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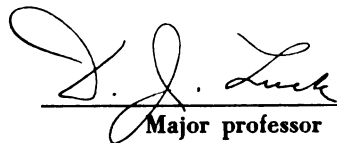
**"Personnel Development -
A Function of Organization"**

presented by

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of the requirements for**

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PERSONNEL DEVELOPMENT -
A FUNCTION OF ORGANIZATION

BY

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A THESIS

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The inspiration for this thesis was derived from the need for food retailing chains of the present and future to provide competent personnel to carry out the increased duties and responsibilities required for expanded operations. If indeed one factor can be isolated as providing the greatest limitation to expansion, it is the problem of developing individuals of superior quality and in sufficient quantity to make expansion profitable. This, then, is the problem faced by food chain managements which will be considered: How can food chains provide capable personnel to fulfill the additional responsibilities implied in expanded activities?

Evidently capable managers and executives may be obtained from one of two sources. They may be recruited from outside the organization. This might be called the external source of labor supply. They may, on the other hand, be developed from within. This might be called the internal source. In practice, both sources are necessary and interdependent. Our main concern here, however, is internal development and specific techniques or methods of recruitment proper and hiring and selection procedures are not considered.

It is the thesis that sound personnel development is a function of organization. By this we mean that it is the organization -- the daily face-to-face contacts and interrelationships among employees, that must provide in the long run competent, trained personnel. Classroom training programs are important as auxiliary training devices, but because of the artificial environment in which they are conducted they ought not to be substituted for or take precedence over on-the-job training.

The approach to solution of the problem, therefore, is through an analysis and study of organization and a consideration of those principles of

organization which will maximize personnel development. Traditional organization principles are emphasized, but an effort has been made, wherever possible, to bring out controversial and challenging recent thinking and supply insight into progressive methods which hold promise for the future, though still in the process of validation.

Data has been gathered from a number of books, periodicals, speeches, bulletins, pamphlets and manuals (see appended bibliography) on the general subjects of organization, management and personnel and on specific applications to the food industry. Wherever possible valuable experience and evidence derived from industries outside the food field has been incorporated. Nothing that is said or done, however, can be the product of one individual. Much resource material is unpublished, having been gathered and noted from conversations with food chain executives and employees, professors and fellow students.

The fundamental conclusion or finding which has evolved from this study is that efforts at training and developing employees to fill positions of added responsibility must begin with efforts at organization. Though, "out of context" training programs, may be a valuable supplement, the basic medium for personnel development is the organization. Indeed, without a sympathetic organization, the most outstanding program will be doomed to failure.

PREFACE

The highly competitive field of food distribution places a high premium on vision and foresight. If business is to flourish, plans for expansion must be formulated. Newer and more modern stores must be opened in greater number than ever before. Who will operate these stores? Where shall we find the people? Though some may be recruited from external sources, it is evident that the majority must be developed from within the organization.

It is the purpose of this thesis to examine the principles and functions of management and note their applications to personnel development within a food chain.

The concept that man is the basic element in business endeavor is both Christian and democratic. Management has meaning only in so far as it provides for the worker means of utilizing the factors of production. Employees are not a commodity, which when placed into a kind of mix with land and capital, under a given set of superimposed conditions will produce time, place or possession utility. Rather, man is an end in the economic system. Thus, (the function of business management is two-fold: to provide opportunity for a happy and well-adjusted working force and to create goods and services which satisfy the needs and wants of customers) The second objective results from the first. The two together justify the existence of a business enterprise.

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PART I

Introduction

CHAPTER 1

The Elements of Organization

Importance of Organization

The essence of management is the ability to organize. Prior to organizing, however, the managing executive must determine the task that is to be done. This involves an "estimate of the situation" and formulation of a plan which can be stated as an objective. Then he must decide what means he has at his disposal and how he will fit them together for optimum efficiency and realization of this stated objective of the organization and the aims and ambitions of the people of which it is composed. Thus, planning and organization are basic to completed action. Without them, efforts become misdirected and a discordant patchwork results.

Historical Development

Every business enterprise has an organization which exists regardless of any efforts at organizing along formal lines. This may be called the informal organization and is characterized by social inter-relationships among its employees. Although this type of organization has existed since first two men joined together under a proprietor to work toward a common goal, it is only within the last generation that attention has been focused on its importance. The labor legislation of the 1930's, especially the Wagner Act of 1935 gave, for the first time, legal recognition to the dignity of labor.

Historically, management had supervised workers as individuals. Groups of employees were considered detrimental and mutinous to the permissiveness of management. Individual supervision frequently prompted dictatorial policy and arbitrary treatment. The Wagner Act recognized the "right of the individual to organize and seek strength in a group." It

proceeded on the philosophy that a denial of this right was a source of management-labor strife. Since that time there has been an evolution in the importance of the social aspect of organization. And the "child" has not been without its growing pains. Indeed, "the din and the cry" are heard today from one end of our land to the other.

Need for Formal Organization

These natural formations of social groups within a company have no direction. That is, these informal groups are not inherently oriented toward the accomplishment of a company objective. The task of management is to organize along formal lines in order to facilitate employee acceptance of the corporate goal. The characteristics of formal organization - authority, assignment of duties and responsibilities, decision-making, and communications are directed toward effective utilization of the social interrelationships among its individual members.

Two types of informal groups then may be recognized. The first is the independent association exemplified by the weekly bridge group. The second is the group that is part and parcel of a formal business organization. The independent group is usually grounded in the common interests of its members. Members move freely in and out as their interests and compatibility warrant. Though the informal group in a formal organization is similar to a degree, it has one differentiating characteristic. It has meaning and significance primarily in relation to the formal organization of which it is an integral part.

This informal organization within a company may have either a positive or negative influence upon the formal organization. If the formal organization emphasizes strong control in a downward direction and places stress on apprehending and punishing violaters of company regulations, the

informal organization will accentuate differences between the two. It will say, in effect, to the hesitant employee, "you gotta decide whether to go along with the group or stand in with the boss. And if you don't go along, the gang can make it mighty unpleasant."¹

If, on the other hand, the formal organization maintains a constructive approach toward the relationship of the worker and his company, the informal group will serve to bolster the formal. If the formal organization provides a rational basis for its decisions, i.e., acts in such a manner as to show a relationship between individual goals and the corporate goal, then it inculcates a desire on the part of its employees to execute commands out of a sense of obligation to the enterprise, to each other, and to themselves. Since an informal group exists in relation to pressures of formal authority, it is a fundamental responsibility of management to organize formally in a manner that will utilize the informal organization as a constructive, rather than a destructive force.

Organization Charts Do Not Describe Informal Interrelationships

The foregoing has been intended to emphasize the fact that the organization chart does not describe the actual organization of a company. It merely reflects the relationships between superiors and subordinates. It is the hidden operating structure, the informal organization, which gets the work done. The organization blueprint gives little explicit recognition to social distinctions. It shows functional interrelatedness between working units, but does not express differences in social distance, mobility or equilibrium. The hierarchy of prestige values which tend to make, for example, the work of meat cutters more important than that of grocery clerks, or the job of dairy clerk more attractive than that of

1. In Whyte, W. F. (ed.), Industry and Society, McGraw Hill Book Company, Inc., New York, 1946, p. 7.

checker, cannot be illustrated on paper. Nor can an organization chart depict day-to-day physical relationships. Logical lines of vertical and horizontal coordination replace that interaction between people of differing social spheres which actually exists. Blind faith in the organization blueprint as descriptive of the company organization leads to a substitution of the logic of efficiency for the sentiments of value which reside in the social organization. Failure to recognize the impact of the less tangible informal social structure results in a view of the chain as nothing but a rigid framework of bureaucracy.

Yet, as we have pointed out, this informal pattern requires direction. Increased managerial recognition of informal processes must be accompanied by corresponding attention toward formal organization. A number of factors have contributed to this recent emphasis on formal aspects of organization:

1. Technology and government regulations have increased the complexity of business and emphasized the need for specialists.
2. Food chain executives have recognized the roles of customer and community relations as being indispensable to continued business success.
3. Rapid growth has multiplied old functions and encompassed broader territories of operations which require decentralization of functions.
4. Successful experience by the military in war time has shown the possibilities of reorganized chain of command structures. Post-war prosperity has encouraged such experiments.
5. The scarcity of outstanding managers, specifically the problems involved in supervision of today's modern store in comparison with yesterday's small service store, has put a premium on all forms of organization which will develop capable executive store managers.

Need for Organization Planning

In light of these developments, a new managerial technique has evolved. It is known as organization planning and is concerned with all phases of formal organization and their implications for the integration of informal group goals into the overall corporate purpose. Organization planning is designed to raise and answer such questions as these:

1. How wide should a supervisor's span of control be? How many stores can a district manager "cover"? How many departments can a store manager supervise?
2. How should authority and responsibility be divided between line and staff managers? How far does the personnel department's responsibility for human relations go? Should it, for example, be the final authority in hiring and discharging actions?
3. Should conflicts between departments be settled by appeals to higher echelons? How much authority should a manager delegate? How will he define and assign duties and responsibilities?
4. Does the necessity for more specialists and greater decentralization necessarily imply loss of control? To what degree should a division be autonomous and its general manager be allowed freedom in decision making?
5. Should "assistants to" executives be used as general staff officers? What is the training value of such positions? The value as an aid to a company executive in lightening his managerial burdens?
6. Should managers give orders to department heads, for example, or serve them as "first assistants," there for the purpose of aiding them and developing their potentials?
7. How can management better control costs? What methods should a store manager use when faced, for example, with an unsatisfactory

inventory? How should a store's labor rate be established?

8. What is the function of a committee in coordination and decision-making? Where will responsibility be placed?

It is a moot question as to how organization planning should be applied. Should it be designed with the idea of molding responsible employees gradually to its precepts? Or should it be designed to fit the personalities and politics of the organization as it now exists? And how does the ever changing nature of the organization lend itself to prediction and control? Opinion is divided on these issues, but regardless of the approach taken, the hardest part of organization planning is the definition of duties and responsibilities. The critical job is to answer for each employee the question of who is his boss. Should a district manager, for example, have line authority over the meat department manager? Or is the meat department operation so technical as to demand a special meat supervisor? And where does the meat specialist fit in? Questions such as these require careful consideration in accordance with basic management principles.

Basic Principles

The American Management Association has formulated "ten command-²ments" which embody sound organization principles.

1. Define responsibilities.
2. Always give authority commensurate with responsibility.
3. Never change job responsibilities without informing all concerned.
4. No man should have more than one boss.
5. Never give orders to another boss' subordinates.
6. Always criticize subordinates in private.
7. Settle promptly every dispute over authority and responsibility.

2. Fortune, Can Management Be Managed?, Stryker, P., July, 1953, pp. 100-114.

8. A boss' boss should always approve promotions, raises, and disciplinary actions.

9. Never ask a subordinate to criticize his boss.

10. Give every manager sufficient help to enable him to check on the quality of his own work.

Although these principles make a tidy package, the question still remains as to how they can best be applied in a given situation. Food chain executives must define the concepts of responsibility, authority, span of control, etc., in view of the marketing objective. They must establish broad policies concerning the implementation of the aforementioned principles, and these in turn must be interpreted in more and more detail as they proceed down through the chain of command. It is of prime importance that every policy be evaluated periodically and changed when facts prove them obsolete.

Scope

In the chapters which follow we shall consider the questions raised by organization planning and attempt to provide the answers to certain questions as they apply to food chain administration. The emphasis throughout will be on those aspects of organization, both formal and informal, which serve to promote development of managers, supervisors, and executives capable of handling the expanded food chain operations of the present and future.

The next five chapters will deal primarily with principles of formal organization. We shall consider first the concept of responsibility and the responsibilities which face today's food chain management. Brief attention will be devoted to accountability and its relationship to responsibility within the organizational framework. The role of the committee

will be discussed especially as it is concerned with assisting in the decision-making process. From there we shall proceed to a consideration of communication. Here we shall attempt to visualize the importance of understanding to efficient operation of the authority mechanism in motivating employees to acceptance of company objectives. The dependence of administrative control on an effective communications network will also be shown. In the fourth chapter we shall view the authority mechanism and its components. The authority of the line will be considered together with the "authority" of the staff and an effort will be made to show the relatedness of each to optimum organizational efficiency. The fifth chapter deals specifically with the specialization of the function of personnel development. The role of the personnel department is presented and the techniques it has at its disposal analyzed. Finally, "the span of control" principle will be explained and the advantages and disadvantages inherent in centralized and decentralized operations and management demonstrated, as well as the problems raised by integration of institutional functions outside the scope of retailing proper.

In the seventh chapter informal aspects of organization will be viewed in greater detail. Elements of esprit de corps, discipline, morale, status, and motivation will be examined in an effort to convey the importance and necessity for a human relations approach to the solution of business problems.

The eighth and ninth chapters will deal with union relations and public relations respectively. These two facets of business management have found recent application to food store operations. The inroads of unions into the food retailing industry and the increasing realization of

the importance of public acceptance and approval to successful operation justify separate consideration of these topics.

The problem of adjustment to changes in the work situation and job requirements is a subject which must be considered in realization of the social responsibility of management toward its employees. In the tenth chapter the question of overcoming resistance to change and the means of influencing labor to seek and accept improved work methods in the accomplishment of their duties will be presented. As the impact of mechanization is felt in the field of distribution, as the author envisions it will in future years, it will become necessary to reevaluate past policies and adopt an adjustment in philosophy which will apply to the food business of the future.

PART II

**Formal Organization and its Effects
on Employee Development**

CHAPTER 2

The Concept of Responsibility

The Changing Scene

The business of food retailing, as we know it today, has resulted from a series of dynamic changes which have taken place, for the most part, within the past twenty years. One need only to refer to authors who wrote on this subject in the 1930's to appreciate the vast differences between food chain management of yesterday and that of today. Mr. H. R. Barnett, for example, nearly twenty-five years ago, depicted the function of chain store manager as being primarily one of compliance with directives from higher levels. He maintained that until food chains open larger stores and allow store managers greater room for exercise of initiative, they will fail to attract potentially capable personnel, and "lose out" in competition with "the larger independents."¹ In 1935, "supermarket" was a new word in our vocabulary. Self-service, with all its implications, was largely experimental, and many progressive operators doubted its acceptance. Vertical integration of wholesaling and retailing functions was the exception, rather than the rule. And "house brands" were marketed on a small scale.

As a result of their recent vast growth, food chains have assumed² a position of vital importance in the field of retailing. This new-found importance necessarily entails increased responsibility and a leadership

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1. Barnett, H. R., Man-Management in Chain Stores, Harper & Brothers Publishers, New York and London, 1931.
 2. Although chains in 1954 accounted for only 36% of total food store sales, this figure amounted to approximately \$13.5 billion. (Progressive Grocer, Food Stores Lead Retail Field in 1954 Sales Gains, March 1955.) The three largest retailing institutions in the country in total annual sales are food chains - A & P, Safeway, and Kroger.

which must make decisions and assume and accept responsibility. A consciousness of responsibility necessarily involves direction of efforts toward certain ideals and purposes. For the businessman, these ideals become vitalized in two major objectives:

1. To furnish society with material satisfactions. To do this he must be a maker of jobs and a maker of profits.
2. To increase all the human satisfactions of the group with which he is associated.

Responsibility Defined

But responsibility is not a mysterious and nebulous concept. It is a personal phenomenon. It is the obligation of an individual to perform to the best of his ability the functions that have been assigned to him in accordance with the directions of a superior to whom he is accountable. Responsibility is only vague when it is not properly assigned and communicated by a superior, or when it is misunderstood or misinterpreted by a subordinate.

Five major responsibilities of business leadership are comprehended in the foregoing definition and statement of objectives:

1. Responsibility to the public
2. Responsibility to employees
3. Responsibility to government
4. Responsibility to customers
5. Responsibility to owners

These responsibilities are not isolated from one another, but interdependent.³ It is our purpose here, however, to consider personnel development within a company, so we shall focus attention on the second -- responsibility to employees.

3. That is, if businessmen fulfilled any one satisfactorily, they would, at least in part, satisfy the others.

Management's responsibility to its employees revolves around providing workers with opportunity to develop their capabilities to the fullest extent to the mutual advantage of both the company and the individual employees.

Implications for Personnel Development

The only advantage to be gained from responsibility in developing potential is through its delegation. Delegation of responsibility must begin at the top. For if individuals at the top become intimately involved in too wide a range of activities, there is less responsibility for subordinates to assume. The "chunks of responsibility" become proportionally smaller as one goes down the chain of command. Individual initiative is likely to become choked off and personal development may cease. The size of the enterprise becomes limited to the capacities of a single manager or group of managers. The company then becomes run by one man. Thus the first step in developing capable department heads, store managers, district managers, etc., is to define what these jobs entail. In these definitions of duties and responsibilities, it is paramount that responsibility at every point be maximized. In this way, every job becomes a challenge and the person filling it is required constantly to "reach" beyond his present capabilities. In effect, once jobs are defined, and duties and responsibilities delegated and appointed, the process of development becomes, for the employee, largely one of self-development.

