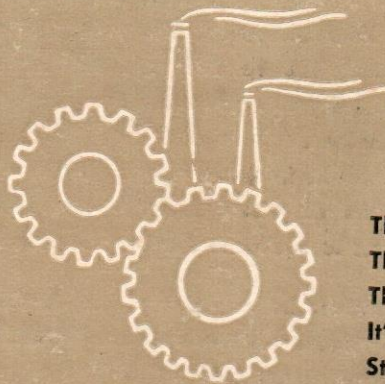


Special Issue on Personnel Management

# PRODUCTIVITY

JOURNAL OF NPC



**This Industrial Culture**  
**The Elton Mayo Approach**  
**The Productivity Bridge**  
**It's a Question of Ethics**  
**Straight Thinking Comes First**  
**Men Can be Short Circuits**  
**Frank Davis Dilemma**  
**The Malak Ram Case**  
**The Case of Karl Schmidt**  
**The Third Force in Industry**  
**Exit Interview**  
**Soviet Personnel Management**  
**The Grapevine**  
**Employee Attitude Survey**  
**Trenartha Tin Plate Works**

NATIONAL PRODUCTIVITY COUNCIL, INDIA

# NATIONAL PRODUCTIVITY COUNCIL

The National Productivity Council is an autonomous organisation registered as a Society. Representatives of Government, employers, workers and various other interests participate in its working. Established in 1958, the Council conducts its activities in collaboration with institutions and organisations interested in the Productivity drive. Local Productivity Councils have been and are being established in industrial centres.

The purpose of NPC is to stimulate productivity consciousness in the country and to provide services with a view to maximising the utilisation of available resources of men, machines, materials and power; to wage war against waste; to help secure for the people of the country a better and higher standard of living. To this end, NPC collects and disseminates information about techniques and procedures of productivity. In collaboration with Local Productivity Councils and various institutions and organisations it organises and conducts training programmes for various levels of management in the subjects of productivity. It has also organised an Advisory Service for industries to facilitate the introduction of productivity techniques.

NPC publications include pamphlets, leaflets and Reports of Productivity Teams. NPC utilises audio-visual media of films, radio and exhibitions for propagating the concept and techniques of productivity. Through these media NPC seeks to carry the message of productivity and to create the appropriate climate for increasing national productivity. This Journal is an effort in the same direction.

The Journal bears a nominal price of Rs 1.50 per issue and is available at all NPC offices. Annual subscription (Rs 9.00 to be sent by cheque in favour of National Productivity Council, New Delhi) is inclusive of postage! Subscription for three years, however, can be paid at the concessional rate of Rs 25.00. These rates can be availed of till 15 October 1961, when new rates, (Rs 32 for three years and Rs 12 for one year), come into force.

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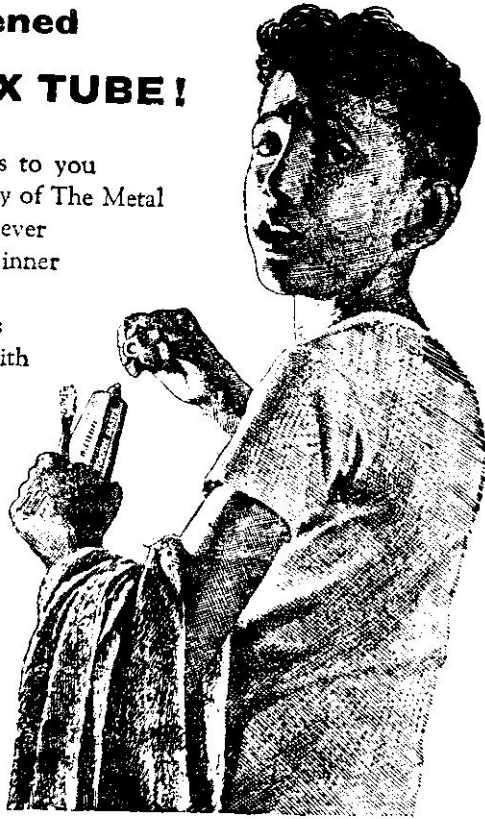
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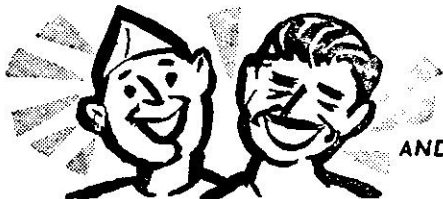
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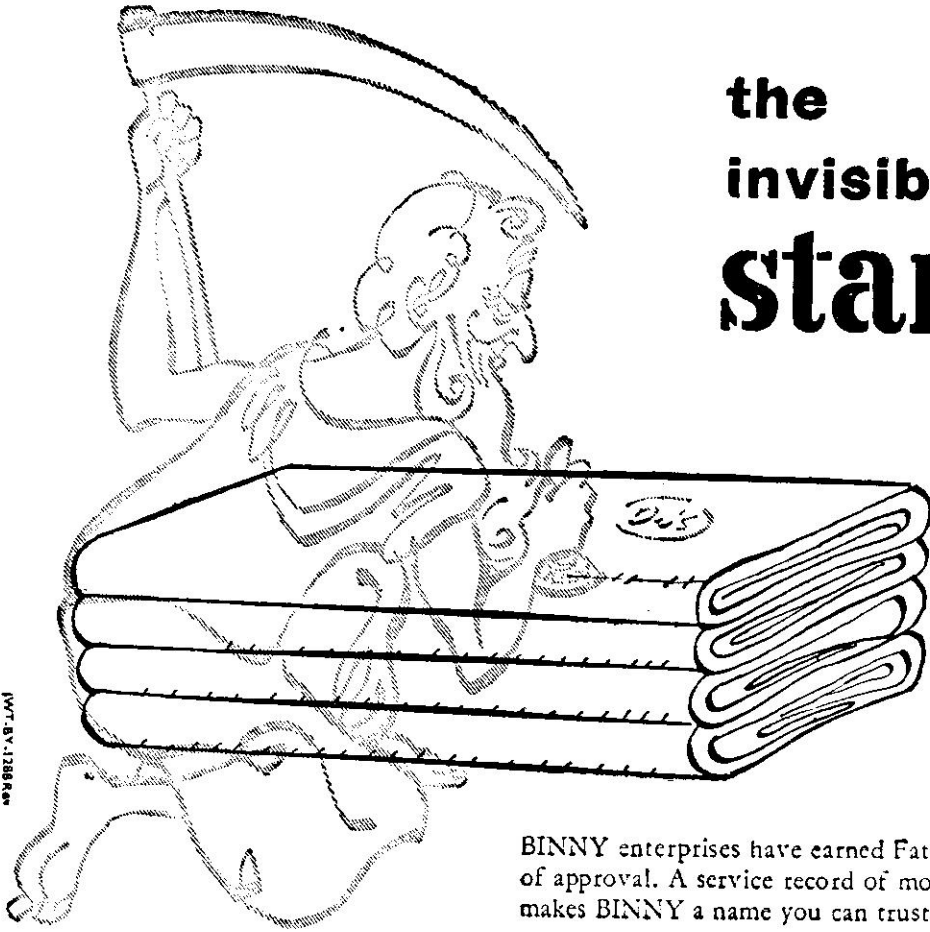


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# NATIONAL PRODUCTIVITY COUNCIL JOURNAL

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"A good commander is a man of high character. He must know his tools of trade. He must be impartial and calm under stress. He must reward promptly and punish justly. He must be accessible, human, humble and patient. He should listen to advice, make his own decisions and carry out with energy."

—GENERAL JOSEPH STILLWELL.



# PRODUCTIVITY

## Through Personnel Management

THIS SECOND SPECIAL ISSUE OF THE NPC PRODUCTIVITY JOURNAL, LIKE THE FIRST one on incentives, is devoted exclusively to Personnel Management, for it is the conviction of the National Productivity Council that it is only through a productive reorientation of industrial manpower can we accomplish a rapid absorption and application of modern productivity techniques. This productive reorientation of management-labour attitudes can only be brought about through productivity techniques associated with personnel management.

Several of the writers in this Journal have emphasized how *Human Relations* constitute the essence of the Industrial Problem, how all decisions relating even to machines and materials, involve, in reality, problems of inter-personal relationships; and unless these improve, the chances of enhancing productivity through improved machine utilization and materials handling, would remain bleak indeed. The path therefore to higher levels of mechanical efficiency lies through the hard core of human relations. These really constitute the Achilles Heel of the Productivity Movement; hence the importance of dealing with it in terms of the scientific method, in the light of valid human experience: what in fact have proved to be really productive techniques of dealing with fellow human beings so that they enjoy the experience of doing work and through that work enjoyment, reach their highest levels of productive efficiency.

### *This Industrial Culture*

Experienced industrialists, who have gone abroad in search of modern machines, up-to-date techniques and top technicians, have come to almost this unanimous conclusion that the explanation of the high industrial productivity of developed economies lies in the Team work which they are able to organize, in their attitudes of mutual helpfulness and tolerance. It is this *Industrial Culture* of mutual adjustments and compromises, of the give and take of life, that under-developed economies must evolve, if they are to attain those levels of productivity associated with modern industrial technology. // In this context, it is necessary to emphasize that personnel management

This special issue of the Productivity Journal has been designed particularly to illustrate both the theory and practice of the new techniques of personnel management. In the first instance, personnel management has been put into the general perspective of management, for it is in fact co-extensive with the wide range of managerial functions, beginning with the foreman himself, who is the *primary personnel manager*. Essentially, personnel management, like statesmanship, is the art of the practical. Hence this special issue contains a mass of case studies ranging from the high level McCormick case through a large variety of experiences, indigenous to the

soil, for human relations techniques will not grow from foreign seed. This is not to underestimate the high value of researches in industrial psychology, which do decisively give us the clues to an effective mobilisation of human resources for the development of a high-level industrial economy. ✓

### *The Elton Mayo Approach*

While the emphasis in this special issue is on the practical aspect of Personnel Management, *fundamentals* have not been lost sight of. In fact, we regard the Elton Mayo approach as fundamental, and this philosophy of human relations, associated with Alexis Carrel (Man the unknown) Elton Mayo (The Human Problems of an Industrial Civilization) Prof. WF Whyte (Money and Motivation)—not to mention the great humanists of the 19th Century—Carlyle, Ruskin, Tolstoy—furnishes the undercurrent of analysis in this modest effort of the National Productivity Council; though we have been at pains to avoid those “do good: be good” formulae, which clutter up the ever expanding flow of the literature on Human Relations. *The Dale Carnegie approach is good but can be easily overdone*, as pointed out in a beautiful analysis (printed in this issue) by an ILO expert.

It has really not been possible to avoid fundamentals altogether. Quite a number of articles (It's a question of Ethics, Philosophy of Management, Straight Thinking Comes First etc.) deal with fundamental issues, blended, however, with the practical aspects of Personnel Management. For this, and in order to avoid the usual pitfalls in the line—subjectivity and triviality—we have drawn rather heavily on the rich and large literature published in the magazines and books of the American Management Association. We have also drawn freely on the Indian Institute of Personnel Management's recent and upto-date volume on Personnel Management in India, in order to give this special issue, a powerful Indian slant, as appears only essential and appropriate. The editor of this Book (Mary Sur) has contributed a special article on Personnel Management in India, also another really good piece on Training Is Not Enough. Besides she has furnished the necessary background information on Institutes of Personnel Management in India and Abroad. PNK Pillai, also of the IIPM, has written for us a rather powerful article, which analyses the issues involved in the modern controversy, whether the Personnel Manager constitutes a Third or Neutral Force in Industry.

### *The Productivity Bridge*

✓ The position of the Personnel Manager, as it has emerged in the postwar period, both in India and abroad, really needs analysis. Here, the institution of Personnel Management is a by-product of law and regulation and appears in the shape of welfare or labour officer or adviser. Abroad, particularly in the USA, he is an integral part of top level management, on par with Manufacture and Marketing at their highest levels. But his is a clearly defined staff, and not line position. It may appear an anomaly that the Personnel Officer has no control over personnel; but nevertheless he is in touch with all ranks of industry, a balanced guardian of all human factors that converge to make a concern productive; an adviser, enjoying the mutual confidence and respect of all ranks: a position which enables him to advise both Management and Labour as to how to

make matters click to the highest possible gain of the country, the industry and all its participants. In that sense, the Personnel Manager constitutes *the most powerful bridge across which Management and Labour move to a harmonious rapprochement of vast productive possibilities.* Very apparently, the personnel officer thus becomes the central figure in any productivity programme. X

The measure of the personnel manager's contribution to productivity can be broadly gauged by the calculation of the HPM that 80 per cent of the time of all managers (including directors, industrial engineers, foremen) is spent in inter-personal dealings. Thus *four-fifths* of the problem of Low Productivity can be tackled through Personnel Management, which becomes for us, particularly in the changed social situation *the technique of all techniques.* Its effectiveness can be judged by the fact that the Soviet techniques of Personnel Management appear so apparently analogous to the American pattern, when political differences are analytically isolated, as has been ably done by Edward McCrensky in an article on The Soviet Pattern of Personnel Management, published in this issue of the Journal.

### Acceptance of Reality

✓ The fact of the matter is that industrial development being contemporaneous with a social revolution in human values (in fact being related in a chain of mutual causation) we need to have mechanisms which are in accord with the needs and sanctions of industrial democracy. BN Datar's piece is in this line of thought. The old sanctions of power have disappeared right before our eyes. No longer can anything worthwhile be accomplished by cracking the whip. *The old art of management—the art of making men miserable—has just lost its workability.* The new art of personnel management is really a by-product of the revolution in the changed status and outlook of the ordinary man, which calls for a changed outlook on the part of management. X As the AMA has put it simply, beautifully and effectively in a piece reproduced in this journal: "...Research has proved to management that though the whip cracker gets results temporarily, the company pays a heavy price in absenteeism, turnover, grievances and a general collapse of morale which is soon reflected in production..."

✓ In a penetrating analysis (Power and Participation) published in the name of Prof. Whyte in the last issue of the Journal, the great professor had demonstrated through actual industrial case studies, how power slips through the fingers of those who wield it. The case for Personnel Management in Industry perhaps could not be stated better than in the words of Prof. Whyte: "...*The world of industry is full of executives who will sacrifice almost anything in order to maintain their 'power' to give orders that will not be effectively carried out.* Experience has however proved conclusively that the power issue can only be settled by taking a different approach, which avoids the power issue altogether. The parties solve their problems by finding ways in which each could help the other attain its objectives..." Even the powerful Chancellor, Bismark, who initiated the industrial development of Germany, came at last to the conclusion that force can have little place in the Management of Men: "You can do everything with bayonets except sit upon them".

Personnel Management can be a great solvent of the Problems of Human Organization in another significant way: "...Problems of human organization have become intractable because we have so far lacked a valid system for thinking . . . The first step toward a systematic way of thinking involves an intellectual (and emotional) acceptance of reality. It may seem presumptuous to make such a statement to practical men of action. However, in some circles in industry today we find people apparently more concerned with passing judgment on what is bad and what is good than in seeking the causes for the behaviour they are evaluating. . . ." This evaluation of the causes of human behaviour, alongside a studied avoidance of the judgmental attitude so disastrous in personal relations, can be profitably accomplished through the new institution of Personnel Management.

### *After Bread, Poetry*

It is, however, not only a question of the new effective sanctions. It is also a question of the expansion of needs that has taken place in recent decades. No longer are men satisfied with bread alone. In a significant piece of advice to leaders of Soviet thought, Lenin said: "...After people get bread, they begin to demand poetry. . . ." Modern constitutions for all practical purposes recognize the right to adequate livelihood, to quote the Directive Principles of our own Constitution. Livelihood being a sort of constitutional right, men want something more—job satisfaction, the joy of working together on a worthwhile task, in addition to the wage. These again can only be provided through the techniques of Personnel Management.

It is the Personnel Manager, who makes men feel that they are setting the tasks for themselves; that the targets are theirs, as proved in the case of the Integral Coach Factory (mentioned in this issue); as evidenced in the recent remarkable achievements in some of our public sector enterprises: the new aircraft, our most modern machine tools, our steel and locomotive factories, where *worker-citizens are laying the foundations of a productive socialist economy*. It is a triumph of personnel management in the public sector.

But it is much more important in the private sector, for a large part of social resources in terms of manpower and investment are within the private sector. It is here that Productivity Through Personnel Management offers possibilities of a most tempting character. The range is almost infinite, as shown in the Elton Mayo type of experiment, where a group of girls, putting colour on toys moving over a conveyor belt into an oven, complained that the belt was moving too fast. . . . "With great misgivings, the foreman had a control with a dial marked 'low, medium, fast' installed at the booth of the group leader; she could now adjust the speed of the belt anywhere between the lower and upper limits that the engineers had set. The girls were delighted, and spent many lunch hours deciding how the speed of the belt should be varied from hour to hour throughout the day. . . ." The result was that the average of speeds voluntarily set by the girls themselves was higher than the average speed set by the industrial engineer! *In millions of such small ways can productivity be increased to nationally significant magnitudes through techniques of managing men and women.*

x  
Type from file  
Economic  
Social  
T. 1950

# The Indian Executive of Tomorrow

PL TANDON\*

Managerial revolution in India in the past 20 years has gone at a pace quicker perhaps than anywhere else in the world. In the context of our planning and development needs, it is our greatest asset. Whether in the defence forces, in the civil services or in commerce and industry, the large expansion since 1947 could never have taken place, and relatively so smoothly, had we not had the officers and managers, of whom I would say, at a rough guess, we have today nearly 50,000. This, for a country where only 20 years ago, at the beginning of the war, we had only six majors in the whole Indian Army, a handful of executives in industry, and, admittedly, over a thousand in government services, is a revolution indeed. Three causes were responsible for it. 1. Indianisation in British industry as it went from importing to manufacturing and from manufacturing to marketing 2. Gradual Indianisation of services, greatly accelerated by the war 3. Change from family to professional management.

INTERESTINGLY ENOUGH, India in its early British civil services cadres and in its commercial and industrial factors and agents (from whom the civil service, in fact, sprang), had the first professional managers in the world, with a degree of delegation that only recently has begun to be appreciated. The best definition of delegation I have read was of a Commissioner in Sind at the turn of the last century saying to a young Assistant Commissioner: "Young man, this is your district. Go and work in it. If you ever need my help come and ask. But if you come to ask too often, I shall wonder whether I have put the right man in it".

It was only natural therefore that when circumstances changed, these two sectors, civil services and British industry, were the first sizeable employ-

ers of Indian managerial talent. But it is regrettable that even today most of the criticism is reserved for the Indian sector of business and industry where, it is said, that professional managers still take only a second place to the family. As it is potentially the largest sector of executive employment, it is worth further analysis.

Business in India, as anywhere else, begins with the self-employed who first takes in his sons, then brothers and nephews, and only when he has exhausted the family does he go out, but then to his caste and community, and after that to his town and then the region. A large Indian concern that has several hundred branches over the country, till only recently had not taken a single branch manager who did not belong to the province of the proprietor. What is more, few of its senior staff were not related or known family-wise to the chairman. Nepotism in India is considered a natural proposition: "Whom

\* Administrative Director, Hindustan Lever Ltd., Bombay



shall I trust more than my sons and relations—strangers?" Nevertheless, slow though the progress of professionalisation and delegation of responsibility to management may be in Indian business, it is moving ahead and it is only a matter of time before it catches up. Even the most inbred family businesses are beginning to accept the change, and the younger generation will accept it even more quickly. They must ultimately part with power to professional managers, if only to attain size and maintain efficiency.

Now may I turn to how our professional management has been trained. Until recently it was left entirely to on-job, and it is only in the past five years or so that a consciousness of a spurt in formal training has come about through new university business schools, management associations, training schemes of firms, international agencies, seminars, discussions, staff colleges, meetings and conferences. If I may go off at a tangent, I would say that *an encouraging feature of India is how quickly we adopt a new idea and put our heart into it.* This, for a society which at the same time is stable and conservative, is an ambivalence of a very fine kind.

*If there is a possible danger today, it may one day be of over-training, certainly not of under-training.* But it needs careful thinking to decide what form our training should take and the image of the future executive we want to emerge. Our natural inclination in training is to discuss abstract and subjective ideas and leave things at the level of platitudes. What we need, I suggest, is a more problem-solving approach and pooling of experience, for what is learned from such training can be applied; while what we learn from abstractions though stimulating is easily forgotten. Our training has also to take into account the traditions and environments in which our management

has to operate, and to see how they fit in with the needs of our executives.

Ours is a hierarchical society in which strong traditions persist of respect for seniority and age. Elders command respect for their views from the younger irrespective of the quality of those views. They equally expect to be always consulted. It is not done to challenge their opinions, nor are the young expected to take initiative, certainly never without consulting and getting their blessings. When they succeed their elders the bad cycle continues. They demand all that they had perforce to give. Another factor of our society is loyalty to family, caste and community. The joint family and the caste system demand joint responsibility and anyone who is better off has to help the less fortunate, the strong must help the weak.

Here, then, we have an important juxtaposition of an unquestioned respect for seniority and a duty-bound partiality for your kith and kin, against the modern industrial and commercial systems, involving dealing with large groups of men and machines which requires strict impartiality to function efficiently. A man in charge of a job must do what he thinks is right, and without too much consulting or leaning upon his seniors. He must speak out his mind and give an opinion without fear of contradicting and offending his superiors. His loyalty must lie to all and not to some. You can therefore see at once the contradiction between the modern executive requiring initiative, delegation, equality and impartiality running headlong into the tradition that opposes it on each one of its attributes.

If the executive is going to keep his opinion to himself, or emasculates it out of respect for or fear of his seniors; if promotion is going to go strictly with seniority, occasionally broken by fav-

ouritism; if selection and progress are determined by irrelevant factors of family loyalties, religious, regional and caste considerations: then it is obvious that there will be a deep conflict between our traditions and efficiency. Such conflict is today apparent all round and, I submit, at the bottom of much inefficiency and poor results with which we so quickly get impatient but do nothing about.

If we have the choice between two processes at the same cost, we do not deliberately choose the one which is definitely poorer, or one that will produce smaller results, or cost more to maintain; we naturally choose the better process. If we want to help build the poorer process we should subsidise it by more research and development and not by adopting it. Equally, we must choose the better man (by all means help the inefficient, but not by putting him on top of someone clearly of greater merit). Otherwise we will get the conflict of a good process but a bad supervisor. Equally, given a choice between two opinions, a good and a bad one, we do not choose the latter out of respect for somebody's feelings when we know that it is going to lead us into trouble or losses.

All this seems very simple, and it is, once we accept it and practice it. But we are hemmed in by strong traditions that belong to a rural, hierarchical, caste society and do not fit in with a democratic and industrial society. These traditions can be very discouraging to our new generation, and it is often not realised in India that progress, research, development, new ideas and much impetus to the modern world is today coming more from the experimental young than from the experienced old. Where progress in the past depended upon experience and philosophical thought, it needs today daring research and innovation.

The next aspect I would like to deal with is the tradition that misunderstands power. To us power connotes its exercise in direct proportion, whereas the relationship should be totally indirect. The more power there is the more carefully and less often should it be exercised. Connection should lie between power and responsibility and not between power and the show of authority. Authority should be there, but only in the background, to be exercised when an attempt is made to defeat power. Authority should not be used for the show of it, much less for the joy of it, and yet it is commonly implied: what is the use of power if you cannot do things which others cannot? This is the implication behind asking unreasonable favours. In North Indian languages, the word for strength and highhandedness is the same: *zabardast*.

Lastly, our tradition to loyalty and region contradicts industrial progress which is ultra-regional in its demands. India has an interesting phenomenon that while its lignite is in South India, its coal and iron in Bihar and Orissa, its water power in the Western Ghats and Himalayas, its oil in Assam and Gujerat, its oilseeds in the Deccan and wheat and millets in the North and so on. In short, there is no self-sufficiency in any part of India and therefore the harnessing of our national resources has to be done on a supra-regional basis and not in terms of narrow, uneconomic, inefficient regionalism. In any case, the markets lie all over India and no one is foolish enough to say that he will only sell in his region if he can see a wider market outside.

It is then for these new tasks that we have to befit our future Indian executives, who will see the problems in the national light rather than through narrow family, caste or regional considerations. Fortunately, our regional characteristics, rather like our physical

resources, also vary and complement each other. The South Indian has his brain and balance; the Bengali his sensitive mind; the Punjabi his extrovert competence; the Gujarati his shrewd and constructive business sense, the Maharashtrian his austerity and loyalty to work, and so on. Executive talent must, therefore, follow the national pattern by the selection of the best men from all parts of India and fusing them into an all-India class.

If I could look into the future at the image of the Indian executive that I think will emerge, it is that of an all-India type: his loyalties not to the family, caste and community, but instead to his organisation, to the society in general, and to the country. Family control gradually disappearing, at least in the larger units, and replaced by professional management in which inherited management will have no part to play.

This new executive type has in fact already come into existence in the all-

India civil services, defence forces and in cadres of management in business and industry. These men, their wives and children, are beginning to bear an unmistakable all-India stamp, and often you cannot tell the caste or community or even the part of India from which they stem, which you could easily do with their parents. They have probably been to school away from home, studied in a language other than their mother tongue, been to a university in another part of India, even abroad, and received training in several places. They are therefore a synthesis of the new Indian culture, their loyalties broad and their outlook liberal. Their values and standards are new. In this healthy development, however, two things must be carefully watched, that there is no slipping back to narrow regionalism; that there is no compromise with traditions that do not fit in well with new requirements. Traditions ought to be maintained for what is good in them; not at the sacrifice of welfare and progress.



