo, Carlucci: Crissy, J. E. "How Readable Are Employee Handbooks?" Personnel Psychology, (Fourth Edition, 1951.), p. 386
  2. "Put Science In Your Management." National Association of Food Chains, (April 20-21, 1953.), Chicago, Illinois, pp. 40-43.

cent of the companies had employee magazines in 1955. The small chains that had the employee magazines, or house organs, were extremely pleased with the excellent job of communications they did with the house organs. In the writer's opinion, the small chains are passing up a wonderful opportunity of communications if they do not have a house organ of some sort.

The company paper or bulletin could be distributed once a month. Most of the chains which are using a house organ find that monthly publications do not take too much of the personnel department's time. It is suggested here that the papers should not be distributed by "mass distribution". By this is meant that each employee should receive a copy but the papers should not be thrown in a pile for each employee to pick up one. The best method of distribution is to mail a copy to the home of the employee. The next best method is to have the store manager give one copy to each employee in the store. For those chains which have cooperatives or affiliates, a certain section of the paper should be devoted to them.

The content of the paper varies considerably. The writer proposes a paper with a twofold purpose: (1) To motivate the employees by editing the paper to have the personal interests of the employees of the organizations, and (2) To distribute information which will aid in the formal means of communications, such as information pertinent to store operations.

#### The Personal Interest

By personal interest, the writer means that the paper will feature different individuals in the organization from time to time. Pictures should

be used whenever possible since they have such an excellent appeal. There should be a column of "Happy Birthdays" for the month. Also, a notice of all weddings, births, and a list of achievements during the past month, such as participation of special merit in civic clubs, winning a store promotion or being selected to go to a convention.

### The Formal Communications

The house organ would serve the purpose of transmitting formal communications in an informal manner. Such events as bonus plans, stock option plans, actions of interest which affect the company, special promotions of the month, suggested check-lists which will aid in the store operations and any other item of importance should be contained in the publication. Some companies have effectively used a suggestion plan through their paper. The employee magazine will also aid the president of the company to get closer to the employees by pointing his special messages to them.

These suggestions are just some of the many useful devices by which a house organ could serve the company. There is no valid reason for a chain not to have proper communications and the company paper will play a most significant part in helping bring the company closer together by communications.

### Special Devices

There are some organizations which have effectively used the inter-office communication forms. A small memorandum having a place for a brief message will save much time. There should be space provided for the names of the communicating parties, a message, the time and the

necessary action to be taken.

Many companies use service buttons indicating the number of years an employee has been with the company. The small chain has a wonderful opportunity to make special awards of service at annual meetings or other appropriate times. Most companies use the service button on a five year basis. The first service button will be awarded after the first five years of service, the next award after ten years of service and continued awards every five years. Members of the organization will be proud to wear the button as a means of communicating to their fellow-employees, and to those not connected to the company, their service recognition. This is a very inexpensive device to use as a morale booster.

One leading chain has used "Clerk's Day" as a method of communicating the duties of top management to operative personnel. One day a year, each store sends an employee to the central office to represent them in "Clerk's Day". Most companies prefer to have someone below the level of store manager to be selected. During "Clerk's Day", the representatives from the various stores assume the managerial problems of the company and act in the capacity of executives. They sit in on conferences, conduct some themselves and work on the various problems of the central office. The purpose of "Clerk's Day" is to enlighten the employees as to the problems of management. They go back to their stores with a better understanding of the overall problems of the company. On the other hand, some companies send their executives to work at store level for one day a year. Thus, management sees some of the problems at operative level.

The small chain should be proud of its facilities, such as the International Business Machines, conference rooms and warehouse. Management should make an effort to get as many of their retail employees as possible to visit the wholesale operations. The office or wholesale employees should also be encouraged to visit the various retail stores of the chain.

There is often a college or high school that is extremely interested in the operations at both wholesale and retail level. The small chain could gain a wonderful name by conducting tours through their operations. This type of communications is a part of public relations but good communications are not necessarily limited to the confines of a company but should be expressed outwardly in the community as well.

Letters, welcoming new employees into the company, are now being used by some companies. Most of these letters have been directed at part-time young men, such as baggers. The writer believes that a letter of welcome should be sent to each new employee, and, possibly at the same time, welcome the new employee's wife, if he is married. This welcome into the company will let the new employee know the organization is friendly.

#### Communications Through Meetings

Although meetings have been previously discussed as a means of training, it is necessary to point out their importance as a means of communications. Training and communications are so closely related that it is difficult to make a specific differentiation on a subject such as meetings. The approach on this subject will be made by presenting the

following techniques which may be used in meetings:

- (1) The lecture method
- (2) The instruction and demonstration method
- (3) The conference method
- (4) The acting or "role playing" method

The lecture method is the type of instruction whereby the instructor does all the talking with little audience participation. This method of presentation is often thought of as a one way channel which is not effective at any time. Although there is only a one way flow of communications, this method is used well when facts or statistics have to be dispursed.