Necessity for Programming

But this is not to imply that personnel development simply "occurs." It is a process which evolves from careful planning - organization planning, if you will -- of which division and definition of duties and responsibilities is but one step. But lest we get ahead of ourselves in eagerness to establish the importance of responsibility in employee development, let us

start at the beginning.

Historically, development of managerial skills has been left primarily to the individual. Conscious programs were felt to contradict one of the oldest tenets of free enterprise -- that management constituted a form of automatically replenished hierarchy. Symbolic of this hierarchy was the self-made man who rose through a competitive system which dictated that only the able will succeed in obtaining promotions. Due to nepotism and the increasing complexity of business, this system was modified somewhat, in a haphazard way, but enough outstanding individuals rose through the ranks under their own power to maintain a Horatio Alger tradition. Planned proposals for development met with considerable resistance due to cost of creating new jobs and rotating men from department to department and division to division before they can learn enough to "pay their way." Further grounds for skepticism involved the difficulty in establishing the characteristics of a good manager and, beyond this, in appraising managerial ability.

But, as we have seen in the first chapter, various influences have been at work which have induced a metamorphosis in management philosophy. In today's larger and more complex operation, emphasis has changed from supervision of work to supervision of people. Two basic responsibilities define the good manager and are frequently used as criteria in ratings:

1. That he know how to handle people and gain their cooperation on the job.
2. That he develop under him those who are promotable, including
4
one or more men capable of taking over his own job.

4. The executive evaluation chart of the Grand Union Company includes ratings on such characteristics as Development of People, Ability to Influence and Inspire Others, Cooperation, and Coordination. See Chapter 5 for a more detailed treatment of this subject.

We have seen that expanded operations and decentralization have created a vastly greater number of responsible positions. In addition, complexity of modern business has placed emphasis on functional specialization, especially at the planning or staff level. The result has been a sharp increase in the ratio of managers and executives to employees. And, as mechanization takes hold, there is likelihood that this ratio will increase even more. In Swift & Company, meat packers, there was one executive for every one hundred employees in 1923. While the number of employees has increased by 50% since then, the number of executives has increased by over 400%. Thus the ratio today is one executive for every ⁵thirty-five employees.

An Example of a Plan for Employee Growth and Development

One company has attempted to solve this problem by a program of management development which places emphasis on the principles of maximum ⁶delegation of responsibility. It has outlined five steps, the first four ⁷of which involve planning and the last actual execution:

1. Analysis of all operating functions and responsibilities within the company.

a) Alignment of functions and removal of conflicting responsibilities.

b) Preparation of an ideal organization chart. ⁸

5. Fortune, Bringing Up the Boss, May, 1952.

6. The United States Rubber Company. Ibid.

7. This process requires a number of years to accomplish. For example, Standard Oil Company (California), one of the leaders in executive development programs, planned on five to ten years to complete the first step alone. (Refer. Holden, P. E., Fish, L. S. & Smith, H. L. Top Management Organization and Control, Stanford University Press, Palo Alto, California, 1941).

8. This does not conflict with what has been said of organization charts (Cf. Chapter 1). We speak of "ideal" here with reference to formal organization.

2. Classification of executive and managerial jobs as to function and skill.
 - a) Write job descriptions
 - b) Eliminate conflicting duties
3. Take inventory and appraise present managers.
 - a) Assess the performance of all executives on their present jobs
 - b) Appraise their potentials
4. Prepare a replacement schedule.
 - a) Establish manpower specifications (age, education, experience, physical requirements) for each management job
 - b) Classify these specifications into related groups
 - c) Chart the most likely replacements for each job
 - d) Plan the routes for advancement
5. Develop the people
 - a) Active methods such as
 1. Job rotation
 2. Line and staff assistants
 3. Participation on committees
 4. Multiple management⁹
 - b) Passive methods - schools, conferences, etc.

It is evident that any one of these steps is a prodigious undertaking in itself. Although maximum results can be best achieved by taking the five steps in sequence, a start with any one is a move in the

9. Use of "junior" boards to assist the "senior" board and thereby use increased responsibility to develop managerial potential. (Cf. McCormick, C.P., The Power of People, Harper & Brothers, New York, 1949.)

right direction. It is understood that some subjectivity must enter (for example, in management appraisal) but painstaking effort along these lines can save a company a considerable sum over a hit-and-miss system which fills vacancies as they occur and fails to recognize and appraise future needs.

Job Rotation

Let us attempt now to determine how the active methods of development proper^{ly} emphasize employee development through division of responsibility. One method is through job rotation. An illustration is the planned eighteen-month management training program of the Grand Union Company. Selected trainees spend specified periods of time in all the specialized phases of food store operation, warehousing, and administration. Each phase represents essentially a familiarization course. Most of the training is on-the-job training. The program has the advantage of providing needed generalists for future jobs as assistant managers, store managers, and positions in higher management. Although cost to headquarters is high, savings can be effected by creating as few new jobs as possible, and by assigning trainees to those stores where help is most sorely needed.

"Assistants-to"

A variation of job rotation is use of assistants, ranging from assistant store managers to assistants to top officials.¹⁰ The efficacy of this method depends totally on how much responsibility the particular position entails. At the assistant manager level, where duties are likely

10. An assistant store manager is a line operating position which is functionalized if it includes responsibility for supervision of grocery operations. An assistant to a top official is usually a general staff position. See Chapter 4 for distinctions between line and staff functions and authority.

to be more clearly defined, the technique may prove very advantageous. As one proceeds upward in the company and responsibilities are fixed in a more general way, success or failure depends more on the informal personalities of official and trainee.¹¹ A further possible disadvantage to use of general staff assistants is that selectees may beget "fair-haired boy" reputations which can be detrimental to themselves and to the morale of others in the organization.

Multiple Management

The multiple management plan conceived by McCormick & Company of Baltimore in 1932 is perhaps the most progressive method of management development yet devised.¹² "Junior" boards are appointed to assist the "senior" board in solution of company problems. Members are dropped and added by election of their fellow board members who prescribe what characteristics need be developed by a person dropped in order to gain re-election. Although the plan may be time-consuming and costly, it imbues a sense of participation among board members and acts as an incentive to young and ambitious employees. Multiple management appears to have top potentiality in the development of future managers and executives.

Assignment to Committees

Assignment of individuals to committees to work on special projects is a useful method which has proven successful in many cases. Committees are being used increasingly as a management tool. Oftentimes they are misused. A committee should be viewed as a staff function. It cannot make a decision, nor can it remove responsibility for a decision. Only individuals make decisions in the real sense.

11. Though, as we have seen in Chapter 1, elements of informal organization exist at all levels of a company.

12. McCormick, op. cit.

The purpose of a committee is primarily to advise a responsible executive as to a course of action. Thus, for the committee membership, there is no administrative or supervisory responsibility. As a training method it derives its benefit from interchange of ideas -- getting the other fellow's viewpoint. Participation on committees will not encourage assumption of responsibility if the emphasis of the chairman is on arriving at a decision. The inexperienced participant may be pressured into levelling or agreeing with his more experienced or superior colleagues. Eventually original thought becomes stifled and the committee becomes dominated by one man or a small group of people.

Accountability Must Accompany Responsibility

An individual to whom certain responsibility has been assigned should be held accountable for accomplishment, otherwise he will probably work poorly. Accountability is inherent in delegation of responsibility. If an employee is to be held accountable, it is necessary that his performance be defined, preferably in quantitative terms. An employee should not only be told what level of performance is expected, but he should receive reports from time to time "to let him know where he stands."

A subordinate must be held accountable to one and only one superior. No man should have more than one boss. If he does, conflicting orders will be issued and friction will result. A particularly objectionable form of dual accountability occurs when a subordinate is asked by a superior's boss to judge his supervisor's work. Another, more generally applicable form may be even more deleterious to coordinated effort. This concerns the question of accountability in staff positions at various levels of the company. A staff assistant on a division level is accountable to his division manager. The corresponding staff section in the central



office may, however, prescribe techniques at all levels to foster uniformity. Conflicting situations must be avoided by making changes¹³ and revisions only with permission of division managers concerned.

Summary

There are, then, five elements involved in developing people in an organization through emphasis on maximizing responsibility:

1. Employees must be given opportunities to perform.
2. Superiors must advise and train subordinates, rather than direct and prescribe. The function of a superior may be viewed as similar to that of a coach.
3. Superiors must create a team among subordinates. This is accomplished through motivation. (See Chapter 7).
4. Relationships between superiors and subordinates must be characterized by mutual confidence.
5. The superior must set the standards of performance.

Mr. H. Frederick Wilkie has stated the problem succinctly, when he wrote:

One of the tragedies of conventional business is that it grooves men and women, that it limits their horizons immediately and keeps them limited indefinitely. Only a few ever emerge to become leaders in the real sense of the word. These men are largely products of a bizarre combination of luck, unusual individual capacity, and availability.¹⁴

Having defined the problem as one of broadening responsibility, and having indicated several methods through which it may be accomplished,

13. For further discussion on this point, cf. line and staff authority and relationships (Chapter 4) and problems in decentralized management (Chapter 6).

14. Wilkie, H. F., A Rebel Yells, D. Van Nostrand Company, Inc., New York, 1946.

we are prepared to tackle the next question. How do we get people to cooperate? We shall deal with this subject in the following chapter.

CHAPTER 3

Communications in Business Operation

The "Welding" Agent

Communication is basic to establishment of cooperation and maintenance of control. Without communication there is no authority and without authority there is no control. Absence of control breeds disorganization and loss of efficiency results. And inefficiency detracts from optimum fulfillment of responsibility. One of the first responsibilities of management therefore becomes one of engendering cooperation among employees in such a manner that they make maximum use of the resources at their disposal.

Man is not, however, cooperative by nature. Each person is an individual with potential in many different directions, but without a prescribed role in the material sense. He is born with capacity for both cooperation and conflict. The problem is to motivate him to cooperation so that he uses his abilities to his own advantage and that of the organization. The solution involves showing employees how their individual well-being is associated with that of the organization so that a group is created wherein all members work toward a common goal. This unity of purpose is accomplished through effective communication.

There Must Be Mutual Understanding

But communication depends upon understanding. Understanding by a superior involves understanding of his own position, the position of his subordinates, and the relationship between the two. Understanding runs the gamut of degree from mere intuitive familiarity, classification of attitudes and behaviors, and ability to follow directions, to more complex

abilities to evaluate and predict, identify causes, and integrate an isolated event into a whole. Employee satisfaction and development depends on promoting as high a degree of employee understanding as possible.

The supervisor is the man responsible for creating a cooperative climate. He does this not primarily by his knowledge, authority, or personality, but through use of words. Language is necessary to communicate ideas and feelings and regulate activities. The difficulty is that words, whether spoken or written, have different meanings for different people. Words, per se, have no power. A supervisor's task is to assure application of the intended meaning. This does not mean, however, that in conveying information he should become involved in a semantic impasse, groping as it were for the exact word to fit his meaning. What it does mean is that, in his instruction, he must be certain that both he and the worker have a similar reference in mind. This presupposes creation of similar interests, goals and attitudes. There must be mutual understanding before there is communication. The degree of understanding sought is dependent upon the degree of cooperation required.

Communication, then, must be reciprocal. There must be understanding or there is no communication. When a superior gives an order to a subordinate, he wants to know whether the subordinate understands. Usually a subordinate signifies understanding by some appropriate response. This is known as "feed-back." "Feed-back" is essential to mutual understanding and hence to communication. Therefore, when upward and downward communication are differentiated, "straw men" are created. Communication is, by definition, two-way.

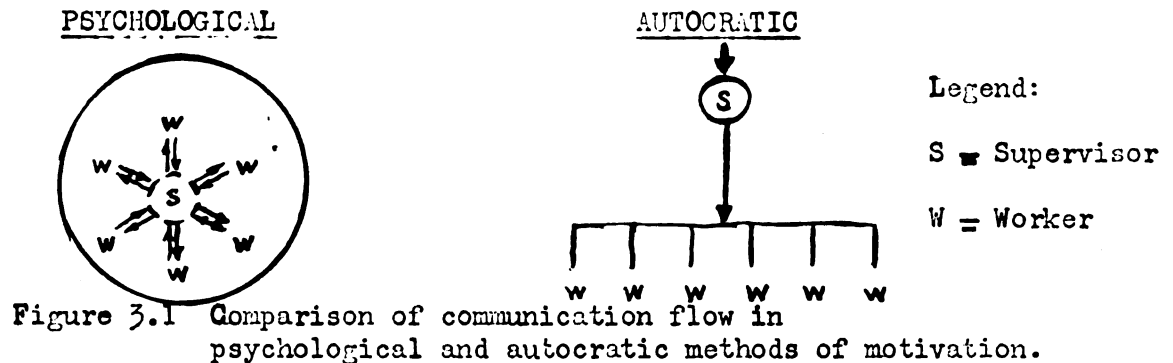
In order to improve communication we must first study the relationship between superior and subordinate. A superior is not often regarded as "one of the boys." Subordinates may tell him only what they think he wants to hear. When social and administrative distances are great, a superior becomes "wrapped in cellophane," isolated as it were from the inter-relationships among those whom he supervises. To circumvent this block, it is necessary for supervisors to develop the faculty of being good listeners and expressing their ideas last.

Communication is Motivational; Psychological Versus Autocratic Methods

We have seen that communication is essentially a motivational device. Motivational methods are of two general types: psychological¹ and autocratic. The psychological method is characterized by a "we" rather than an "I" management approach. It is democratic in that it promotes participation and a "working together." Autocratic motivation, on the other hand, is authoritarian and places emphasis on discipline and order giving. The more democratic form attempts to get things done by arranging the situation so that an employee will discharge his responsibility because he wants to do so. The distinction in the relationship between supervisor and workers under each method is illustrated in Figure 3.1. The left side shows the democratic form. It shows no difference in level between supervisor and supervised. It suggests that the supervisor is employee-oriented and gains cooperation and control through leadership. The right hand side shows the one-way activity characteristic of authoritarian control. Here the supervisor is management-oriented and maintains a maximum of social distance between himself and his employees.

1. Bellows, R. M., Psychology of Personnel in Business and Industry, Prentice-Hall, Inc., New York, 2nd Edition, 1954.

The supervisor gains acceptance through identification with higher management. He has one goal, quite apart from any consideration of the goals of the workers.



The psychological method of motivation does not abandon discipline and control. Everyone is not permitted to "get" what he wishes. Nor is supervision divorced from management. Employee-oriented supervision is most effective when the supervisor is influential with his own superior. In other words, democratic management must be practiced from top to bottom in an organization. The democratic approach accomplishes group discipline through participation rather than imposition. It is, simply, using informal aspects of organization. Psychological motivation seeks to reconcile conflicting attitudes and solve problems without creating newer and more difficult ones.

Distinctions between autocratic and psychological methods of communication is further illustrated in Figure 3.2. Differences are shown as they relate to decision making, communicating decisions, control, and the role of the supervisor.

2. Journal of Social Issues, Leadership Within a Hierarchical Organization, Pelz, D. C., Vol. VII (1951), pp. 49-55.
3. Maier, N. R., Principles of Human Relations, John Wiley & Sons, Inc., New York, 1952.
4. Bellows, op. cit., p. 53.

PSYCHOLOGICAL

AUTOCRATIC

Decision Making

Group discussion of problems	Absence of participation by group
Decisions made after group concurrence	Degree of concurrence unknown and disregarded
Decision-making recognized as a training problem	Decision-making regarded as a prerogative of management
Feelings of group members analyzed and recognized	Feelings of group members unknown and disregarded
Social climate analyzed and recognized	Social climate disregarded

Communicating Decisions

Participation and mutual understanding necessary	Orders by fiat; understanding not necessary
Workers discuss with supervisors and among themselves	Boss arbitrarily tells worker

Control

Psychological	Logical; legal
Staff organization emphasized	Line organization stressed
Social pressure	Supervisory pressure
Common goals	Diverse goals
Training and counseling	Discipline; enforcement
Non-directive	Directive
Problem solution	Shift from one problem to others

Role of Supervisor

Employee-oriented	Production and company oriented
Member of "in" group	Member of "out" group
Leader who has leader skills	Dictator
Group discussion moderator	Boss
Morale survey analyst	Authority
Expert	Commander
Counselor	Director

Figure 3.2 Comparison of psychological and autocratic modes of communication

Implications for Management Development

The implications of the recent trend toward group solidification through democratic communication are far reaching for development of leadership potential. Leadership and managerial activity are dependent upon social and working relationships in group activities.⁵ Thus, in measuring and fostering potential, emphasis must be placed on such techniques as situational tests and role playing, whereas in the past it has been done almost exclusively by psychological tests and training activities which attempted to isolate the individual from his prospective environment.

Management development programs of the future must stress learning of certain leader skills, based on the social psychology of employee motivation. The trainee needs to learn, through systematic and planned procedures, how, for example, to moderate a group discussion. He must be taught an objective rather than a subjective attitude. He must have an opportunity to acquire sufficient knowledge to enable him to command prestige in the eyes of the workers. In other words he must be capable of relying upon facts, rather than upon his position, to encourage acceptance among his subordinates.