Disregard an "inferior's" good advice and see the consequences

**KN Sinha, Minister of Industries, Bihar, inaugurating N P C Productivity Exhibition, Patna**

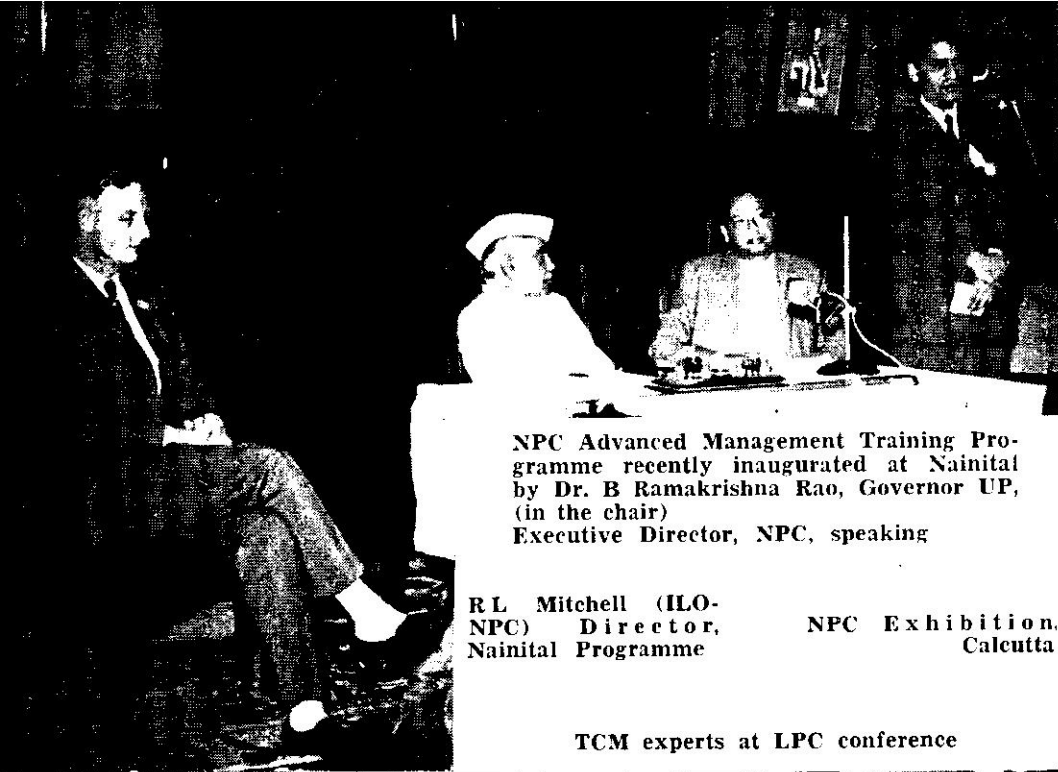


**VP Sharma NPC Specialist conducting course, Bangalore**



**Section of audience, Productivity Exhibition, Kanpur**





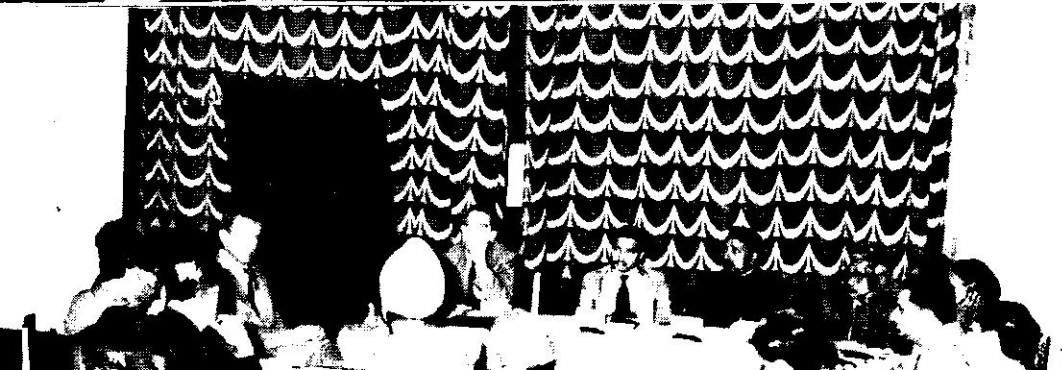
**NPC Advanced Management Training Programme recently inaugurated at Nainital by Dr. B Ramakrishna Rao, Governor UP, (in the chair) Executive Director, NPC, speaking**

**RL Mitchell (ILO-NPC) Director, NPC Exhibition, Nainital Programme Calcutta**

**TCM experts at LPC conference**

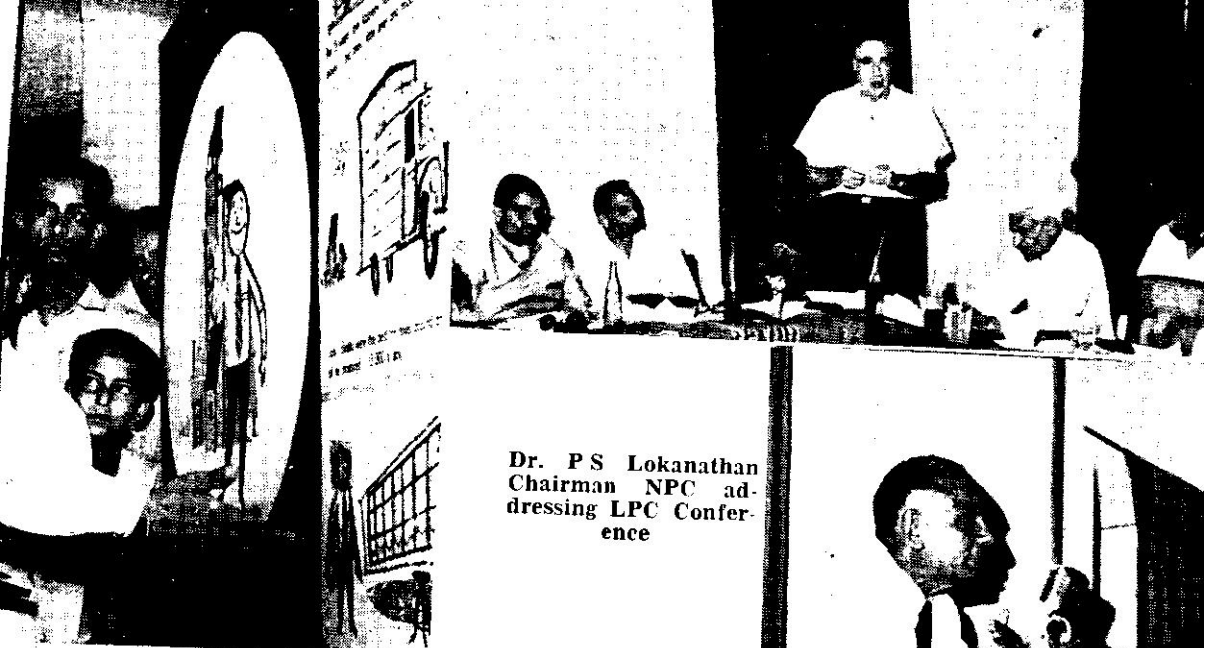


**Mr. Omas speaking Council Kenneth hand e**



**A B Dick group dis Personnel NPC Kanpur**





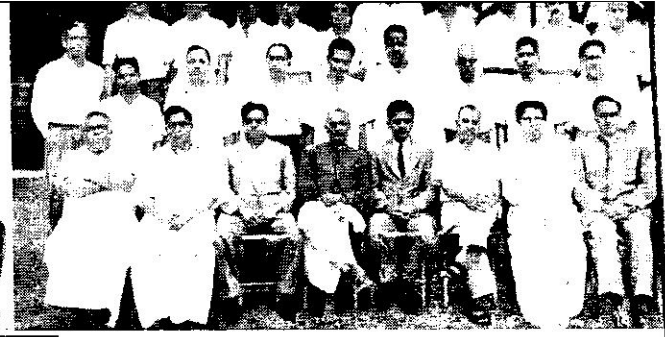
Dr. P S Lokanathan  
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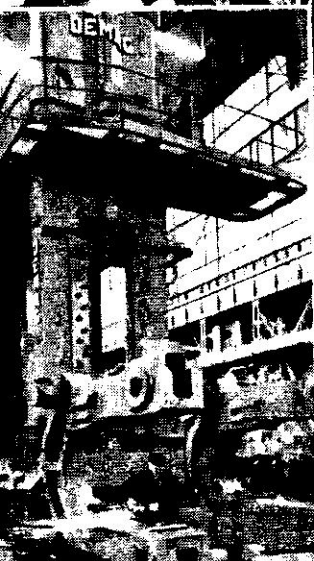
TCM-NPC)  
productivity  
which Mr.  
(top right  
participated



ty Exhibi-  
on, Kanpur



In country team Kerala Productivity Council



Operatives in country team with Sri Katju, Chief Minister, MP, at his residence (top left)

Dr. Paul N Prasow, US expert speaking on Industry Relations, Seminar, Madras



William E Roberts conducting group discussion on organisation & policy

Mechanical workshop, DEMAG

Harry M. Hopkins conducting group discussion on production policy

(at bottom)

Section of audience Top management seminar Kanpur



# Some Rethinking on Industrial Relations

RP BILLIMORIA\*

At a time when concepts such as worker's participation, collective bargaining and codes of discipline are still at their introductory stage in India, the title of this article might appear a little incongruous or even irritating. A glance through text books on Industrial Relations or learned articles on the subject would, however, convince the students of the subject that most of what is being written or talked about is *nothing but a rehash of the same old story*: changing concepts, legal backgrounds, joint consultations and tripartite conventions. No doubt, the subject has become hackneyed. One has not to go far to find the reasons for this stalemate. An overwhelming majority of the articles or discussions in professional conferences in this country deal with *tools* of industrial relations, their defects and methods of sharpening them. Personnel managers, overworked and continuously grappling with quick changing moods of management and workers, deal with situations as they arise, ignoring the fundamentals or principles which in common parlance are termed idealistic. This *flight to expediency* is, however, not a close preserve of industrial relations experts alone. On the contrary, it is a pattern of behaviour which has been assimilated by various echelons of State and industry. We forget the fundamentals of industrial relations because of our ignorance of the obvious or we conveniently ignore them because we do not wish to face upto unpleasant realities. And so, we have to do some re-thinking on this issue and pledge ourselves to certain basic principles which alone will stand up to the strain of the *gigantic social change* that is taking place in the country.

**I**NDUSTRIAL RELATIONS are concerned with people at work and with their inter-relationships. Land, labour, capital and enterprise—the four factors of production affect people at work. They in turn, exist within a State. The classic functions of a State as enumerated in a treatise on political theory are well known. Amongst these is the right and duty of the State 'to secure physical coercion of the unsociable and

recalcitrant will'—to keep law and order and punish the guilty in order to protect the citizen. The employee is a citizen, and so is the supervisor and the employer. The whole structure of industrial relations—or in fact any function of management—is built on the assumption that the State will enforce law and order. The present position is that the manager is afraid to effectively manage—or he uses strong arm methods—the worker finds it pays to agitate and if he doesn't, he is also threatened with dire consequences. And the employer?—they all get together,

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\* Chief Personnel Manager, Tata Iron & Steel Co Ltd

the pioneers of progress, the good ones, the indifferent ones and the 'clever ones' and form associations to safeguard their rights. This needs thinking about.

### **Industrial relations is but a tool of management**

A text book gives various definitions of industrial relations; it tells us what constitutes industrial relations; what vitiates industrial relations; it mentions the pros and cons of adopting certain gimmicks; but it does not hammer home to us, alas, that good industrial relations in a factory constitute only but one management tool. An industry—whether it be in the public sector or in the private sector—is primarily set up not in order to establish good industrial relations but to produce goods or services of good quality at a reasonably low cost for the benefit of the community. One must never mistake the trees for the wood: the results desired from the means by which they are to be attained. The most sophisticated personnel organisation, the best of union relations and the absence of strikes are all of very little value if the company's balance sheet is turning red! This is one more unpalatable but inevitable thought that the industrial relations expert of today must ponder over.

### **Trade unions are here to stay**

Saints, philosophers and psychologists have said: accept the inevitable. But have we done so in industrial relations? Let us take a few examples. Not long ago a team of foreign experts lectured to the top-echelon of Indian executives in different parts of India. As the basic principle of personnel policy, they advocated the principle of integrity coupled with simple, consistent justice; and then to the accompaniment of beaming smiles and acquiescing nods from the audience, said that if Management were good to their workers, and if they did not bargain over wages,

amenities and facilities, then there was no place for a trade union in the industrial organisation. Any one interested in good industrial relations must accept that in our country trade unions, though weak, will continue to exist; in fact they will grow stronger day by day and although this may increase the headaches of personnel managers and executives, this will be to the lasting benefit of the workers and the country.

It should also be taken for granted that a trade union and its representatives can never exist if they toe the management line like good boys. They will disagree with the supervisor, they will question him and so long as this is done within the bounds of an agreement and the laws of the land, there is no reason for wailing loud and clear that but for the union the workers would all be good obedient boys.

### **Political parties will influence trade unions**

During my fifteen years in the field of industrial relations I have sat through countless discussions and debates on the issue of whether trade unions should be affiliated to or be influenced by political organisations. Only a few months ago, a top level meeting reached no conclusions on this issue after an acrimonious three hour debate. We must accept the fact that unions will be very largely influenced by political parties. As citizens, we can only strive to see that this influence does not work against the interests of the industry and the community.

### **The pegs must be strong**

Industry is people: people who work and people who supervise work. The square pegs and the round ones, must be strong. They can make or break an enterprise. Their proper recruitment and selection should be the prime concern of the industrial relations expert.

And yet, the bigger the industry, the more is this important function treated at a discount. One takes great care to select a good cook for his home, a good carpenter for his shop but when it comes to the 'company' does it exercise as much care? The writer has heard a Personnel Director say: "Poor boy, he just does not have it in him to be an engineer. You can't let a fellow rot for so many years! I am going to take him in my department as a Labour Officer!" We often forget about the poor 'company', because it is something inanimate and remote, because it pays us any way and because it is a milch cow, meant to support ineffective engineers, subnormal supervisors and influential country-cousins. This will spell our ruin. It is not for long that we can or should carry on our shoulders or on our conscience the tag of an under-developed country to be coddled and aided by the West. We are advancing fast. We must produce faster. And any enterprise wanting to make headway needs must do a lot of re-thinking on its policies of recruitment and selection even if it means a violent shaking up of skeletons in its cupboard.

### **Bonus muddles are avoidable**

Social justice is a term constantly used in the context of industrial relations in India. After Independence the concept of social justice has initiated important reforms and replaced the old relationship of master and servant. Legislation, conventions and state directives have all been built on this concept and yet we do not have a clear definition of exactly what this social justice is. It is used in the preamble to the Constitution. The term began to appear in Labour Appellate Tribunal decisions in 1951 and 1952 and the Government Industrial Policy Resolution of 1956. The Lok Sabha Resolution of 1954 committed India to a socialist pattern of society. In the Bonus formula stipulat-

ed in the full bench decision, the Labour Appellate Tribunal stated:

"Social justice in a wide sense has been incorporated in our full-bench decision and whenever our full-bench formula is applied there is a dispensation of social justice to the appropriate limits."

Even the Supreme Court in deliberating on an appeal by the Muir Mills deprecated the widening use of this term, stating:

"Social justice is a very vague and indeterminate expression and no clear-cut definition can be laid down which would cover all the situations. Without embarking upon a discussion as to the connotation of the expression of social justice, we may observe that the concept of social justice does not emanate from the fanciful notions of any particular adjudicator but must be founded on a more solid foundation."

And so it is on this broad-based principle of social justice that the Labour Appellate Tribunal ruled that labour was entitled as of right to a share of the available surplus of a company by way of bonus for the year, so long as a living wage had not been attained. Labour statistics will show that this issue of annual bonus is one of perpetual headache. Every year countless man-hours are lost and the national wealth jeopardised over the payment of this bonus. The Bonus Commission will be deliberating on this issue and all of us sincerely hope that this will result in lasting industrial peace. It may, however, be mentioned that no formula is going to be universally accepted if it means reduction in earnings at any time in future and it is high time we did some re-thinking on evolving some workable formula.

### **Good supervisors establish good industrial relations**

Industrial relations is people and people have to be managed. A supervisor can ensure good industrial relations better than any piece of legisla-



tion or code of conduct. He is the *king-pin in securing productivity* and industrial peace; we need good supervisors, and supervisors do not become good overnight after getting a sprinkle of the holy waters of Hyderabad or Henley. Irrespective of all the costly training he may receive, the supervisor fashions himself after his boss and so it is the top echelon of administration that has to set an example. But then, a *good supervisor* is a vague term. It may be helpful to use the following items on a check list to determine if a supervisor is on the beam:

i) Is he in control of the situation? Does he know what he wants to do and when? ii) Does he know what is the work of his department and is he carrying on according to pre-determined plans? Is he thinking and acting in terms of the long-range future of his department? iii) Has he taken any specific measures to ensure good housekeeping, efficiency, above all to reduce cost, improve quality and motivate his work-group to give of their best, or is his effort dissipated in handling minute-to-minute situations and writing out reports? iv) Does he ensure that Company's policies, rules and regulations affecting him and his workers, are known and understood by all? Are these policies put down in writing and is there any discrimination in their application? v) What emphasis does he place on the importance of good organisation? Does every worker know exactly what he is supposed to do, how he is supposed to do it, and what are his relationships with others? Is the organisation of his department the best suited for the purpose? Are too many people reporting to him direct? Does he delegate authority to his subordinates? *Above all, does he delegate to them the right to be wrong?* vi) Has he established controls in the form of good standards and built-in safety devices which will immediately indicate to him what is happening and automatically initiate action if things are going wrong? vii) Does he respect and recognise the individual merit of those working under him? Does he offer them incentive, direct or indirect, for good performance? Is he effective in enforcing consistent disciplin-

ary action for bad performance? viii) Does he make a conscious effort to establish himself as leader of the group? In industrial relations, without prejudice to instruments of delegation doled out from above, *the greatest authority that a supervisor can receive is that which comes from down below.*

### Hands must be clean

Last but not the least, very simple though it may sound, the establishment of the principle of integrity coupled with simple consistent justice forms the very foundation of any industrial relations policy without which there can be no hope for industrial peace, particularly in a large organisation. After laying down on paper carefully considered and accepted rules and regulations, these should be rigidly enforced irrespective of personalities. The tenet of "each case on its own merits" very often cloaks a lot of sin.

### The future is bright

Viewing the state of our industrial relations today, we see the enigma that is facing us: *the reconciliation of policy with reality.* The pace of our contemplated development calls for a gigantic social change which would perhaps exhaust the capacity of even the most efficient or democratic administration. We accept these modernising goals but we are reluctant to employ strong measures to reach them or to impose any unpalatable decisions for fear of the ballot box. History has played its own part in adding to our disadvantage. But then the picture is not as gloomy as many make it to be. Our greatest strength lies in our democratic concept of life. So long as this remains and so long as we do not forget the fundamentals of industrial relations and blindly adopt gimmicks imported from abroad, there is a great future for us.

\* \* \*

### The Personnel Manager

Now I'm just an ordinary bloke  
The same as you out there

# Looking to the Future

**I**N A SINGLE GENERATION India has become industrialised on a large scale. A revolution is taking place before our eyes: a revolution in the background of the majority of industrial workers in this country, their movement from the country to the town, from slow-moving agricultural life to a fast-moving machine world; their problems of adaptation; their standard of life etc.; and one has only to think of their great potentiality to industry if only their interest in their work could be stimulated and their cooperation obtained by enlightened management.

In industry today, adaptability to change is the keynote to success. We are caught up in an ever-changing industrial scene which gives us little time to settle down after one change before another is looming on the horizon. While we are trying to complete modernisation and mechanisation of our factories, in the West further vast changes are being brought about by automation.

Whatever the disadvantages of the large-scale industrial unit, it has come to stay and man must adapt himself to a society which now thinks in terms of large-scale planning. The worker only recently come from the soil has not only to face the mechanical giant, the machine, but also the administrative giant, which dwarfs him to a particular job, as part of a section, which in turn is part of a department, which again is part of a unit of something so large that he can have no real conception of it. *Administration has become a depersonalised authority completely removed from the worker whose life it*

*ultimately controls.* How to replace the personal relationship lost through the dehumanising effect of impersonal administration is one of our present problems, and it will become even more pressing in the future.

Some people imagine that the factory of the future will be managed largely by unskilled labour under the supervision of a few highly skilled technicians. This is not so. More advanced technology demands more skilled and better educated workers. Already there is a demand for more trained and educated workers in this country, and that demand will grow. Better educated workers will call for greater skill in supervision if work is to proceed smoothly. This is a problem that cannot be left to the future; we must prepare to meet it now.

Already the emphasis in the job of management has changed. Whereas formerly management was looked upon as a technical job, recent investigations show that *a manager in a modern industrial unit spends at least 80 per cent of his time on man management rather than on technical matters.* Technical knowledge he must certainly have, but with it must be combined the knowledge of how to handle men. The need for training managerial and supervisory staff in handling problems of human relations is growing, and its realisation is being quickened by the development of local Management Associations, local Productivity Councils and other professional institutions, all of which are concerning themselves with management

training in human relations as well as in advanced technology.

It may well be asked whether, with all this activity in training managers in what have long been the principles of personnel management, there will in the future be less need for the personnel officer in industry. The answer is definitely in the negative. Management must have specialists to advise it on industrial legislation and developments in the concept of management-labour relations. Management must be kept informed on trade union developments, on current practices in respect of labour problems in the same and other industries, and, coming to its own organisation, on internal problems and the views of labour, supervisory and junior managerial staff. Above all, organisations must depend on someone who can ensure that managers are kept conscious of human relations and personnel practices. Personnel policy is a management responsibility, but that policy can only be framed with a full knowledge of local conditions and needs. It can, therefore, be seen that where management has an enlightened view of its responsibility for good human relations in industry, the personnel officer's function and status is correspondingly enhanced, rather than reduced. Moreover, he does not merely supply information; he has an opportunity to influence policy.

In his relationship with supervisory and middle management grades, the personnel officer has just as important a role to play, for it is he who can make them aware of the human implications of any situation, and particularly of the need for passing on more information to the rank and file and for joint consultation before introducing changes.

According to Urwick<sup>1</sup> the major

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1 Personnel Management in Perspective, L. Urwick, Institute of Personnel Management, London.

weakness of modern personnel management in the West is its *lack of integration into the organisational structure of the business*. This is also true of India. The personnel function should not be divorced from the executive function. It should not be something entrusted to a personnel officer in the hope that this in itself will make the organisation run smoothly. If it is merely something tacked on to the business instead of being an integral part of it, then it will soon become as useless as an atrophied limb. It is the responsibility of personnel officers to see that personnel management is made an integral part of the administration. They must guard against the natural inclination to build up a self-contained department and to arrogate to themselves the responsibilities that should lie with line management. They must remember that theirs is a "staff" function, and their main task is advisory to management as a whole. They must be *constantly on the move and in touch with all departments*, rather than officers chained to an office chair.

The importance of morale in the working group cannot be over-emphasised. There is a tendency to think that the most powerful incentive is personal gain, whereas in fact, to the vast majority of people, social approval is a stronger incentive than personal gain, and social disapproval a stronger deterrent than financial loss. It is *the less tangible incentives that act on morale*, such as belief in the purpose of the business, confidence in its leadership, the individual dignity found in job satisfaction, and the social approval of the working group. It is in the achievement of these intangible, but all-important, foundations of morale that personnel management will be judged.

Many believed that with the change of ownership brought about by nationalisation, the morale of industrial workers would automatically improve, for

they would feel themselves the owners of the business. This has not proved to be the case. Ultimate ownership of the business itself makes little difference to the average worker. His area of interest is, narrowed to what happens on the factory floor. The problems of management and human relationship remain, whatever the ownership of the organisation. They are, if anything, intensified by more distant ownership. Therefore, whether industry in the future in this country is divided between the public and the private sectors, or is dominated by the former, the need for sound personnel management will remain.

problems in isolation. There is need to study the whole man, and to see industry as part of the community; to help and seek assistance from organisations outside the factory, so that industry is felt to be part of the community.

There is above all, in this profession, *the need for genuine humility, the willingness to admit a mistake and to try again, to compromise where basic principles are not involved, to give up theories if they do not fit the facts, and to be sensible rather than sentimental.* Frustrations there will be, no doubt, and it will require determination to overcome them.

Personnel management, however, is not an exact science; it cannot answer all the questions raised by human relationships in industry. *Scientific and technical advances have far outstripped the knowledge of the right approach to human problems.* Personnel management, therefore, offers a real challenge to those who take up the profession. They need a sense of vocation; they need to believe that proper human relations are right in themselves; otherwise they will never win the confidence of management and employees. They need personal qualities of a high order *to meet and listen to all.* They need a sense of perspective and a wide tolerance—*“to find the greys between the blacks and whites of more orderly dogmatic minds.”*<sup>2</sup> They need to see the wider issues of man in society, not only man the machine-minder. They must see the individual as part of the working group and the group as part of the larger industrial community; but they must also try to see *the worker against his social background, as a family man, a citizen and a spiritual being.* There is too great a tendency to study industrial

Time is usually a rare commodity for the personnel officer, and yet he needs to make time to sit back and review his work now and then, to *study what others are thinking, and to record what he observes.* There is a great need for further practical research on the problems facing Indian industry. In the past, there has been *too much withdrawing into our own problems, too much conformity in our thinking.* Unlike many personnel officers in the West, our personnel officers have the advantage of a basic academic training in social science, but for that very reason they may become too rigid in their outlook. It must never be forgotten that *the real training is on the job and must go on all the time.* The personnel officer's education is never finished, for *“he deals with the unfinishable, the endless, restless hopes and fears of fellow men.”* If a man or woman has the compact mind that likes to put everything into its proper pigeon hole, if he or she likes a regular, known job, without too much responsibility, then personnel management is not that job. It is *infinitely variable, often tantalizing, and always a challenge;* but to those interested in their fellow beings it can be infinitely rewarding.

<sup>2</sup> People at Work, J. Marsh, Industrial Welfare Society, London.

# It's a Question of Ethics

VIVIENNE MARQUIS\*

On being told that every profession has its own code of ethics, a noted American humorist replied: "If ethics are the mark of the professional, the world has fallen into the hands of some pretty shrewd amateurs!" Or so it often seems. And yet so far as ethics are concerned, no man will ever be *an island*; all are interdependent upon the moral values of others. Few laymen have ever read through the Hippocratic oath, but they may unburden their most guarded family secret to a physician they regard as a man of principle—a man with professional ethics. So it is in many walks of life—even the most mundane. When the average person picks up the bill of repair on his watch or television set, whose inner workings are a complete mystery to him, he's acquiring a stake in the ethics of the man he deals with. If this is true, what about the stake a man has in the ethics of the manager for whom he works—who influences, for better or worse, the job at which he spends half his waking hours and which represents not only his livelihood but an important part of his life?

**F**OR WHAT WE COMMONLY term the *atmosphere* of a workplace—the spirit in which a group of people work together—invariably reflects something of the character and personality of the manager in charge. If it is riddled by doubt and suspicion and insecurity, if buck passing and petty rivalries are rampant, then the chances are that the leader's personal values and ethics won't stand close scrutiny. For he sets the tone.

By his very position, the manager has a part in strengthening or undermining the reputation of his company as well as his own department; *in many of the seemingly, small decisions he makes he also decides whether his own particular domain is a place where honesty and decent treatment are the expected thing or whether, shorn of its trappings, it's just the opposite.*

\* Staff member, American Management Association

There are, in any case, no Hippocratic oaths for management—or for individual managers. The closest we have come to it is in the broad policy statements that a few companies have formulated, acknowledging their social responsibilities, as they see them, to their employees, their customers, and the community at large. But these contain no answers to the neat questions of personal ethics that frequently confront the manager in the course of the day's job.

## When it's "confidential"

Consider, for example, the matter of confidential information. It cuts across many areas—the first, and perhaps most obvious, of which is information from higher management which is plainly or implicitly considered "classified"—for competitive reasons, or because it pertains to policy matters that



are not intended for general consumption. Where the lines are clear-cut, most managers have little difficulty in hewing to them; only in a rare instance, for example, would a manager indiscriminately pass along information that he knew would be of direct advantage to a competitor. It's the twilight zones of confidence that more often make for trouble, however.