The instruction or demonstration technique of communicating is that by which the instructor demonstrates a product or procedure to the audience. This type of presentation is very good when demonstrating a new piece of equipment.

The conference method of communication is widely used when the personnel in the conference are well versed on their subject beforehand. The conference method is often used in committee meetings. Limitations to the conference method are: (1) It is time consuming, and (2) Often there are a few people who try to dominate the conference. The success or failure of this type of communications depends on the leader of the conference.

The last type of communications is the "role playing". This approach is relatively new in the food industry, but has met with a great reception. This type of communication deals with the communications



through acting out a specific part or "playing" a role. The participants in this type of presentation act out a role to make a point. This type of meeting could be used at store managers' gatherings or similar events. "Role playing" is most effectively used when humor is mixed in the presentation. Interest is usually extremely high in a meeting of this type.

In all of the above methods of meetings it is definitely advisable to use visual aids. Films and slides have been used in some instances and it is generally agreed that there is, by far, more retention when films are shown than when lectures are given. For the chain which does not seem able to buy a projector, or rent one, there are other valuable training aids such as flip charts, blackboards or just plain paper with the specific presentation on it. In any event, visual aids of some type should be used.

Another type of communication which may be used in conjunction with any of the above types is the question and answer period at the end of the presentation. Often the questions and answers bring out more than the presentation itself. This is an excellent means of communication but care should be taken in regard to the time element in this type of meeting.

Mr. W. L. Ramsey of Colonial Stores, Inc., has outlined some of the basic necessities for a better meeting at a lower cost. The outline is as follows:

- (1) The meeting should be novel; based on something that is current and being talked about, such as television.
- (2) Subject of the meetings must be appealing. Direct the story to employee self-interest as in every other kind of selling.
- (3) Meetings should be factual. Put in enough boiled-down facts

to make the program more than just entertaining.

- (4) Meetings must be concise and to the point. Do not get into  
3  
too many technical details.

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3. Ibid., p. 42.

## CHAPTER 7

### Public Relations and its Relationship to the Food Industry

#### What is Public Relations

The personnel department of the food chain of today is gaining tremendous momentum in recognition as an integral component of an efficient organization. Many personnel departments have incorporated excellent policies of public relations and have stressed these policies in hopes of accomplishing a favorable reception in the eyes of the public.

Public relations is defined as "the management function of conducting a particular business in such a manner as to leave with the public a preponderance of favorable individual impressions." <sup>1</sup> Mr. George Jenkins, President of Publix Super Markets, Inc., of Florida, is nationally recognized in the food industry as one of the pioneers of better public relations. Mr. Jenkin's simple and brief definition of public relations is: "Good performance which is publicly recognized." <sup>2</sup> This subject will be presented in regard to the concept of public relations and its interactions with:

- (1) The individual store and the customer
- (2) The company and the public
- (3) The industry and the public

#### Direct Contact with the Customer

1. Paterson, Elmore; Plowman, E. G., Business Organization and Management. (Chicago; Ricard D. Irwin, 1952.), p. 473.
2. "How To Get Full Value From The Labor Dollar." Super Market Institute. (1954.), p. 16.

The first consideration will be focused on those people who come in direct contact with the public. The store manager is the transmitter of public relations from the company, through the employees, to the customers. The recent trend in decentralization has enabled the store manager to use his own discretion in motivating his employees to meet the public as they should be met. The store manager, in many instances, is considered the key factor in public relations. Often the impression that one employee gives a customer in the store is the only basis the customer has for judging the entire company. Public relations cannot be over-emphasized to those employees who come in direct contact with the customers.

#### Techniques of Public Relations

The small chain has usually done a fair job of public relations but when one considers the potential, it is easy to see how much more could be done in this field. Public relations must begin within the company. If the employees are not properly motivated, the program need not be started. Techniques of motivating through communications have been previously discussed but it is necessary to emphasize the importance of "selling" the company to the employees before stressing public relations to the customer. One of the best methods of motivating the employee at store level is recognition by a high official of the company. Sunflower Stores, Inc., of Mississippi, keep a file on all personnel with pictures of each employee. When any of the officials leave to visit a particular store, they have access to the file, and can familiarize themselves with each employee, how he looks, his name and length of service with the company. When the executive visits the store he can call each employee by name and

make some personal reference to his family or other items of interest to him.

As an organization grows in size, it naturally becomes less personal. By following the above procedure, management aids in helping retain the feeling of a "big family" instead of a big chain. Although a chain may be as small as eight or nine stores, most employees think of the company as a rather large organization.