These principles for the development of leader-supervisor set the stage for a new view by management of motivation and control of employee behavior.⁶ They will enable supervisors to set up the necessary psychological conditions for fostering the satisfactions employees can derive from their jobs.

5. Journal of Applied Psychology, Study of Executive Leadership in Business, Browne, G. G., Vol. XXXIII (1949), p. 526.

6. Maier, op. cit., p. 30 ff.

Perhaps the most valuable use to which communication can be put is in establishment of attitudes. For a man is largely what he thinks he is. A story which was heard recently indicates the importance of attitude:

Two workmen were breaking stone for the foundation of a large cathedral which was to be erected near the site of their workplace. A top level supervisor walked by and asked the first man what he was doing. He replied rather disinterestedly, "Oh, I'm breaking stone." The supervisor proceeded to the second man and asked him the same question. This man raised up and reported proudly, "Sir, I am building a cathedral."

Communications Initiated by Management

How can we go about striving to induce an attitude exemplified by the second workman? A number of techniques are in use all of which stress the giving, receiving, or exchange of information.⁷ Communication is introduced by management through use of posters, bulletin boards, house organs, letters, annual reports, handbooks and manuals, and pay inserts. Suggestion systems, employee polls, and attitude surveys are designed expressly for upward communication. Communication channels include collective bargaining and grievance procedures, meetings and discussion groups, counseling and interviews, and training courses.

Posters and bulletin boards should be used to share information in which employees are interested and which will be of benefit to them. They should depict a story in a precise way with a minimum of reading time. Messages must be current and promote positive action. They must not be used simply to convey warnings and "don'ts." Letters from headquarters

7. Heron, A. R., Sharing Information with Employees, Stanford University Press, 1942.

usually meet with considerable success. They receive a high degree of readership and serve to encourage pride in membership and a feeling of individual importance. Pay inserts are less helpful due to the employee's preoccupation when he receives his pay envelope. Employee manuals and handbooks are useful in establishing favorable attitudes, particularly in the critical early days of employment. As with posters and bulletin boards their advantages are minimized when they are used primarily to convey company regulations. In the house organ an employee can read of himself and his friends and obtain information on company officials, latest policies, promotions, and benefits. House organs are particularly effective when employees are allowed to participate by originating articles or submitting contributions for publication.

Communications Initiated by Employees

The tangible benefits which may result from employee suggestions include increased output, greater safety for workers, better working conditions, and lower costs through more efficient operating techniques. Intangible benefits include fostering a feeling of belongingness with resultant improved relations between management and workers. The critical point in success or failure is determined by the use and acknowledgment of submitted suggestions. Mere lip service is worse than no plan at all for it breeds loss of confidence. Suggestions which are used should receive financial reward and recognition in the company organ. Employee suggestions are particularly advantageous in that they start at the point at which the research man arrives only after considerable study to determine the problem. Employees become researchers every time they consciously think about how to improve their own performance.

8. Seinwerth, H. W., Getting Results from Suggestion Systems, McGraw Hill Book Company, Inc., New York, 1948.

Attitude surveys which attempt to determine worker morale are a relatively new technique. Interviews and questionnaires designed to learn of attitudes are best given by an outside agency, as employees may not be as willing to be fully objective with their own superiors. Counseling may be used for communication with advantage to both worker and management. In some firms, such as Western Electric Company, data obtained from counseling are tabulated, analyzed, interpreted, and used as a basis for future policies and practices.

A suggestion system may serve as a "training" agent. Contacts through a suggestion system foster personal development and self-improvement by pointing out to the employee where he is right and where he is wrong. Progress and growth depend in part upon knowledge of results. "Am I on the right track?...Am I doing all right?" The worker likes to have answers to these questions, and when they are given to him, he tends to grow.

Communication as a Control Element

But providing employees with indicators of their progress requires⁹ formulation of certain yardsticks which may be thought of as controls. These controls are exceedingly difficult to effect because of the dual nature of the situation which the administrator is attempting to control. On the one hand he is trying to control the economic objective of the enterprise; on the other, he is trying to control concrete human behavior in the cooperative situation, which is the only means through which the common objective can be attained. The same standards may not be conducive to controlling both. Standards or yardsticks can only be used to foster personal efficiency when the individual and the group of which he is a member are working together as a team. The supervisor must use controls as incentives.

9. For specific techniques, cf. discussion on merit rating in Chapter 5.

applying them with discretion and judgment, in order to secure the cooperation of his group in attaining the economic goal. For the creation of cooperation through mutual acceptance of common goals is the ultimate aim of all communication in business organization.

CHAPTER 4

Aspects of Authority

Theory of Authority

Authority is the character of a communication in formal organization by virtue of which it is accepted by a member as governing¹ his contribution to the enterprise. Authority then involves the acceptance of a communication as authoritative and the character of a communication by virtue of which it is accepted. If a directive or order is accepted, its authority for the person accepting is established. The order becomes his basis for acting. The decision as to whether an order has authority does not reside with the person who issues it, but with the person to whom it is addressed. Authority, therefore, rests upon acceptance or consent of individuals.

An individual within an enterprise will accept a communication² as authoritative only when four conditions are fulfilled:

1. He understands the communication.
2. He believes that it is consistent with the purpose of the organization.
3. He believes that it is compatible with his own personal interest.
4. He is able to comply.

Thus, acceptance of authority by an employee is governed by the nature of the order, recognition of consistency between individual and organization goals, and the individual's interaction with his social environment.

1. Barnard, C. I., The Functions of the Executive, Harvard University Press, Cambridge, Massachusetts, 1938.

2. Ibid.

Communications which are not understood have no authority. Until interpreted they have no meaning, and the recipient can at best ignore them or simply respond in any way in hope that it is in compliance. The importance of understanding for mutual acceptance, discussed in the preceding chapter, is further illustrated. Without understanding, there is no real authority. Many orders are issued in general terms. Perhaps the primary function of an intermediate manager or supervisor is to reinterpret the intended meaning of orders as they apply to a specific situation and be certain that his subordinates understand his interpretation.

A communication believed by the recipient to be incompatible with the purpose of the organization, as he understands it, will not be accepted. When it is necessary to issue an apparently conflicting order, it must be explained and demonstrated that the inconsistency is not real. Otherwise orders will either not be carried out or executed poorly. Furthermore, individuals must see that it is to their own self-interest to comply. When they cannot, absenteeism, turnover, and malingering result.

Authority in Practice

There exists within each individual a "zone of indifference" within which orders are acceptable without conscious questioning. At one end of this "zone" orders will be acceptable; at the other end, unacceptable. Orders which lie within the "zone" were anticipated at the time of placement. The width of the "zone of indifference" will depend on the degree to which employees are induced to contribute to the organization.

This concept of "zone of indifference" gives rise to the more usual concept of authority as proceeding from the top down. An individual goes to work for a company and submits his skills and abilities in expectance of receiving in return personal need and want satisfaction. As long as a

balance is maintained the fiction that authority resides in position is useful because a communal sense influences the motives of both superiors and subordinates on most occasions. What is at stake is the good of the organization. Thus, an individual delegates his responsibility, for making what is really an organization decision, upward, to those who are in a better position to accept it. Thus we have the familiar authority of position. When this position to which authority is imputed is filled by a person who by superior ability, knowledge, or understanding commands respect and prestige, then orders will prove acceptable which lie well without what would appear to be the "zone of indifference." This is the authority of leadership.

We may formulate a number of factors which contribute to the acceptance and workability of authority from the top down:

1. Lines of authority must be definitely established.
2. There must be a formal line for each individual in the organization. He must know to whom he is to report and for whom he is responsible.
3. Lines of communication should be as short as possible, as language is susceptible to misunderstanding.
4. A complete line of communication must be used, i.e., an order must pass through every stage of its line of authority.

This insures that:

- a. Responsibility is maintained.
 - b. Conflicting communications are avoided.
 - c. The "left hand knows what the right hand is doing."
5. Persons serving as supervisors and managers must be competent -- they must have leadership ability.

6. Lines of authority must be continuous and unbroken.
7. Every communication must be authenticated. That is, the person issuing must actually occupy a "position of authority."

Authority, must be delegated and must be commensurate with responsibility. As we have seen, authority, to be most effective, should be composed of authority of knowledge as well as authority of position.³ A manager who has both is an effective leader. With only the latter, he is but a titular head. Position may command compliance, but knowledge commands respect. A superior can delegate only authority of position. Knowledge is derived from education and training.

An Example of Authority; "Bottoms-up" Management

Maximum delegation of authority is essential to thorough employee development. One of the pioneers in the food retailing industry in maximizing authority in order to develop leadership potential is Mr. Franklin J. Lunding, Chairman of the executive committee of Jewel Tea Company. Company policy is predicated on what is known as a "first assistant" philosophy. This means that every manager is first responsible for assisting his subordinates in the solution of their problems, rather than the usual practice of having subordinates assist the manager. This does not mean merely making recommendations for improvement, but actually sitting down and grappling with problems. Responsibility and authority are placed as close as possible to the actual work load and managers are expected to give advice rather than issue orders. Managerial duties and responsibilities are not defined in detail in company manuals. The theory is that detailed definitions inhibit initiative and the company believes that the man makes the job. When frictions occur, it is up to the top man in a department to reconcile differences.

3. In the line and staff organizational structure, a staff officer must rely wholly on the authority of knowledge, except within the limited environs of his own immediate staff section. Cf. discussion of line and staff functions and authority below.

To set an example for his managers, Mr. Lunding gave up the job of
president in 1951 and became "first assistant" to Mr. G. L. Clements. 4

Authority Must Be Made Commensurate With Responsibility

The scope of authority of anyone responsible for the work of others must be made known to all concerned, particularly to anyone who may have to cooperate by carrying out part of an assignment. Furthermore, all changes in scope of authority must be communicated to employees before friction can occur.

Although delegation of authority by a supervisor is sometimes difficult (due perhaps to his responsibility, interest, and knowledge) he must make real grants if he hopes to teach his subordinates to make decisions and mature in administrative stature. Granting insufficient authority has undesirable results. Work may not be done, and the supervisor becomes disappointed and perhaps critical of his subordinate, who feels that the failure is not his. A subordinate is likely to feel frustrated and resentful because his opportunity to improve his managerial ability is thwarted through limitations on his decision-making authority. If he proceeds in an attempt to discharge assigned responsibilities without sufficient authority he will most certainly cause ill feeling among his workers. Conflict is minimized and personal development maximized by granting, at all times, the authority necessary to carry out assigned responsibilities.

Line and Staff Organization; Functions and Authority

Back in the early days of the first industrial revolution, when individual business enterprises were, for the most part, quite small, most companies were organized in a straight line manner patterned after the old

4. Clements, G. L., Jewel's "First Assistant" Philosophy. Address given at the AMA Personnel Conference, February 28, 1951.

military. Line organizations were characterized by complete grants of responsibility and authority to each department head. Each hired and trained his own men, each planned his own work and set standards of performance. Each department was almost completely autonomous.

As organizations became larger, responsibilities became many and more varied. Certain functions, such as employee selection and training, for example, became subordinated to the primary task of operations, and hence were performed inefficiently. Although straight line organization had the advantages of placing responsibility completely and directly (eliminated buck-passing), and having a direct chain of command from top to bottom, managers and executives became overloaded and efficiency was impaired.

Frederick Taylor, in the 1880's, proposed a drastic change. He felt that functions at various levels should be separated and the work of one man at a given level divided among several, each with a specific function. Each man would become an expert in a more limited sphere of operation. The line form of organization was essentially retained, except that subordinates called upon different specialists for solutions to different problems. Each specialist had direct supervision over workers only so far as his own function was concerned. The plan failed because of conflicts caused by debates over jurisdiction and because of divided accountability, but it was instrumental in the rapid development of the line and staff form of organization which is used today by virtually every large enterprise.

In the line and staff form, line organization is retained, but line officers are relieved of certain work which applies to all departments and which requires specialized training. This work is transferred to staff departments who are in charge of these functions. The purpose of staff departments is to serve line elements in an advisory capacity and assist

line officers in accomplishment of their work. Staff departments are administered by heads who are responsible to line officers who are relatively high in the organizational hierarchy. They may, however, be appended at any point in the line structure consistent with the scope of the particular staff service. Thus it is seen that in a line and staff organization there are a considerable number of cross-contacts and interrelationships at various levels and between levels which require a high degree of cooperation and coordination between line and staff, line and line, and staff and staff. In view of these interrelations and the sources of conflict that may be engendered, it is necessary first to set down the roles of both line and staff in the formal organization structure.

In order to differentiate between line and staff we may begin by recognizing five functions of line officers:

1. They are concerned with the primary activity of the business.
2. They have authority to make decisions.
3. They have authority to initiate action.
4. They have authority to command
5. They are empowered with the right to create new jobs and functions.

At this point it is necessary also to summarize four fundamental⁵ aspects of line authority:

1. Line authority flows in a direct line from top to bottom.
2. Each supervisor has more limited authority than his immediate superior.
3. Each supervisor is responsible for the actions of those below him.
4. Each person in the line has but one immediate superior.

5. Derived from its assignment from below. Barnard, op. cit.

There are, similarly, three basic functions of staff officers:

1. They are concerned, not so much with the primary activity of the business as with providing advisory assistance to line officers.
2. They can assist the line at any level and be so attached.
3. They are only empowered with the right to recommend. They can neither decide nor give orders.

But in order to justify their own existence, and not become subservient to line officials, staff officers are endowed with capacity to exercise authority as well -- not authority of position, but authority of superior ideas, derived from the service which they perform. This authority and responsibility may be no greater than that of the line officer to whom the staff section is immediately attached. Further, line authority may not transcend to or be usurped by a staff officer.

In an increasingly large number of companies, the work of management is divided according to functions. Since most of these functions are specialized services, organization charts appear top heavy with staff. This increase in staff functions is likely to create conflict between line and staff. This potential to conflict is accentuated by the fact that line men cannot always keep up with all the technical aspects of their jobs. Thus, staff men have often assumed command, or at least veto power, over the line. Some staff men, through power of expert knowledge, ideas, or service, have actually achieved indirect authority over line operations.

Conflict need not necessarily result if the staff function in organization is clearly understood -- if staff is recognized as existing

solely to assist the line in control and coordination. When staff assists line in control it is usually on technical matters concerning functions which are continuous within the organization. This control is primarily in terms of standards established by the line. It is essentially inspection of performance to see whether it conforms to specifications. The information-bearing, advisory, or coordinative function of staff is usually assigned to a general staff assistant. Rather than being confined to a particular technical function, a general staff assistant is concerned with almost anything which may be of interest to his line superior. He gathers facts, does much of his principal's "leg work," and saves time by analyzing and digesting lengthy reports. He may be empowered by his principal to do much of the planning for his principal's approval and future execution by "subordinate" line officers.

Personnel Administration is Primarily a Line Function

In the following chapter the function of the staff in personnel development will be considered. Specifically, the role of the personnel department in personnel administration and employee satisfaction and growth will be viewed. That but one chapter is devoted to specialization of the function of employee development is in no way meant to minimize the importance of the personnel department. On the contrary, the procedure followed is designed to maximize its importance by viewing it in proper perspective. In food chain management today, operations are pretty well standardized. Although it is true that different chains have attained various levels of experimentation with new procedures, merchandising methods known to one are pretty well

6. Mooney, J. D., The Principles of Organization, Harper and Brothers, New York, 1947. Mr. Mooney states that staff service has three phases -- informative, advisory, and supervisory. The supervisory phase consists solely of an inspection function.

known to another. The critical factor in a competitive situation is the people who comprise the organization. Personnel development, then, is a primary activity of a food retailing chain. Thus, if consistency with principles of organization outlined above is to be maintained, personnel administration must be viewed first and foremost as a line function. It is for this reason that the continuity of this paper has been such as to stress the line organization approach to personnel development. For it is sincerely believed that the success or failure of personnel development lies wholly within the realm of relationships between superiors and subordinates. If this thesis is accepted, then the necessary and vital role of the personnel department in the development of men who will be capable of assuming future roles of leadership in a food distribution organization may be considered.

CHAPTER 5

Specialization in the Function of Personnel Development

In the preceding chapter we have attempted to show the elements of both line and staff authority in the business enterprise. We have seen that staff departments arise out of a need for specialization of functions. This specialization of function, and resultant creation of a staff department, may have one of two roots: either the function is so highly technical in nature (and removed from the primary function of the business) that it requires a man with specialized abilities, or it is a general function which applies equally well to all phases of the operation. Although personnel administration has its technical aspects, specialization of the personnel function is primarily justified by its applicability to all departments, be they line or staff. In this latter circumstance, a function (personnel administration, in this case) is seen as a responsibility of both line and staff. This dual responsibility need be neither paradoxical nor a source of conflict if the roles of line and staff, as previously presented, are clearly understood and practiced. What is of utmost importance is that the specific scope and limitations of the personnel department are detailed in such a manner that both line and staff know where the duties of one begin and those of the other end.