To begin with, of the many types of information to which a manager has access—whether through official channels, through his own direct observations, or via the grapevine—relatively little is clearly marked either 'top secret' or 'for immediate release'. The use he makes of it is largely a matter of individual discretion. Often he must decide whether it's something his employees should know about, something he should ask his boss about, or something he should simply file away mentally for possible future reference.

Managers, however, are only human, after all, and they are not untouched by the natural human desire to be in the know and to *sound* in the know to their subordinates and among their colleagues. Neither are they infallible in their decisions about what should or should not be passed along. But the manager who catches himself prefacing a remark with "don't quote me, but..." should give the matter some pause. The wish for anonymity is invariably a danger signal. And, incidentally, it almost always devaluates the message itself.

Moreover, from a purely practical standpoint, the bringer of tidings—before they've developed into much more than that—can sometimes be embarrassed later when his predictions turn out to have been way off base. If the 'news' isn't official, it's often because some element or factor in the situation is still undecided. And until it is, the outcome is anybody's guess.

There's another area of confidential

information, apart from matters of company policy or management decision, that is also a matter of immediate concern to the operating supervisor—information which is given to him in confidence by one of his subordinates. If it's a purely personal matter, it goes without saying that it's strictly off limits as a matter for discussion with any third parties. Sometimes, in the course of an interview in which the supervisor attempts to counsel a troubled employee, the supervisor may so encourage him to unburden himself that he hears far more than he bargained for. Whether or not it lies within his power to help the person with his problem (and many a manager has got himself in deep waters by being unable to make that distinction), he has, by the very nature of the role he has assumed, incurred a strict obligation to keep the confidence inviolate.

This applies as well to confidential information about an employee which derives from other sources. A man whose record carries the burden of some known past offence—whether it be a discharge for cause in a prior job, a "lost weekend," a month in alimony jail, or worse—deserves a fair shake, if only for the reason that he has shown sufficient strength to qualify for and get his job, despite the record. Few managers would, of course, consider violating a confidence of this kind out of ungenerous motives. But it is possible to do it unwittingly, in perfectly good faith—to remark, perhaps, to someone else in the community on what a remarkable job of self-rehabilitation Jack was able to do—and thus bring the whole problem back into vivid relief.

Such situations are, of course, relatively uncommon to begin with. Most of the workers under a manager's supervision are pretty ordinary people who live pretty average lives; there isn't anything particularly bizarre to be said or heard about them. But mana-



gers sometimes unintentionally fall into the error of breaking confidences with them, too—though the content is far less dramatic. For example, *one employee's unsatisfactory performance is strictly a matter between him and his boss*. It may sound unduly serious to dub it as such, but it is a breach of ethics to make it common knowledge or even to allude to it in discussions with other workers. Occasionally, a manager makes the fatal error of implying a criticism of one man's work as a means of praising another. Even well-intentioned comparisons are odious at best—and what's more, they often backfire.

### Promises

The entire gamut of ethical questions that revolves about the promises a manager should or should not make can be resolved pretty neatly by the homely adage: *"Don't start anything you can't finish."* Webster may not seem to have taken the whole subject of promises very lightly when he defined a promise as *"one's pledge to another... a declaration which gives to the person to whom it is made a right to expect or to claim the performance or the forbearance of a specified act"*. To make things even tougher for people who tend to take their own promises rather lightly, he goes on to describe it as *"ground for hope, expectation, or assurance."* Occasionally a manager fails to *distinguish adequately, in dealing with his subordinates, between encouragement and promises*, and in doing so he gives rise to false hopes.

### Passing the buck

No manager has to be reminded that there's a certain amount of buck passing in any organization—and the larger the organization, the more likely one is to encounter it in its more primitive forms. For example, certain tasks that have an obvious nuisance

value, and that don't seem to fall very clearly into anyone's particular job, commonly go from Tinker to Evers to Chance. In management parlance, these are the jobs that somehow "fell between the chairs".

But these orphaned projects only represent buck passing in its most obvious form. What about the piece of unpleasant news that finally must be delivered and so is attributed vaguely to the "higher-ups"? Or the criticism of a third party that is carried by nothing more than a philosophical shrug? How about the *problem worker* who is highly recommended by his boss for transfer to another department—and whose departure, under flying colours, is accompanied by a sigh of relief?

### "Willy Loman" psychology

Then there are the people who are afflicted by a kind of "Willy Loman" psychology. To paraphrase a current fund-raising slogan, they seem to operate under the urgent motto: *"I need to be liked—and I can't wait."* We've all met people who have such a need for approval and esteem—such an overriding desire to be liked that they'll act against their own better judgment rather than risk anyone's disapproval. Sometimes it's all harmless enough, and the *good fellow* is regarded as just that, even though people have the vague feeling that he's working overtime at it. Often, however, situations arise which demand forthright handling, and the manager who winks at them, who temporizes with them or attempts to camouflage them with reassurances that are patently false, has made The Big Compromise—not with any set of values which is still so vague as what we term *business ethics*, but with himself and the truth.

### Ethical "sins of omission"

Almost every breach of ethics that can be committed by "doing" or "say-

ing" has its opposite number in a sin of omission. Every manager can think of countless instances, from his own experience, of injustices that were done simply by *not* saying, or *not* acting—of failures to give credit where credit was due, to come forward and admit a mistake, to neglect an important responsibility, to damn by faint praise, to surrender a position of trust by sheer default. A story that points up the eloquence of a certain kind of omission—the *untruth of half-truths*—concerns a ship's mate who, in a brief spell of despondency, had taken suddenly to drink. At the end of his watch one night, he consulted the log which his captain had been keeping. And there, at the close of the night's entries, he found the statement: "The first mate was drunk again tonight."

He went to the captain, and begged him to strike that remark from the record; but the captain, a teetotaler himself, was adamant. *He reminded the captain of his hitherto perfect record, impertuned him to overlook this one fall from grace, but the captain shook his head.* "You know as well as I do," he intoned, "that the purpose of the log is to record the facts—all the facts about everything that happened on the voyage. If it's true that you were drinking—and you can't deny it—then that fact belongs in the log."

The next night it was captain's turn to take the watch and the first mate's night to keep the log. And this he did, conscientiously recording nothing but the facts—all the facts about the position of the ship, its course, the condition of the cargo, the weather, and so forth. And at the very close of the report was the simple, concluding entry: "Tonight the captain was sober."

### Other Questions

A great many questions of an ethical nature arise in the average mana-

ger's dealings with his subordinates, his colleagues and his own superiors. The following, for example, are some guides that one large automobile company developed for its own managers.

1. *Supervisor with superiors*
  - a. Do not go over a superior's head regarding any new development or anything requiring his decision.
  - b. Never ridicule, publicly criticize or make disparaging remarks about those in authority.
  - c. Avoid any semblance of overfamiliarity.
  - d. Don't "pass the buck".
2. *Supervisors with other supervisors*
  - a. Never make damaging personal remarks concerning other supervisors
  - b. Never deliberately attempt to "show up" another supervisor
  - c. Do not use abusive language or quarrel with other supervisors in presence of employees, or others
  - d. Never deliberately withhold necessary information
  - e. Never form or join cliques.
3. *Supervisor with his workmen*
  - a. Do not become indebted or obligated to employees
  - b. Do not make a practice of becoming too familiar with employees
  - c. Avoid promises except those you're sure you can deliver on
  - d. Avoid any indication of favoritism
  - e. Never use abusive language toward employees
  - f. Never brag
  - g. Do not employ relatives in your department
  - h. Never yield to the temptation of doing the "smart thing". Good ethics requires doing the "right thing."
  - i. Do not betray confidences of employees.
4. *Supervisor with the public*
  - a. Never divulge confidential information to outsiders
  - b. Do not participate in gossip concerning company matters.
  - c. Never talk shop outside of working hours unless it is of a wholesome, constructive nature in the interests of the organization
  - d. Avoid talking about money involved in departmental business transactions.

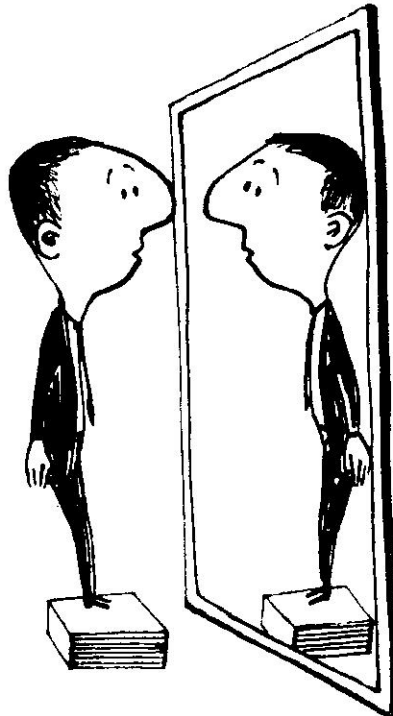
### "The lengthened shadow"

It has been said that *the character of an organization is the lengthened shadow of one man*. This was undoubtedly true, back in the days when industrial empires were being carved out of the raw materials of the times—by rugged individualists, whose personalities dominated the organizations they were in the process of creating. Today, management has largely been divorced from ownership, and few organizations are cast in the mould of one man's character and personality. They are composites, and they reflect the thinking, the values, the character of many men—necessarily in a somewhat diffused way, since they are a blend of diverse influences.

For this very reason, however, it has

become true—but in a different sense—that the character of an organization is the lengthened shadow of one man. Not to the public, but to the worker. We have all heard it said many times that *the immediate supervisor represents "the company" to the average employee* who has never sat in on a board of directors' meeting, has possibly never exchanged a direct word with people at the very top-policy level. Ethics, values—as viewed through the many layers of organization that separate top management and the worker—become pretty vague and impersonal. In this sense the mantle of leadership has largely fallen to the operating-line manager. For it is he who, in clear outline, shapes not only the shadow but the substance of a company's "character."

"KNOW THYSELF"



the most difficult task of the personnel manager

# Straight Thinking Comes First

CHARLES W. PHILLIPS\*

Even the most disciplined thinker is prey, at times, to tricks of logic that get between him and the truth. A scientist and his friend were travelling on a train through Wyoming. As they looked out the window, the scientist's friend said, "Those sheep on the mesa have just been sheared". "Well", the scientist said cautiously, "they *seem* to have been—on this side". This anecdote sums up an important difference between the way scientists and most other people think. Most of us take a quick look at something and leap to a conclusion; the scientist waits until he's collected all the facts he can. Even then his conclusion is only tentative, because he knows that one rarely can get all the facts about anything. What does this have to do with supervision? Simply this: supervisors are trying to get things done through people—and leaping to false conclusions about things or people can play havoc with production and morale. The foundation for good management, it has often been said, is good communication. But straight thinking must come first.

**F**OLLOWING ARE SIX FACTS about things and people that scientists believe to be true. Below each one is a "thinking tool" based on this fact. Consistent use of these tools will result in increased management skills and sounder judgment in all aspects of living.

1. "This is true so far as I know" (no one is infallible). We've all encountered the kind of manager or worker who won't buy new ideas because he's so sure he knows all there is to know on the subject. As often as not, he's the most difficult person in his group to deal with, the most stubborn resister of change and new methods, the bottleneck in production.

As the eminent mathematician C J Keyser once said: "*Absolute certainty*

*is a privilege of uneducated minds—and fanatics. It is, for scientific folks, an unattainable ideal."* Therefore, we'd be wise always to add, at least to ourselves, to every statement we ever make: "This is true so far as I know."

2. "This is true up to a point" (nothing is all black or all white). No human being is all bad or all good; no work group is completely efficient or completely inefficient; no method is the one "best" way or the one "worst" way. Yet, in spite of this, most people have a dangerous tendency toward *either-or* thinking. They say to themselves: this group of men is either efficient or inefficient; I am either a success or a failure; a man is either a sound thinker (that is, he agrees with me about everything) or he is not. In other words, most people fail to think in terms of degrees.

A similar pitfall is *all-or-none* thinking: one either agrees with everything

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the president says and does, or one is not a loyal party member; all government agencies are full of incompetent, wasteful bureaucrats; or all government agencies are models of perfection.

The cure for either-or and all-or-none thinking is continually to remind ourselves that few, if any, values in this world are absolute; they are a matter of degree. With practice, one can acquire the habit of thinking "such and such is true—up to a point."

3. "This is true to me" (everyone reacts in terms of his own personality and experience). When paper is dipped in the drug PTC (phenylthio-carbimide) and people are asked to chew it for a few seconds, about 65 per cent say that it is bitter, 5 per cent that it is salty, 2 per cent that it is sweet, and 5 per cent that it is sour. So the fact of PTC is not that it has a bitter taste, but that it tastes bitter to some people. Therefore, it's wise to add to each of our statements, if only silently, such expressions as "it seems to me," "as I see it," "from my point of view."

4. "This is true of A but not necessarily of B" (no two things or two people are exactly alike). Most of us speak of houses, trees, schools, offices, men, women, as though all houses, all trees, all schools, all offices, all men, all women were alike. Actually, house A is not house B. And house C is not house D. Production clerk A is not production clerk B. Plant manager A is not plant manager B.

Two supervisors had dealings with an industrial engineer named Smith, who was opinionated and disagreeable. When Smith was replaced by industrial engineer Brown, the first supervisor said: "Industrial engineers are opinionated. Wonder what kind of a guy Brown will be?" The first judged all members of a group by his experience with one member of it; the other knew that everyone is different, and kept an

open mind. There's not much doubt which supervisor worked more successfully with Brown—and with other people.

*It is well to remember that there is no such person as "a worker", "a plant manager", "a woman", "a company president"; there are only Bills and Joes and Marys and Toms each one quite different from the others.*

5. "This was true yesterday but is not necessarily true today" (everything and everyone changes). When Joe Allison first came to work, he was slow, ill-informed, tactless. In the five years since then, Joe has overcome some of the fear that caused him to be slow. He has gone to school at night and learned a great deal. He has married and has become, thanks to his wife, more tactful. If his superior still thinks of Joe as he was five years ago, he may be missing a good bet for promotion.

All our notions, our statements, even our ideas about ourselves, should be "dated". What was true yesterday is not necessarily true today.

6. "This is true here but isn't necessarily true there" (things and people are different in different places). A management policy that works beautifully in England may fall on its face in the United States. A policy that may go over big in one company may fizzle in another. The environment is what makes the difference.

Kenneth Keyes says that *a mouse is able to learn that "cheese in a mouse-trap is not the same as cheese on the pantry shelf."* Human beings should be able to do at least as well. Yet we find executives and supervisors at all levels making the mistake of assuming that conditions remain constant from one place to another.

When a group of Air Force civilian employees moved from a large Eastern

city to a small Midwestern town, they met with a great deal of resentment from the local civilians.

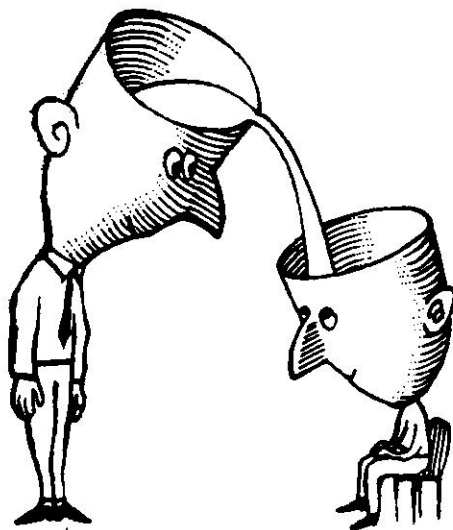
The Easterners had naturally brought along with them their habits of thinking in terms of "Do it yesterday"; their expectation of exceptionally high performance levels; their work simplification, cost reduction, and work measurement techniques; their group attitude toward misuse of sick leave. The "natives" were slower; their group attitudes were different; they could not understand the thistle-bustle of the Easterners, and didn't hesitate to show it.

This is not to say that the Easterners should have slowed down. But less friction might have resulted if both groups had realized that where you are makes a difference, and if they had accepted each other more tolerantly.

*Summary:* The fields in which the greatest progress has been made—medicine, physics, chemistry, technology—are those where men use scientific, open-minded ways of thinking. But straight thinking is by no means within the special province of the scientist; it is perhaps even more urgently needed in everyday human affairs—on the job and off.

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## Communication





# Men Can be Short Circuits

CHARLES E. IRVIN<sup>1</sup>

We were almost at the portable stairs leading up to the passenger compartment of the Super Constellation when the loudspeaker blared: "Will passengers on Flight 302 please return to the terminal. There will be a slight delay in departure time due to an equipment change. Thank you." A passing mechanic, speaking too loudly to another worker, gave us the answer—a short circuit in no 2 motor. Some place in the miles of electric wiring there was a tiny break. But, *small as the break might be, it was enough to ground \$347,000 worth of airplane.* There it rested in the sun, beautiful, expensive—and completely useless... The delay promoted conversation among passengers. One business man said to me: "Our company is like that plane; *some of our departments haven't enough spark to light up the tail end of a lightning bug.*" He obviously meant that men can become short circuits too.

**T**HERE ARE SEVERAL short-circuit type managers who won't delegate authority; executives who are afraid to surround themselves with men who can do things better than they themselves can; supervisors whose judgments become distorted by their notions of self-importance, or who are afraid of new ideas. Every organization that charges men with responsibility runs the risk of having the spark go out of that charge.

If you look beyond the outward appearances of a good supervisor or executive, what do you find? Managers differ, of course, but the best leaders have these five qualities in common:

1. *A sense of proportion.* George Washington Carver, the famed scientist, told this story<sup>2</sup> on himself. When he was young and ambitious, he prayed: "Lord, tell me all about the universe." The Lord

looked down and replied; "Now, George, that's a pretty big order for a little guy like you. Why don't you think of something else?" So Carver prayed again: "Lord, tell me all about the peanut". Smiling, the Lord said, "Now, George, that's more your size". Dr Carver did important things with the peanut. He convinced the farmers of Alabama that in addition to cotton they could grow peanuts and other crops. Since then, the peanut crop has brought the South an income of \$60 million in a single year. From the peanut, Carver made more than 300 products, ranging from salad oil to soap and ink. He concentrated on *one task at a time*, modestly added one achievement to another.

2. *The ability to be oneself.* Emerson in his great essay on self-reliance said, "...sooner or later, every man finds that to imitate is suicide." Yet, typical of our times is a statement published not long ago which reads: "Never have so many done the same thing under the same circumstances so repeatedly." A certain amount of con-

<sup>1</sup> Consultant in Sales Management and Business Communications, East Lansing, Michigan, USA.

\* Quoted in this Journal Vol. 2, No. 3 page 292.

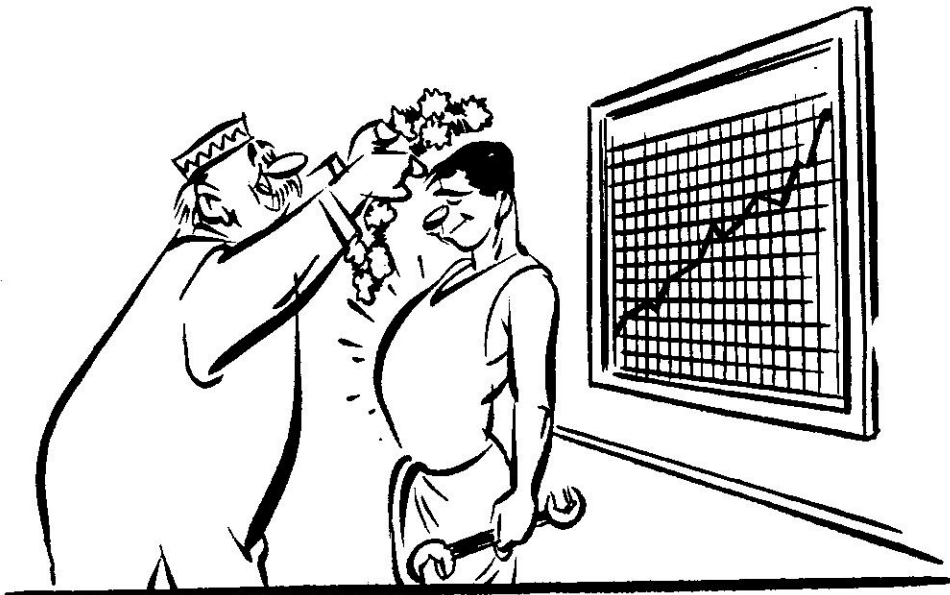
formity is both necessary and desirable. But a man who forfeits his identity cannot lead others.

3. *Genuine enthusiasm.* Charles Schwab, one of the few men ever to be paid a million dollars a year in salary, said that his most precious personal asset was his capacity to arouse enthusiasm among his men. He added, "...take away my plants, take away my inventory, but leave me these men, and I'll build another steel empire."

4. *Sincerity.* Today management is not only responsible for the transmission of technical "know-how", but is

also responsible for "will-do". And this depends ultimately on the attitudes, feelings, and sentiments of its employees. Workers trust the ideas of management only insofar as they trust the men in management.

5. *The ability to think in terms of the other fellow.* A leader knows the truth of the saying: "The most important five words are 'I am proud of you'; the next four are 'What is your opinion?'; the next three are 'If you please'; the next two are 'Thank you'; and the smallest word in the world is the pronoun 'I'".



# A Philosophy of Management

ELLIS O. KELLER\*

Noah Webster, the American lexicographer, states that Philosophy is literally the love of wisdom. He goes further to say that in actual usage, it is the science that investigates the facts and principles of reality and of human nature and conduct; a body of philosophical principles underlying a given branch of learning or major discipline, a religious system, a human activity or the like.

Philosophy here denotes a 'way of thinking'. Experience has shown that it is important that a positive philosophy of management be formulated. Many managers have a philosophy of management which they have never tried to formulate. Putting it in words sometimes does a great deal toward clarifying what the philosophy really is. This does not mean that management should turn over a new leaf and start anew; however, it does mean, in many cases, that it will do better than what it is already doing. In determining a philosophy, the top man has to know what it is he wants and needs in the way of management. Of course, this takes him into the ramifications of organisation structure, planning, controlling, company objectives and management development.

## The Role of Top Management

A MANAGEMENT PLAN, procedure, programme or philosophy is practically worthless unless the top management role is adequately filled. In other words, there is no particular reason for an organization or section of an organization to embark on the use of management techniques unless the person in charge wants, understands, and directs the use of the technique. There are, moreover, three major determinations which must be made by anyone in top management in his consideration of a specific technique. The first important consideration for this top management person is that he has a basic philosophy of management. The second is that he has a basic plan or method of operation for the effectuation of that philosophy; and the third has to do with the actual way in which he starts his plan and keeps it in opera-

tion. For the sake of easy understanding, we might call these three considerations a philosophy, a plan and participation.

## The Development Process

There are two ways in which a man in top management can determine his philosophy of management. Either he can develop it as a part of his own thinking, or he can help his subordinates arrive at it with him. It is immaterial which procedure is followed but it is *important that the philosophy be a part of the top man himself*. It is evident that if he has formulated a philosophy, has determined it himself, or has been sitting with a group of his subordinates and has helped them formulate it, he probably will understand it. However, it will become a living philosophy for management in his business only when he has a real involvement in it: an involvement with conviction. In understanding this philoso-

\* TCM expert attached to NPC

phy, he has to know the part he personally will play in planning it, controlling it, directing it and participating in it.

### Need for Articulacy

There is yet another consideration within the overall framework of basic philosophy: *the top man has to be articulate with the philosophy*. He must be able to explain it, make it known and understood by others. Many of us have been present at meetings in which the senior man in the organization reads from a sheet of paper—or has somebody read for him—a statement of policy which is to be practised by all members of the group. When the meeting is over, many go out scratching their heads and asking: "Now, what are we supposed to do about this?" The philosophy will not be a living philosophy, a working philosophy, a new way of thinking—or, better still, a way of operating unless the top man in the organization has helped determine it and therefore, knows and understands it so well that he can make it understood by others. In other words, it must be so much a part of him that others feel it and use it just by contact with him.

### An Overall Canopy

When the top man has made his philosophy known to his subordinates, and, further, as he continues to expand their understanding with each daily contact it is not too many months before his entire management staff recognises that this is a method of operation he expects them to follow. He expects them to follow it because he practises it and demands it. Thus a philosophy of management may become an overall canopy under which many of our individual and corporate problems may be handled in an easier, better and faster way.

### The Nature of Management Policy

Webster calls policy "a settled or definite course or method, adopted and followed by a government, institution,

body, or individual." This statement fails to intimate the challenge inherent in the hammering out of the guidepost we think of as a policy. Considering the moral aspect, policy might be termed a criterion of conduct; considering the physical, a balancing of ends and means. We are, of course, speaking only of a positive policy, and of one that results from right thinking regarding pertinent facts.

This suggests the idea of policy as we are discussing it here. A well-thought-out statement of top management's objectives with a general suggestion of method, makes up a practical yardstick by which to measure specific plans and decisions that must be faced in daily operations. Further, a knowledge and appreciation of these objectives on the part of the personnel helps clarify the thinking of all, brings peace to the organization, carries the right mental attitude out to the customers and the public.

Thus policy is the leaven that works individuals into a team, that replaces doubt with certainty, that transforms an objective into a cause. Those who are told only what to do may perform acceptably, but they never put the wallop back of their work that others do who also know why. It is the "why" that is policy. *Management that keeps its why to itself can hardly expect the employee to sympathize with its what and how.*

### The Conscience of Business

A true solution to any problem involving relations with people must embody a moral and spiritual quality to which the good in all may respond. Before business could appeal to the individual it had to recognize the rights of the individual; it had to develop a conscience. We call that conscience policy. In its development, the nature of policy requires intensive application, "hard reasoning" as Napoleon called it, yet reasoning that searches for the less

obvious moral as well as more easily appraisable physical factors. But the real secret of policy is prescience, timing: the establishment of truth before it is too late.

### Six Basic Principles

Here in brief are the six basic principles which Mr Wilson\* has asked his organization to follow and to develop fully: 1. put the right people in the right places 2. train everyone for the job to be done 3. make the organization a coordinated team 4. supply the right tools and the right conditions 5. give security with opportunity, incentive, recognition 6. Look ahead, Plan ahead... for more and better things.