Some chains have given the employees in the store recognition by featuring them in a newspaper ad. Others use recreational facilities, fringe benefits and training as a means of improving public relations. There are many different techniques which are used; the important factor to remember is that public relations must be accepted by the employees, before stressing public relations to the customers.

### The Company and the Public

Some 4,000 corporations now support public relations departments<sup>3</sup> and programs. There are many chains who will pay the expenses of their store managers who join civic organizations. Some companies have a diversified occupational program, in which high school boys are employed with the company in conjunction with their formalized school training. Fringe benefits, recreational facilities, sponsorship of various community activities have all risen to greater importance within the past few years.

The trend is definitely towards increased public relations.

3. "Business is Still Trouble." Fortune. (May, 1949.), p. 68.

On the other hand, application is too often deviated considerably from policy. The recognition that management has given to the need for better public relations has been only in the form of planning; the execution often resembles no part of the formalized plan. This point is substantiated by a survey taken by the writer. A survey was taken in Lansing, Michigan, April 6th through May 5th, 1955, to determine the participation in civic clubs by the food chains. The following organizations were used in the survey:

- (1) The Junion Chamber of Commerce
- (2) Rotary International
- (3) Exchange Club
- (4) Optimist Club
- (5) Kiwanis Club

The writer talked with the presidents of each of the listed civic organizations and visited in the meetings in most of the clubs. The findings were that no food chain was represented, nor was there any independent grocer connected with any of the organizations. The writer made a seminar report to the Food Distribution Class of Michigan State University on May 5th, 1955, and the findings were presented. The findings in the Lansing area did not deviate to any great extent from the survey taken in the group of different chain store representatives. Most all agreed that membership in such organizations as these was extremely rare in the food industry, with the exception of the higher executives. Seldom was the case that a store manager participated in a civic club.

The writer has experienced in his own company the policy that

management advocates membership in civic organizations and participation in community activities. Management offers to subsidize such memberships, but in reality, the store manager "does not have time" for such things. Sure, management wants the store managers to participate in such organizations, but they are not pushing the issue. The time spent in such meetings would more than pay for itself by the goodwill gained. Not only does the store manager have an obligation to the community, but he should take advantage of this wonderful opportunity to gain goodwill for the company and fellow-ship for himself.

The relationship that exists between the company and the public has its high points as well as its low points. Efforts have been made by many companies to establish themselves as part of the community. The small chains have an excellent opportunity to capitalize on this type of public relations and some are taking advantage of their opportunity.

Progressive Grocer, one of the leading trade journal of the industry, has devoted much consideration and research to this "Community" field of public relations. Figure XXI. on page 83, illustrates the recognition and growth of different components of public relations within the past five years.

The interactions of the relationship between the company and the public seems to be a problem of social distance between management and the public. This distance is believed to be diminishing through the utilization of the personnel tool of public relations.

#### Public Relations Between the Industry and the Public

The final consideration will be given to the most needed, and, until lately, the least recognized problem--the industry and the public. The

<u>SUPER MARKET OPERATORS</u>	<u>SUPERETTE OPERATORS</u>
Membership in:	Membership in:
Church.....95.8	Church.....88.1
Chamber of Comm..... 89.9	Chamber of Comm..... 58.2
State Groc. Assn..... 80.7	State Groc. Assn..... 53.1
Nargus..... 56.3	Nargus..... 41.2
Masons..... 38.7	Masons..... 31.1
P. T. A..... 37.8	P. T. A..... 28.1
S. M. I..... 36.1	S. M. I..... 24.9
Country Club..... 36.1	Country Club..... 17.5
Elks..... 31.1	Elks..... 15.8
American Legion..... 25.2	American Legion..... 13.6

Figure XXI. This is a percentage survey made by Progressive Grocer concerning the membership of the super market operators and superette operators various churches, clubs and associations. (All of the above data is based on independent operators) <sup>4</sup>

4. "The New American Grocer." Progressive Grocer. (November, 1954.), pp. 42-51.



entire food industry wants good public relations, and they are willing to pay for these relations, yet the industry finds itself at the bottom of a long, steep hill. Is it possible that this gigantic industry is not respected by the public? Is it possible that the average person considers the store manager of a \$20,000 a week volume store, not an executive, but a "grocery-clerk." Is there a chance that the food industry is so busy in expansion and making money that it has failed to make its investment in the public's opinion? These are all serious questions which are not easily answered. It is not the purpose of this presentation to unfold the answers to these complex problems, but it is a concern of the entire industry and warrants sincere and honest consideration.