There are a number of writers in recent years who have proposed that any division of responsibility between line and staff for administration of the personnel function is detrimental to the morale of line officials.¹

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1. Notable examples of advocates of this "new" school of organization and management are Drucker and Gardiner. For specific illustrations, cf. Drucker, P. F., The Practice of Management, Harper & Bros., New York, 1954 (Chapter 21) and Gardiner, G., The Operating Executive and the Personnel Department, Personnel Series No. 121 (Personnel Functions and the Line Organization) American Management Association, New York, 1948 (p. 7).

They claim that Taylor's scientific management, as exemplified by extreme functionalization (from which our modified present line and staff organization is derived), separates the "planning" from the "doing" and, as a consequence, takes all the "fun out of life" for those who are charged with responsibility of command and execution. Although these charges and their far reaching implications, within and outside the realm of personnel management, may have reasonable grounds in certain instances, it is the opinion of the author that each organization form has its disadvantages --
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not so much in principle as in practice. Where pains are taken to define duties and responsibilities in each case, and the departments concerned are supervised for compliance, no detrimental effect is likely to exist as a result of divided responsibility. However, it is not our purpose to make a case for or against line and staff organization, nor to consider the pros and cons of scientific management. Rather, we are proceeding on the assumption that a personnel department can be of vital assistance to line officials in the development of people capable of assuming increased responsibility.

There are a number of specific techniques which are useful to the line manager in fulfillment of his responsibility for employee development. In the remainder of this chapter a number of the more basic methods will be examined and an effort will be made to point out where they can be best performed within the organization. Many food chains excel in utilization of a number of these methods. In others, food chains might well attempt to

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2. Many of our most useful techniques are dependent upon scientific management. Among these are: a) job analysis which tells us what duties a job entails and is the very backbone of personnel management and b) various methods used for the development of leadership potential. To "outlaw" scientific management would be to deny the net advantage we have derived from it.

apply examples taken from other industries. With the expansion of recent years and the dynamic changes which have characterized the "supermarket revolution," it has been necessary in many cases, to forego formal programs of personnel development. At best some chains have been able to outline only the broadest plans. Future growth, indeed survival, of a chain supermarket company is directly dependent on planning to fulfill personnel needs. With this in mind we shall briefly examine the following personnel tools:

1. Job analysis and manpower planning.
2. Training and education.
3. Employee appraisal systems.
4. Job evaluation and wage administration.
5. Testing³

Job Analysis and Manpower Planning

Job analysis is a study which relates to the tasks that comprise a job, and to the skills, special abilities, and requirements for successful performance that differentiate jobs, described from the viewpoint of worker characteristics.⁴ Thus, job analysis is designed to answer three fundamental questions:

1. What are the requirements of jobs to be filled?
2. How many people need to be developed (procured)?
3. What kind of people need to be developed?

Job analysis serves as a basis for all personnel programs and policies.⁵

3. Procurement methods are not considered. The discussion is confined primarily to development, maintenance, and utilization of the working force especially as they can be best used to meet future requirements.

4. Bellows, R. M., Psychology of Personnel in Business and Industry, Prentice-Hall, Inc., New York, 2nd Edition, 1954, p. 187.

5. Organization planning must begin with job analysis (See Chapter 1). Note also that the first steps in the United States Rubber Company's executive development program (Chapter 2) are accomplished through job analysis.

Although it is essential that every line official know the elements of the jobs for which he is responsible, it would be unduly optimistic in a large company to expect any one line officer to know the duties of each job at all levels. Since such knowledge is necessary for establishing a program of employee development, the personnel department can be of inestimable value in compiling job descriptions, combining similar jobs, and acting as a clearing house for job information. Thus, job studies are usually made by the personnel department with the primary purpose of assisting line officers by making statements of job duties and requirements available to them. In this way, both line officers and the personnel director make certain they are going in the right direction, a basis for division of responsibility is provided, and a yardstick for evaluation of additional development procedures is established. Figure 5.1 shows that nearly all personnel policy formulation and action relies to some degree on job analysis:

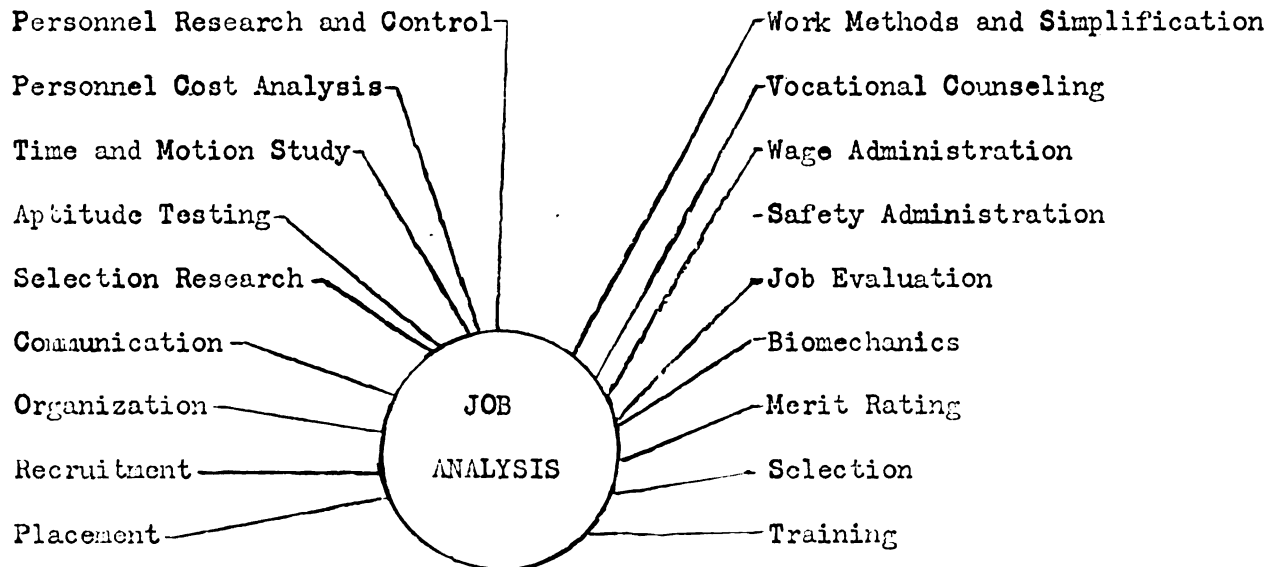


Figure 5.1. Relationship of Job Analysis to other personnel methods

Information for a job analysis may be obtained from three basic sources:

1. Questionnaires submitted to incumbents and their supervisors.
2. Interviews with employees and supervisors.
3. Observations or work place audits conducted by an analyst.

The information obtained provides basis for a job description -- a statement setting forth the characteristics, duties, and responsibilities of a specific job. The description, in turn, gives rise to a job specification which states the requirements or standards which must be met by a person who is to fill a job. The important fact is that a job description and specification define the minimum acceptable standards for performance. Occasionally performed functions should not color the overall description. Job descriptions derive perhaps their greatest benefit from information which is included relevant to their relationships to other jobs, both from the viewpoint of procedures and the organizational structure. Needless descriptions are not written and an integrated pattern results. This is especially significant in maximizing benefits to be derived from programs of training and development. Logical routes may be followed in a system of "planned progression."

Training and Education

In the broad sense of this thesis, training is not a phenomenon which is consciously imposed, but rather a benefit which evolves from a firm, sound organization designed to facilitate development. As such, it is, first and foremost, a line function. Although this is fundamental, line training is rarely sufficient in itself. The personnel department must devise formal programs which supplement mere training through experience. Whether a training program is primarily on-the-job training or conducted at centrally operated schools, conferences, or meetings, it is useful only if line superiors

know for what their subordinates are being trained. Therefore, a job analysis must precede training as it provides the basis for determining specifically what is to be taught.

Some writers on the subject of training distinguish between training of so-called "operative" employees and training of executives.⁶ While this distinction may be useful in denoting differences in skill levels required to be taught, it is misleading in the sense that it indicates that there is somehow a difference in principles of training to be applied under various conditions. It is evident that executive training will deal with the development of different abilities (primarily formulation of principle and techniques of supervising people as opposed to mastery of specific skills), but the same principles of training effectiveness apply to each.

All methods of training ultimately "boil down" to three basic forms of teaching which are applicable regardless of whether training is conducted on-the-job by line officers or by the personnel department at centrally operated schools:⁷

1. Informing
2. Instructing
3. Conferring

The process of informing has been widely used in the past. It involves essentially the lecture method where only the trainer speaks for a specified period of time. Retention is poor as only about 25 per cent of the ideas may

6. Cf., Jucius, M. J., Personnel Management, Richard D. Irwin, Inc., Homewood, Illinois, 3rd Edition 1955.

7. For an application of these three principles see the experience of the United States Rubber Company as reported in Sales Management, November 1, 1947, p. 112.

be recalled after two days. The instructing method places emphasis on proper performance of a specific skill. Lecture, demonstration and practical exercises are usually involved and the trainees are permitted to ask questions to clarify points in an attempt to improve their own understanding and performance. This is evidently an improvement over the straight lecture. In recent years, however, the final method -- the conference -- has found more widespread practice. In the conference method, stress is placed upon discussion in expectancy of "generating heat through friction created by rubbing elbows together." In the discussion, trainees learn by sharing experiences and thereby developing ideas. Emphasis is on promoting constructive thinking rather than mere imitation. The trainer is a leader rather than a symbol of authority. Since training is a form of communication we may relate the role of the conference trainer to that of a "democratic" leader as expressed in Chapter 3. A serious drawback to the use of the conference is that, if leadership is not expert, it may not provide discernible norms or guideposts to direct future behavior of trainees. The conference straddles the line between training and the broader concept of education.

Education is concerned primarily with attitude establishment. Raising the cultural level of employees is becoming recognized as a primary responsibility of business leadership. Education is designed to evoke a wider appreciation on the part of the employee of his own role and the mutual interdependence of himself as an individual and the organization for which he works. The aim of education, then, is to improve or maintain morale. Education is designed to improve the ability of an employee to adapt to his environment. It attempts to improve his opinion of himself and foster

an understanding of his role by showing him "the why" as well as "the how." We shall deal with the subject of morale and its development more fully in a later chapter.

8

Employee Appraisal Systems

Evaluation of individual employees has two aspects -- objective and subjective. Objective appraisals seek to measure an employee's worth in light of contributions made. Thus we have the characteristic methods of judging a store manager, -- by the last line of the profit and loss statement, by "overages" or "shortages" in inventory, by labor turnover, and so on. Variations, however, exist among opportunities for different managers. Furthermore, these objective measures are derived from a number of factors over which a manager may have little control. Therefore, objective appraisal alone is an inadequate measure of an employee's value. A complete evaluation requires use of subjective appraisal as well.

Subjective appraisal plans attempt to go beyond mere employee contributions and seek to determine those individual characteristics which cause results and which cannot be measured quantitatively with reliability. Objective appraisal systems get into the subject of profit control which is beyond the scope of this paper. What follows applies especially to subjective evaluation, commonly known as merit rating. Yet both subjective and objective measures are required for a fair and thorough appraisal.

The personnel department is ordinarily responsible for initiating a merit rating plan. Introduction by the personnel department insures uniformity of rating procedure and consistency of characteristics rated from supervisor to supervisor throughout the line organization. Furthermore, the central personnel department is more ideally equipped to maintain records of all ratings. The ratings themselves, must be administered by immediate line supervisors, however, as they are in the best position to

judge their subordinates.

Ten purposes of merit rating have been proposed by the National Industrial Conference Board in a survey of ninety-four companies:

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

Space does not permit a detailed analysis of the advantages and disadvantages of each of the merit rating plans. There are, however, seven methods currently in use:

1. Graphic rating scale
2. Forced distribution
3. Man-to-man comparison

9. Personnel, Developing an Employee Merit Rating Procedure, Bittner, R., Vol. XXV, No. 4, January, 1949, p. 277. Note that the advantages to the line are emphasized in this statement of purposes.

4. Ranking (order of merit)
5. Paired comparison
6. Check List
7. Forced choice

10

The graphic rating scale is by far the most widely used, due primarily to its simplicity and ease of application. It is composed of a list of traits with a divided scale next to each on which the rater marks the degree to which the ratee possesses given characteristics. To provide assistance to the rater and promote uniformity among raters, it is best to define each trait and to describe the meaning of each division on the scale. To eliminate "halo" it is desirable not to number the various divisions of the scale. An extract from the executive evaluation chart of the Grand Union Company (Figure 5.2) will serve as an example. Note that the trait and each degree thereof is defined for the rater:

DEVELOPMENT OF PEOPLE

Definition - The faculty of selecting right personnel to fit job requirements and to train subordinates.

Poor judge of people and job requirements. Tries to do everything himself.

Plays favorites and is prejudiced in judgements. Training ability poor. Overburdens self with detail.

Has good appreciation of organizational values and attempts to improve through proper selection and delegation of authority. Trains satisfactorily.

Appraises personnel rather accurately. Successful in apportioning work load. Builds sufficient organization.

Has keen ability to train and select key subordinates. Delegates authority very effectively. Wholeheartedly interested in company and personnel.

Figure 5.2. Example of use of graphic rating scale.

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10. For an excellent appraisal of the merit and utility of each of these plans, consult Bellows, op. cit., chapter 17, p. 377 ff. The primary responsibility of the personnel department in administering any one of these plans is to instruct line supervisors in their use in such a way as to make possible future administration by them, independent of the personnel department itself.
 11. In a survey of 125 companies, 106 (85%) used the graphic rating scale. (Personnel Journal, Some Common Errors in Employee Merit Rating Practices, Mohler, W. R., Vol. XXVI, 1947, p.68)

Again, as in planning a training program, it is necessary to begin with an idea of what characteristics are important -- just what it is that is to be evaluated. Job analysis provides the basis for determining the traits that are important and will be appraised.

Job Evaluation and Wage Administration

Job evaluation is a system whereby jobs are rated and compared for the purposes of determining wages. Most of the available data on job evaluation in the field of retailing has been taken from department stores. One survey indicated that about one-third of retail establishments used one of several forms.¹² Still another survey in 1951 reported that only 22 out of 207 department stores employed job evaluation plans, but that an additional 62 organizations were then installing or planning to install programs.¹³

Frequently in a work situation, relative wages are more important than absolute wages in determining employee morale. A given employee may be well satisfied with his pay until he learns that a fellow worker who is doing substantially the same work is paid at a higher rate. Job evaluation is designed to remove such inequities and thereby remove a potential source of worker dissatisfaction. Four basic methods are in use:

1. Ranking
2. Classification
3. Point method
4. Factor comparison¹⁴

12. Bellows, R. M., Estep, M. F., and Cox, D. F., Department Store Personnel Practices Survey (unpublished report), 1947.

13. Personnel Series No. 2, Job Evaluation in Department Stores, Spriegel, W.R. and Lanham, E., University of Texas, Austin, Texas, 1951.

14. For detailed description see Bellows, op. cit., p. 410 ff.

All of these methods propose to take the factors which enter into a job from the job analysis, and either qualitatively or quantitatively assign a weight to each relative to the degree to which a particular factor is found in other jobs within the company. Community and industry wage surveys are then made and comparable wage rates assigned in accordance with the results of the job evaluation. Because of union demands for uniformity and the difficulty and complexity of establishing a company wide wage structure, it is recommended that job evaluation and wage administration be performed by the central personnel department. However, collaboration with line officers in formulating a wage plan is essential.

Testing

Although tests are considered to be of use primarily in the selection process, they may find application at almost any point in an employee's work history. The idea behind testing is to attempt to determine an employee's present ability to do a certain job and his likelihood of future success. The majority of recent attention in this area has been focused on psychological testing which attempts to measure the characteristics of a man. Psychological tests have been more successful in predicting failure than success as candidates may not do well for reasons other than lack of ability. Many administrators have been skeptical of psychological tests because of the difficulty in validating them. Doubtless a number of worthless tests have been placed on the market, but many are valid and reliable. A test can be an expensive luxury, so it is mandatory that, if an investment is made in a testing program, tests be devised or bought which measure what is desired and that they then be fully used, not as a single predictor, but in conjunction with other methods.

Tests are best used when cut-off scores are first established.

Candidates who exceed the top limit may prove bored and hence dissatisfied on a given job, while those who do not exceed the lower limit probably will not have the necessary ability to succeed.¹⁵ A profile is then set up for the various characteristics at each limit. Each candidate's scores are then plotted against the profile on each of the traits to be measured. A selector can see at a glance whether a candidate's profile falls within the predetermined limits.

Of more recent interest are "situational" type tests for potential managers, supervisors, and executives designed to test leadership ability. These tests were developed during the war as "leaders' reaction tests" and have recently found application in business. There is still much research to be done in the field of leadership, but it is now recognized that leadership is dependent as well upon the situation as it is upon inherent individual characteristics. As the group concept of leadership (as a process of interaction) gains wider acceptance and recognition, it is likely that increased emphasis will be placed on testing methods which involve people and a situation. For it is indeed difficult to predict what a man will do in a position where he is charged with supervising people, when the prediction is based upon a test administered in "isolation."