### Utilizing the Power of Habit

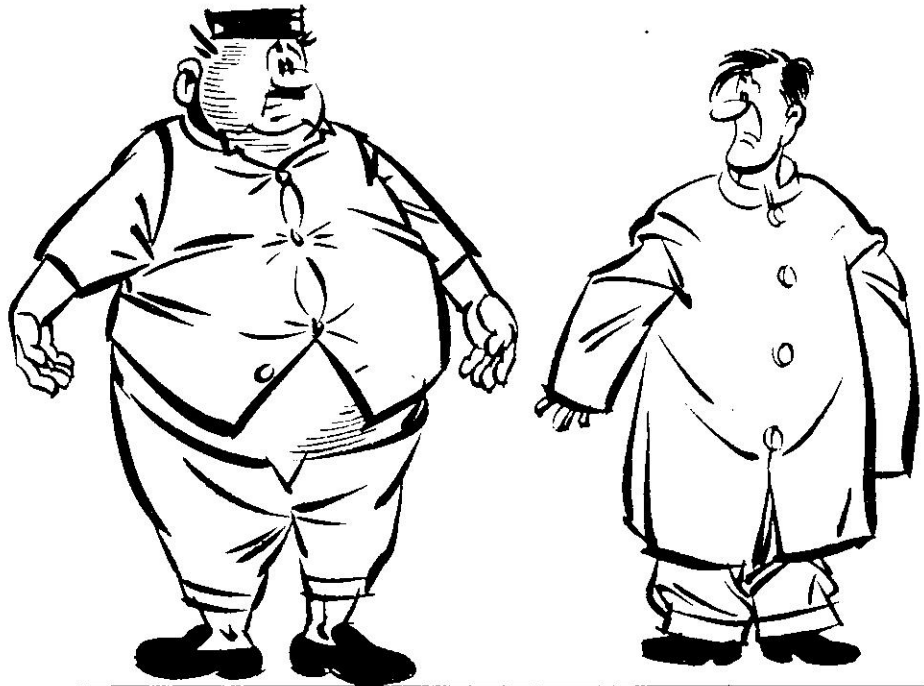
One of the two great lessons taught by Mary Follett is that behaviour must

\* Former President and chief executive officer General Motors

be changed by experience; it cannot be changed merely by the impact of ideas. The question we should ask ourselves, she says, is not how we can bring about acceptance of this idea, but how we can get into the experience of the people which will mean the construction of new habits.

Organizations form habits. These habits are harder to change than those of individuals because of the combination of many fixed minds and the force of precedent. Time is needed to train an organization in a different, perhaps better, way of thinking.

When time and effort have been put in, the leader responsible for the new thinking may bow out, and the habit of the organization will carry on. But it is necessary that sympathetic and forward-looking leadership continue, or the direction will become confused, the thinking fuzzy and the trend reactionary. Dry rot will have begun.

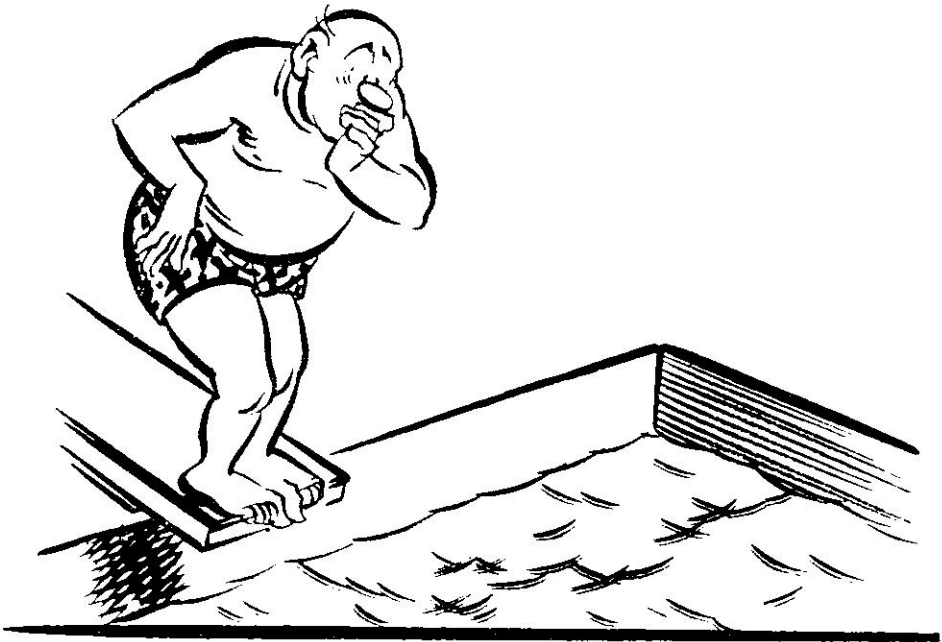


Personnel Placement

# Decisiveness and Leadership

CH JONES\*

Ranked near the top on the "worst kind of boss" list is the one who can't make up his mind—who always has to have other people tell him what to do. It's all right to seek advice and tap the thinking of others, but after the facts are in it's up to the "boss"—whether he's a first-line supervisor or a corporation president—to make the decision. The fact remains, however, that there are a lot of people who just can't make up their minds. For them, *every minor situation becomes a major problem.*



**E**VERY TIME HE IS FACED with a choice of action, the indecisive manager becomes panicky and unconsciously tries to find ways to avoid hav-

ing to come to a decision. As a result, this kind of person becomes timid—seems to be drained of energy, drive, and enthusiasm. He is ideally equipped to become a failure in life.

\* Editorial staff, Stevens-David Company, Chicago, Illinois

Though people like this may seem





to be exceptions, indecisiveness is far more common than is realized. The reason it isn't so apparent is that people unconsciously use tricks to cover up their general state of indecision. They may also *becloud issues to a degree that*

*leaves no basis upon which to make a decision.*

Here are a few suggestions that will help overcome the common fears that enter into making a decision:

1. *A manager is bound to make wrong decision occasionally. So what?*
2. Whenever you find yourself hesitating unduly in arriving at a decision, ask yourself, "How important to me or other people is this matter, anyway?"
3. If you're inclined to worry and stew over your decisions afterward, remember that the tension you feel will disappear with time. Comfort yourself with the thought that you have added to your stature mentally and emotionally by taking action yourself instead of avoiding the issue by procrastinating or passing the buck.
4. Remember that others will judge you (and you, therefore, should judge yourself) by the long-range, over-all accuracy of your decisions, not by each isolated instance. While patience, tolerance, and understanding may be the key to getting along with others who just can't make up their minds, they are not the key to getting along with yourself—particularly if you tend to be indecisive.



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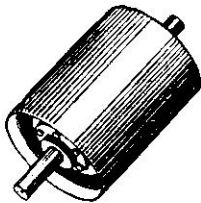


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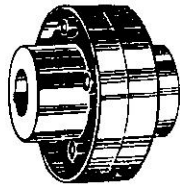
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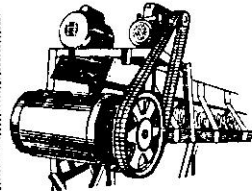
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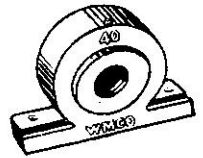
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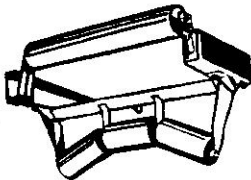
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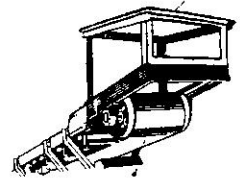
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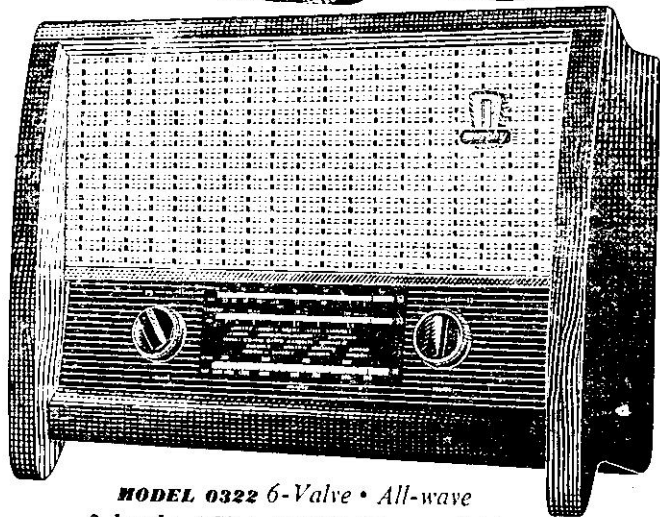


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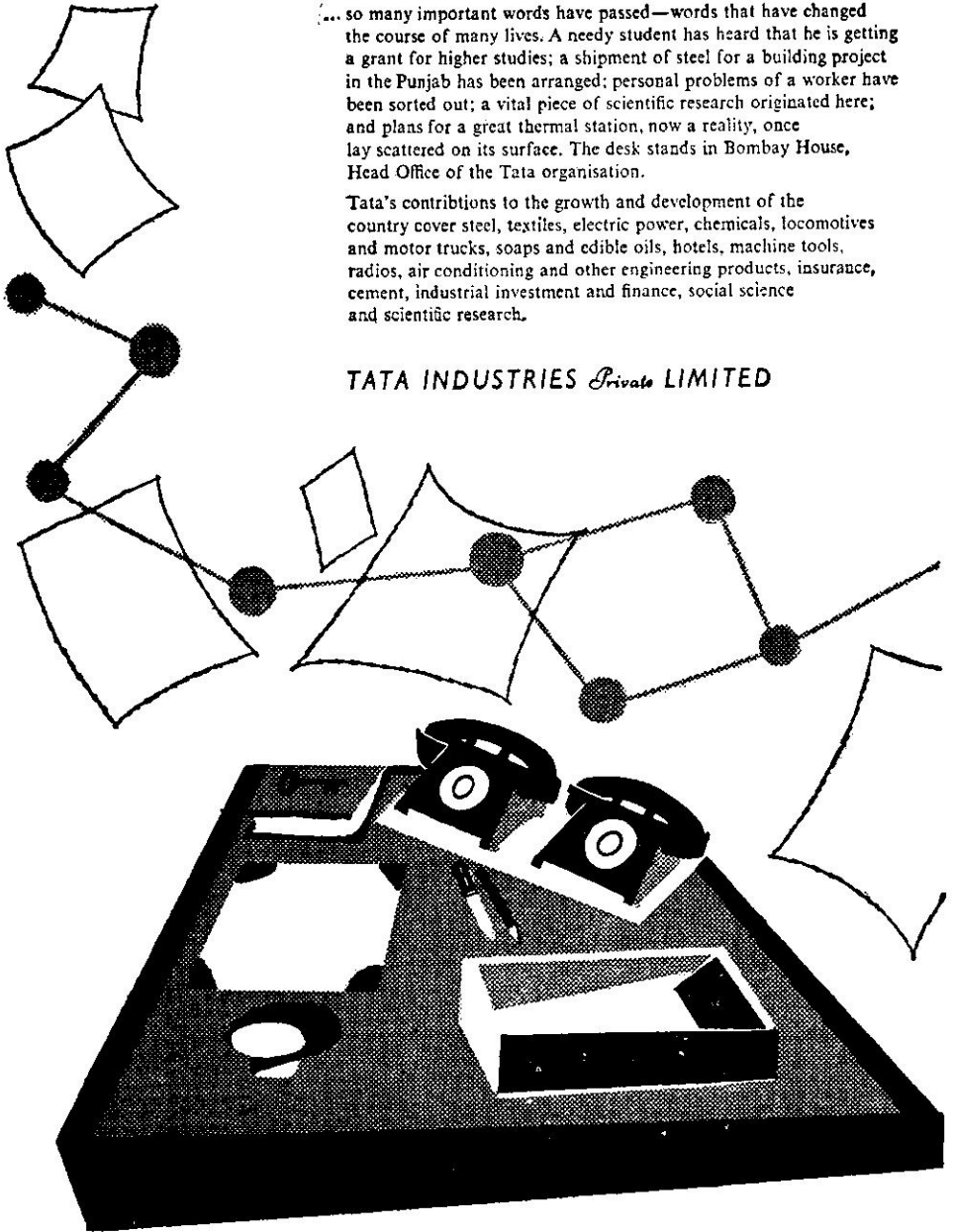


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# PERSONNEL ADMINISTRATION & PRODUCTIVITY

SUPPLEMENT

TO

NATIONAL PRODUCTIVITY COUNCIL  
JOURNAL

## PRODUCTIVITY

VOLUME II    NUMBER 6



The National Productivity Council considers it a privilege to be in a position to present to the readers of the NPC Productivity Journal, this pamphlet on Personnel Administration and Productivity, as a supplement to this last issue of the second volume of the Productivity Journal. It marks the completion of the first two years of the Journal's life.

This is a manual in a series prepared for the International Cooperation Administration of the United States by the Council for International Progress in Management (CIPM), New York. It is being published by the courtesy of the Technical Cooperation Mission (TCM) of the United States in New Delhi. On behalf of the National Productivity Council, the editor expresses his gratefulness to the TCM for their helpfulness in making this productivity literature available for dissemination to the managers of Indian industry.

# This Manual

THE PRINCIPLES OF PRODUCTIVITY PRESENTED IN THIS MANUAL ARE OFFERED AS AN introduction to the practice of management. The reader, whether he is a beginner or an advanced practitioner, will get the most out of the study of these principles if he uses the manual in the same way that a traveller uses a road map. The map is not the territory. All it can do is to give the user a sense of direction, provided the traveller constantly compares the imperfect image contained in the representation with the territory in which he moves.

One cannot learn management by reading a manual. However, beginners and advanced experts alike can benefit from a systematic analysis of the thought underlying modern management. Whether one agrees or disagrees with the contentions of this type of manual, its careful study will help to put one's own ideas into sharper focus. Since *management is essentially the application of one's own ideas and judgment to a problem of human relations and productivity*, such a clarification of one's ideas is the main value of studying such manuals on management.

This manual will fulfil its main purpose if it helps the reader to form his own ideas. The conditions and problems of enterprise vary from business to business, and even more from country to country. It must be left to the reader to define what there is in each manual that is applicable to his particular situation. To make the study creative, the reader should first study the headings and the subtitles of the manual. Before reading the text itself, the reader should think what he himself would have said on the various topics. He should then compare his own ideas with the statements contained in the manual. After having studied individual parts of the text, he should recapitulate the contents and add his own comment. Thereupon, the reader should contrast what he has read with the actual facts and problems of his own experience. The reader's own thoughts on the various topics, formulated in the course of analytical review of the manual should then be applied to the current and future problems within his sphere of management. The reader should re-examine his own plans, work and responsibility, as well as the reactions to his newly won insights by those who work with him.

The reader should then test his ideas by discussing them with others in the office and the workshop. He will benefit from the criticism and comment that he receives and, finally, he will proceed to apply them in business activities.

Management is not just a body of knowledge that can be learned from others like a technique, by copying what others have done before. It is essentially a creative function that requires the ability to face new situations and to find original solutions to problems that have never before been experienced. This manual on management can therefore benefit the student if it helps him to independent thought and, thus, prepare him for the challenge of managerial responsibility.

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# The Scope of Personnel Administration

Management must create conditions in the company that will attract and hold sufficient numbers of satisfactory employees. The function of personnel administration consists in dealing with all matters of hiring, training, compensating, and motivating employees so that the investment of the enterprise in machines, distribution, and other services may become productive. If the personnel is not properly selected and trained, or if it is not satisfied in its job expectations, the production equipment is not used to its best advantage. It cannot produce to full capacity if the workers are incapable, or unwilling to produce to full capacity.

Management supplies each worker with tools, and the more mechanized is an enterprise, the more expensive is the investment per worker. The training of the worker itself involves an investment. It takes time to acquire the skills necessary to participate in a work process. It takes time for a worker to become a fully productive member of a work team. Management is therefore interested in a stable force of employees so that those who have learned their duties and fit into the team would not desert the enterprise. The success of personnel administration can be measured by the length of loyal service of employees, by their satisfaction with their jobs, and by the number of those who have improved their performance so as to qualify for better jobs and for advancement in their own organization. The output of an organization is influenced by employee morale, by their positive attitude to their work, and by their friendly respect for their employer. The manner in which the personnel administration of an enterprise brings about a favourable attitude of the employees has therefore a direct influence on productivity.

In a smaller organization the job of dealing with employees may be reserved for the head of the organization. In larger enterprises there is usually a special department dealing with employee relations. The duties of the personnel administration include the following:

1. *Systematic recruiting and maintenance of the labour force*: Attracting, screening, testing and hiring job applicants.
2. *Employee Compensation*: Determining payment rates, incentive systems, rating of employees, performance standards.
3. *Job analysis and Job description*: Studies of the work requirements of the enterprise, and assignment of specifically defined functions to jobs for which employees are to be hired. The division of the overall need for labour into specific portions assigned to individual employees capable of handling them, is the basis for evaluation of jobs for the purpose of determining equitable wage. This includes comparison of the experience, physical exertion, initiative, and key function of each job.
4. *Employee Training*: Measures for breaking in new employees and for maintaining and improving the quality of work so that the employees may earn more and productivity may increase. A continuous process, permitting the upgrading of workers, and supplying to the enterprise qualified supervisory personnel from among its employees.
5. *Keeping personnel records*: Assembling information about all employees

pertinent to their work, such as training, job performance, aptitude data, payment records, etc.

6. *Personnel Welfare*: Business-sponsored health and safety programme, feeding and sanitary facilities in the plant, recreational programmes, educational activities, etc.

An enterprise cannot leave the securing of satisfactory labour supply to chance. Labour housekeeping is as much a matter for management planning as securing the right equipment or materials at the right time so that production can go on in an uninterrupted flow. Personnel administration must prepare detailed estimates of required personnel. With the aid of a timetable, personnel administration is in a position to know exactly when and what kind of persons will be needed, what their specific skills should be and which assignments they are to fill. It must maintain an orderly system providing not only for an organization chart listing the functions of units within the enterprise, but also for a chart of positions listing the number of persons, their skills, and other qualifications that are needed for each function.

For each of the jobs (positions) to be filled, the personnel administration must have information available about the job; requirements (job specification), describing details of the duties involved. This information will not only help to fill vacancies, but it will also enable assignment of substitutes from among employees of the same or other organization units, in case of temporary absences due to sickness, vacations or to other reasons. Just as a treasurer must know how much and what kind of money a business has and needs, and when and for what purpose it will need it; so also the personnel administrator must be currently informed about all conditions and changes in manpower. He should use books and tables to record all requirements and changes pertinent to his field of responsibility. Many personnel administrators use visual charts containing slots for every employee that is needed, and names and other data for jobs currently filled. These visual instruments permit quick orientation just like a balance sheet in an account book.

The problem of always having enough employees to fill the needs of an enterprise becomes increasingly difficult when technical developments and business expansion call for greater skills on the part of the personnel. In most countries, the mobility of labour is reduced by a shortage of housing facilities. The problem of moving from one place to another that potential and current employees have to face calls for a solution of the housing problem so radical that it is often difficult to achieve. It can become a real obstacle to business expansion and to satisfactory labour supply. Employees without adequate housing will not be contented workers, and therefore they will not be satisfactory workers. They will leave employment when the first opportunity arises of better housing accommodations elsewhere. Although the personnel administration is not necessarily concerned with providing a house for the employee, it must be mindful of the housing problems of the employee, and it must try to help him in solving them.

Adequate staffing of all units of the enterprise calls for familiarity of the personnel administration with its technical and procedural necessities. One understaffed unit can prevent all other units that depend on its performance from achieving full productivity. Vacant jobs in any single unit may force the rest of the employees of the unit to over-exertion or to inefficiency, either of which is dangerous to morale and production. If too many subordinates are assigned to one supervisor, supervisory effectiveness will be reduced. To assign too few would mean a waste of supervisory talent. Similarly, the number of employees that are required in a unit depends on its assignment and its requirements. Personnel administrators, in consultation with other managerial personnel, must attempt to properly estimate the needs in advance, and maintain optimum balance between sizes of units and between the numbers of supervisors and those whom they supervise.

The personnel administrator in cooperation with supervisors in the various departments should attempt to create the best possible condition for the utilization of hired manpower. He must participate in consultations preceding the assignment of space, lighting, and workplaces. He must do this because the place



of work, the space assigned to an employee, lighting, colour, ventilation, etc.,—all influence a worker's performance and his satisfaction. The concept of the primacy of people over machines and materials in the production process has substantially influenced management's practices in assigning employees. While in the past one usually spoke of assigning a man to serve a machine, today machines are assigned to serve the man. The result of this change in the evaluation of the relative importance of man and machine, is increased productivity. As a further consequence of the idea that the dead instrument, the machine, must serve the live production factor, i.e., man, growing attention is being given to the location of the instruments of work in relation to the worker. Chairs are designed to permit proper lighting, tools are made to offer a maximum of safety, and machines are designed so that they could fit the operator's body. The adaptation of tools to the man results a less physical exertion and fatigue. Not only the implements of work, but even modern places of work are designed so as to reduce the strain on the men who are employed in them, and to eliminate unnecessary moving around of men and materials.

The personnel administrator is concerned with the whole sphere of human relations and, in most instances, he also has the responsibility for the supply and management of personnel as well as for all the less formalized efforts pertaining to planning of the personnel's satisfaction and to a smoother climate of good employee relations. He observes all legal requirements for the protection of employees in their place of work and he upholds their rights to payment and other benefits. He must deal with the public authorities administering such legislation. Where there are labour unions, he maintains contacts with these organization, and participates with management in contract negotiations, litigations, and arbitrations. In countries where the employees' income tax is collected for the government by the employer, or where other legal or contractual deductions are required for insurance sick benefits and similar welfare deductions, the personnel administrator supervises the proper handling and use of these deductions.

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## Selection and Hiring of Employees

Selection of satisfactory employees who are likely to stay in a business is a vital requirement of business success. No business is better than the people who work for it. Labour turnover is a costly accident. Training employees to perform well is expensive. Every loss of a trained person calls for the expense of finding and training a replacement. In addition, because almost every employee performs his duty in cooperation with others, replacement means adjustment of other employees to the new worker. This may reduce the productivity of other workers during the new worker's learning period, since their assignments are interrelated. The job of hiring is one of finding employees who will not desert their jobs and who will not disrupt the steady flow of production by their leaving.

In hiring new personnel, the following steps must be taken:

- (1) *Recruiting*, that is, locating and inviting suitable candidates to permit selection of those who best fit the job requirements.
- (2) *Interviewing*. This is essentially an exchange of information between employer and prospective employee. It is a mutual selling of the qualifications for the job by the job seeker and of the advantages of working for the enterprise by the employer.
- (3) *Checking employee qualifications*. The physical and intellectual fitness for the job must be examined; references and past record of the employment seeker must be investigated.

After these steps are taken and when it becomes certain that the applicant understands the job requirements, that he wants the job, and that he is qualified, he is hired and introduced to the other members of the organization for and with whom he is going to work.

Especially when and where there is a shortage of good personnel, employers must go actively after prospective employees. They may do this by using the customary local methods of advertising job vacancies, by using employment agents, or by asking their own workers. The best qualified workers in each trade are most likely those who are already employed by other enterprises. They will not come and offer themselves for employment. The search for talent calls for initiative and it is substantially aided by the reputation as a fair and good employer than an enterprise may enjoy.

### **Employment Interviewing**

The interviewer of an applicant must have a clear picture of the requirements of the job for which an applicant has a right to be informed about his duties and opportunities. He must be told what knowledge, skills, physical requirements, and other qualifications are called for. He will receive information about the enterprise and its product, working conditions, pay, hours and place of work, benefits offered, in addition to details of the job itself. Disappointment by the job seeker who did not understand the job for which he had been interviewed will lead to subsequent costly labour turnover. To avoid such misunderstandings, the interviewer must answer all pertinent questions of the person seeking employment.

The interviewer must first put the applicant at ease and size him up before going into detailed discussion of job requirements. The interview should be conducted without interruption in a quiet place so that the job seeker can receive the full attention of the interviewer. The job seeker should be encouraged to talk freely about his job expectations and his ambitions. The preliminary conversation will show the skilled interviewer whether to proceed with a further examination of the applicant. Sometimes several officials of the employer will want to look the candidate over, and there will be several interviews. It is advisable to have a written check list of job requirements ready for the interviews and go over it with the applicant point by point. If the applicant is still employed elsewhere, he must be asked why he wants to leave his present job. Hiring officials must be particularly cautious to avoid employing persons who have difficulties in submitting to work discipline and in getting along with others. Persons who can give no good reasons for leaving previous jobs; who change jobs and occupations frequently; or who have marital difficulties, need not be rejected, but they must be thoroughly examined as to whether they would fit into the set-up of the enterprise. Even a rejected applicant should leave with a feeling of goodwill toward the employer and this feeling will come from polite and correct interviewing. He should understand that his application was rejected because of requirements set by the employer, and not because of his inadequacy.

### **Checking Applicant's Qualifications**

It is not enough to select an employee who apparently fits the needs of an enterprise. The personnel manager must also be reasonably certain that the employee feels that the job is right for him. Even the best qualified workers will leave a job at the first occasion if they do not like it. The chance to find the right person increases with the number of applicants interviewed. It would be unreasonable not to improve this chance by interviewing a number of job applicants before making a selection. Frequently, a large number of applicants will be interviewed before the job can be filled. The more responsible the job, the more jobseekers should be given an opportunity to compete for it.

To ensure the selection of those who are best qualified, it may be necessary to test the physical and intellectual qualifications of those jobseekers who are seriously considered for employment. Physical strength, health, and fitness may be tested by medical examination, or by a trial of strength. Ability to read, to understand instructions, knowledge and intelligence, proficiency in specific jobs

and techniques, etc., may be appraised in standard tests or in *ad hoc* examinations. Often a performance test will be used to observe an applicant's proficiency with a tool, or his fitness for the group situation for which he is needed. Such advance checking eliminates candidates unfit for employment in those jobs that require these qualifications. In this way dissatisfaction from poor performance, and labour turnover can be reduced.

Often a job seeker will be employed because of his alleged previous experience and his references. It is always advisable to check whenever possible with former employers, to learn about a jobseeker's past performance. Verifying the statements of applicants is an important part of the hiring procedure. Former employers should be asked specific questions about qualifications and personality, and not merely general questions such as whether they liked or disliked the employee. It is why they liked or disliked a former employee that count.

Former employers and other references given by the applicant may be asked questions about employment data, skills, personality traits, and work habits, such as the following:

- .... When and how long was the applicant employed by you?
- .... What were his work assignments? Did he have responsibility for the performance of others?
- .... How did he get along with other people on the job?
- .... Did he lose any time, waste material, cause accidents?
- .... How was his work rated by you? Excellent? Good? Poor? Unsatisfactory?
- .... What were his reasons for leaving?
- .... Has he any shortcomings (drinking, gambling, difficulties in submitting to discipline, lack of intelligence, etc.)?

### Job Titles

The title of a job held by a person before he applies for a new position often does not indicate what specific experience and qualifications he may have. It is necessary to inquire into the specific functions handled by the applicant in his old jobs. For instance, it is not enough to know that a man was employed as a mechanic; what kind of engines or equipment is he familiar with and what has he actually done: repair work? operating a machine? testing it, cleaning it? It is not enough to know that a man has sold building materials before: What kind of material did he sell, to what type of customers? How much did he sell and where? If he did not have exactly the kind of experience that is required for the new job, could he have possibly exercised some functions that were similar to what is needed now? Is there anything in his skills and knowledge that promises to make him useful in the new job?