Mr. John Logan, President of the National Association of Food Chains, predicted a greater year for sales and profit in 1955. According to Mr. Paul Willis, President of the Grocery Manufacturers of America, research is being done with atomic energy in regard to the preservation  
5  
of foods. The past, the present and the most important future direct the food industry's attention to the unsurmountable need for public relations and consumer education. The NAFC has taken a definite stand for better public relations and has inaugurated a "Citizenship" award to the store manager who contributes most to his community and his country. The need for public relations is now recognized.

#### The Combined Relationships

Thus, the importance of public relations is manifested in all three

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degrees of relationships. There is a three link chain between the company, the employee and the industry that must not be broken. Each needs the support of the other, for a chain is only as strong as its weakest link. The next few years will determine the status of all food chain operations.

The food industry is growing extremely fast and is becoming larger, more powerful and more respected as an industry. The public relations that each operator exhibits in the next few years will determine how the industry's reception into the "community" will be. It is imperative that the chain store receives a favorable reception in a given community, for, without the community support to the store, there would be no sales nor profit.

The execution of public relations must be applied by the industry, by each company within the industry and by each employee within each company. Then, and only then, will public relations be fully practiced. The future of not only the food industry and our country, but the entire world lies in the hands of "understanding each other." There is a need in the food industry for more cooperation, for this industry has very long hours, when there is really no need for them, except that the "other fellow" is staying open.

#### The Obligation of the Food Industry

The food industry has a definite obligation. The food industry is obligated to make its investment in democracy, and in so doing, will make the finest investment in this intangible "public relations" that the industry has ever known. This investment will come in the form of a sincere interest in serving the public more efficiently, and taking an active part

in the organizations which play such an important role in the community.

As the industry goes forth in opening new and modern stores, so it must go forth in opening new and better principles of serving humanity.

## CHAPTER 8

### Summary and Conclusion

#### Formal and Informal Structures

The small chain needs to recognize both formal and informal organization. The formal type of organization may be examined through the lines of authority which are shown on the organizational chart. These lines of authority should be clearly defined and each employee should know his responsibility to the company.

The informal organization is one of the most important factors in any group. This informal organization is referred to as that type of organization which exists outside the boundaries of the formal structure. The "real" leader is the central figure in the informal organization. It is possible for an individual of lesser authority to become the "real" leader of a group over the superior who has the formal authority. The small chain should be cognizant of both the formal and informal structures which exist in an organization and make every effort possible to see that the "real" leader is delegated authority commensurate to his ability.

#### Employee Selection

Before employees are selected, it is necessary for the personnel man to know what jobs the applicants are to fill. Job analysis is a tool of personnel management which may be used in determining which individuals would fit certain jobs.

When the personnel manager knows the type of individual needed to fill the job, he is ready to begin recruiting. The food industry has recognized the necessity of hiring competent men who are capable of

assuming responsibility needed for management. This recognition by the food chains is reflected through the various training programs and the Food Distribution Curriculum at Michigan State University. The more aggressive food chains are improving their recruitment procedures and directing this appeal to a high calibre individual.

The application blank, interview, psychological test, and references are some of the techniques which may be used in selecting the right men for the right job.

#### Training Begins With Indoctrination

Training should begin the moment an applicant is accepted for employment. There is a definite need for proper orientation of new employees since first impressions are often lasting. The personnel department in a small chain plays a most integral role in orienting new employees. The new employee should receive a sincere welcome, a brief history of the company, basic company policies and the basic personnel policies which are of interest to him as part of his orientation.

#### Organized Training Is Needed

There is a tremendous need for organized training in the small chain. Some small chains have well organized methods of training but these chains are definitely in the minority. The small chain executives must realize the importance of training and incorporate some organized system of training both new and old employees.

#### Communications and Motivation

The small chain has an opportunity to improve communications through various devices such as: employee magazines or house organs,

meetings and tours conducted at the home office, the warehouse operation or in the supermarkets. This type of communications will help motivate the employee by allowing him to see the over all operations of the company.

### Public Relations

It appears that management has instigated many excellent policies of public relations. Management realizes how important public relations are to the success of the company. There are, however, many deviations from the excellent policies of public relations to the application of these policies at store level.

It is the belief of the writer that the food industry can raise its status by stressing good public relations. More participation in community activities and greater membership in civic organizations are some of the many ways the industry can foster public relations.

### Conclusion

The writer has tried to validate the feasibility of a personnel department for a small food chain by an analysis of the following:

- (1) Organization of the personnel department
- (2) Selection procedures
- (3) Employee training
- (4) Utilization of personnel
- (5) Determining the degree of success in the field of personnel management by the food chains

In the opinion of the writer, the small chain of today may be the medium or even large chain of tomorrow; therefore, an organized personnel department in a small chain is definitely feasible. The

aggressive small chain should plan in terms of the future as well as the present.

An efficient personnel department in a small chain will not guarantee the success of the company, but it will play a most important part as a means to that end.

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