With this increased emphasis in measuring performance in an operating situation, it becomes mandatory that tests be introduced in such a manner as to be readily administered as far down the line organization as

15. No doubt many good candidates are lost in this way, but if limits are realistically established they will include the greatest percentage of likely successes and, by the same token, eliminate probable failures.

test subjects are to be placed. Thus, line officials must be instructed not only in methods of test administration, but in methods of interpreting results.

In this chapter we have attempted to indicate a number of personnel techniques which find use in personnel development. Many are somewhat specialized and "technical" in character and hence justify use of a personnel department to assist line supervisors in their tasks. These methods are invaluable as means to the development of people. When the personnel department utilizes these techniques as ends in themselves, however, cooperation is not gained from line officials and conflict is likely to follow. In the "ideal organization", the personnel department has the responsibility of training line supervisors in administration of these techniques. Line officers, then, become more actively interested and self-reliant and the personnel department fulfills its primary functions of offering advice and assistance.

CHAPTER 6

Determination of Span of Control

The Problem

One of the most basic decisions in the process of organizing concerns the number of people that one man can most efficiently supervise. Can we arrive at an ideal unit of supervision? It is the purpose of the present chapter to explore the span of control concept, the means by which "optimum" span of control is achieved in a given organizational situation, and how these means may be utilized to develop managers and executives for expanded food chain operations of the future.

Span of Control Defined; Pyramidal Versus "Flat" Organization

Span of control is defined as the number of subordinates that ¹ one executive can properly oversee. Wide differences of opinion have led to the development of two schools of thought as to what this number should be. One school advocates a pyramidal organizational structure with tight control from the top and relatively little delegation of authority. Proponents of this form of organization reason that an executive can supervise only a minimum number of subordinates. Others, however, favor a flat structure with greater emphasis on delegation and fewer levels of command. Those who favor the flat form feel that a looser span and less thorough supervision are more democratic and provide the incentive for greater employee initiative and improved morale and operating efficiency.

1. Moore, F. G., Manufacturing Management, Richard D. Irwin, Inc., Homewood, Illinois, 1954, p. 51.

Span of Control at Lower Levels

There is, unfortunately, no hard and fast law which we can apply in solving this dilemma in all cases. Experience has shown that there are definite limits to the number of operative employees who can be personally supervised by a minor supervisory executive. One author advocates one supervisor for every 20 to 30 employees at lower supervisory levels.² Still another has concluded that 25 is the optimum number.³ More recent estimates based on observations of the steel industry indicated that 18 to 26 men could be best supervised by one first-level supervisor.⁴ For most concerns the range for an optimum unit of lower level supervision seems to vary from 10 to 30 employees. There are a number of factors which account for this range. Rapidly changing situations usually make it necessary to give more frequent instructions and direction and hence exercise closer supervision of performance. Operative employees who are well trained in their work and indoctrinated and oriented toward a single corporate purpose require less supervision than those who are not. Wide physical dispersion of elements generally demands a smaller supervisory unit as the difficulties in exercising face-to-face leadership increase with loss of contact between superior and subordinate. Allied to this factor is the necessity for exercising visual control of operations. The extent to which operative work is routine or repetitive is also a determinant.

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2. Fayol, H., Industrial and General Administration, International Management Institute, 1930.
 3. Jones, E. D., The Administration of Industrial Enterprises, Longmans, Green, 1925.
 4. Davis, R. C., The Fundamentals of Top Management, Harper and Brothers Publishers, New York, 1951.

"Span" Decreases as One Proceeds Upward

As one proceeds up the management ladder, the unit of supervision becomes gradually smaller. This fact is related to the nature of executive activity which becomes more concerned with overall objectives and ends and which places increasing emphasis on leadership. Managerial responsibilities involve numerous indirect contacts and cross-functionalization. Decisions become more original and involve analysis of impact and long range future conditions. Clearer judgment and vision are required. An executive is plagued with detail by having too many subordinates report to him. His operational efficiency and personal well-being may become impaired. When the span is too great, loss of control may occur through over-delegation and lack of coordination and conflicts of responsibility may develop. Too small a unit can also be detrimental. The executive payroll becomes exorbitantly high, the number of "levels" increase (communication is more difficult), and there is a tendency to delegate too little authority and responsibility (harmful from the viewpoint of employee development).

There is, however, an optimum higher management range as there is at the lower levels. One author recommends a four-man unit for manufacturing.⁵ Another conclusion from manufacturing research recommends a 1:6 ratio.⁶ In a department store buying organization, one merchandise manager can supervise ten buyers.⁷ In general it may be said that the optimum unit of executive supervision varies from 4 to 10. The factors which determine where within this range a given company should plan "to hit" are similar to those detailed

5. Fordham, T. B. & Tingley, E. H., Organization and Budgetary Control, Ronald Press Company, New York, 1934.

6. Jones, op. cit., p. 2.

7. Fri, J. L., Retail Merchandising, Planning and Control, Prentice-Hall, Inc., New York, 1926.

above for first-level supervisors. A number of additional factors are also influential:

1. Frequency with which major problems are presented for decision.
 - a. Number and duration of conferences required for clarification.
 - b. Time required for study of data and opinions.
2. Rate of growth of the organization. Major problems develop more rapidly in a situation of dynamic growth than in a more static condition.⁸
3. The characteristics and requirements of work for which subordinates are responsible.
4. Extent to which functional similarity has been observed in formation of organizational groups; the more dissimilar the assigned functions, the smaller the unit of supervision.
5. The degree of staff specialization; the larger (and more competent) the number of advisory units, the wider the span of control.

Graicunas' Theorem; Relationship Between Subordinates and Contacts

A relationship has been derived which expresses the need for a more limited span of control as one proceeds upward in the management hierarchy.⁹ Expressed mathematically this relationship is:

$$C = N \left(\frac{N}{2} + N - 1 \right)$$

where C is the total number of different contacts of all kinds and N is the number of subordinates who report to a single executive. This expression means simply that as the number of subordinates reporting to an executive increase arithmetically, the number of contacts (and hence the

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8. This factor argues strongly for a smaller unit of supervision in higher levels of a food chain.
 9. Graicunas, A. V., Relationships in Organization, Bulletin of the International Management Institute, March, 1933.

complexity of coordination) increases geometrically. The relationship is¹⁰ graphically illustrated in Figure 6.1. It is seen that the slope of the curve rises sharply beyond 5 or 6 subordinates.

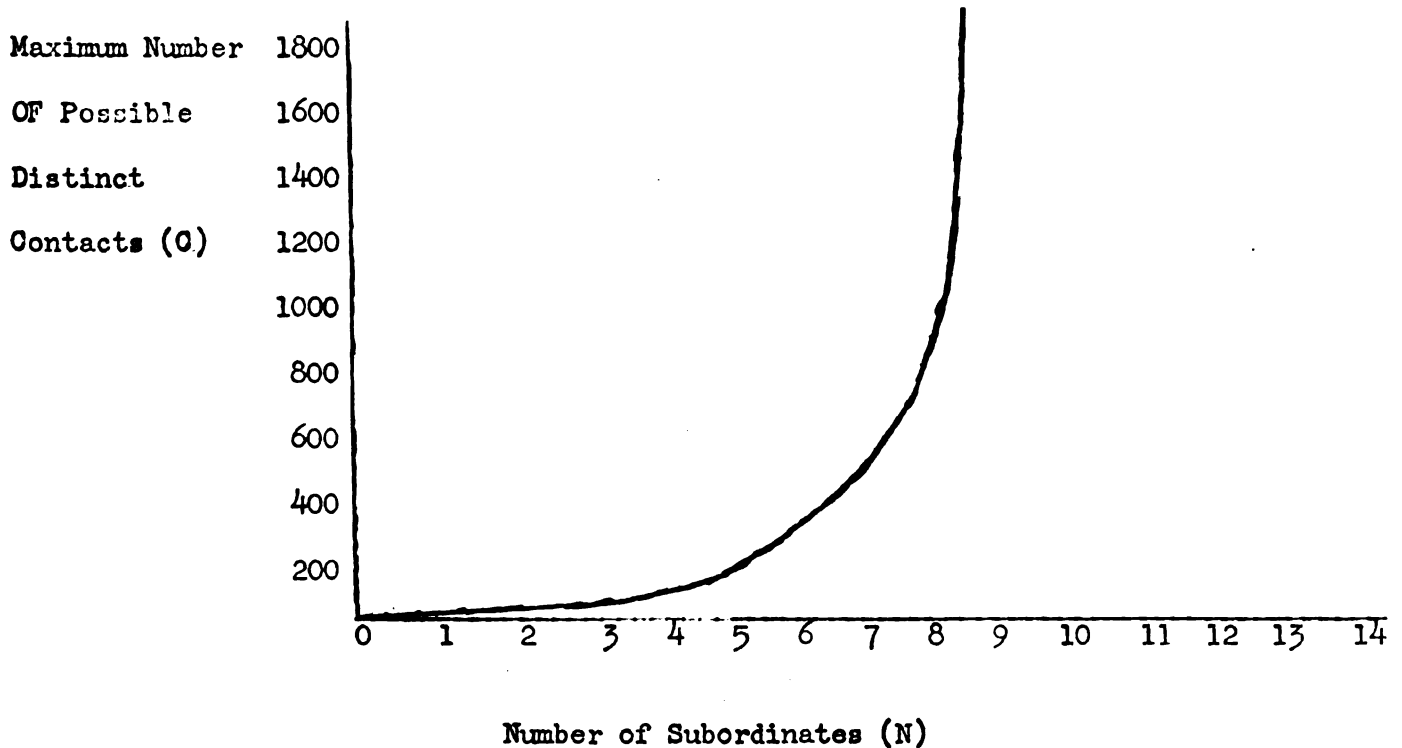


Figure 6.1. Increase in Complexity of Executive Task with Increase in Number of Subordinates Supervised

Wider "Span" Encourages Delegation; Provides For Employee Development

Larger units of supervision and wider spans of control are accomplished through the medium of decentralization. The pyramidal structure, on the other hand, is characteristic of centralized operations. The flat type of structure, characteristic of decentralized management and operations, has the greater possibilities for development of people. Expanding the number of people over which a manager or an executive has control forces him to delegate. It is this act of maximizing responsibility down the line which

10. Maynard, H. H. & Nolen, H. G., Sales Management, Rev. Ed., The Ronald Press Company, New York, 1950.

provides the greatest opportunity for full use of talents and furthers growth of individual resources and capacities. Maximum delegation has a further advantage in that it makes use of the "exception" principle, i.e., by the process of delegating, a manager is relieved of detail and permitted to concentrate on his primary tasks of planning and coordination. Only "exceptional" operating situations come to his attention. From the operating viewpoint, primarily, decentralized management has still a further advantage in that it permits greater flexibility in meeting local demands.

Centralization versus Decentralization

Thus, a number of key factors seem to point toward decentralization. Eventually, however, a "point of diminishing returns" is reached. Those who favor the more militaristic, autocratic, and centralized pyramidal structure say in rebuttal that democracy may be commendable, but that encouragement of individual initiative through participation and a minimum of social and administrative distance soon breaks down organizational efficiency. The element of control is weakened and "familiarity tends to¹¹ breed contempt."

Apparently, then, both centralization and decentralization have their advantages and limitations from the viewpoint of formal structure. If we are to find more data upon which to base a conclusion we must look at the informal organization and view the morale which exists under the¹² respective forms. Sears, Roebuck and Company made a most illuminating¹³ survey as recently as 1949. Sears, widely known as a model of decentralization in modern retailing, still had a number of stores organized on a

11. The question of democratic vs. autocratic supervision from the viewpoint of communication has been discussed in Chapter 3.

12. The subjects of informal organization and morale are treated separately in the following chapter.

13. Fortune, Problem for the Front Office, May, 1951.

pyramidal basis and were considering the possibility of going completely over to the "flat" type of organization. The survey seemed, on the surface, to reveal that a complete switch over would be desirable. The "flat" stores had the higher morale and provided the larger number of "promotables." Closer observation revealed that competent executives in the pyramid could not have functioned as well in the looser structure. In the words of James O. Worthy, then of the Sears Company, "to change the structure, you would have to change the guys."¹⁴ Thus the conclusion developed in the last chapter that leadership and managerial proficiency depends, at least in part, upon the "context" seems to have some validity.

Baveles at M. I. T. conducted a series of experiments designed to determine the relative efficiency of each structure. He took two groups of five people each. One group he placed in a "circular" communications network designed to simulate "flat" organization and the other in a network representative of the traditional line hierarchy. Then he gave each problems to solve by exchanging messages. The "circular" group proved relatively happy and inefficient, the other group comparatively efficient but unhappy. He concluded that morale is intimately connected with the degree of participation but is not necessarily synonymous with top efficiency. At this point, however, he complicated the problem by beginning to introduce changes in the proceedings. Now, the "circular" group proved adaptable, while the more rigid group showed a marked loss of efficiency. Since the

14. This illustration provides some insight into the dilemma posed in an earlier chapter about organization planning. Should the organization be fitted to the people currently employed or vice versa? Apparently Sears felt that, at least in the short run, the organization should be built around the people. Long range organization planning, however, recommends developing the organization first and then training new people in the pattern.

business situation is never static, but in a constant state of flux, the case seems strong for the "flat" or decentralized organization from the viewpoint of its effect on social structure. The re-establishment or maintenance of certain "controls", properly selected and administered, renders at least a degree of decentralization totally acceptable, in fact desirable and necessary in every large food chain.

Vertical Integration; Effects on Employee Development

Closely allied to the question of decentralization is the problem of integration. In food chains this has become largely an academic problem as nearly all major chains have integrated the wholesaling function and a number do their own product development and manufacturing (or at least contract for manufacture of "private label" merchandise). Vertical integration has provided great savings and operating economies and has been widely emulated by independents joining or forming voluntary and cooperative groups in an effort to remain independent but still gain some of the advantages of chain integration. The subject is worthy of discussion here because it is intimately connected with personnel and presents, it would appear, another paradox.

The advantages and disadvantages of integration are summarized in
15
Figure 6.2:

15. Converse, P. D., Huegy, H. W. & Mitchell, R. V., The Elements of Marketing, Prentice-Hall, Inc., New York, 5th Edition, 1952. p. 244, ff.

ADVANTAGES

DISADVANTAGES

Lowers marketing costs by:

- | | |
|---|---|
| 1. Reducing successive buying and selling expenses. | 1. Need for increased coordination. |
| 2. Reduces risk by | 2. Difficulties in managing different kinds of operations. |
| a) Assuring a source of supply | 3. Lack of flexibility. |
| b) Stabilizing operations | 4. Inability to benefit from bargain prices in periods of depression. |
| c) Assuring outlets for goods | 5. Difficulty in securing a variety of products. |
| 3. Reduces expenses of | 6. Difficulty of breaking into new fields. |
| a) Storing | |
| b) Grading | |
| c) Packing | |
| d) Financing | |
| e) Recording | |
| f) Transporting | |

Figure 6.2. Advantages and Disadvantages
of Integration ¹⁶

Implicit in the disadvantages is the limitation of lack of broad management ability in most organizations which are limited to operations in only one stage of distribution. This, doubtless, influences the initial decision, but, once an affirmative decision is made, diverse operations provide a wider range of activities for employee training and growth and enable

16. The discussion here is limited solely to vertical integration. Horizontal integration or merger has become increasingly prevalent in the field of food distribution and provides challenging problems in many areas (including organization and personnel). Discussion of horizontal integration, however, is beyond the scope of this paper.

the integrated company to attract a higher caliber of applicant. Care must be taken not to carry this argument too far, however. A decision to integrate merely to provide a wider "proving ground" or broader base for employee training and executive development would be reasoning in a vicious circle and "cutting off the nose to spite the face." The company which makes such a decision is like the dog which kept chasing its tail around the tree and never quite caught up with himself. The initial decision must be made primarily on the basis of greater operating economy, but once having integrated a food chain has the added need to provide opportunity for training in the integrated function.

Summary

In this chapter we have presented an analysis of pyramidal versus flat organization structures. We have seen that the choice between the two resides in the number of units which can be effectively supervised (known as the span of control). The means by which optimum "span" is realized is through varying degrees of decentralization which permit greater delegation of authority and facilitate development of future management potential. The major weakness of decentralization is that control is lessened with each succeeding step in the process. It appears that decentralization, then, is best effected by retaining certain controls primarily through increased specialization in certain staff functions at central headquarters. Otherwise, when sub-units approach completely autonomous decision-making, coordination becomes next to impossible and inefficiency is likely to result through loss of unity both of objective and effort.

PART III

Effects of Informal Organization on Employee Development

CHAPTER 7

Informal Aspects of Organization

No Organization in the Absence of People

The squares of an organization chart refer specifically to formal positions in a cooperative system and only, incidentally, to persons who happen to be filling these positions. Rarely do they represent single persons; rather they show positions of workers allocated according to a division of labor. It is the interrelationship between the various (real) persons which we have called informal organization.¹ Simply stated, the concept of informal organization implies that whenever persons are placed in continued formal contact, their relationships become characterized by actions over and above formal expectations. In fact, these very informal relationships give credence and reality to formal structure and the familiar concepts of authority, responsibility and leadership.