### Hiring

The last step in the hiring procedure is to make sure that the applicant really understands what he is expected to do, that he wants the job and that he would like to hold it. The high cost of breaking in a new employee justifies the effort of eliminating the danger that the job seeker would enter employment with misconceptions about what he can expect. He must be given factual information, not only about the pay and benefits offered, but also about all the duties required of him, and the difficulties and possible disadvantages of the position. This includes hours of work, rates of pay, job description, probationary period, deductions from wages for taxes or similar purposes, training requirements, overtime, etc. This also includes information about the nature, product and services of the employer's business, the people whom it serves, and the kind of employees with whom and under whom the applicant is going to work. Only after receiving this type of information should a person be hired.

# Compensation of Employees

## and

# Job Rating

The compensation that an employee can expect for his work is based either on the length of time at work or on the production of the worker. Payment for time may be made on an hourly basis or per day, per week or month. Payment that depends on production is usually called piece-rate payment, though it may apply to activities involving not the completion of a piece of product, but only specific parts of the labour that is required for completion of a piece. The wage system has an effect not only on the satisfaction of the workers but also on the facility of recruiting and maintaining an effective labour force. It has a particularly great influence on productivity and the competitive standing of an enterprise.

### **Time Payment**

Payment by the hour, by day, or by week is always made under the assumption that the employee will produce enough to satisfy his employer. Payment will be based on past experience, local labour conditions, and on appraisal of the performance that is expected of the employee. This system of compensation contains no built-in incentive for higher productivity unless it is supplemented by some promises of additional compensation for production beyond a predetermined norm of quantity or quality. To the employer, as a rule, the time spent by the employee on a job, is by itself of little significance. What counts for the employer is the cost of labour required by unit of product. The cost per unit need not be high in spite of high wages, if the productivity of an enterprise is high because of better organization and high labour skills. Indeed, the cost of labour per unit may go down while wages increase, if there is an incentive for the employees to increase their productivity.

Time payments are easy to compute. Employees usually find them preferable because guaranteed earnings are fixed in advance, for the entire time spent on the job. There is no provision in time payment systems for measuring efforts or results. What the employees will do on their job depends largely on their inclinations and on the manner of supervision. An unproductive and slow employee will receive the same pay under this system as a more efficient fellow worker. Time payments have their place where the work cannot be measured in terms of units often because it is not repetitive. But there are very few jobs that cannot be measured in such terms. Time payment calls for constant supervision, except where the work is mechanically paced by production equipment working continuously at a pre-set speed, like, for instance, a conveyor belt, or a machine that requires servicing.

### **Piece-work Payment**

Piece-work pay has a built-in incentive, provided the payment offers the employee an opportunity for a decent wage without over-exertion. The flow of work must be big and fast enough to give him a chance to increase his earnings by increased work. Often piece-work pay is combined with a minimum base rate per day. This system offers the employee the security of the minimum time payment, combined with the incentive of higher pay corresponding to the number of units or steps performed. Piece-rates can be adopted whenever work can be easily measured, inspected, and counted. It has its place in paying manual as well as clerical work. It may be used to pay sales personnel by sales volume, or to pay supervisory personnel in relation to the savings of cost or the output that have been achieved by the personnel they supervised.

### **Incentives**

Wage incentives, i.e., the chance for the employee to earn additional compensation through increased productivity, may be combined with time payment as

well as with piece work plans. Well designed incentive systems should pursue the following purposes :

*For Management*

1. Lower cost resulting from increased productivity
2. Improved utilization of resources
3. Improved worker morale as earnings become proportionate to individual effort

*For Employees*

1. An opportunity to control at least partially the level of earning by one's initiative
2. Higher earnings in proportion to individual effort
3. The satisfaction that one's contribution of efforts is being recognized and appreciated.

The benefits of incentive plans should be equally clear to employees and employers. For employees who are paid on the basis of time, a bonus may be offered in the form of a definite reward for achievement beyond a standard or quota agreed upon in advance. To inspire the employee and to make sure that he will make a greater effort for the employer, the worker should know in advance about rewards or bonuses for extra performance.

An incentive wage plan should give the employee more pay for the same length of time put in by him and it should give the employer lower labour cost. The incentive plan must be uncomplicated so that the workers can understand it, that it would not require excessive record keeping, controls, and executive time, and that the administration costs could remain reasonably low. Not all workers have ambitions of promotion. Many are suspicious of new and involved payment schemes. Others prefer present income to the promise of higher rewards if this involves additional exertion on their part. The adoption of incentive systems always calls for a major selling effort to convince employees that they will benefit from the system. Simple incentive systems may be practical for smaller businesses. Particularly if payment is made on piece-work basis, employees are more likely to understand and to accept an incentives system.

The wage incentive in combination with piece-work payment consists in offering the worker all, or some part of the savings of production cost that result from the increase in his production. This is possible for the employer because increased production with the same equipment per hour or day gives him a higher return. To the normal incentive for sufficient production that is built into each piece-wage system, a further reward can be added for exceeding the basic performance that is normally expected. If, for instance, the piece-rate is calculated on the basis of an expected production of 25 units per hour, the worker who makes more units will receive, in addition to the piece rate, a premium for the additional unit.

### **Varieties of Incentive Systems**

There are many different types of incentive plans. They have the following elements in common:

1. Accurate establishment by a time study, of a performance standard (norm). A norm defines the minimum output expected of an employee as expressed in numbers of units per hour, day, or week.
2. A guaranteed basic pay for the fulfilment of the norm.
3. Additional compensation for work exceeding the norm.
4. A simple method of figuring the incentive reward (extra compensation) offered for extra work. It should be simple enough to permit the employee to figure it out for himself by comparison with his own performance.

Often, supervisory personnel is permitted to share with the supervised workers in the rewards, to give supervisors an interest in improving the per-

formance of less proficient employees. Sometimes, too, rewards are figured on a weekly basis instead of a day by day basis, to give the employee a chance to make up for work in which he fell behind. In other cases, full pay is offered for performance that is slightly below the norm, and a premium is paid for time saved, in form of a fraction (usually 30% to 50%) of the hourly wage rate. In other systems, the fatigue and the differences between jobs are taken into consideration, and employees are credited with points according to the nature of their assignments, each point corresponding to the amount of work an average man can perform in a minute or some other unit of time. The employee receives credit for additional points if he exceeds the norm. Group incentive plans offer rewards for the combined output of a number of workers producing in excess of the norm. They are practical when employees depend on each other in the performance of their assignments and are aware of their common interest. In smaller groups where employees can be mutually helpful and can stimulate each other, such group incentives can be quite effective. Such incentive plans are the only ones possible where the work of several persons is so interdependent that one worker cannot increase his output without cooperation and increase of work on the part of the others.

The average worker accomplishes most when a definite amount of work is assigned to him that has to be done in a given time. A wage incentive offered in advance for the accomplishment of a definite task stimulates an employee to maintain his maximum output. The more elementary is the worker's intelligence, the shorter should be the time for which work is assigned to him in advance, and the simpler should be the task. Simpler, too, should be the mathematical computation of reward, so that the worker will have no difficulty in determining unaided the amount of money that he can earn if he fulfils his task.

### **Establishing a Wage System**

All wage systems must offer the employee a wage sufficient to support himself and his dependents at least in the manner customary in his community among wage earners of his type. All wage systems must satisfy the basic needs of the employee for food, shelter, clothing, and a reasonable enjoyment of life. The wage earner should regard his earnings as equitable compensation for his efforts. Because of fluctuations in the price level of the things that his earnings will buy, he is interested in his "real wage", that is, the buying power of his "money wage." If price levels rise, management should consider adjustment of payment to the cost of living, provided such adjustment is feasible because of a simultaneous increase in the proceeds from an enterprise.

Workers should be compensated basically in money, to give them the freedom of choice in the use of their earnings. Only payment in money will give them a feeling of independence from their employer, and a chance to save and to improve their lot by frugality. Where part of the compensation consists in goods or services, employees should be free to choose between goods and money i.e., free to secure such goods and services themselves. Employees are interested in their "take home pay". This end product of their toil is often more important to them than the manner in which it is calculated. Under incentive systems, earnings should be, and ordinarily are, higher than those of day-rate or hourly-rate employees on similar jobs, because employees working under such systems produce more. Incentives should be set sufficiently high to motivate workers to greater productivity, not only because of higher monetary rewards, but also by, because of the noticeably higher standard of living that is made possible by incentives systems.

The establishment of an equitable wage system that would fit the peculiar needs of an enterprise involves first of all a clear understanding of the labour needs of the business. This, in turn, determines the choice of a compensation system that is conducive to productivity, that is, to production at a low unit cost. To attain this goal one does not need to pay low wages. Payment to employees in the form of compensation for their work must be such that recruitment and maintenance of the labour force will not become difficult. Skills, training, experience, and other job requirements must be sufficiently rewarded to offer incen-



tives to all employees to remain in their jobs, irrespective of the wage system that was adopted by the enterprise to reward high output.

What a management can offer as compensation depends on factors that are inherent in the type of business it operates. The proportion of labour cost in the total cost of an end product, and market factors influencing sales, necessarily limit the amount of compensation that can be offered. The nature of the work that is required will influence the choice of compensation systems (such as timepiece wage or added incentive payment). The cost of administering a wage system may be a decisive factor in the management's choice. The competitive standing of a business, the seasonal or permanent nature of its operation, its plans for the future, the competition for labour, the available supply of labour, compensation practices prevailing in the place of business or in an industry,—all these factors influence the wage policies of an enterprise.

Generally speaking the normal wage level of a country reflects its average productivity of labour. Where productivity is low, wages are correspondingly low. High wage levels result from high production performance. Wages are lower where there is a supply of labour in excess of demand; wages rise when the demand exceeds the available supply.

In many countries, unorthodox employers have departed from the prevailing wage rates and offered their employees payment in excess of the general level of compensation. This could usually be done by highly productive organizations with an efficient management and sales organization, and with a product so attractive that it justified the higher compensation by the returns from its sales. In these instances, the measure of payment was dictated more by the market position of the enterprise and of its product than by any consideration of acquiring inexpensive labour. The result was often quite astounding. The resulting higher productivity of labour showed the benefits an enterprise could reap from the loyalty of satisfied employees.

#### **Working Conditions—A Form of Incentive**

To the employees nonfinancial incentives that are offered in addition to payment are very important. Employees prefer to work in a place with pleasant work facilities and with congenial co-workers. They will join a business that is known for its good labour relations. Many employees appreciate an opportunity for advanced training and eventual promotion. They seek and appreciate convenient hours of work, easy access to the place of work, and facilities for their comfort and safety. Labour organizations have often an influence on the attitudes of employees and job seekers. The satisfaction of the individual employee is the result of all these factors combined with the compensation that he receives.

#### **Job Rating**

Beyond these general factors there are specific job qualities that determine the amount of compensation that is adequate and sufficiently attractive for a job. The procedure of designing the wage system involves the following steps:

- (1) An analysis of all the functions required in an enterprise (Job Analysis).
- (2) Assignment of these functions to specific jobs that can be handled by an employee.
- (3) Description of the requirements of each job (Job Description).
- (4) Evaluation of each job so that one may determine a just compensation for it.

In rating the values of jobs in a business their relative worth may be defined by using such measures of comparison as physical exertion, mental and visual strain, responsibility for equipment, materials and the work of others, safety conditions and hazards, unusual work periods, and other factors inherent in the task. But there are also considerations of payment that is offered to other employees in the organizational hierarchy, and the general wage level prevailing in the market. For each job, one may want to consider the supplementary compensation, such as over-time pay, sick leaves, paid vacations and holidays, shift differentials, i.e., higher pay for working at night or at other undesirable hours, and other benefits. For

management, the cost of an employee is not his take home pay, but the cost of all benefits supplied by management. To these must be added the cost of training part of cost of personnel administration, of waste and other losses caused by the employee, and similar expenses connected with personnel relations. If the work by its nature lends itself to incentive pay, standard performance and extra pay for better performance will be determined by empirical measurement and tests.

The value of a job for a business determines the pay offered to the employee holding it. Job evaluation is an important morale factor. Proper rating of jobs serves as an incentive to train for a better paid function. It results in a wage system where by jobs requiring higher skill, greater effort, and greater responsibility will receive higher compensation. Favouritism and arbitrary establishment of compensation will lead to dissatisfaction among the employees who are always in the habit of comparing their performance and pay with those of others. The job specification preceding the job evaluation will clarify the authority and the responsibilities that are assigned to each employee. There are several accepted methods of comparing the values of jobs by assigning specific weight expressed in "points" to the factors characterizing a job. Most of these methods are expensive to administrate, and are not designed for smaller businesses. But every business can attempt to arrive at equitable job rating by classifying the job requirements and determining the degree to which these requirements are needed. A comparison of the jobs may be undertaken, for instance, on the basis of the following check list:

*Factors in Job Rating*

FACTORS	COMPARATIVE REQUIREMENT OF GRADE		
	Low	Medium	High
<b>Skill</b>			
1. Education	_____	_____	_____
2. Experience	_____	_____	_____
3. Initiative and Ingenuity	_____	_____	_____
<b>Effort</b>			
4. Physical Exertion	_____	_____	_____
5. Mental Strain	_____	_____	_____
6. Decision making	_____	_____	_____
7. Training Others	_____	_____	_____
8. Reporting	_____	_____	_____
9. Recording	_____	_____	_____
<b>Responsibility</b>			
10. For Work of Others	_____	_____	_____
11. For Process	_____	_____	_____
12. For Equipment	_____	_____	_____
13. For Safety	_____	_____	_____
14. For Material or Product	_____	_____	_____
<b>Job Conditions</b>			
15. Speed and Pressure	_____	_____	_____
16. Hazardous Activity	_____	_____	_____
17. Unpleasant Place or Period of work	_____	_____	_____

On the basis of analysis of such factors one may rank or grade the jobs. When the magnitude of an operation justifies the paper work, this examination of job requirements may be used to make written job specifications, i.e., a list of all functions required of the employee who fills each job. There may be also a rating sheet for each job, listing the degree of skill, responsibility, and effort, and the job conditions that are required, so that the enterprise may at all times have evi-

dence that its policy in setting comparative wage rates is equitable.

The prevailing wage rates in the community indicate the lowest acceptable pay. However, because of the higher productivity of modern equipment and organization, a business may frequently find it convenient to offer substantially higher pay, provided the performance of the employees can be improved by such higher rates. There is no reason why traditional compensation rates should apply to performance and organizations that exceed traditional productivity. This is especially the case when the labour factor in the cost of the product is relatively low, and when higher labour costs can be passed on to the customer.

### **Wage Adjustments**

From time to time, compensation rates offered by a business should be re-examined. This may become necessary because of labour dissatisfaction due to changes in the cost of living. The wage level in a community may change due to the appearance of new industries competing for a limited supply of labour, or due to migration of employees to more promising localities. Finally, changes may also be dictated by the changing earnings of a business and the resulting inability to pay the same wage rates as before. In many countries periodic or slow and gradual increases in the cost of living produce continued pressures for increase in compensation. The employee who is understandably eager to defend his standard of living, asks for a stable "real-wage" instead of the unstable "nominal wage." A solution to this problem may be provided by the cost of living bonus which is established under consideration of its influence on product cost and on employee satisfaction. The wage increase will be offered in the form of a percentage of the previous compensation. This offers at least partial relief to the employee hit by rising cost of living.

In many countries the "real wage" itself is constantly increased when as a result of improved productivity, the ability of the business to pay more, is also increased. If the net income of a business grows beyond what is considered a normal profit margin, the benefit usually goes to the employees. This in itself can be the greatest morale incentive for the employees. These latter, provided they understand the connection between their wage level and the earnings of their employer, will more readily identify their fate with that of the enterprise. It is more difficult to convince the employees that an adjustment of their wages is necessary when the earnings of the employer fall off. They are likely to continue to work at reduced pay only if they are convinced that the pay reduction is necessary, temporary, and equitable.

### **Performance Review**

The earnings of an employee will increase in case of his promotion to a more responsible job. The administration of personnel continues to be concerned with the qualifications of an employee even after he was hired. It must guide and aid the employees to improve their performance. Some system for rating the performance of employees appears advisable wherever larger numbers are employed. Such a system will keep management informed about the worth of the services rendered by the employees. It may become the basis for selection for promotions or, in case of unsatisfactory work, for dismissal. Rating systems are comparable to the methods used in schools for grading students. The qualifications required for a job as described in the job specifications, the minimum norm set for output, and other performance characteristics, provide the yardsticks for rating employee work. Such rating may be based on:

1. Quantity of work
2. Quality of work
3. Dependability of an employee
4. Regularity of attendance
5. Safety record
6. Attitudes toward associates and superiors
7. Ability to learn

8. Initiative
9. Ability to instruct others
10. Supervisory talent  
etc....

As in a school report card, these and similar characteristics of a worker may be scored in the form of grades, such as excellent, good, poor, unsatisfactory. Rating of performance for purpose of selecting those who are to be promoted, trained for promotion, warned, or dismissed should be based on objective measurement whereby not only the past and present performance of the same employee is compared, but also the records of several employees. Personnel should be informed about its ratings and it should understand the rating system that is used as basis for wage increased and promotion. Those who perform below standards should be notified, and suggestions should be made for improvement of their work. If they cannot improve their performance, they may be assigned to less exacting duties that fit better their capabilities, or they may be dismissed.

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## Employee Training

### Induction Training

Even the most experienced worker must be introduced to his new job. He must meet the superiors and employees with whom he will work. He needs information about the organization itself. He must be told who will give him instructions, control his performance and advise him. He must learn the details of his work assignment and acquire skills necessary to perform his job. Breaking in a new employee is always costly in terms of time and money. The best place to train him is usually his place of work. If there are no special training officials, the immediate supervisor will do most of the instructing. A new worker, during his breaking-in period, will be put directly on production work under proper supervision. Learning by doing is the best method of acquiring the habits demanded by a job.

Specialization in business operations has led to improved methods of training competent job specialists. Experiments conducted in training have shown the superiority of visual demonstration over oral explanation. Learning time can be substantially shortened by repeated demonstration of the correct use by the worker of a tool, or of the proper selling technique, in actual work situations. Under average conditions a worker will learn easiest and fastest during the first half of the training period and again near the end of training, until full proficiency is attained. Caution should be taken not to teach too many things at the same time. A trainee should be given the necessary information and demonstrations, step by step, piece by piece, and in small doses. No new concept, instruction or skill should be offered until the earlier phases are fully mastered.

The know-how transmitted in training must become a part of the pattern of actions of the trainee to such a degree that he will do the right steps and motions, and make the right decisions as a matter of habit. Habits of speed and accuracy in manual labour are more easily acquired than habits of action that require choice and initiative, such as selling or supervision.

At the time of his hiring, a new employee is seldom fully qualified to do the job he is hired for. The breaking-in time depends on the difference between what an employee already knows from previous experience and the additional knowledge that he must acquire to perform his new job satisfactorily. The function of the instructor is to speed up the learning process so that the necessary habits may be acquired without delay. Habits result from practice. Practicing means repeating. The learner must start with the correct method and exercise it without deviation until he can perform his assignment without hesitation. The instructor must show the right method and correct the learner whenever he departs from accepted proce-

dure. At the start of the learning period the instructor must explain to the learner what he is expected to do, and how he is supposed to do it. Often, it is advisable to appeal to the intelligence of the learner, and to explain to him the purpose of the operation that is expected of him, describing the important role of his particular contribution within the overall enterprise programme or in the making of a product.

Description and practical demonstration should be combined to convey better understanding of what is required. The learner should be encouraged to improve his work, and praised for his progress. Assistance and repeated explanation should be given to him until he acquires the necessary skill. Assistance means repeated showing, explaining, and questioning, until the learner understands thoroughly what is to be done and how it is to be carried out. All the details should be explained, point after point, and step by step. A habit becomes stronger and stronger through continued practice until the learner can perform his job almost automatically. It is therefore necessary to provide the learner with sufficient opportunity to practice. The learner will gradually need less and less advice and supervision as his habits and his know-how develop. Speed and accuracy will also gradually improve.

### **Continuous On-the-Job Training**

Training activities should not be confined to new employees, but must continuously go on, to correct errors and mistakes that are made by workers regardless of how long they have been in their jobs. If the supervisor notices unsatisfactory speed or quality of work, he must take remedial training steps. Poor performance, either by a single worker or of a whole unit (group) of employees can be noticed in a factory by checking the amount of material wasted, rejects, delays, breakdowns, accidents, etc. and, in sales operations, by keeping an eye on lost sales, rising cost, or falling sales volume. The responsible supervisor should discuss these deficiencies of performance with the worker who has caused them, or, if a whole group is responsible, with all the employees belonging to the unit that has given a substandard performance. If such discussions are combined with constant observation of the work performed by the employees, faulty practices to which the deficiencies can be attributed can be easily singled out, and re-training can be undertaken.

Continuous on-the-job training must be considered as an essential duty of every supervisory organ. It aims at developing higher skills, provided that every employee can improve his performance by proper learning. In addition, it has the function of developing talent through training, so that better workers may advance to better positions in the business.

### **Apprentice Training**

In some countries, apprentice training for adolescent employees is assured by assigning apprentices for instruction to competent older workers. However, since the ability to teach a young person does not necessarily come with proficiency in one's occupation even competent older workers may be often incapable of teaching the apprentice successfully. Therefore, only workers who have ability to explain their duties to apprentices should be chosen as instructors. Management must supply overall direction of an apprentice's training, and a training schedule covering all the skills and knowledge that it wants the apprentice to acquire. The apprentice should be employed only for meaningful tasks contributing to his intellectual and technical proficiency, if management wants to develop a competent young employee who will be a useful addition to the staff.

### **Formal Employee Training**

Management is sufficiently staffed with managerial personnel qualified to lead meetings, periodic meetings may be held with units in need of instruction. Such meetings should have a specific purpose and a limited duration which announced in advance, and it should be well prepared. The leader holding such a meeting either to explain a new procedure, product, or equipment, or to review the current performance of the unit, must carefully prepare and organize his presentation and

secure demonstration material in advance. Such a meeting may have the following order of business:

- (1) The person addressing the group should indicate the purpose of the meeting, explaining why the employees who are present have a personal interest in listening carefully (for instance, it will help them to produce more units faster, and therefore to earn more, or it will make them better salesmen, or it will help them to make fewer mistakes, or have fewer accidents, etc.), explaining also that the meeting will last, say, 30 minutes, and that there will be a ten minute question period after 20 minutes of talk and demonstrations. Some words of recognition for the performance of the group, or for their good intentions, or some encouragement referring to their intelligence and their desire for self-improvement, may be in place.
- (2) A short explanation of the problem and of the solution thereto, of the new process or the new machines that are to be used, together with a visual demonstration of the tools or materials, drawings on a blackboard, or actual performance of the process in question. If the problem is connected with selling, a little acting performance may be staged in which seller's and buyer's sales are acted out by assistants of the meeting leader. Thereupon, questions and suggestions by the audience may be invited.
- (3) A question and suggestion period of a duration announced in advance. Questions or suggestions that cannot be submitted or answered in the available time should nevertheless, be accepted and answered after the end of the meeting or at the most opportune occasion. It may be advisable to have all questions and suggestions submitted before the meeting begins so that pertinent questions could be answered in the order of their importance.
- (4) The question period should end with a short resume of what the meeting leader had meant to communicate, and with some specific simple instructions pertaining to the subject reviewed also in the form of a resume. No meeting should be held unless the immediate superiors of those who attend it are present. These superiors will also take care of answering questions and suggestions that could not be covered during the meeting.

### **Helping Employees Adjust to Change**

Employees often resent any change in their assigned activities and duties, even if the change means improvement of their status, of their income, or if it entails other benefits. Generally speaking, people are reluctant to learn or to assume responsibilities. The job of training, therefore, often involves making the employee change his attitude toward responsibility, it always involves overcoming resistance. New physical habits always follow, not precede new mental habits. Training is therefore intimately connected with the building of employee morale. It is just as important to recognize good work and to make suggestions, as it is to deal sincerely with difficulties employees may have in learning and adjusting to their assignments. Praise and commendable remarks should clearly refer to performance and not to the person or the employee. Likewise, criticism should be clearly directed to the employee's activity or lack of activity, and not to his person. By confining praise and criticism to work performance, managers and supervisors can avoid giving the impression of personal likes or dislikes with regard to employees; they can thus reduce the chance of an adverse effect on employee morale that would stem from suspected favoritism, or from alleged discrimination against individual persons. A close bond of confidence and trust will result if supervisors and principals adopt a helpful attitude and show understanding for the difficulty of learning new skills and adjusting to new responsibilities.

### **A Model Training Procedure**

The following procedure used for training retail salesmen, is an example of the methodic approach to the task of breaking in new employees:



*Preparatory Considerations*

- (1) Develop a programme of what you want to teach. What do you want the learner to know? What is his ability? How much time can you spare for instruction?
- (2) Arrange the supplies and equipment that are to be used in training, in the same way as they are under working conditions.
- (3) Break job down by listing point by point what you want employee to learn.

*Sequence of Instruction*

- (1) Explain to learner the need for proficiency, so that he may become an important member of the team.  
Put him at ease—find out what he already knows.  
Appeal to his self-interest in improving his knowledge.  
Demonstrate importance of his assignment and appeal to his pride.  
Explain the function of his task within the organization.
- (2) Explain the task, step by step.  
Present the next step only after the previous step has been fully understood.  
Explain, show and interpret patiently, ascertaining by occasional questions whether the learner has really understood.  
Invite the learner to ask questions.  
Demonstrate the wrong way and the right way of doing the job; repeat demonstration of the right way over and over again.  
Proceed slowly and consider the mental and physical exertion of the learner, who may tire sooner than the teacher.
- (3) Let the learner try to perform the job himself.  
Help him to avoid mistakes.  
Encourage him and, if you must criticize his work, do it in such a way that he will understand that you want to help him. Do not doubt his intelligence, his skill, or his cooperative attitude.  
You may then ask the learner to explain the job to you in his own words, to see whether he has fully understood your instructions.
- (4) Let the learner start working on his job.  
Check his performance frequently.  
Encourage him to ask for help and explanation whenever he needs them.  
Slowly taper down your attention to him to the customary intensity of supervision.

**Follow-Up Training**

The supervisor who is responsible for the performance of his subordinates must follow the progress of new employees, or reassigned old employees and observe the effectiveness of their training. When the number of learners is small, instruction will be given on the job, either by foremen or by experienced workers. In larger organizations, where training of new personnel is more frequent, or where the re-training involves larger numbers of personnel, special training courses or meetings may be organized, away from the place of work. This arrangement causes less disruption of work and less material spoilage than on-the-job training. It also permits full benefits of the greater teaching skills of full-time instructors. However, such training programme is more expensive because of the need for additional space, equipment, and qualified teaching personnel. Also, a person trained away from his assigned place of work will always need to adjust himself to the actual job performance, although this adjustment may not require much additional learning.



# Training of Supervisors

To secure competent supervisory personnel is at least as important to a business as to possess good mechanical equipment and other production facilities. As much attention should be given to the selection of foremen and other responsible business organs, and to maintenance of their competence, as to other business resources. The men who will be responsible for equipment, supplies, products for the performance of those under their supervision, and for safety and welfare of the employees assigned to them, must be intelligently selected. In preference they should come from the present staff of an enterprise. Only if no satisfactory candidates are among present staff members, candidates from outside the business should be considered.

A competent supervisor (foreman) must have the following general qualifications :

- (1) Knowledge of his work
- (2) Knowledge of his responsibilities
- (3) Ability to divide, assign, and supervise work
- (4) Ability to improve the performance of those whom he supervises
- (5) Ability to lead others, understand and inspire them, command their respect and discipline, and get along well with subordinates
- (6) Ability to discuss and clarify problems of the business with individuals and groups under his supervision, and to interpret the policies and instructions of management
- (7) Ability to make intelligent decisions pertaining to his field of authority

Before selecting supervisors, management must compare point by point the qualifications of competing candidates, on the basis of a checklist of knowledge and of other characteristics that are required for the specific assignment under the general categories listed above. Such a list may describe what is expected of a factory foreman for a specific job in the following terms :

Function	Activity Required	Necessary Skills & Knowledge
<i>Scheduling work</i>	Plan work loads	Knowledge of machine capacity
	Arrange for necessary tools and materials	Knowledge of workers' capacity
	Maintain sufficient inventory of raw materials and supplies	Knowledge of time required for various steps of work
	Maintain flexibility of work force	Knowledge of how to plan so that schedule of production may be observed without delays
		Ability and willingness to give attention to details
		Knowledge of how to requisition materials
		Knowledge of how to coordinate own schedule with that of other supervisors
		Knowledge of production methods
		Knowledge of how to use and assign equipment to workers economically
		Knowledge of handling materials

Function	Activity Required	Necessary Skills & Knowledge
<i>Controlling costs</i>	Keep labour and material cost low	Knowledge of how to improve workers' performance
	Maintain equipment	Knowledge of correcting operating speed of equipment
	Use supplies economically	Knowledge of how to improve work methods
	Keep breakage and spoilage to a minimum	Knowledge of maintenance and how to carry out maintenance programme
	Prevent accidents	Knowledge of supply needs and household materials
		Knowledge of how to prevent breakage and spoilage
	Knowledge of safety rules and how to enforce them	
	Knowledge of how to control speed and quality of work	
<i>Training</i>	"Breaking in" new employees	Knowledge of how to break down a job into steps that are easy to teach
	Teach new jobs to older employees	Knowledge of how to teach by demonstration and explanation step-by-step
	Develop understudy for himself	Ability to set good example to subordinates
		Ability to delegate some functions to subordinates and to supervise their exercise of delegated authority
<i>Personnel Relations</i>	Maintain good relations	Understanding of people; knowledge of how to deal with different types of people and make them cooperate
	Recommend, hire, transfer, promote, discharge	Knowledge of enterprise policy regarding employees
	Handle grievances and problems of employees	Ability to advise and instruct personnel
		Ability to lead others effectively in their assignments, to bring about work discipline.

### Training Method for Supervisors

After selecting candidates on the basis of this or of a similar checklist, the next step is to design a training programme for candidates selected that would render them capable of assuming their responsibility. Because of the importance of supervisory jobs, management must give individual attention to each prospective supervisor. Individual coaching and counselling should be combined with

short full-time programmes of instruction where plant facilities permit it, or where such professional training courses exist. The training of competent supervisors may be achieved by the following methods:

- (1) Instruction on the job by higher supervisors.
- (2) Special coaching sessions with participation of other supervisory personnel and of specialists in the enterprise such as personnel administrator, production engineers, sales managers, accountants, etc. The purpose of such services is to give the candidate a thorough briefing on company policy and procedures, to familiarize him with specific current operating problems, to explain to him alternative courses of action, to test his judgment, etc.
- (3) Participation, in the role of learner, in meetings and committees of supervisory personnel.
- (4) Organizations of training sessions during or after work hours whenever several persons are to receive such training. The sessions can be conducted by superiors or by specialists of the enterprise, or by outsiders.
- (5) Assignment of reading of texts pertinent to the job.
- (6) Encouragement of contacts with other supervisory personnel, and of self-improvement, by studying the problems involved.

### Keeping Supervisors Up to Date

Supervisory personnel can benefit from periodic planned meetings in which recent developments within the enterprise and progress of the arts and skills pertaining to its success are reviewed. Such regularly scheduled meetings are necessary not only for training purposes, but also to coordinate the activities of different units within the organization. Such meetings may also serve to review current supervisory problems. The maintenance of foreman's competence is often sought by special training programmes which are obligatory for all supervisory personnel. While common instruction should be provided whenever several persons are in similar need of continued training, each supervisor must be also offered separately a chance to develop his competence by acquiring the lacking proficiency. Group training should supplement the individual training effort.

The common programme for all supervisors aims at improving their proficiency by teaching them the following subjects:

- |                              |  |
|------------------------------|--|
| (1) Training methods         | —coaching employees  |
| (2) Job induction techniques | —how to help new employees to adjust themselves more rapidly to their assignments                                      |
| (3) Enterprise orientation   | —how the business is organized and operated  |
| (4) Basics of Supervision    | —how to direct, control and record the work of others under procedure adopted by enterprise                            |
| (5) Principles of Management | —how to handle employees and bring about results through their performance. How to handle problems of human relations. |

### Position Specification

Before a supervisor can begin to function successfully, he must know his duties. His immediate superior will give him an orderly and complete list of the responsibilities of his position. This list, preferably in writing not only informs the supervisor about his rights and duties, but it can also be referred to in the future whenever there are doubts about the scope of his responsibility. Even

if the level of the supervisor's literacy is low, a clear definition of his authority and responsibility is necessary. Such a specification must accomplish the following:

- a. name the operation for which the supervisor is responsible,
- b. describe the work process that he has to supervise, the number of workers under his command and the equipment used by them, as well as the result (product) of the operation, its quantity and quality,
- c. define authority to select, train and rate subordinates, and the responsibility to recommend for promotion and dismissal, as well as grievance procedures,
- d. define responsibility for equipment, tools, materials and their maintenance,
- e. describe recording and control functions for labour and materials, and production standards,
- f. name immediate superiors, etc., etc.

#### Clarification of Responsibility and Authority

The degree of authority resulting from a supervisory assignment may vary with the problem encountered. There are three customary types of authority:

- a. Full authority to take necessary action in carrying out responsibility without consulting or reporting to the superior.
- b. Full authority to take necessary action in carrying out the responsibility, but the superior is to be informed of the action taken.
- c. Authority is limited. The supervisor is expected to present his recommendation to his superior and may not take action before receiving his superior's instructions.

For each of the functions that the supervisor must perform, he will receive authority depending on the gravity of the decision in question. He may direct employees under the first type of responsibility (i.e., full authorization), but not be permitted to increase the number of workers or to approve of pay increases without previous approval of his superior. For instance, he may be authorized to accept freely reports of grievances, but to settle with employees only under the second type of authority, that is, if he informs his superior; or else, he may not be allowed to make decisions on grievances without specific instructions from his superior. In the course of his training, the supervisor must be specifically instructed about what he can do and cannot do, in each particular case falling within the scope of his competence.

#### Performance Review

The management of a business will want to have a record of the supervisors' performance. This will facilitate control of supervisors and the discovery of deficiencies in the performance of supervisory functions. A periodic report prepared by management, often on a monthly or quarterly basis, will list the cost elements upon which the supervisor has influence, and rate management's satisfaction with the supervisor in terms of figures and grades of performance. The record's effect is similar to that of a school report card: it tells the supervisor that he is lagging or that his performance was satisfactory. The supervisor receives ratings on such characteristics as: rejects—scrap and waste—production—labour cost per unit—absenteeism—grievances—accidents—labour turnover—housekeeping—suggestions, etc.



# Employee Relations

A loyal and competent force of employees is among the principal assets of any business. To secure loyalty and high performance that comes with employee satisfaction, management must cultivate its employee relations. That means that it must attempt to offer not only satisfactory pay for satisfactory work, but also to fulfill all other conditions that will attract and hold the employees. Even small business no longer consider it sufficient to rely on traditional methods of friendly mutual respect alone. The traditional familiarity between owner-manager and employees is often insufficient to hold qualified personnel, if larger, more powerful enterprises compete with smaller ones in a tight labour market.

To avoid costly labour turnover, the employees should be offered, in addition to satisfactory pay, work environment and treatment that will make them want to remain in their jobs. It is generally recognized that the amount of pay alone is not the only motive for employee loyalty. Good labour relations involve the following conditions of employee satisfaction:

## Personal Treatment

1. This involves: treatment of each employee as a person entitled to respect and politeness and to recognition of his dignity as a citizen.
2. Respect for religious beliefs, cultural traditions and status of the employee in his society.
3. Avoidance of all offensive or embarrassing treatment and orders.
4. Sincere interest in the person of the worker and in his contribution to the common effort.
5. Interest in the worker's personal well being and in that of his family.
6. Occasional expressions of praise and encouragement for performance. Friendly words are excellent building stones of loyalty.
7. If disciplining should be necessary, no dressing down should be undertaken in front of others.
8. Rules that are unknown to the employee should not be enforced until he has had opportunity to acquaint himself with these rules.

## Working Conditions

The performance and satisfaction of employees will improve with improvement in their working environment. Good lighting, uncluttered work-space, friendly rooms, adequate rest periods, adequate wash rooms, etc., make a place of work more attractive.

In making improvements in the work-place, the health of the employees should be considered, hazards of all kinds should be reduced or removed, and, in general, work should be facilitated. Drinking water and first aid equipment should be provided for, etc.

## Employee Security

1. Strict fulfilment of promises. No promises should be made that cannot be kept; all commitments without exception should be fulfilled.
2. Opportunity for promotion or improvement of pay. The anticipation of future benefits is a powerful motive. Job improvement may mean getting the better or more desirable place of work or desk; it may also mean promotion to a higher level of responsibility or pay.

The employer who can convince his workers that they have a chance of improving their position will find that many employees are eager to attain advancement by better performance. Advancement should be based on objectively defined criteria and merits of performance, not on favouritism.



The policy of giving staff members preference over outsiders whenever a better job is to be filled, will go a long way to prove job opportunities to the personnel.

3. **Job Security.** More people seek security than advancement. The business that can convince its employees that it is not only a good place to work in but also a safe one will reduce labour turnover and gain loyalty of its employees.

The feeling of security comes from the presence in an enterprise of employees with long years of service; from employing the labour force even in periods of slackening business; from visible recognition for long and loyal services rendered, in the form of rewards, privileges, badges, and other distinctions.

Nothing will convince younger employees of job security and career opportunity as much as the attainment of managerial status by employees who have started in a modest position and remained loyal to the enterprise.

### **Welfare Provisions**

Welfare provisions are often part of the legal employment requirements. But even if they are not, management often offers voluntary welfare features out of concern for the well-being of the employees.

Periodic medical examinations may follow the initial examination at the time of hiring. This will prevent the spreading of contagious disease, help maintain good health, and reduce absenteeism. A doctor on call, a plant nurse, or at least a staff member capable of giving first aid with equipment supplied by the plant, are often available. Sick employees will not be dismissed provided they are absent only for a short time. Holidays and vacations with pay, of a length determined by length of service, are often offered. The nature of the welfare services provided to the employees vary from country to country. Obviously, they depend on the productivity of a business. They improve workers' satisfaction and therefore are in the interests of the employer's greater earning potential. But even though they are limited by enterprise productivity, they are themselves important contributors to productivity.

### **A Well Managed Organization**

The knowledge that there is order in an organization is an important factor of employee satisfaction. There will be little confusion in an enterprise where every employee knows his duties and receives single orders from a single person designated to train as his immediate superior.

Where there are always enough workers assigned to a job so that the job can be completed on time, where each worker's duties are clearly explained, and where the supervisors know how to maintain a steady flow of work so that no one will remain idle at the expense of the other workers, there workers are likely to do a good job. On the other hand, conflicting instructions, periods of slackness alternating with high pressure work, and disagreement between co-workers will reflect in low employee morale.

Good management practice in organizing the assignment and flow of work, in specifying duties, responsibilities and authority, thus becomes an important part of good employee relations.

### **Handling Grievances**

In every group of persons there is always a chance of dissent and conflict. Likewise, in every organization grievances of employees arise from time to time. Grievances are real or imagined wrongs that give ground for complaints. But whether the wrongs are real or imaginary, these complaints cannot be ignored. Employees have a right to ask management to examine and settle their complaints.

Supervisors in charge of handling grievances must show a sincere interest in the employee's problem, and prove their desire to settle the complaint objectively, free from partisan bias, and, if possible, to the complainant's satisfaction. The supervisor must make it clear that he is not annoyed by a complaint and that he welcomes the opportunity to remove an obstacle to good employee relations. The employee must gain the impression that he can expect an impartial examination of his grievance and a just decision. The superior must be aware that, even if the complaint appears unjustified, the employee is convinced he has a valid reason for his complaint.

Many troubles result from minor grievances that were neglected. Dissatisfaction of employees often will not remain confined to the place of work, but it will affect the community, and with it the reputation of the business. Preventive steps must be taken, for instance by directing supervisors to ask the employees periodically about their satisfaction with work conditions. Whenever possible, potential causes of future grievances should be removed. Suggestions by employees on how employee relations may be improved, should be invited and encouraged. They always provide a source of insight into the true employee sentiments. Interviews with employees at the occasion of their departure from the enterprise often disclose hidden sentiments.

The following four steps are recommended in handling grievances or complaints by employees :

- (1) *Discover the real cause* of the grievance or complaint. These may be based on a misunderstanding. Sometimes, the personality of the complainant should be explored: Does he have difficulties with others because of his personality traits? Maybe he is right? Misunderstandings can be explained. If the complaint is right remedial action is in order. If personality difficulties prevent him from adjustment in one place in the organization, maybe another assignment will overcome the difficulty.
- (2) Get all the facts in the case before arriving at a conclusion. When several persons are involved in the complaint, several interviews with these persons may be necessary before all the facts are known. In most countries there are accepted procedures for handling grievances. The satisfaction of the complainant often depends on strict observance of established procedures in getting the facts and listening to the persons involved. Demonstrate a friendly and impartial attitude, no matter how unfounded the complaint may seem.
- (3) Take complicated cases to higher management. When grievances cannot be settled at the lower supervisory level, and the complaint seems serious enough to justify the attention of higher authority in management, the supervisor may appeal to a superior to help in settling the grievance. Sometimes arbitration—the hearing and judging of a dispute by a person agreed upon by the parties—may offer a solution.
- (4) If after an effort has been made to settle the grievance equitably, the employee continues to make unreasonable complaints and to have difficulties with supervisors and other workers, *dismissal* may be the only practical solution.

The disruption of work in an organization, even from minor frictions and disagreements can harm all interrelated business operations. Therefore a method for solving such difficulties and, with them, the causes for dissatisfaction becomes an essential part of good employee relations. Removal of all trouble-causing disagreements will bring about that team spirit among employees that makes an organization a reliable instrument for the success of management.

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# Personnel Records

Even the smallest business must keep personnel records. Personnel data should be committed to writing and preserved for future reference and evidence. Information about employees should be filled alphabetically, in such a manner that all records pertaining to an employee, from his letters and application forms to notation about his separation from the business could be found in one place. These data must be preserved for such reasons as tax withholdings, to supplement the memory of the personnel administrator, and to prevent future differences of opinion about the record of an employee. Properly planned, simple records that are kept up to date save time and prevent future uncertainty and embarrassment.

A record system that is very simple and easy to manage consists of a collection of accumulated papers concerning each employee, kept in separate envelopes marked with each employee's name and address and the date of his employment. A running account of employment history should include application forms, interview results, supervisory rating, performance reports, wage information, disciplinary notations, accident and sickness reports and whatever reports are customarily used in an enterprise; finally, it should also contain the record of termination of employment. Files, whether they are kept in envelopes, in folders, or in any other form, should be arranged so that they would not require clerical work out of proportion to the size of business. Even the smallest business must systematically collect documents and keep records for each employee, from the day of hiring to the termination of employment. Depending on local legal requirements and customs, such files should be preserved for a reasonable period of time after severance of employment. Such files should contain information of the following types:

## A. Personal data

- (1) Basic data sheet listing the characteristics of an employee, such as name, address, date of birth, family status, number of dependents, name of spouse, skills, title of job, unit or duties to which assigned, dates of employment, transfer, etc.
- (2) Documents containing information about the employee supplied by him or by third parties such as application letters or forms, school of training certificates, letters of introduction, testimonials, information data received through informants about proficiency, reliability, personal traits, etc.
- (3) Reports by employment officer about tests, medical examination, recommendations for placements, training, etc.

## B. Contractual data

- (1) Record of employment and wage agreement
- (2) Changes in employment agreement and pay
- (3) Release signed on separation from job

## C. Activity data

- (1) Job assignments and job descriptions
- (2) Performance rating by supervisors
- (3) Training and other activities indicating qualifications for promotion
- (4) Other listings of desirable or undesirable characteristics especially regarding ability to get along with other employees and response to discipline.

## D. Payment data

- (1) Payments received

- (2) Advance payments, loans, assignment of wage, voluntary deductions
- (3) Tax data and deductions required by law
- (4) Receipts

**E. Absences**

- (1) Vacations, military service and other public service
- (2) Absence because of sickness

**F. Other pertinent correspondence and documents**

Paperwork for supervisors reporting on performance, absenteeism, or other employee data, should be simple, preferably confined to the periodic filling-in of check marks in prepared printed forms. Employees should receive with each payment an explanation of the manner in which the payment was figured. Such explanation should be simple and explain whatever deductions are made, either in writing or orally, and in a language that is understandable to the employee. Receipts should be signed by the employee, if he is illiterate, he should make some mark of identity. Upon termination of employment it may be advisable to secure a general release. Ratings of employee performance by their supervisors that are prepared for personnel files should be known to the employees and used to encourage them to continue their good performance or to improve their performance if it needs to be improved.

The personal record file of each employee must give information about the employee's conduct in the fulfillment of his assignments. Non-supervisory employees may be rated by the following system: For each of the several traits rated, various possible grade marks should be entered in a rating sheet, from "unsatisfactory" to "excellent." One of these should be checked by the immediate superior. For instance:

- |                              |  |
|------------------------------|--|
| (1) <b>Quality of work</b>   | Unsatisfactory<br>Often not quite up to average of performance of comparable employees<br>Quality is about average of the performance of comparable employees<br>Superior to average performance of comparable employees<br>Exceptionally high quality                                     |
| (2) <b>Volume of work</b>    | Very slow worker<br>Inclined to be somewhat slow<br>Output about average of comparable employees<br>Turns out more work than average<br>Exceptionally high output  |
| (3) <b>Knowledge of work</b> | Very little familiarity with work expected of employee<br>Insufficient knowledge of some phases of the job<br>Reasonably adequate knowledge of the job<br>Excellent knowledge of his work<br>Exceptional knowledge of all phases of his work   |
| (4) <b>Initiative</b>        | A routine worker, usually waits to be told what to do<br>Often waits unnecessarily for directions<br>Does regular work without waiting for directions<br>Resourceful, alert to opportunity for improvement of his work<br>Seeks and sets for himself additional tasks, highly self-reliant |

- |                                   |  |
|-----------------------------------|--|
| (5) <b>Work attitude</b>          | Goes about his work half-heartedly<br>Sometimes appears indifferent<br>Shows average normal interest in work<br>Exceptionally enthusiastic about his work  |
| (6) <b>Attitude toward others</b> | Inclined to be quarrelsome, surely, touchy,<br>uncooperative, upsets morale of others<br>Sometimes difficult to work with<br>About average in manners and cooperation<br>Always congenial and cooperative<br>An unusual and strong force for team morale |

In addition, the supervisor may clarify the general characteristics by entering check marks at the following lines:

- An exceptional employee
- Stands out above the average employee doing the same type of work
- A satisfactory well qualified but not outstanding
- A fairly good employee but not as efficient as the average
- Shows serious weaknesses in work or attitude or both
- Definitely unsuited for his work and probably for any other work in the unit to which he is now assigned

The form used for such reporting may contain instructions for the translation of such ratings into merit points. A certain number of points should be assigned to each category, ranging from zero to one hundred, the low values for undesirable performance, the high values for desirable performance. The total of such points assigned to an employee makes it possible for the personnel manager to compare performance of several employees and to rate improvement or deterioration of any individual's performance over a period of time.

Taylor, in explaining scientific management, used the following example: If you and your workman have become so skilful that you and he together are making two pairs of shoes in a day, while your competition and his workmen are making only one pair, it is clear that after selling your two pairs of shoes you can pay your workman much higher wages than your competitor who produces only one pair of shoes is able to pay his man, and that there will still be enough money left over for you to have a larger profit than your competitor!

Taylor made it clear that the greatest permanent prosperity for the employee and his employer would come from an improvement in productivity. The job of the personnel administration in bringing about productivity consists in fitting the personnel to their tasks so that they may attain proficiency as a team, turning out better and more products while using the same equipment. The employees belonging to one team are so inter-dependent in their performance that poor personnel management can hurt not only the enterprise but every one of its workers. The man who is eager to increase his earnings by better performance expects not to be hindered in his efforts by sub-standard performance by those on whom his speed and quality of work depend. The administrator of personnel, like the conductor of an orchestra, must assign the right man to each instrument, so that harmonious music may be produced by the orchestra. He owes it to the whole team to make the proper selection and to staff the organization with properly qualified performers.



# Summary

Personnel administration is an important responsibility of the management of any enterprise. In smaller enterprises the work of personnel administration is carried out by managers whose responsibility also includes production, finance, engineering, and other business functions. In larger enterprises the work of personnel administration is normally the responsibility of a specialist, trained in the specialized techniques of the job.

Personnel administration deals with the maintenance and improvement of the work force and as such is essential to the success of any enterprise. The personnel administrator must find and hire the best possible people to do the work that must be done. He is also responsible for arranging for the proper training of the employee throughout his tenure with the business. He may be directly involved in the employee training effort, or he may direct training through the line supervisors and managers.

The personnel manager is responsible for establishing an equitable, realistic policy and procedure for paying employees. He is aided by the tools of job evaluation and employee performance review.

Personnel records, for permanent reference concerning all the employees of the enterprise, are a responsibility of the personnel manager. These records must fill the needs of the business and also the needs of governmental agencies when the law of the land calls for maintenance of work records of employees.

A sincere interest in the welfare, health, and comfort of employees lies behind all of the technical aspects of the personnel administrator's job. He must be motivated by a sincere desire to do the best thing for every employee, without infringing upon the employee's private way of life, which does not affect the enterprise. But because the success of the enterprise may be in conflict with the needs or desire of the employee, the personnel administrator must always examine policy and action to insure the employee getting every assistance possible.

---

## Personnel Administration Questions

1. Why is management interested in a continuing work force?
  2. What are the comparative advantages of piece-rate and day-work pay?
  3. What are the advantages of incentive pay for management? For employees?
  4. How should an interviewer go about determining an applicant's ability to perform a job?
  5. List the steps involved in formal employee training.
  6. Why must all training be followed up after the training programme is completed?
  7. What is the purpose of job evaluation?
  8. What are some of the factors that can be evaluated in employee performance reviews?
  9. What is the purpose of personnel records?
  10. Why are working conditions so important in the performance of employees?
  11. How does productivity influence worker compensation?
  12. Why should employee complaints receive immediate attention, even if they are small or imagined?
-



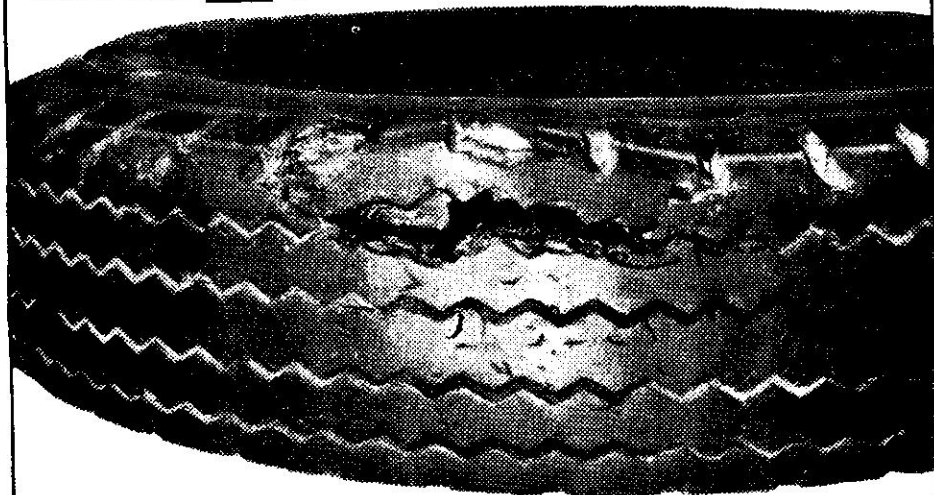
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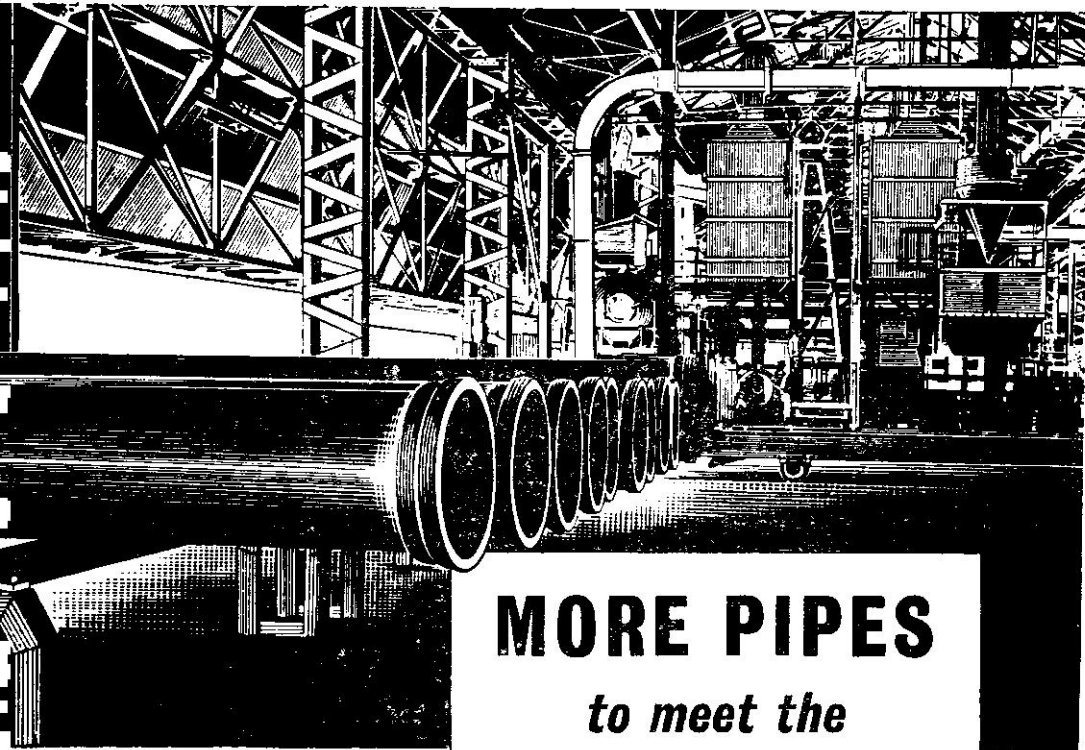
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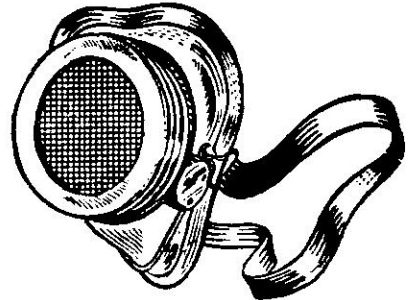
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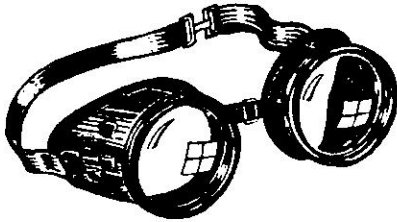
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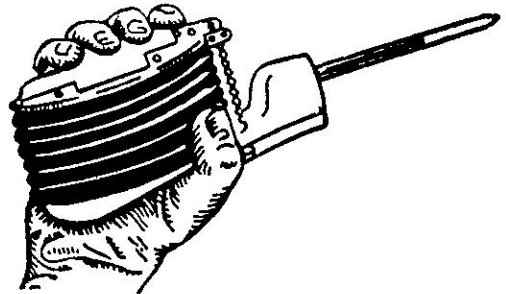
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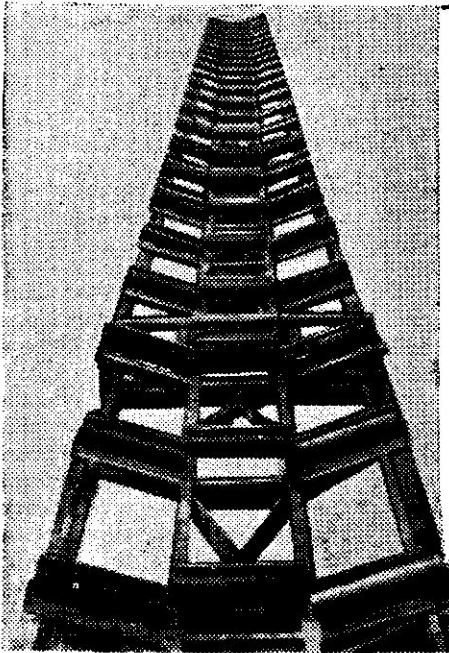


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# Studies in Personnel Management

## *The Scott Case*

**B**OB SCOTT SCOWLED AT HIS DESK WAS CURT to his secretary and finally went downstairs to get a coca cola, while he pondered the situation. He had finally gotten to see Paul Curtis, his department head, that afternoon, and that was the cause of his grief. Curtis had told him fairly pointedly, that while Scott was doing a good job of running his division, it seemed that he was forever *going ahead and doing things on his own without keeping Curtis informed*. Curtis had shown him two reports which had been received from other departments and which related to the work Scott's division was doing. They were not particularly critical but they did make recommendations as to certain changes in procedure which Scott would have been grateful to know about a while back. Curtis had concurred with these recommendations and suggested that Scott put them into effect. Curtis had also said that he would have appreciated it if Scott had consulted him on some personnel changes he had made recently.