The principle of business enterprise as a social organization is intuitively recognized by business managers. But the elementary is frequently overlooked, especially in unfamiliar situations. To assume, for example, that the relationship between a produce manager and his clerk are fully characterized and completely described by statements of their duties, and to assume further that this same relationship exists from store to store, regardless of personalities involved, is to make a fundamental error in interpretation. When a new clerk is hired, the prospect of getting along with other people is vivid, perhaps primary, to him, whereas it may be matter-of-fact or "taken-for-granted" to the employment manager.

1. Of. Chapter 1.

Increased realization of the important role of informal relationships to continuity of a business enterprise has, in recent years, caused "good human relations" to be placed on a pedestal to be constantly and avidly sought after and maintained at all costs. Though "good human relations" is indeed a slippery and elusive term, much bandied about, but little understood, an inquiry into an employee's feelings toward himself and his company will begin to give some insight into the reasons for formation of informal groups or cliques which, as we have seen, can be a most powerful foe or a strong ally.

Employee Deference is Derived from Recognition of Status

These feelings of employees towards themselves, associates, and company, and the resultant informal groups which are formed, are derived from status within the organization. Status is frequently visualized as having but one root -- the position of a person in the organizational hierarchy. This is a narrow view and can readily lead to misconceptions. For although a company indicates its ideas about the relative worth of various positions by wage differentials, titles, closeness or looseness of supervisions, etc., employees recognize other significant differences in social position which may exert an even more profound influence on their willingness to cooperate. These informal symbols of status will not, in all likelihood, correspond to those rendered to official positions.

Thus, in the development of leadership and deference among workers, we must consider status attaching to a person based on qualities and achievements not germane to official demands. Experiment has shown, for example, that bosses' helpers or other carriers of communications may enjoy prestige far beyond that expected from a cursory observation of their

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immediate skills or monetary rewards. Though this example implies position, qualities and achievements recognized by fellow workers may be as diverse as the ways in which workers differ, and will tend to reduce or enhance the "prestige of position." The most familiar contemporary example of informal status is embodied in prestige given to the individual who serves the most useful function in relations between employees and management. Such a "spokesman" is more likely to be granted authority or receive offers of assistance or backing from fellow workers. Even in small groups, "functional leadership" may be developed to the point of having one person who speaks for the group when dealing with supervisors, another who maintains internal organization and routines, and yet a third who thinks up practical jokes to play on a rival clique.

Informal Groups; Ways of Manifestation

Let us turn to some of the ways in which informal organization manifests itself and determines the pattern of daily activities. Take the case of the new employee. He is initially the object of some mistrust or suspicion and is generally made to feel "out of things" until fully accepted or rejected by those with whom he is placed in contact. He may be admitted to previously established relationships gradually and without fanfare, or he may be "tested" by a more or less deliberate policy of initiation. These "tests" may include claims and expectations on the part of the "older hands" that the "initiate's" work entails more than actually assigned. He may be "forced" to run errands, help out other workers, or handle the poorest tasks until he proves his acceptability.

2. Cf. the experience with the soldermen in the Bank Wiring Observation Room in the Western Electric Studies as reported by Roethlisberger, F.J. and Dickson, W. J., Management and the Worker, Harvard University Press, Cambridge, 1939, Chapter XXI, pp. 496-498.

A further manifestation of informal group activity is found in the use of language and the modes of expression. Of primary interest here is the "working" vocabulary -- the technical terms most commonly associated with the job by members of the trade. The use or non-use of this technical jargon often differentiates the group from the non-member.

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Informal Groups; Sources of Emergence

Informal groups arise from three sources:

1. Physical proximity, as exemplified by two or more employees who work in the same department.
2. Social proximity, as exemplified by two or more employees sharing a common interest.
3. Interaction, which occurs when employees with common interests (social proximity) come together in the same location (physical proximity).³

Function

Informal groups serve three functions with respect to organization of efforts:

1. They are a means by which workers can assert their independence.
2. They emphasize the fact that each employee is, in and of him-⁴self, a decision-making center.
3. They always develop informal leaders. As soon as such leadership is suppressed, by use of formal authority, social proximity is lost.

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3. Physical proximity need not be present for social proximity, nor need social proximity be present for physical proximity. When both are present by design or intent, we have interaction. It is through this interaction that informal groups become established.
 4. This accounts for the concept of authority as something a worker accepts or rejects rather than something which is imposed blindly from above.

Supervisor's Role in Informal Organization

It is the task of the supervisor, as has been noted, to look at problems from the workers' viewpoint and attempt to encourage and solicit that interaction which works to the benefit, rather than the detriment, of the enterprise. The channeling of these informal groups along productive lines is accomplished by the supervisor in four fundamental ways:

1. Effective communication.
2. Employees' participation in decision-making.
3. Writing and communicating of duties and responsibilities.
4. Praise, positive discipline and motivation.

Some time has been spent in the preceding chapters on the first three of these methods. The last, however, requires some elaboration.

Need for and Methods of Creating Organization Spirit

Praise, discipline and motivation are necessary for the creation of morale or spirit. The spirit of an organization is the element which generates a willingness on the part of its members to contribute positively to the satisfaction of organizational and personal goals. Objectives tell a man what to do. Job organization and coordination of functions through communications enable him to do it. But it is the spirit of the organization which determines whether he will do it. But how do we go about encouraging this esprit -- this group cohesiveness and pride? How do we get people to exceed their normal effort and capability for the total benefit of the organization? Drucker lists five prerequisites for establishing and main-⁵taining a favorable morale:

5. Drucker, P. F., The Practice of Management, Harper and Brothers, New York: 1954.

1. There must be high performance standards and no condoning of poor or mediocre performance. Rewards must be based on performance. By enforcing high standards, confidence and pride are engendered by providing for full use of talents.

a) Employees who fail to meet the required standards must be removed from the job. To this, a company must strictly adhere. Nevertheless, the greatest of leniency must be used in deciding whether such employees are to remain in a company's employ. Success or failure on the job in question may have been outside the employee's control. Ruthless firing of conscientious, though incapable, managers will bring severe discredit to bear against management on the part of employees and destroy group spirit.

b) Appraisal of performance must emphasize strengths and must be based solely on observable performance and not on potential. Appraisal systems must bring out what a man can do. For only when a man's strengths are known and understood can we determine what weaknesses he needs to overcome in order to make the progress his strengths would support.

c) Rewards must be given promptly and should constitute ready recognition of performance "above and beyond" the call of duty. The capable manager, who constantly develops those under him to fill higher supervisory positions is a case in point. Above all, financial rewards must not be made in such a way that encourage employee dependence or an atmosphere in which employees may neither quit nor be fired. One cannot buy loyalty. It must be earned.

6. "Delayed compensation" for tax purposes which has become popular is an example of a poor reward system. General Motors, for example, requires its executives to buy so many shares of General Motors stock to encourage financial independence in an effort to insure individuality of expression without fear of reprisal.

2. Each job in itself should be rewarding and satisfying, rather than just the means to the next step up the promotion ladder.

a) Emphasis on promotions assumes that each individual has the ambition and ability to earn them. Further, it detracts from the importance of the present job, which then becomes less important than the one above it.

b) The top rungs are not open to all and frustration and unhappiness result for many. Out-throat competition is bred as employees attempt to advance at the expense of others to the obvious detriment of morale. This dilemma may be circumvented by flexible wage scales, bonuses for managers, titles for executives, and a degree of dignity, independence and privilege commensurate with the status of professional employees.

3. To engender a proper spirit and performance there must, however, be a rational and just promotion system. This provides an incentive to improve as well as an outlet for ambitions.

a) Everyone who is eligible must be considered.

b) Duties and responsibilities of his job and the one above him should be known by each individual.

c) Requires an objective evaluation program so that each man knows where he stands and what he needs to supplement his present skills and abilities.

d) Promotion must not be entirely from within although this is necessary and desirable to a large degree. Present managers and executives tend to multiply their weaknesses in developing their younger employees. As the process continues from generation to generation growth becomes stifled and the organization loses its dynamic qualities.

4. There must be some sort of charter showing each man who is his boss, i. e., who has the power to make promotion decisions concerning him. In addition there must be a medium for appeal of these decisions to a higher court.

a) Although such decisions are an individual responsibility, they should not be made without consultation with colleagues or superiors.

b) Promotion decisions should, however, be made at the lowest possible level.

5. In its appointments to managerial jobs, management must show that it realizes integrity is the one absolute requirement of a manager -- the one quality he has to bring with him and cannot be expected to acquire later on.

a) The managerial aspirant must be more concerned with "what is right?" than "who is right?" He must focus on strengths in subordinates, realize that character is more important than intelligence, and set high standards for his own work.

b) He must provide the climate or conditions under which leadership may evolve -- a climate wherein men's visions may be lifted to higher sights, performance to a higher standard, and personality beyond its normal limitations.

Effective Human Relations a Matter of Morale Creation and Attitude Establishment

It should by now be readily apparent that organization structure can influence group attitude favorably or unfavorably, depending upon whether the structure promotes the achievement of the institutional objective. Members of an organization who see the results of their efforts thwarted by defective structural organization are likely to possess a low morale index.

On the other hand, when men see the results of their efforts strengthened by an efficient organization structure, they will possess the "will-to-do" which is characteristic of high morale in an organization that knows where it is going and has confidence in its ability to get there.

Thus, high morale is basic to the development of personnel. Without motivation and desire on the part of the employee, the most elaborate system of development will fail. For if there is any truth in the statement, "a man is what he thinks he is," then the ultimate and fundamental goal of every program of development must involve establishment of attitude. This means simply that employees see constantly before them a basic compatibility and interdependency between personal interests and company objectives. "Good human relations" implies more than merely "happy" employees. They must exist within the organizational framework wherein all elements are working toward a common end. Where this integration of personal and corporate interests is constantly maintained, motivation and morale become maximized, employees develop confidence in themselves and their company, and the stage is set for conscious programming of conditions under which people can mature into positions of added responsibility. Nothing can be more basic to effective growth and development of personnel.

PART IV

External Influences

CHAPTER 8

Union Relations and Collective Bargaining - Influence on Employee Education and Training

Organized Labor Exercises an Increasingly Profound Effect

No discussion of business organization and management is complete without a consideration of the role unions play as participants in the decision-making process. Today, unions have become increasingly accepted as part of the total organization of the enterprise. Although some companies have not yet "felt the pinch" of union encroachment upon managerial prerogatives, and still others are unionized only in part, the day is long past when a company can blithely proceed towards its goal accomplishment unencumbered by union challenge and demand.

Unions Limit Prerogatives of Management

At this point then, it is necessary to deviate somewhat and attempt to outline the influence of the union on management's right to manage. Although the effects of union activity on personnel development, per se, may appear remote, there has, as yet, been no clear cut line of distinction drawn between what is a bargainable issue and what is not.¹ Recent labor history would lead one to believe that almost any issue which union leaders consider important and which affects their members to any measurable degree may be raised as a subject for collective bargaining.

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1. It is unreasonable to assume that it would be possible to do so. Continued existence of labor unions depends on "progress." "Progress" for a union consists in making and winning more and more demands for justification in the eyes of its members. Agreement on principle as to what is a bargainable subject, then, removes flexibility from union planning and effectually limits its own prerogative and operations. See, Moore, F. G., Manufacturing Management, Richard D. Irwin, Inc., Chicago, 1954, pp. 352-354.

Thus, in a real sense, collective bargaining becomes a factor in the corporate decision-making process.

The problem at the bargaining table becomes one of resolution of power. The union, in order to justify its existence before its members, must make continuous demands. Management, in order to retain some fragment of control must resist these demands and insist upon prerogative. Unhappily, from the viewpoint of management, the balance of power has swung toward the union. Management, to be sure, still retains vestiges of economic power. But the threat of lock-out, or the ability to carry on in the face of a strike become negative and hollow when compared with their desirability as forces in negotiation. The practical result becomes, for management, an increased emphasis on "cooperation." This means, in effect, that management is more and more relegated to a position of keeping oil on the machinery, "letting sleeping dogs lie," and generally fighting fire with diplomacy and hoping for the best. This may be a "bitter pill to swallow," but limitations on managerial prerogatives are not new. Government regulation had acted as an impediment to freedom of decision making long before the Wagner Act acknowledged the right of labor to organize. Traditional recognition of government as a source of authority, however, makes government regulation more acceptable.

Property Rights Apply Only to "Things"

Management has traditionally based defense of its rights on property laws. It has been said that the right to manage emerges from the laws of private property, in which management as the actual or representative owner has the privilege of determining the use to be made of its property. This property right, however, involves no duty on the part of people to be managed. Property ownership as a conferrer of authority gives command only

over things, not people. As we have seen, people in a business enterprise can be managed only with their own consent. While property rights carry with them power over disposition of goods, this power becomes subject to the cooperation of those who must assist in this disposition. Cooperation, in turn, can not be commanded. It can be won only by consent.

Need for Cooperation

Thus, management is faced with the dilemma of having to share its authority as the price demanded by labor (as represented by the union) for its cooperation in maintaining the value and continuity of a business. Since all attempts at defining bargainable subjects have become sidetracked, management has lost its exclusive right of decision-making in many areas within the scope of its operations. Decisions may still be made independently, but translating decisions into action depends upon the assent of those whose cooperation is essential. It becomes wise, on questionable issues, to set up a channel of communication with union officials, informing them of decisions, and soliciting their advice and participation as to how such decisions can be best effectuated.

Collective bargaining, then, must be viewed as one method of management, and unions must be considered not as something outside the realm of management, but as a function which falls within the bounds of the enterprise itself. For the union too is subject to a set of external influences bearing on its decisions, and these influences are not unlike those facing management.² In addition, unions must recognize company objectives for they are dependent upon the success of the company for their own continued success. A union recognizes company objectives, however, for its own ends and not especially out of a sense of fairness toward the company whose workers it represents.

2. Economic conditions, political repercussions, and government regulations are three examples.

This special interest of the union in management objectives, and the resulting necessity for considering the union within the total scope of the organization provides a basis for both conflict and cooperation. Conflict cannot be pushed to the point where it manifests itself in strife without sacrificing the interests of both company and union. Thus, there becomes a strong incentive to compromise. For the workers realize that ultimately they are dependent on the company. Therefore both workers and union are basically concerned with organizational continuity.

Organized Labor Thrives on its Ability to Create Problems

Unions make problems out of many situations which are in no way considered problems by most people. There was a time, for example, when it was considered a privilege to earn extra money by working overtime at straight time rates. Now a company is required to pay higher rates for overtime.³ Perhaps the union's strongest problem-creating forte is its propensity for disseminating propaganda.⁴ Much of it is directed at making owners appear to be waxing fat on excess profits. Although workers may become skeptical from time to time, especially where increased wages are followed by increased prices, they will tend to believe what is told them because the union represents to them a symbol of security.⁵ A humorous incident occurred some time ago when Fortune magazine staged an experiment wherein a cartoon showing the "Four Goals of Labor" was copied from a CIO

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3. The Fair Labor Standards Act of 1938 required that overtime be paid at premium rates. Ironically, the idea was to promote spreading employment by providing higher rates of pay for overtime in a week, not in a day. Higher rates for overtime in a day are commonly part of union contract provisions but are not required by law.
 4. Perhaps management could learn something of communication by observing union effectiveness in this respect.
 5. In that it has already gained for them what they did not have before and could not have otherwise gotten.

bulletin, labelled as being put out by the National Association of Manufacturers, and presented to a group of twenty CIO officials. They were asked whether the cartoon represented labor's goals fairly. Two were undecided and four said it did, but the remaining fourteen deemed it "patronizing," "paternalistic," and "loaded."⁶

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Implications for Education and Training

The rapid growth of unions, due to economic, social, and political conditions, has produced a shortage of trained and competent leaders. In the past this shortage has resulted in some cases in labor racketeering and the rise of unscrupulous leaders. Today, however, unions are gradually hiring and developing capable men of strong principle and conviction. As unions continue to develop such leadership, sound and effective collective bargaining may be expected to result. True collective bargaining can be made to render a real service to management and employees and to the general public as well. Its place in a democracy is unquestioned.

During this period of development, the field of training has a real contribution to make. Ignorance of economic conditions on the part of leaders among employees and a failure on the part of management to recognize a new social and economic order leads to strife. Workers, today, must know a great deal more if they are not to be inveigled into demands which are not in their own interest or be misled by unscrupulous politicians or short-sighted management representatives. There has been much "propagandizing" of employees for the purpose of giving them an elementary knowledge of economics. Some of this has been good; some has had a distinct political flavor. In some cases employees are suspicious of the authenticity of this type of material.

6. Management Review, October 1950.

There is need for a sound approach to this problem. It must rest upon establishing a feeling of confidence in management and its representatives. Upon such a foundation can be built a general educational program, designed to make employees more intelligent about the place their work and their earnings occupy in the company picture and the relationships of their company to general community and commercial conditions.