Scott drank his coke and felt a bit better about his boss. After all, Curtis was interested in helping him, but did not make it any too easy for men to get to see him even when he was in town. *His infrequent staff meetings were a monologue on general objectives* of the department and never left much time for the division heads to report. Scott furnished him with a brief paragraph monthly, about his activities, but that was kept very, very brief in order to

fit a newsletter, and as a result did not help matters much.

What all did Curtis want anyway? What did he really expect? Scott felt competent to run his division, but these questions kept cropping up in his mind. He was still thinking about the situation that night at home. Tomorrow he would have to do something about it...

Curtis was rather concerned after seeing Scott that afternoon. Scott was a good man: he had shown a lot of initiative and basically his approach to running his division was sound. He required very little supervision. He wondered why Scott, however, did not consult him on the personnel changes he made. He also was confused over the reports he had received on the work of Scott's division. While no failures were indicated, it did seem to Curtis that the suggestions made in the reports were perfectly consistent with the objectives of Scott's division, and indeed he wondered why Scott had not already taken action along these lines.

Curtis had recently completed a course in management functions sponsored by the Training Division in his company. He remembered distinctly a rather good conference on controlling in which he had taken part. He recalled that certain fundamental points had been made in the course of group discussion. Someone had said that sound management must be based on objectives and self-control. It had been brought out that a sound control sys-

tem rests upon a manager's communication of the fundamental objectives of the organization to his subordinates and just as important, providing them with the information they need to control themselves. He wondered whether these points might have any application in connection with Scott.....

Curtis sent for Scott the following morning and was somewhat surprised to find that Scott had already asked for an appointment with him. The two men had a lengthy discussion. They went over the objectives of the department thoroughly and the Scott's division in particular. They analyzed exactly how the function of Scott's division supported those of the department and related to the work of other departments in the company. They also discussed again the reports which had come in from the other departments. Curtis decided to take steps to see that Scott got these reports first in the future. Scott brought up the difficulty he had encountered in getting to see Curtis and discussed some of his problems. He mentioned specifically the need for some periodic form of reporting other than the brief monthly paragraph. A procedure was established whereby Scott would submit during the first week of each month a report adequate

in length to give Curtis a clear picture of his work.

At first, Curtis was most pleased with the result of these changes. He noticed immediately that Scott's morale went up. He had made arrangements to receive copies of the reports from other departments, the originals of which went to Scott. He was gratified to note evidence of improved service on the part of Scott's division. He attributed this to Scott's now being able to evaluate and control his own work.

His main concern now was with the nature of the reports Scott was submitting. They seemed to take the form of explanations of why problems existed and how Scott would solve them rather than what the problems actually were. He felt that Scott was not giving him a complete and objective account of the work of his division. He wondered why.....

1. In view of the total facts of the case, how would you evaluate Curtis' direction techniques?
2. How would you evaluate the behaviour and attitude of Scott in the total situation?
3. What action would you take to rectify this situation if you were Scott and Curtis?

### *The Servocomp Company*

The Servocomp Company (name is fictitious) manufactures electro-mechanical devices and employs about 5,000 people, of whom about 300 are in the engineering department and about 100 in the research department. Over the years, the demarcation of functions between the two departments has become less and less clear until at the present time there is not only a complete overlap of functions but even duplication of effort on the same projects. As with many long established companies, the

overlap grew so gradually that it never presented a clear-cut problem.

About a year ago, the president of the company decided to reorganize the two departments in order to obtain greater utilization of the scientific and engineering talent available and to eliminate the uncertainties in responsibility.

The heads of the two departments are members of the executive committee of the company and report to the

executive vice-president. On making his decision to reorganise early in the year, the president called in the two department heads and instructed them to work out the arrangements together. They were to submit all the plans by the end of the fiscal year so that budget and work programmes could be properly evaluated in time for the coming calendar year. The only policy laid down was that the departmental responsibilities were to be in line with their titles, that is, one was to have the research and development function while the other was to assume only the engineering phase of products coming from R & D in addition to providing engineering service for customers. If strictly carried out, this move would require that a large proportion of the present department be transferred to R & D.

The deadline passed with no plan forthcoming. The President had several conferences with the two men. On these occasions there seemed to be general agreement on plans and purposes,

but later schisms again appeared between the two men. Some actual or anticipated by-products of the wrangle are:

1. The people in both departments have a rough idea of what is happening but are generally fearful and pessimistic
2. Programmes have been hurt by the fact that they were planned under uncertain skies
3. If the reorganization is based on an unhappy compromise, it is possible that the company will acquire a new set-up as ragged as the old
  1. What other unpleasant by-products might occur as a result of this problem?
  2. What is apt to happen in consequence?
  3. What is the source of the difficulty?
  4. With whom does the fault lie?
  5. What sound principles of management are violated and what principles and practices could be invoked?

### *Frank Davis Dilemma*

Frank Davis is a section head with responsibility for three important projects. Two of his projects are organized satisfactorily under two project engineers who work well with him. They also cooperate well with each other in any areas of overlapping interest. His problem is with the third project. This work, of a more complex technical character, was started out under Bill Eaton as a minor effort. Frank did not give it project status as it involved only five engineers and five technicians. Bill was, therefore, not formally, a project engineer. However, the initial work was so successful, that an extension and enlargement of the project was proposed and approved by management who immediately gave it a high priority.

Bill is an exceptional man in his

highly specialized field which requires a high degree of creativity. He is, however, uniformly disliked by his men because of his rude and sarcastic manners. They work along with him more or less amicably because his boss, Frank Davis, handles most of the administrative work and is close to the men and understands their position. They know that he, rather than Bill, is responsible for their performance reviews and salary adjustments. Frank is well aware of Bill's relationship with his men but sees him from a different point of view as his supervisor. He considers Bill a basically fine person: erudite, sensitive, highly intuitive and of good humanitarian instincts. Unfortunately, however, these good points do not show in dealing with the engineers under him or with the other two project engineers.

That he rarely comes to violent disagreement with Frank is largely because Frank recognizes Bill's abilities and makes allowances for his weaknesses which are most likely due to ulcers and a diabetic condition. These physical disabilities, in turn, contribute to his lack of patience and his constant irritability. Bill makes no allowances for others about him and lashes out frequently with caustic comments which, of course, are not well received.

### Alternatives open to Frank

Because of the newly established importance of this project and its formalization, Frank feels it necessary to have a project engineer to handle the administrative as well as the technical details, since he is spending an inordinate amount of time on Bill's project to the detriment of the other two projects under his jurisdiction. Several alternatives are open to him. He could promote Bill. Certainly Bill's length of service, his company loyalty and his technical ability all indicate that he deserves the prestige and recognition of the title which he knows Bill wants desperately. He hesitates because of Bill's *limited ability to deal with people*.

A second alternative would be to bring someone else in over Bill, probab-

ly by hire from outside since probably no one within the present organization would want to take over supervision of Bill, if they were not already at that level.

Bill would resent it so much that the incumbent would be in an untenable position. Frank knows that Bill would resent being passed over in any event, and feels that he might leave, thus seriously handicapping the project. Also, it would be difficult to find a man of a technical competence whom Bill would respect.

The third alternative as Frank sees it is to leave the situation untouched. This has drawbacks because he feels it is not right to neglect his own job as section head by the demands this (existing) situation creates. Also, he thinks that Bill would not be satisfied to continue indefinitely without a promotion. He has already told Frank he thinks he should be made a project engineer. Frank also fears that the already poor morale of Bill's group will become worse unless some relief is obtained.

What sound management principles are applicable to this Case? What other alternatives exist? What should Frank Davis do?

## *The Radio Manufacturing Company of India*

The Radio Manufacturing Company of India was an Indian branch of a large American Company which had subsidiaries in most parts of the world. It produced four standard types of radios. The products of this company enjoyed international reputation for quality.

In India they were carrying on operations on a comparatively small scale, partly out of compulsion and partly for

business reasons. Compulsion for limiting the scale of production was due to import restrictions. Almost all the parts for the radios were imported from the USA. All that was done in India was to assemble these parts. Since these parts could not be imported in an unlimited quantity the scale of production was necessarily determined by the quantity of imports permissible. Another reason for a modest scale of production was the low rate of return on

investment, compared to what they got in their home country.

The Company had been having trouble with the *Sabha* (union) for about 18 months now. A number of factors created a strain in the relations between this union and the Company. The two rival unions Mazdoor Sabha and Sevak Sangh were all along clamouring for recognition. And the company patronised the Sangh that did not enjoy the confidence of the workers. The dismissal of a rowdy, useless employee created further tension. Another reason was the initiation of double shift in the factory. This rattled the workers because most of them banked upon overtime wages for their extra income. It was a *common practice* in this area to *do very little work during normal duty hours*. The introduction of the double shift in production was resented because it left no scope for overtime work. Above all, the leadership of the Mazdoor Sabha fell into the hands of Sri Agnesh: an employee of the Company who delighted in insubordination. Agnesh did not care to work at all. Disregarding the instructions of his superiors became an every day affair with him. When he was asked by the Chargeman, to give an explanation for his insubordination he gave the following reply, "I don't care, refer it to the Supervisor...".

He repeated this performance with the Foreman. Since his antics were beginning to affect the discipline of the organization, immediate action had to be taken against him. He was suspended pending inquiry. The suspension was misinterpreted to the workers as dismissal. And the workers registered their protest by going on a token strike of one day. The Company, however, found it necessary to dismiss Agnesh finally.

The Company had been having an

uneasy time with their workers for about an year and a half but in 1956 trouble erupted into the open, in the shape of a widespread strike. The Mazdoor Sabha submitted the following charter of demands to the company in May 1956: i) recognition of the popular union ii) increase of about 25% in dearness allowances iii) revision of pay scales iv) sanction of four month's salary as bonus v) reinstatement of two dismissed employees.

The worker notified their intention of going on strike in July if their demands were not fulfilled. Since the company gave no indication of taking the threat seriously, the workers decided to go on strike for an indefinite period till their demands were satisfied. The strike was so well organised that the workers showed no desire for a settlement even after a month except on their terms. The company after a month and a half was prepared to meet the wishes of the workers to some extent. An increase of about 20% in dearness allowance, for instance, was granted by the company. It was also agreed to give one month's salary as bonus. The company was ready to extend recognition to the Mazdoor Sabha. The negotiations, however, foundered on the company's refusal to reinstate Agnesh, whom the company considered the principal trouble maker. Most of the workers were satisfied with the concessions announced by the company. But the Sabha leaders insisted on 100% satisfaction of their demands. Since the gestures made by the company had failed to move the union leaders, the management were thinking of solving the problem by packing up and going to their homeland. The operations of the company in this country were neither large nor remunerative. The Radio Manufacturing Company of United States could, therefore, afford to wind up their establishment in India without any considerable loss.



## *Jim Macrori & Company*

Messrs Jim Macrori and Company was well established one dealing mainly in fuels and lubricants. The Sales Department of Messrs Jim Macrori and Company had entered into a large lucrative contract for the supply of fuels and lubricants with a local Transport Company: Bombay Transport Company. The Bombay Transport Company had its main workshop located within the port area. According to the terms of this contract, it was obligatory on the part of Messrs Jim Macrori & Company to keep the Bombay Transport Company supplied with minimum reserves of fuels and lubricants so that a sudden depletion of stocks would not lead to the closure of its operations. The two companies had been dealing with each other for a number of years and over this period very pleasant relations had been built up.

During July 1957, the Bombay Transport Company's stock position suddenly became dangerously low. The stock position in fact had become so precarious that if replenishments failed to materialize within a few hours, the company would be forced to shut down its operations. The company asked the Terminal office of Messrs Jim Macrori and Company, that was situated about 40 miles away, to make immediate arrangements to replenish the exhausted stocks.

The question of effecting an immediate delivery of the fuels was made difficult by a decision of the port workers to go on strike from the afternoon of the day that replenishment of stock was to be carried out. To complicate matters further an order of the inspector general of the state police was issued calling for a stoppage of all traffic movements within the port area that afternoon. The inspector general was taking this action to enable him to min-

imise the possibility of violence. It was not known how long the port workers could continue to observe hartal. Equally unknown was the period of duration of the police order.

The fuels could be delivered by Messrs Jim Macrori & Company's delivery vans if action was taken immediately. The unloading of stocks at the Bombay Transport Company's depot would, however, not be completed until about 2 p.m. By that time, the police order stopping traffic would have come into force and the delivery vans would not be able to return to the company's terminal. This would result in the enforced idling of Messrs Jim Macrori and Company's equipment as well as the payment of overtime wages to the staff manning the vans. The only way of avoiding the extra expenditure and the tie-up of the equipment for an indefinite period was to decide not to supply the fuels to the Bombay Transport Company. The Management of Messrs Jim Macrori & Company was, however, aware that this was bound to lead to the closure of the Bombay Transport Company's operations.

Decisions of this kind would generally fall within the scope of the supply and distribution department of Messrs Jim Macrori & Company. However, in such cases where supplies to firms would run dangerously low if delivery was not effected, the supply and distribution department would take up the matter with other related departments. In this case, the supply and distribution department considered that the question must be handled very urgently and so without consulting the sales department had issued orders not to effect delivery because of the danger of tying up its equipment. The equipment that would be held up and consequently kept idle would cost the company appro-



ximately Rs. 75 per day in addition to which there would be an extra expenditure of Rs 15 per day for maintaining staff and paying them overtime.

Because the fuel stocks of the Bombay Transport Company were exhausted and no fresh supplies were forthcoming, the Bombay Transport Company was forced to close down its operations. This closure caused the Bombay Transport Company substantial and ever mounting losses. On conser-

vative estimates, the Bombay Transport Company was forced to undergo a loss of approximately Rs 5,000 per day. The Bombay Transport Company immediately got in touch with its legal adviser to consider suing the supplier for breach of contract. Meanwhile because of their past good relations with Messrs Jim Macrori & Company they contacted the managing director of that company and apprised him of the whole position. The managing director summoned department heads for discussion.

### *Multi-Product Corporation of India*

Multi-Product Corporation established in 1919 comprised several sugar, cotton, jute and cement companies. These companies were located in different parts of the country. Jute mills were situated in Calcutta, cement mills in Bihar and cotton and sugar mills in UP. The number of production units being as large as 25, strict central supervision could not be maintained over the working of these concerns. The managers incharge of different units therefore enjoyed considerable autonomy in running the concerns headed by them. The executives were given unfettered freedom particularly in matters of recruitment, fixation of salaries of the subordinate staff, purchase of raw materials and equipment and the organization of publicity.

The Director, Sri Mohan, who was looking after the sugar wing of the Corporation was a believer in the theory of comprehensive central control. He soon built up a competent staff organization at the headquarters to carry out his plan of detailed central participation in all important decisions of different sugar mills. The central staff organization spread its net so comprehensively that the autonomy enjoyed by unit managers hitherto became a fiction. The wide orbit of the staff orga-

nization's activities, for instance, embraced recruitment and retrenchment of personnel, purchase and sale of goods, fixation of salary grades of the staff, organization of publicity and the definition of the rights and responsibilities of the managerial and other personnel.

The sudden curtailment of managerial powers caused the raising of many eyebrows. Though the change in organizational set-up did not cause any immediate crisis in the shape of a spate of resignations, discontent had already crept in with all its attendant evils. The executives were smarting under the grievance that without any previous warning or preparation for the change, they found their discretion fettered almost completely. The method of operation of the headquarters staff in the initial stages went only to confirm those fears.

The opposition to the new system remained covert for sometime. With the resignation of Sri Shastri, a highly experienced engineer-cum-administrator in charge of the largest sugar mill the system was openly challenged. Tired of the new regime, Shastri put in his resignation. Before resigning, however, he had a commitment from a Bombay sugar firm to employ him.

Shastri's salary at the time of leaving the Multi-Product Corporation was Rs 1,800 per month. This pay was in addition to Rs 200 as car allowance, Rs 100 as entertainment allowance, Rs 1,500 as annual bonus and a free-furnished house.

Shastri entered into a contract with a Bombay firm. The contract was a five-year-non-terminable one, with a provision for compensation for premature termination of service. The clause relating to the termination of service read as follows:

"If you leave the service of the company before expiry of the period of this agreement, then without prejudice to the right of the company to claim such damages as it may feel adequate, you shall not enter the employment of, or act as consultant or adviser to any other sugar mill, until the expiry of five years from the date of this agreement".

Shastri thought that his new terms were quite lucrative. These included a salary of Rs 3,000 per month in addition to 1% commission on profits (average profits of the firm being 5 lacs) and a month's paid holiday in Europe for Sri and Srimati Shastri every alternate year. But the most important thing from Shastri's point of view was the complete freedom given him in running the firm.

Meanwhile, Shastri's place at the sugar mill of the Multi-Product Corporation could not be filled immediately. Since there was no officer senior and competent enough in that unit, a person from the head-quarter staff was sent to officiate as manager tentatively.

Though the work went on well apparently, the higher management before long began feeling the absence of Shastri. What had started as a feeling became regret when the working re-

sults of the unit at the end of the year were known. The average profit of the company which in Shastri's time was computed at Rs one million had gone down by Rs 100,000.

The post of the manager was widely advertised. Many candidates turned up but none made the grade. Choice from amongst officers at the unit itself became very difficult. Officers at the unit were very good. But none came upto Shastri's standard. Shastri had a way of getting things done, apart from being a person of suitable academic qualifications and experience. Having served in the mill for nearly two decades, he had come to occupy a unique place in the affections of the people working with and under him. His exit therefore created a vacuum which became difficult to fill.

The senior directors devoted considerable thought to this particular problem. They started sounding the reactions of junior management about the idea of getting Shastri back at his job. The idea was welcomed by everyone concerned.

On his part, Shastri was also beginning to have a desire to return to his old job. For one thing, he had started realising the difference between a big multi-product corporation and a small single-product company. Association with a big organization brought one prestige which was non-existent in the case of a small firm. Moreover, the new targets of modernization and expansion of the sugar division of the Multi-Product Corporation were too tempting even for Shastri. Shastri had therefore begun thinking seriously about rejoining the Multi-Product Corporation.

There were, however, quite a few difficulties in the path of reunion between Shastri and his old corporation. The contract entered into with the

Bombay firm had still four and a half years to go. Again, the change was bound to result in a great reduction in

Shastri's emoluments. Above all, there was the problem of the loss of face, both for the corporation and Shastri.

### *Bombay Chemical Company*

Bombay Chemical Company had ordered an inquiry into the conduct of a driver named Ram Nath who had been in the company's employment for the last 11 years. Ram Nath was charged with insubordination. For administrative convenience, the company had been organised into several territorial divisions. According to the practice of the company, each division was given a staff car. Ram Nath was the company's driver for the staff car stationed at Baroda. Ram Nath's service record for the last 10 years was commendable. In fact, he was counted among the best-behaved chaffeurs the company had. Obedient, punctual, with a ready smile on his face, he became a favourite of almost every officer he worked with.

In the eleventh year of his service, however, a sudden change came upon him. His work became unsatisfactory. Also from a pleasant, soft-spoken person, he turned into a peevish, ill-mannered and rude employee. A stage came when he cared neither for the car nor for the boss. Once when the manager had gone on tour, one of the wheels of the car went off on the way. The practice was to check up the car before taking it on a long ride. Ram Nath, however, had not bothered to examine the car; hence the mishap. The manager sent a warning to Ram Nath.

"I am pained to find that you are not paying any attention to the car. I don't have to remind you that keeping the car in proper condition is one of your major

duties. This is a warning to you not be negligent in future."

This sort of thing went on for some-time. Ram Nath had already received three warnings. His negligence on one particular occasion, however, brought matters to a head. The manager had an appointment with a government official at 11 a.m. one day but the driver was missing. He turned up exactly after an hour. The manager was furious and pulled up Ram Nath. Instead of feeling sorry for what he had done, Ram Nath got a very impertinent letter written to the manager asking him to apologise for misbehaviour. The letter read:

"This morning when I had taken you out, you were very rude to me because I duties. This is a warning to you not to be was late in coming to my duty. I might have been late but you have no right to use abusive language. You treated me harshly. You have no right to be rude and arrogant with your subordinate. I would like to have your apology for this misbehaviour within 4 hours."

It was a surprise to everyone how a man could change so suddenly. The manager therefore got certain unofficial enquiries made. These enquiries revealed that Ram Nath had fallen into evil company. For sometime past, he had started smoking and drinking heavily when only a year back he was a teetotaler. In family life too, he no longer was a kindly husband. It was also known that he had joined the Union actively and it was thought that that had made him complacent.

### *The Karam Chand Case*

The management of Bombay Chemical Company were considering action

against Karam Chand, a clerk who had been recently recruited. Karam Chand

was charged with coming late to office, and absenting himself after regular intervals. Bombay Chemical Company had four regional offices located at Delhi, Bombay, Calcutta and Madras in addition to headquarters at Bombay. The clerical personnel for the regional offices were recruited at Bombay.

Karam Chand applied in response to an advertisement by the company for the recruitment of ten clerks. His qualifications was an Intermediate in II division from the University of Madras; he also had experience of a year and a half in the clerical line. Selection was made on the basis of a written test and interview. But before a candidate could qualify for the interview, he had to secure a minimum percentage of marks in the written test. Karam Chand's performance both at the written test and interview was very good. Karam Chand was selected and his selection was intimated to him. He was a resident of Bombay. It was, however, made clear to him in his appointment letter that he was being recruited for the Delhi Branch of the company and that if he expected to stay at Bombay, he need not join duty. The letter went on to say that the only time he could stay at Bombay was the period of his probation which was fixed at three months.

During the first month of probation, it was found that Karam Chand came to the office rather late on one or two occasions. He was politely reminded by the head clerk that the company was very strict about punctuality. Reminders went unheeded. The head clerk decided to pass him on to the supervisor: the next higher man in the line. The supervisor pulled him twice and asked him to live in one of the boarding houses near the office to be able to reach in time. When this did not work, the supervisor threw him up to the department manager. The manager called Karam Chand and the conversa-

tion proceeded in the following manner:

Manager: It has been brought to my notice that you invariably come late to the office. How do you account for this conduct?

Karam Chand: Sir, I live at a very far-off place... It therefore becomes difficult for me to keep to the timings.

Manager: I am not interested in listening to any excuses. I am surprised that verbal warnings from head clerk and the supervisor have not had any effect on you. I have called you today only to tell you that if you continue to disregard timings, I shall be compelled to put the warning on record.

Karam Chand: I am sorry Sir, I shall try to be punctual in future.

Coming late to office, however, had become a habit with Karam Chand. The supervisor reported the matter to the departmental manager for the second time. This time the manager sent him a written warning. It read like this: "I hope you recall the conversation I had with you a month back. Since verbal warnings on previous occasions have gone unheeded, I am writing to inform you that if you repeat your lapses, I shall be compelled to take disciplinary action against you". The written warning had immediate effect and he became less unpunctual.

By this time, however, he had developed another practice. He had started neglecting his job. He had completed three months' training and it was now about the time that he was going to be confirmed. The departmental manager was consulted, who in turn consulted the supervisor and the head clerk. These officials were not very pleased with his work. The manager did not

give a satisfactory report. In order to give him a shock therefore, his probation period was extended by a month. This treatment worked and Karam Chand behaved extremely correctly till the end of his probation. He was confirmed and asked to join Delhi office.

Once he was confirmed and asked to join Delhi office, he started his old game all over again. On several occasions he came late. When asked to explain his conduct, he invariably blamed his negligence on the Delhi Transport system and the far-off place he lived in.

After joining the Delhi branch he developed yet another habit. He started absenting himself from office from time to time. Almost always the excuse advanced by him for absence was illness. In fact, all that he was doing was to take shelter behind a rule which did not require him to produce a medical certificate for one day's illness.