The building of such an educational program cannot be standardized as to its content. A careful study of the personnel of the organization as regards its general educational level must be studied and charted. Materials and methods must be carefully considered. The assistance of public school systems and colleges and universities through residence or extension teaching may be obtained. Reputable correspondence schools may be able to supply courses and books and even aid in other ways. Discussion groups, clubs and other devices to stimulate study through discussion should be utilized. Public speaking, training in the analysis of working situations, in reading financial statements, and interpretations of business curves and statistics on the cost of living are all elements in developing a group of employees who can be made allies instead of enemies of the company.

Today most companies with a widely distributed list of stockholders prepare periodic reports so designed as to be readily intelligible to the reader. These should be utilized to keep workers informed of the financial status of the company. Such reports should be supplemented with additional data on current sales and expense. By these means workers will know the truth concerning the financial status of the company, and may be able to judge more intelligently the reasonableness of current wage rates.

The picture as drawn is by no means Utopian and many companies are now pursuing such a cooperative course with their employees. It is not inconceivable that in the immediate future employees through their union organizations, will cooperate with management in the organization and administration of a broad training program designed to help employees first, and stockholders and management second, in making the store a more interesting as well as more profitable place in which to work. This is a goal toward which any corporation might properly direct a training program.

CHAPTER 9

Public Relations

Role in Personnel Development

Up to this point we have considered the subject of personnel development solely as a function of internal organization and management. It is evident, however, that high caliber individuals who will assume positions of responsibility in future expanded operations must be attracted to the organization in the first place. No matter how much emphasis is placed on developing an internal organization structure which will provide a climate within which leadership may emerge, the effect will be considerably depreciated if the enterprise is not held in high public esteem and capable of "gaining more than its share" of the labor market. Therefore, communication of the "chain store message" to the public and the resultant cultivation and maintenance of fruitful sources of labor supply must be considered as an integral part of any program of employee training and development.

Past History Reveals Much Unfavorable Public Opinion

Chain stores in general, and food chains in particular, have been "overwhelmed" with waves of public criticism from time to time during their¹ history. Chains were pictured as monopolistic and detrimental to free enterprise, looming as large ogres which threatened to "swallow up" the "smaller" independent. Many felt that chain stores did not contribute to the community, but rather "milked it dry" and provided little in return by way of community participation and improvement. Chain store taxes were levied and legislation was passed designed to counterbalance the buying and selling

1. Lebhar, G. M., Chain Stores in America, 1859-1950, Chain Store Publishing Corporation, New York, 1952.

advantages which chain stores purportedly possessed. It was further charged that chain stores were breeding a "nation of clerks" and destroying the traditional premium which had been placed on private ownership and independent initiative.²

Food chains in particular were popularly misconceived on still another score. The public, in many cases, thought of work in a "food (or grocery) store" as a "sweat shop" with poor and dirty working conditions, long hours, and low pay.³ This belief and opinion was maintained, for the most part, by those very people who did their weekly grocery shopping in their neighborhood chain grocery store. It is indeed a sad, but noteworthy, commentary on both the inflexibility of public opinion and the ineffectiveness of food chain public relations programs that these "errors" still persist in some quarters.⁴ And this in spite of today's magnificent supermarkets which stand as vivid testimonials to the vision and foresight of food chain executives of today and yesterday!

Apparently, then, mere customer convenience as embodied in today's modern markets is insufficient in itself. Low prices to consumer made possible through volume sales, and resulting operating economies, will not alone overcome public skepticism. The consumer may still say that the chain

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2. Ironically, the chains served merely as a scapegoat for public opinion. The same charges could have been levied with "equal validity" against large corporate enterprise in any business or industry. What was not considered in these emotion-provoked charges is that opportunities for furtherance of individual ambition is unlimited at every level in chain store management.
 3. This misconception applied to independents in the food retailing field as well.
 4. In support of this point, the author is reminded of a friend who recently took a training job in a large chain grocery company. Upon questioning by an acquaintance, he explained generally what his job entailed. His acquaintance remarked incredulously, "What? You're working in a grocery store!"

store is a "good place to shop," but when it comes to a choice of career, inconsistencies in public opinion reappear. Food chains clearly face a gigantic public relations task. Favorable public opinion must be visualized as created as much by social as by economic education.

Good Public Relations Begin at the Store

While much can be achieved in the long run by communications from the home-office and by vigorous activity directed at legislative bodies, the public relations problem must ultimately be solved at the store operating level. The highly decentralized operations and broad geographical scope of operating activities can be an advantage as well as a limitation. But one thing is certain. To the customer of a store (particularly one far removed from company headquarters), that store is the company. How she reacts to the personal treatment she receives there, while shopping, will affect, to a large degree her opinion of the company. For in all likelihood, when she is shopping, she cares little about the company's financial strength or the character of its management procedures. Similarly, within the community, the store represents the company and the store manager is its elected ambassador of good will. Here is the focal point of the public relations program. As desirable and necessary as public statements of policy, or press releases concerning a company's internal workings may be, it is in the day-to-day relations between store and community that a public relations program stands or falls.

Emphasis on public relations at the store operating level serves a dual purpose. In the first place it makes the company a dynamic, real thing by "getting through" to the customer at the level of her contact.

In the second place (an area that is often overlooked) it makes public relations every employee's business. That is, it provides another area for employee growth through participation toward satisfaction of a single corporate purpose (in this case, fostering a more favorable public opinion.)⁵

Public Relations a "Two-Sided Coin"

Such a program of store-level public relations has two phases. One, known as "in-store" public relations, is the courtesy and personal interest which is accorded customers during their visits to the store itself. Nearly every food chain has recognized this phase of public relations -- a satisfied customer is a repeat customer. It is not to be inferred, however, that every clerk, or every checker, has attained the acme of perfection in the social graces. In fact courtesy surveys sometimes reveal customer courtesy to be below expectations. The truth of the matter is that chain headquarters are aware of this need and have embarked upon vigorous and unrelenting programs aimed at improved customer relations within the store proper.

"Out-store" public relations refer here to participation in community affairs and activities -- what amounts, essentially to good citizenship. While much lip service has been directed toward good citizenship it is only very recently that citizenship programs have been seriously undertaken. And this has been, perhaps, the critical point in the failure of food chains, in general, to inculcate a favorable public attitude. A recent survey of food chain participation in public affairs in the greater area of Lansing, Michigan showed that there was not even one food chain store manager

5. This demands first a sound program of employee relations. This subject has been dealt with at intervals throughout the body of this thesis.

who was listed as a member in any of the city's five major civic clubs.⁶
Chain Store Age reports that excellent results are being achieved from the National Association of Food Chains' competition for the food store employee's good citizenship award.⁷

Headquarters' Support Essential

Continued good results and increased store manager and store employee participation in community affairs cannot be made possible, however, without full support and backing from the chains' central offices. It has been said, in rebuttal, that due to strict job requirements and expectation of objective results by higher management, store managers have neither the time nor the incentive to join community organizations and actively participate in civic affairs. Others say that companies cannot afford to finance such "out-store" public relations. Admission of either of these arguments automatically concedes that the independent merchant can more readily incur the time, expense, and energy than can his chain store brother. This would indeed be an unfortunate and unnecessary concession. An "out-store" public relations program at the operating level can be as big as a company wishes to make it. If a food chain feels that such a program is necessary and desirable it can make it known to its store employees and provide suitable incentive which will make it worth the while of the personnel of every store to make their store the outstanding citizen of its community.

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6. A finding of an unpublished survey on food chain participation in community affairs by H. Paris, a fellow graduate student in the Food Distribution Curriculum at Michigan State University.
 7. Chain Store Age, Grocery Managers Edition, May, 1955.

A Career in Food Distribution

In a paper on personnel development, however, results are of primary interest. We have already seen that an opportunity to participate in public relations programs will tend to develop store employees just as surely (if not more so) than a chance to be a formal party to establishment of some other management policy or decision. But what can we say of the effect of a good public relations program on recruiting potentially capable personnel for selection and training? Store level public relations, described above, are an invaluable medium for selling young men and women on a particular company and industry as being a "good place to work."

Two notable examples of education of youth on the desirability of a career in the food business come to mind. Wrigley Stores, Inc. of Detroit conducts guided tours of their stores and headquarters plant as "field trips" for classes in the high schools and grade schools in the Detroit area.⁸ All high school students who are part-time employees of Wrigley's are invited to a company-sponsored dinner at the conclusion of their senior year. Films are shown and speeches rendered showing the advantages of a career in retail food selling, and an opportunity is provided for the young people to make suggestions and offer criticism. Wrigley's is also active in selling retail food employment as a career through participation in high school career carnivals conducted from time to time throughout the year.

The Grand Union Company conducts a summer training program

8. Spirit of Wrigley's, House Organ of Wrigley Stores, Inc., Vol. 9, No. 12, December, 1954.

for college students. A selected group of students who have completed their sophomore year are hired as "full-time" trainees during the summer vacation period. Those who show interest and aptitude are invited back again at the completion of their junior years. Thus, by the time a man graduates (presuming Uncle Sam has not first tapped him for a period of military service), he is immediately prepared to assume full time employment. Advantages to both company and trainee are evident. Grand Union also sponsors each year, among its store employees, what is known as a clerk's day wherein outstanding employees are invited to assume the positions of top company officials for a day. Much notoriety is given the selected clerks both in the company house organ and in home town press releases.⁹ In addition, each of the company's four divisions select each year from among the employees a "Grand Union Man of the Year" and a "Grand Union Woman of the Year." The division finalists then compete for the overall company championship. Again the "selectees" are given full and complimentary press "write-ups."

Public Relations is Simply "Telling the Story."

The significant point about these employee relations programs which is to be made here is that they are communicated to the public. It is then that they become public relations. It is then that customers and potential customers come to know the food chain story and appreciate the inner workings of the "ogre." It is then that bright and potentially capable young men and women are attracted to careers in food retailing. Programs of internal employee participation and development are comparatively old. It is only recently that food chains have taken advantage of the opportunity that can be gained from publicizing their activities. Many still are "behind the times," but the industry's leaders have become aware

9. Progress, House Organ of the Grand Union Company, Vol. 20, No. 1, February 1955.

of the problem, and more important, have begun to do something about it. Prospects for future improvement in the field of public relations are bright. It is surprising that it has been such a long journey to this point, for good public relations consist in simply doing a good job and telling people about it.

PART V

Impact of Technology

CHAPTER 10

Overcoming Resistance to Change

Why People Resist Change

New processes and equipment necessarily and inevitably affect the network of social relations among workers. Changes in work routines caused by methods improvement modify and upset their immediate social environment. Changes in the size and composition of the work team, the range, character, and frequency of contact with associates and supervision, the status of the worker, and the degree of physical mobility available may all have a detrimental effect upon the morale and efficiency of employees. The social effects of such changes are often unanticipated although they may markedly affect employee job satisfaction.

Workers desire some measure of control over their day-to-day contacts and relationships. Changes imposed without their prior knowledge and consent are regarded as a threat to their well-being. Labor-saving devices and methods improvement produce acute psychological and social problems through enforced obsolescence of skills. Although part of the difficulty lies in learning new skills or work routines, this does not accurately depict the total problem. The necessity to discard old and acquired skills and methods, and perhaps an accompanying demotion in status, tend to destroy the worker's positive self-image gained through confident use of his skills.

Specialization Involves Numerous Changes

Increased complexity of modern business and intense patterns of competition force management to think in terms of cutting costs through methods research. The inevitable result is the wave of overspecialization

which has been thrust upon today's employee. Each work task becomes successively more and more splintered so that it becomes increasingly more difficult for the worker to comprehend the way in which his contribution affects the final product. Workers, thus, have come to lose public identity with the job. Alienation of workers from jobs (with resulting loss of status) and the compensating demands for increased wages are both furthered by making the "little world of the employee smaller and smaller."

Another, more general, disadvantage of successive specialization of the work task is that overspecialization enlarges the social cleavage between employees and operating executives. As the complexities of technology make education a prerequisite for the manager and executive, the prospect of workers "rising through the ranks" diminishes. Since the opportunities for higher education are socially stratified, managers come increasingly to be drawn from social strata remote from the workers.¹ Also, since trained personnel enter business at a relatively high level, they do not have opportunity to share job experience with workers, and hence have an abstract knowledge about, rather than a concrete acquaintance with the perspective of operating employees.²

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1. This dilemma is in part counterbalanced by the trend toward increased education in our country today. Prompted by such factors as the "G.I. Bill," the increase in the number of public and state supported colleges and universities, and a generally higher standard of living today than ever before, education has become possible to many persons who might not otherwise have had an opportunity. Ready access to education for all social classes poses, however, another dilemma. Unions and labor leaders talk in terms of some form of "socialized education" for the future which would make it possible, in fact desirable, for every person to attend school until age 21. How then are we to adjust to the problem of having a nation of all "chiefs" and no "indians"? It seems impossible to conceive of a future civilization in which there will be no further need for "indians."
 2. Business has attempted to solve this problem by starting promising graduates in training programs which necessitate their starting at the bottom and working, for some time, in a number of phases at the lowest levels. It still requires great perspective, however, for the executive of 50 to look back 25 years and intimately imagine what "it was like when he was a trainee."

Change Must be Made Acceptable

All of which reminds me to come down out of the abstract and concentrate on the concrete. The function of training is to institute change in such a manner as to be acceptable to the trainee. In this context, we do not consider training as limited to formal training. Nor do we consider a specific training program or training programs in general. Rather we think of training as a continuous process, a process for which there is a need whenever change or necessity for change is introduced into the work environment. Thus, training becomes the business of every manager, supervisor, and executive. In the remainder of this chapter "change" will not be viewed with respect to the general social effects of mechanization or automation on the work scene. Rather we will stress the specific situation of a man doing a job one way when a better way is indicated, and the problems of the supervisor in getting him to accept the improved method.

Two Examples of Poor "Salesmanship"

Let us begin with two actual case studies within the writer's experience which are illustrative of introduction of change, without training in the appreciation of its affects upon the person or persons responsible for implementing the change. The first example took place in a small plant which manufactures hydraulic embossing machinery. The company employed a pipefitter of long experience to connect the necessary piping from the presses to an adjacent dynamo from which the machine derived its operating

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3. Hydraulic embossing machines consist essentially of two presses or rolls which are mounted on a frame. The lower roll is steel and engraved. The upper roll is hardened paper, ground to a smooth finish. When material is passed between the rolls under certain controlled conditions of temperature and pressure the material becomes embossed, i.e., the print of the engraved roll becomes transferred to the material passed through. The company in question sold most of their machines to clothing mills and leather and paper industries.

power. During the period in question, the firm's largest customer (accounting for about two-thirds of the entire business) requested that trim and light copper tubing be substituted for the former heavy iron piping, primarily for purposes of design and appearance. The pipefitter was an old and loyal hand. He knew the uses of copper tubing, but objected to it because it caused a change in his work routine and because he had not been consulted upon its inception. Although the actual fitting of the tubing was a fairly small task in comparison to the design and workability of the machine itself, it came to consume more and more time of the president of the firm in question and the operating vice president representing the customer. These men stood around observing for nearly the entire period of initial installation. The pipefitter made "intentional" awkward and clumsy "mistakes" and in conversation with fellow employees off the job was heard to cast bitter invectives against the "big bosses." Although future machines may have been somewhat lighter, installation of copper tubing failed to accomplish the desired result of improved appearance. The company had failed to establish a receptive attitude on the part of the pipefitter.

Another example, concerns a produce manager of a large chain supermarket. He had been merchandising produce for some twenty-five or thirty years but was getting quite old and was bothered by frequent physical ailments which forced several operations and occasional absence from work. Nevertheless, he was a proud man, and if he could walk, he would report to work, often some two hours before store opening. From a practical viewpoint the man was one of the company's outstanding produce merchandisers. With deft displays and painstaking attention to customer wants and courtesy, he had built up a loyal and devoted repeat clientele. During his illnesses customers always asked for him and expressed their best wishes for his

speedy recovery. This produce manager was, admittedly, no intellectual giant, but did his job well and thoroughly, was well thought of by the company, relied upon heavily by the store manager, and happy and content in his work environment. One day he received orders to report to the company's produce school as part of a program for training (and retraining) produce managers. His pride was severely hurt and he envisioned a "poor mark" in the school which would harm his reputation. He went into the school with a low morale and a negative attitude toward it. Upon his return he bragged about how he had failed by intentionally putting incorrect answers on the examination paper. Although his work continued to be acceptable, he came to lose much of his former enthusiasm. It seems that the company should have either formulated and stated exceptions to the training policy which would have excluded this man, or have demonstrated to him that there was something valuable to be learned from his attendance.

Developing a Receptive Attitude

Many other examples from the business world could be quoted which illustrate individual (and collective) reluctance to change and the importance of establishing a receptive attitude toward training. By a receptive attitude we mean a willingness to cooperate and a personal interest in and enthusiasm for corporate objectives. The real problem is how best to establish a favorable attitude. The first step towards a satisfactory solution involves an effort to look at the necessity for change from the trainee's viewpoint.⁴ What will the change mean for him? What are the factors which will make him reluctant to change? One factor is just plain inertia. Overcoming inertia is perhaps the trainer's most difficult task. With older employees

4. The assumption is that the change has been thoroughly studied and is deemed to be an improvement over current methods.

it requires constant reminders in order to prevent them from slipping into the same old work habits and routines. With younger employees it requires a firm groundwork of original training in fundamentals. In either case it is necessary to "sell" employees on the change. Another factor influencing resistance to change is lack of confidence in new methods and in their ability to apply them. Security in old methods is consoling to workers and many fear that they will be incapable of learning new methods or that new methods will deprive them of status, earned by hard work and application over a long period of time.

With some understanding of the factors which motivate workers to resist change one is prepared to investigate the actual methods through which change can be introduced. One method is the "command" method. In this method the supervisor says, in effect, "you will do it this way," and proceeds to show the worker how and why. Although the "command" method is authoritarian, it may be applicable and successful if morale is high and workers have confidence in management and have a realization of over-all objectives.

A more effective method of affecting change is for the supervisor to explain first to the worker how his job fits into the overall scheme and to "suggest" to him that the way he (the supervisor) proposes is a better way. The worker is not made to feel that a change is being thrust upon him. He feels as though he has a right to take issue, suggest in return, and defend his present method if he can. The "suggestion" method is more conducive than the "command" method to stimulating thought on the part of the "trainee" as to how his job could be still further improved. It is more democratic than the "command" method, which stifles initiative and encourages the "trainee" to wait for directions, but as a training device it still leaves much to be desired.

A third method usually achieves the best results. It might be called the "questioning" method, for lack of a more descriptive term. This method begins with praise for one or a number of good aspects of a worker's performance. No matter how grossly inefficient a particular worker may be, there is always something for which he can be complimented, even though it be unrelated to the work task. The second step involves criticism, not criticism in the usual sense, but a series of questions aimed at bringing the "trainee" to an awareness that his method is unproductive and that a better method would not only be easier for him but more economical from a company viewpoint. The "trainee" may be led by a further series of questions to suggest his own improved method. This is the important advantage of the "questioning" method. The employee comes to feel that the new and improved work method is his very own. He attains an increased feeling of importance and pride in accomplishment. The last step in the "questioning" method involves praise again -- a proverbial "pat on the back," a symbol of confidence on the part of the superior in the employee's capability to carry on and do a good job. Initial praise interests the "trainee," appeals to his pride, and places him in a receptive, thinking attitude. Final praise tends to compensate for any feelings of "grilling" which the employee may have undergone, acts as an expression of confidence, and "leaves a pleasant taste in the trainee's mouth."

Special Importance in First Weeks of Employment

Special attention must be devoted to establishing a receptive attitude during the first few weeks of a man's employ. An employee is particularly sensitive during this period, and, although he may be somewhat confused and bewildered in new surroundings he is usually anxious to gain a good start. Impressions created in initial phases of employ are critical,

then, in that they have much influence in shaping an employee's future attitude and loyalty. The orientation phase must provide a basis for the employee to gain knowledge and understanding of the company and vice versa. In this mutual understanding lies the basis for future cooperation.

A Continuous Process

But training must not end here. It must be a continuous process designed to concurrently develop and increase the span of interest of the employee and facilitate the aims and purposes of the company. The philosophy which makes change palatable involves stress at all times on employee participation. Participation develops a feeling on the part of the people of an organization that they are, in fact, members of the enterprise... that they have a say in its management ... that decisions are, at least in part, their own.

PART VI

Summary

CHAPTER 11

Summary and Conclusions

Employee Development a Primary Responsibility of Business Enterprise

One of the primary responsibilities of a business enterprise is to develop its employees. This responsibility is derived from a sense of moral obligation to each individual worker, but is discharged with the continuity, perpetuation, and expansion of the organization firmly fixed in mind. It is this dual consideration of both the individual and the corporation of which he is a member which makes possible the integration of interests so necessary to maintenance of cooperation and assurance of present and future business success.

Scientific Management Caused Specialization of the Personnel Function

Business managers have long concerned themselves with personnel training and development. In the late nineteenth century, Frederick W. Taylor fathered what came to be known as scientific management. The end result organization-wise was increased functionalization and creation of specialized staff departments to assist line officials in bearing the burden of their daily tasks.¹ Personnel administration came to be one of these "functions." Many important changes and improvements have taken place in the fine art of personnel management since Taylor's time. Increased specialization of the personnel function has doubtless been a strong contributing factor. Nevertheless, centralized personnel management with all its advantages has not been without its limitations.

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1. Taylor's proposed organization was purely functional, a radical departure from straight line organization. What is described here is the line and staff organization, essentially a compromise of straight line and purely functional organizations. Taylor's research provided the impetus, then, for the evolution of the line and staff form of organization as we know it today.

Perhaps chief among these limitations is the dual accountability which has been created for line officers. Ideally, a line official is accountable solely to his superior in the line. If we are to believe the statement of Lawrence Appley that "all management is manpower management," then it is relatively easy to see the cause for growth of personnel departments and the dilemma for the line official who is subsequently faced with a personnel problem. Personnel departments have come to be responsible for hiring and firing, training and development, in fact, nearly all problems in human relations. The Wages and Hours Law, Social Security Act, and the National Labor Relations Act with their attendant complexities, have all tended to increase the need for staff assistance, specialization in the function of personnel management, and the scope of operations of the personnel department within the business enterprise. As operations become more highly specialized, particularly in large companies, the personnel department is likely to become more involved in a greater number of details and decisions which were formerly within the sphere of line officials. The resultant divorce of "planning" from "doing" can readily become cause for discontent down the line and depreciation of the conditions so necessary for integration.

Line Organization Basic to Personnel Development

The stress in this thesis has been in no way meant to minimize the important and essential contribution of the personnel department. Rather it is hoped that the emphasis has been such as to enhance its position through reorientation as to its true function. We have come to realize the limitations of overspecialization and with this in mind have embarked on a somewhat different tack. The purpose has been to view personnel development and training primarily as a function of organization and a set of organization principles has been sought which will provide a basis for construction of an "ideal organization for personnel development." The

personnel department is viewed as advisory. It is designed (in the "ideal organization") to assist and supplement line officials in training and development of operative and supervisory and executive employees rather than to direct or prescribe programs. Programming is necessary to be sure, but programs of training, as established by the personnel department, should evolve in light of the needs of lower line officials as expressed in participatory conferences. Training programs, in other words, must supplement the day-to-day development of employees, but they must not be prescribed in a vacuum. They should rather be a product of the combined talents of a number of key line officials. Then, training programs become, in truth, their programs and the attitude toward training is markedly improved throughout the organization.

Principles Are Not New

The principles which have been outlined are derived from a wide body of literature on the subjects of business organization and personnel development. Though the sources of data which inspired this manuscript are all products of the last twenty or thirty years, and some have been published within the last year, the principles which have been derived date² back in some cases to old testament history during the time of Moses. The principles, therefore, have universal application. The purpose here, however, has been quite specific. Food chains, in recent years, have been expanding at a "mile a minute" clip. All predictions which have been forwarded, assuming economic prosperity continues, indicate that future expansion will reach proportions hitherto unrealized. Vigorous expansion will require planning future developments. From a personnel viewpoint,

2. See Exodus 18:13-26 for a description of the principle of delegation and the "exception" principle.

the vital question is "Where shall we get the people?" Stated more pointedly, the problem is not so much where we will get operative employees as it is how we will develop what we have in order to have a continuous supply of men prepared to handle the increased responsibility which expanded operations will necessitate? Granting that procurement and recruiting are basic, we have seen that success here is a product of a sound public relations program. However, if we are to follow a policy of promoting the larger percentage of our employees from within, it is mandatory that we establish an organization which has the conditions for leadership development "built-in", in such a manner that our future supervisors and executives become, in reality, "products of the organization."³

Needed: An Organization Plan

We must, then, look to our organization to supply us with the vast majority of our future leaders. A focus on organization as the fundamental factor necessitates planning the organization for personnel development. Organization planning is by no means a simple task. Organizing is a continuous and dynamic process. Once an organization is evolved over a period of time, it must be constantly and vigilantly maintained in balance. Organization planning must allow for balanced growth -- providing for employees an awareness of their problems, and at the same time an ability to cope with these problems. For merely an awareness of problems, without the capacity for solving them, leads inevitably to frustration and eventual demoralization.

The problem is to develop a company organizational structure which will facilitate growth of employees into positions of increased responsibility for future expanded food chain operations. The first step

3. We do not advocate an organization becoming "in-bred." Promotion from within is necessary as it would be impossible to recruit capable leaders in large numbers. In addition, promotion from within is vital to a high morale.

in the solution is to determine what is needed. This involves the
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traditional estimate of the situation. How many stores do we plan to
open, in, let us say, the next ten years? How many and what kinds of people
will be necessary to "run" these stores? The second step is an appraisal of
what we have currently at our disposal -- a personnel inventory which will
tell us both the quantity and quality of the people who could become potential
candidates for promotion. The third and last step, really the crux of the
whole solution, lies in how we get from "here" to "there", namely, what
do we do organization-wise to develop those whom we already have?

Fundamental Principles: Authority and Responsibility Must Be Maximized

The first principle which we have encountered is that of
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maximizing authority and responsibility. Granting maximum authority and
responsibility requires that decisions be made as far down the line as
possible and that they be consistent with a reasonable judgment as to the
capabilities of men at successive levels. Evidently it would be folly to
entrust a store clerk with the responsibility of budgeting labor expenses
over a division for a given period. We would be pleased if our district
managers were able to see "this much of the picture." Yet, by the same
token, we would desire that the clerk have some familiarity with the need
for labor expense control and a conceptual realization of the effects of
allowing the "rate" to "get out of line." Various plans which vitalize such
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effects for individual employees have been incorporated under "employee benefits."

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4. A study of business and economic conditions and opportunity would be the logical first step.
 5. Implied here is a clear definition of duties and responsibilities made possible by job analysis.
 6. Profit sharing and stock option plans, for example, are directed primarily at making the individual employee see himself a "member," that is, at encouraging his participation in cooperation toward company objectives.

Certainly, it is even greater folly to assume that clerks have no interest in such matters. For, if the individual clerk is not informed, he may well seek information from another source which may not be totally sympathetic to his own aims and those of his company. If, however, we make him responsible for, let us say, merchandising a particular "aisle," or receiving, or ordering a whole or part of the weekly grocery supply, it is almost assured that he will be a more satisfied and devoted employee. He cannot, evidently, learn how to display, stock, or sell without some instruction and training. This, in turn, would be a responsibility, in fact the primary responsibility, of his superior -- the grocery manager or assistant manager, as the case may be. And so it goes, up the line.

Authority is Meaningful Only By Virtue of Employee Acceptance

A corollary to the principle of delegation of authority and responsibility is implied in the example of the grocery clerk above. Note that we begin with a clerk, presumably the lowest level of store operative employee.⁷ This gives tacit recognition to the principle that authority is impossible without consent and assent of employees. That is to say, authority is granted from the bottom up. Employees traditionally impute this authority upward to a higher position in the organization hierarchy when they cast their lot with a particular company. This is simply recognition and awareness of their initial limitations. Appreciation of the principle of authority-derived-from-the-bottom will prevent issuance of orders that cannot or will not be obeyed. Further it will cause members of higher management to pause and consider the recommendations of employees before making sweeping generalizations on decisions which they deem to be

7. Perhaps, since the aim in developing personnel is to constantly raise the sights of employees, clerks could be better referred to as the lowest level in the management hierarchy.

for "the employees own good." Sensible participation will allow for a mutual appreciation of problems and provide therein a basis for cooperation toward their solution.

No Worker Should Have More Than One Boss

A second principle of organization which is of major importance in growth and development of employees is known as singularity of accountability. No employee should have more than one boss and he (the worker) must know who he (his boss) is. Failure to adhere to this principle was perhaps the main cause for failure of Taylor's functional organization which had employees reporting to different superiors on different problems. To assume that situations which arise in daily face-to-face business activity can be categorized as purely personnel problems, purely grocery merchandising problems, or what have you, is too mechanistic. What is needed, is a view of the problem in context, an ability to visualize and understand the conceptual whole and appreciate all the implications and ramifications of various solutions. Clearly a "specialist" is not as capable (granted there are individual exceptions) of rendering as objective a judgment as a "generalist". Thus, insistence upon singularity of accountability serves a two-fold function. In the first place, it breeds confidence among subordinates. Each employee knows exactly to whom to look for instructions and to whom he is responsible for effective discharge of his duties. In the second place it builds managers, supervisors and executives who are generalists, capable of passing judgment on a wide variety of problems and able to realize all the implications of a particular decision.

The "Exception" Principle; "Flat" Organization Encourages Delegation, Improves Morale

A third principle with which we have dealt is the "exception"

principle. We have seen that this principle means that at each level of management, the span of control should be such that routine matters can be handled at lower levels and only the exceptional deviations are called to the attention of the superior. The "exception" principle is, in reality, an extension of the principles of maximum authority and responsibility, the basic principles. Determination of optimum span of control necessitates a study of how many subordinates a superior is capable of supervising at each successive step in the management hierarchy. Ten to thirty is considered a maximum at lower levels. As one proceeds upward, as we have seen from Graicunas' theorem, the complexity of relationships and the difficulties of coordination increase, so that when we reach the top, an executive can rarely efficiently supervise more than six to eight subordinates. It is here that we obtain some insight into the reason for pyramidal organization structure.

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Much recent attention has been devoted to flattening the pyramid. We have observed Sears, Roebuck & Co.'s experiments designed to determine the more efficient structure, - pyramidal or flat. Morale was found to be higher at the higher ends of the ranges (flat organization and loose span of control). Discipline and control were easier at the lower ends (pyramidal organization and tight span of control). Bavelas' experiments, wherein he inserted changes in communications routine, seemed to indicate that the flatter structure had greater flexibility and stability, especially in time of crisis. The looser span of control appears more suited to personnel development. Since a superior has a larger number of subordinates to supervise, he is forced to delegate maximally and greater opportunity is provided for broadening the interests of a larger number of subordinates below.

3. The "flat" form is consistent with Graicunas' Theorem. "Flat organization, as used here simply means maximizing span of control within the specified limits. Beyond these limits problems of control and coordination increase exponentially rapidly toward infinity.

Looser span of control makes for fewer levels from top to bottom and a relatively greater degree of autonomy at each level. Lines of communication are shorter (to compensate for loss of formal control and efficiency), the enthusiasm and the personality of top officials is better able to transcend throughout the whole organization, and morale is generally higher.

Authority Must Be Commensurate With Responsibility

A fourth, and final, major principle is that authority must be commensurate with responsibility, that is, no person should be given responsibility without the necessary authority to discharge it. No situation could be more detrimental to morale, for example, then gathering a group of "trainees" in a conference session, getting them to agree on principle, and sending them back to the field only to find that they are frustrated by inflexible policy. A more basic example involves the case of a store manager who is responsible for "cutting" a certain net profit figure, yet has not the opportunity for sufficient sales volume, or else faces expense problems which are beyond his control. Allowances must be made for differences in opportunity. Flexibility of policy is essential to maintenance of a satisfied and cooperative work force.

Authority of Knowledge and Ideas as Important as Authority of Command

A corollary to the principle of commensurate authority and responsibility is the principle of complete authority. We have viewed authority as being of two kinds: authority of position, imputed to higher levels in the organizational hierarchy by those at the lowest level, and authority of facts, knowledge or ideas. Among men of good will, thoroughly indoctrinated in the institutional objective, the authority of superior ideas is as effective as the authority to command. Imparting of information across lines of responsibility rather than through the chain of command recognizes the "law of the situation" which says that "a successful solution

to business problems depends in a large part upon the executive's ability to determine the facts of the situation, his courage to face these facts, and his ability to follow the course of action which they dictate."

Granting authority to facts, is not inconsistent with sound organization principles. Line accountability is still retained. Authority of ideas is the basis for the existence of a staff department. It is recognition of the two-fold character of authority which makes possible recommendation of suggestions on the part of employees and their resulting implementation. Authority of ideas is the lubricant which makes consultative management -- employee participation in managerial decision-making -- an effective force for cooperation and not merely a hollow phrase.

The "Road Map"

These principles of organization have been taken up in greater detail throughout the body of this thesis and influence all that has been said. They are the fundamental cornerstones upon which employees may develop their leadership potential through the organization structure. They provide the "road map" which directs management from "here" to "there" and lets us be confident that when we arrive at where we're going we have done a thorough job along the way. The most thorough and complete formal training program in the world will accomplish little except as a supplement to a favorable organization structure.

Presence of Union in No Way Lessens Responsibility

Existence of a union of employees and collective bargaining in no way detracts from a company's responsibility for employee development. If anything, presence of a union heightens this responsibility. The inroads which organized labor have made and the limitations upon management prerogative which have resulted have been due in no small measure to management failure to carry out its responsibility to its employees.

Man-The Central Figure

In the final analysis all the principles of personnel development may be summarized in a recognition of the dignity of man. By focusing on man as the central figure in the economic system, we come to a realization that all that is done is done through people. With this as a working philosophy, coupled with an appreciation of the fact that man is largely what he thinks he is, we are prepared to apply these principles in an effort to develop the people who will be necessary for our growing operations.

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