Repeated verbal warnings were given to him but to no purpose. A written warning followed. It was addressed to Karam Chand by the manager:

"I am sorry that several verbal warnings and a written one have not achieved the desired effect. It has been brought to my notice that in addition to coming late, you have started absenting yourself after re-

gular intervals. I shall take a very serious view of your negligence in future".

Karam Chand did not improve very much even after this warning. His antics reached a climax when he absented himself from office for 10 days without any prior intimation or application. This action of his brought things to a head. He was reported to the personnel department which instituted an inquiry against him. In this inquiry Karam Chand pleaded guilty. During this period of 10 days he had been to Burma with a music party. He said that he would have liked to take leave but there was no leave to his credit. He did not inform the office because he was certain that the permission would be refused. The only course open to him, he pleaded, was to leave the station without any prior intimation.

In the course of this inquiry, it was revealed that Karam Chand was a bachelor, having no family obligations. It was also discovered that he was living in the heart of New Delhi and that his office was 10 minutes' walk from his residence.

In fairness to Karam Chand, however, it must be admitted that he was an intelligent type. The root of the whole trouble was that he was primarily interested in music and not in his job.

### *The Malakram Case*

The Management of Bombay Tobacco Company were considering the situation created by the hunger strike of a tallyman named Malak Ram outside the company's office sometime in the second week of January 1958. On January 14 1958 which was the fourth day of the hunger strike, the manager-in-charge sent the following report to the headquarters at Calcutta: "We regret to report that Malak Ram, tallyman at Safdarjung resorted to hunger strike on January 10, 1958 in front of our Delhi office. During these four days, we have

had various representations from the employee groups and also received a letter written by the union, requesting that the company sympathetically consider his case. Apart from that the union did not take up the case. Our stand has been to counsel in no uncertain terms that the employee's action tantamounts to: i) utilisation of privilege leave for purposes other than approved; ii) resort to hunger strike to coerce the company to take a decision to his liking; iii) undermining the company's reputation; iv) causing a nuis-



ance to the normal functioning of the company, and v) threatening industrial peace.

Malak Ram was employed as watchman on March 3, 1948 at Lucknow on a salary of Rs 23 per month. His job was to guard company premises, cash, stock and equipment against theft or trespass. In addition to this, he was expected to accompany the cashier on all trips to and from the bank at the territory office. The qualifications for this job prescribed by the company were minimum schooling, preferably one or two years outside experience and a robust physique and courage. Malak Ram satisfied all these qualifications.

Bombay Tobacco Company had a number of godowns all over the country where tobacco was stored to meet the immediate regional needs.

Malak Ram served at various godowns like Lucknow, Jammu, Srinagar, Amritsar, Ludhiana, Allahabad and Safdarjung. Malak Ram's service record up to 1953 was spotless. The Godown Superintendents at various stations where he served up to 1953 were very pleased with his work so much so that he was promoted to be a tallyman on the basis of good reports.

Forwarding his papers for salary increment to the headquarters the Manager wrote the following letter: "Malak Ram was employed as a watchman at Lucknow godown. In October 1952 he was transferred to Amritsar as tallyman. However, discussions with the various members of the staff here and with sister tobacco companies led us to conclude that tallyman is in the category of a skilled labourer and that his pay should be 45|8—2|8-65|8—Sri Malak Ram fulfills all the requirements of a skilled labourer and his performance of duty is excellent. Under the circumstances we would request you to give us permission to raise his salary from Rs 39 to Rs 45|8|- and thus bring him on par with the above category of staff with effect from April 1, 1952". (This rate was finally accepted).

Malak Ram continued to work satisfactorily for sometime even during 1954. The

*chit* given him by the Branch Manager in February 1954 deserves reproduction: "For your information we confirm that Malak Ram had shown considerable progress while he was at Srinagar godown. He was promoted to the position of a tallyman on the recommendation of the Superintendent. At the time we needed an extra hand at Jammu. He was transferred to carry out most of the work at the godown. We believe that he has been performing his duties to the satisfaction of the Superintendent. At the time of his transfer, it was not possible to change his designation to Assistant Godown Superintendent. We found Malak Ram a capable person, while he was working in Delhi Territory."

After the middle of 1954, he showed increasing signs of discontentment with his status. He started putting in representations for promotion to the post of Godown Superintendent or Assistant Godown Superintendent year after year. The following is a typical specimen of the representations made by him.

"I most respectfully beg to submit that *I have spent a valuable portion of my life in the service of the company.* I have worked on independent job of a Godown Superintendent for two years at Jammu and Srinagar and also worked as a relieving Godown Superintendent for sometime. Had I not been an efficient worker, I would never have been promoted to such a responsible job... Sir, my test is my good record of service which is self-explanatory. I can easily operate a minor godown and can also work as an Assistant Depot Superintendent... I do not want to have my pay without any work and also do not want to ruin my career without any responsible job in hand. Also I do not want that my family members should starve without getting their food as with the present day salary I cannot make both ends meet... Sir, I should be given a chance to live and I shall prove my worth if I am given an opportunity... *You are my masters and my court* and I have to come to you for the redress of my grievances. It is therefore requested that in the name of God Almighty consider my case sympathetically and on merits."

On receipt of these representations, the company reassured him that each case was considered on merits and that he would be given a chance if he deserved one. But the company took care to remind him every time that his pro-



motion would entirely depend on the satisfactory performance of his duties.

Malak Ram's discontentment with his status not only resulted in a spate of representations. It also affected the quality of his work. His superiors were dissatisfied with his work from the middle of 1954 onwards. Between 1955 and 1956 he was transferred to three different places. When Malak Ram in his usual way put in a representation for promotion from Ludhiana Depot, this is what the Branch Manager wrote back to him:

"We were not impressed by your work at Ludhiana. We are transferring you to Safdarjung. We will watch your performance at Safdarjung and then we will consider your application for promotion. We might, however, add that your promotion will depend entirely on the satisfactory performance of your duties."

At Safdarjung, Malak Ram committed several irregularities like filling wrong entries in muster-roll, preparation of false overtime statements and the destruction of the carbon copy of an original statement. These lapses on his part were discovered by the Engineer during his inspection visits to the godown.

Not only that, his relations with his colleagues during this period were none too happy. When, for instance, he was transferred to a particular place where he had served a little earlier, the Godown Superintendent wired Delhi Office requesting them to cancel the transfer.

"This tallyman originally recruited at Lucknow was transferred to several other places. His history sheet will reveal that many of the Godown Superintendents could not pull on with *this disturbing element*. Because of his being this type, I got him transferred from Ludhiana to Amritsar in January 1955. I personally feel that if he comes back to Ludhiana, the smooth working of the godown will be disturbed and the output of the labourers will go down because of his *leg pulling nature*...I find, I would request you to cancel his transfer to Ludhiana."

Regardless of what his immediate superiors thought of him, Malak Ram pressed on his case for promotion after regular intervals to the post of a Godown Superintendent or Assistant Godown Superintendent. By 1957 he had relaxed his demand for promotion. He had reconciled himself to the post of a clerk. He started putting in applications for the post of a clerk. The company responded to his request and gave him a test in which he did not fare well. He was therefore not promoted.

It must, however, be mentioned here that at the time of Malak Ram's promotion to the post of a tallyman, it was suggested by the Administrative Department that a tallyman should work as a clerical assistant to the superintendent.

In effect, it meant that the position of a tallyman is equivalent to that of a clerk and as such a tallyman should receive all the privileges enjoyed by a clerk. But *this suggestion was turned down by the Human Relations Department*. The Human Relations Department argued that a tallyman is at best a skilled labourer and should be treated as such. *Making him enjoy the privileges of a clerk would be setting a dangerous precedent*.

To return to Malak Ram, a single bad performance in a written test could hardly dissuade him from putting in representations. He went on and on with his applications. This is what the company wrote to him in October 1957:

"We refer to your letters during the current year for promotion to the position of an Assistant Godown Superintendent or a Clerk. We also note that you have made exactly the same appeals during the past years. We refer to the one dated January 2, 1957 on the receipt of which you were given an examination for the post. We refer to our reply copied below...We have closely reviewed your written answers to the questions that were given to you on February 25, 1957. Your answers revealed that *you are not fit for the position of a Clerk in this organiza-*

tion and if you are interested in continuing in this organization, you will have to continue working as a Tallyman... We do not want you to be discouraged but would ask that you strive more and more to acquire your job knowledge so that at a later undefined date it will be possible for you to again request us with confidence... We confirm the discussion the writer had with you in September this year when I advised you that should a vacancy occur at Safdarjung for a clerical post we shall be pleased to again ask you to appear for an examination."

Malak Ram did not stop his appeals even after this letter. In December 1957, he was finally told that the chances of his promotion were nil. The Manager in charge addressed the following letter to him:

"We have reviewed the volume of correspondence resting with your letter. You were engaged in the company on March 3, 1948 at Lucknow, as a Watchman in which position you worked till January 1953, when you were promoted to be a Tallyman which job you still hold... Your representations for the position of Godown Superintendent or Assistant Godown Superintendent were con-

sidered by the Management and you were told that employees cannot be considered for promotion except on the basis of demonstrated ability on the job and capacity to perform the higher job... In response to your subsequent representations for a clerical post you were given a test in which you fared 'poor'... It may be stated that your work has often been found to be unsatisfactory... Additionally you have created an impression that your attitude is undesirable which made it impossible to assign you to other work locations... Judging from the foregoing, it is regretted that we do not consider you suitable for promotion to the position of a Clerk much less the position of an Assistant Godown Superintendent."

In sheer desperation, Malak Ram started making appeals outside the company and threatened to go on hunger strike on January 11, 1958 if he was not promoted. He did go on hunger strike on the proposed day. What complicated matter was the petition signed by office employees asking the company to consider Malak Ram's case sympathetically and the pressure put on the company by the Unions.

### *Modern Furnishing House*

A profitable store given only part-time attention by its owner develops conflicts between family values and personal ambitions, resulting in "internal politics" usually characteristic only of larger firms.

The Modern Furnishing House is located in a secondary shopping district of Calcutta. The Store deals in furniture and home appliances. It was started 10 years ago by a local businessman of various interests. The personnel consist of eight people: all male; a manager, assistant manager, book-keeper, two salesmen, two truck drivers and one porter. The manager and assistant manager are also engaged in selling. The owner divides his time between this Furnishing House, an Auto Service Station and he is so busy that he spends no more than six or eight hours a week

in the Furnishing House. The owner's 29 year-old brother-in-law, Jaipal is the manager and the owner has complete confidence in his ability. Jaipal has been with the company now for four years, the first two as a sales clerk. When Jaipal was promoted to manager, Sohan, who had been with the store almost a year, was promoted as assistant manager. The owner employed Sohan because of his excellent sales record in his previous employment. Sohan sells more home furnishings and appliances than the two salesmen and manager combined. However, he has had only a high school education, whereas Jaipal has a B.COM. degree of the University of Delhi.

The manager-employee relations had been going along smoothly for almost three years when suddenly, for reasons

at first unknown, the manager started having trouble with all of his employees. He could sense a sudden change in their attitude toward him. His employees could no longer think for themselves; he had to tell them exactly what to do, and had to keep after them continually to see that the work was completed.

One of the employees, Sri Deb, became so obnoxious he had to be fired. Deb had at one time worked in such close coordination with Jaipal that he could anticipate his orders. Of all the store personnel Deb had become the favourite of Jones because of his dependability.

The following are two examples that illustrate the changing attitude of Deb and his loss of respect for and confidence in Jaipal.

1. One morning around 10 a.m. the manager asked Deb to go to the Howrah Station and pick up some refrigerators. When Deb finally got around to going, it was 2 p.m.
2. A few weeks before *pooja* the store was staying open nights until 9-30 p.m. Since business is slow at night in a furniture store, it was necessary for only two people to stay, a sales person and either the manager or assistant manager, who were alternating. Sohan, the assistant manager, thought he was getting a raw deal by having to work every other night. So he suggested to Jaipal that Deb alternate with him. Jaipal objected on the grounds that Deb was delivery man and had no previous experience in making managerial decisions. When Deb came to work next morning, he rushed directly back to the manager and said, "What do you mean telling everyone that I am stupid and uneducated." The manager did not know what he was talking about. From that day on his attitude continued to worsen, until finally he had to be fired.

One afternoon about two months later, Jaipal ran into Deb at Chowringhee and asked him to have a cup of coffee. Deb accepted, and from this

informal follow-up Jaipal found out the cause of all his personnel trouble. From this conversation he found that his assistant manager was betraying him.

During the past six months Sohan had made great efforts to become intimate friends with all the employees, getting together with them nights and on week ends. He was very subtly using these occasions as an opportunity to indoctrinate the personnel against the manager. His aim was to get the manager's job by indirectly forcing him to resign. On the surface Sohan appeared to be a good friend of Jaipal always patting him on the back, especially when the owner was around. But at the same time, to the employees he was presenting *Jaipal as a big joke* telling them that the only reason he was on the payroll was because he was a brother-in-law of the owner.

Now that Jaipal knows the real story, what should he do? Three alternatives are being considered.

1. He might immediately dismiss Sohan but this is not as simple as it may seem. Sohan is the pride and joy of the owner. Before Jaipal could fire him, he would have to talk it over with the owner. This would be a rather difficult thing to explain since Sohan has been so subtle.
  2. He could call Sohan into his office and warn him that if this sabotage did not stop he would have no other choice than to fire him; that is, give him another chance. An important consideration is that Sohan has built up his own *clientele*, and sells as much as the rest of the staff combined.
  3. Jaipal could resign without giving the owner his real reason. After considering all aspects of his situation, Jaipal resigned.
1. What would you have done if you were Jaipal? Why?
  2. To what reasons do you attribute the resignation of Jaipal, primarily business or family motives? Discuss.
  3. Since Jaipal's resignation resulted in Sohan becoming Manager, discuss important aspects of this development.

4. What do you think the owner will do when he eventually learns all the facts in the case as he almost certainly will?
5. Would these problems have developed

if the owner had devoted sufficient attention to his business or in-settled adequate managerial controls during his absence.

### *Brown & Company*

Brown & Company is one of the oldest concerns in a small eastern community of 15,000 population, and has been the largest employer in the city for many years. The company manufactures and processes a limited line of perishable consumer goods, meat products, on which there has been relatively little technical or style change over a period of years. There is some seasonality in production, but this is traditional, and accepted by management and workers alike as characteristic of the production pattern in the industry. There are about 500 production workers employed in the plant.

During a period of economic prosperity, general strike for wage increases was called by the principal unions in this industry. The strike halted production in all of the major companies. Over the entire industry, the strike was generally peaceful. However, at Brown & Company considerable bitterness and antagonism were expressed towards the company. There was even some violence on the picket lines, which necessitated police intervention. Top management became deeply concerned with the strength and violence of the union and worker reaction to the company. Principal officers of the firm had expected the opposite reaction. They assumed that the local union would join the strike as a matter of union policy, but they were completely unprepared in their thinking for the bitterness of opinion against the company. They felt that the antagonism of their workers was much stronger than the general feeling of workers against the other companies involved in the strike. Company officials had looked upon the small

size of the community, the leading position of Brown & Company as an employer, and the closeness of management to the organizations as positive factors encouraging good relations and employee loyalty. There was disagreement in the ranks of top management concerning the interpretation of employee reaction to the company.

A plan was immediately formulated to get at the roots of the dissatisfaction. It was decided to make a survey of employee opinion as a first step. For this purpose, a management consulting firm was engaged. It was believed that a survey of workers' opinion at this time would be too highly charged with the emotional conditions surrounding the strike situation. Furthermore, there was some question of gaining access to the workers on strike. Hence, it was decided to survey supervisory opinion as a substitute way of getting at the climate of opinion in the company.

Each supervisor was asked two questions in an informal personal interview with a staff member of the consulting firm. These questions were: (1) Why do you think our employees are so disturbed in this strike? (2) Do you have any comments on your work in this company? Each supervisor was guaranteed that his responses were confidential and would not be identified to company officials. The responses were extremely frank. Following is a brief summary of some of the findings in response to the second question:

Almost all of the supervisors interviewed expressed the feeling that much of the background for the present situation could be traced directly to what had happened under a former plant superintendent, Sri Grover.

Grover had been with the firm for 12 years prior to his retirement. He was acknowledged to be a good production man, but considered *poor as an administrator*. Specifically, he was believed to *practise favouritism, particularly toward members of his own church*. The supervisors also claimed that he *made no attempt to develop subordinates*. He was said to pit man against man and to dominate them in such a way as to discourage teamwork and encourage throat-cutting competition among supervisors. There were three additional plant superintendents between Grover and the present superintendent, Mr McConnell. These three superintendents served a total of four and one half-years. The supervisors expressed high regard for McConnell and had hopes that he would be able to improve the situation, provided, as one department head put it: "Mr McConnell does not kill himself in the process." McConnell had come from another firm in the industry and had been with Brown & Company almost a year.

There was considerable concern among the supervisors with management coordination of sales and production. Representatives of the plant organization claimed the sales group had the upper hand in production scheduling. Repeated examples were cited by production supervisors of wasteful production change-overs ordered by the sales department to meet delivery schedules. They also claimed that less than car-load lots were often sent out at the beginning of the week and then overtime had to be worked on the loading dock sales organization countered by charging the plant people with failure to understand how important prompt deliveries were in maintaining sales in a competitive market. Only a few of the plant supervisors interviewed reported that they were able to get along on a working basis with the supervisors they had to work with in the sales department.

Comments on problems of running the organization took a number of other forms. One man said: the company is not a team; rather it is a congress of individuals with no one at the top to pull them together. Others claimed

that there were too many departments, too much red tape. Many of the supervisors felt that they had altogether too much paper work that involved unnecessary detail.

The majority of the supervisors interviewed claimed that top management was involved in the present situation. One comment was that there had been *too much inbreeding* in top management, resulting in very few ideas ever penetrating the thinking of the top policy group. The supervisors felt that there was "too much family in this outfit." (Company control is in the hands of a small family group, not unusual in this industry). One supervisor said: "It is *too much a one-man show*. Several of the supervisors asserted that 'Mr McConnell should be given the job of running this plant with no limitations. If he fails he should be replaced, but while he is trying to do the job he should be left alone.'"

Some members of the sales organization commented critically on the way in which members of the sales staff had been denied responsibility. They claimed to be isolated from participation in policy development.

Plant supervisors frequently talked of being given orders and then not being able to carry them out, particularly in discipline matters. Cited as an example was the last-minute change in management policy on clean-up time and to enforce the rule with warnings and suspensions, if necessary. Just as disciplinary suspensions were about to be made, top management discarded strict enforcement of the time allowance. According to one foreman, the union took credit for forcing this change of decision, although in his opinion, the union had nothing to do with the change. He claimed such action undermined the confidence of supervisors in themselves and in top management.



Considerable comment centred around the supervisors' feeling that they had to work in the dark. Policies were said to be announced without advance notice and changed without warning. In the words of one department head, "I don't honestly know what the policies are around here. I have to always feel my way around in doing my job." Another man spoke about the iron curtain between the plant and the front office.

A number of the supervisors felt that there were far too few foremen in the plant. They asserted that foremen over-worked. Cited several times was the

case of a foreman who supervised workers on four different floors of the plant.

Comments were also secured from the supervisors on other matters of interest to them including the following: "I've been working for the company for over 10 years and no one had ever told me how I was doing on the job." "The company had us office supervisors working in the plant during the strike. No one from the front officer ever came out into the plant to tell us they appreciated our loyalty. After all, it was no easy thing to walk across that picket line, especially when you knew a lot of the men out there."

### *City Auto Service Ltd*

A relatively new auto repair company on the verge of expansion programme considers the best way to develop high quality reliable employees. The partners agree on their policy of superior and guaranteed service but do not agree on ways to expand their staff.

K and his brother B own and operate the City Auto Services Ltd in a good residential area of Delhi. The business has been in operation less than two years, but has grown rapidly, due mainly to the technical skill of the two men, their care in doing every job as nearly perfectly as possible, guaranteeing all work, charging adequate but fair prices, and exercising great care never to misrepresent any job. One result of following the last policy stated has been the loss of several jobs to competitors, a situation that disturbs B more than it does K.

The City Auto Services Ltd, specializes in repair and maintenance work on all makes of automobiles, motor cycles, scooters etc. There is a large market for such services among residents of the area and throughout the entire city. Many people have been dissatisfied with

job done for them in the past by other repairman. Most criticism relates to (1) wrong diagnosis of the trouble (2) repairs that did not last, and (3) over-charging. In fields such as this, it is often difficult to appraise any or all of these criticisms accurately. One result has been the growth of considerable suspicion toward all shops in the field.

An incident that occurred in the City Auto Services Ltd, recently illustrates the typical customers' dilemma. A man came in with a car complaining about self-starting trouble and stating that he had paid a Rs 40 repair bill at another shop not long ago. The original trouble seemed to have been corrected for a short time, but the starter soon ceased working correctly again. When the customer took it back to the repair shop he was told a new source of trouble had developed that would cost about Rs 30 to fix. In both cases the failure of the starter to function appeared to the owner to be so similar that he had his doubts about either the honesty or the ability of the repairman. He then took the car to a different shop and was quickly informed that he needed a new part for the starter and quoted another high

price for the job. The foregoing information was not disclosed until K had inspected the car, located and corrected a very minor defect, all within a few minutes, and told the customer there would be no charge for the service.

Most of the jobs that K and B had been called upon to diagnose and submit estimates for were valid repair jobs, unlike the incident just described. One unusual case had occurred recently, however, that caused some discussion. A customer brought in a brand new car and stated that he wanted all the spark plugs to be replaced so that the car would function like a new. As tactfully as possible he tried to get some information from the customer, especially as to why he wanted new plugs and suggested that a diagnosis be made first.

The customer was not very helpful, so B explained that he would replace the plugs if the customer insisted but he could not guarantee the results, and really preferred not to handle the job. Upon hearing this the customer drove off without further comment.

The shop now occupied by the City Auto Services Ltd, is poorly located and too small for their expanding business. The brothers have excellent equipment but need more space to use it efficiently, as well as to carry a satisfactory inventory. They are ambitious to build a business large enough to give them an income above average for their own skilled services. They have in mind a plant and location where within the next two years they can employ two or three repairmen and carry a retail stock of high quality spare parts. An almost ideal location has been found, but the rent and lease agreement are such that in order to break even, the brother would need to keep one repairman busy full-time from the start. Expansion beyond this would give them

total net returns in excess of their present combined earnings.

The brothers feel confident that they could obtain sufficient business at the new location to keep one full-time man busy from the start. The first problem would be to secure a man *who would meet their high standards*. K is in favour of employing an experienced man and giving him full authority over his work at once. Later a second and the third repairman could be employed, in the same manner, as business expansion warranted.

B does not agree fully with this plan. He concedes that an experienced man could be employed readily and kept busy full-time once they get located in the new shop. He is not satisfied that such a man's work should be accepted by the firm without close supervision for fear of injury to the company's reputation for superior and always reliable work. He believes that it is this reputation that is almost entirely responsible for their rapid growth and the only basis on which they should plan for their future expansion.

He knows that many repair shops are having difficulty keeping their employees busy full-time, whereas a small number of shops are continuously operating at capacity. He reasons that to hire a competent man away from one of the latter shops that have a reputation comparable to their own, they would be obliged to pay an excessively high premium wage. To take a man from the other more or less "gyp" shops, would be business suicide, unless he was closely supervised and completely retained. To do this would be more expensive and risky than training a beginner.

B's suggestion is to start immediately looking for one or two promising men



to be trained in their shop in all the technical aspects and concurrently indoctrinated with the high ethical and service standards maintained by the company. He believes it would be better to take an interested and ambitious individual who knows little or nothing about technical details and give him this training than it would be to risk the consequences of hiring an experienced person who knows the tricks of the trade.

K objects to B's proposals on several counts, especially because of (1) the danger that trainees after learning the business would quit, and (2) the time it would take to achieve full expansion.

B felt that adequate incentives could be offered to retain workers whom they trained. He conceded that training would require time, but pointed out that they were planning the future success of their business rather than immediate profits.

### *Accountant's Dilemma*

'A' Accountant was appointed: well qualified in Law & Accounts, straightforward & honest work was appreciated by H.O. Bombay. Previous accountant landed the Branch Office into difficulties such as customs trouble etc.

'G' Godown-Keeper: already in service before accountant A joined the Company and developed confidence in the accountant rather than in the Manager.

'C' Customer of the Company.

'M' New Manager joined the Company in 1936: no knowledge of accounts or law, but knew how to do business.

Manager 'M' filed a suit against the customer 'E' for recovery of dues. Manager wanted to get E's properties attached before judgment as he heard some rumours in the market that he was trying to close his business. Lawyer advised the Manager that an affidavit was to be sworn by the Accountant giving those rumours as correct, in case attachment before judgment was required.

Manager came to the Accountant who was his subordinate and told him

that he should swear the affidavit drafted by the lawyer. The Accountant pointed out that rumours should not be confirmed in an affidavit unless there was any truth in the rumour, otherwise the opposite lawyer would ask for contempt of court on the basis of the wrong affidavit sworn by the accountant. The court might sometimes take the contempt of court serious, sometimes not, depending upon the judge and the circumstances. Hence the Accountant tried to convince the Manager that he would not like to sign such an affidavit as it would spoil his name and prestige, but the Manager did not agree.

On the basis of the above information the Manager again consulted the lawyer. He was told that even a Godown-Keeper can swear the affidavit. Manager did not like to ask the Godown-Keeper to swear the affidavit directly but asked the accountant to get the work done.

The Accountant was an honest man, knew the implications of swearing a false affidavit and also knew that the Godown-Keeper kept confidence in him but not in the Manager. If he had got the work done then he would be deceiving his subordinate. He had been placed in a dilemma.

## *The South India Engineering Company*

This Company was started in 1955, for the manufacture of rice huller and flour mill machinery. About 75 persons were employed and they were paid wages comparable to similar leading engineering firms, in many cases more than the average.

For three years there was no trouble and business went on smoothly. Then the employees agitated for revision of wages, grades, classification of the employees and their fixation in appropriate grades. Direct talks with the employees were held by the management. A wage scale with grades was agreed to, on the following assurances: the employees said that they could easily produce goods worth more than three times the total labour costs and the cost of establishment; every month, hence whatever wage structure was drawn it would not affect the business. On this assurance the management agreed that they were prepared to reward the employees by giving them 25% of the excess turnover. When the question of fixation of the employees came up there was no agreement and hence the negotiations failed. The management suggested that the employees' grades could be fixed according to the wage then drawn by each, but the employees wanted that fixation should be in the higher grades, and in some cases two grades higher.

After sometime the employees took this matter to the Labour Officer and it was directed there that only the wage scales as agreed to in the direct negotiations be implemented, thus amounting to an acceptance of what the management were to give and eliminating the clause

of what the workers were to give in return. Finally this was agreed to by the management. About the fixation of the workers in the grades, it was agreed that one of the partners of the Company who was an experienced Engineer should do it, and that the workers would abide by his decision. Fixation was done accordingly. The employees not being satisfied with the fixation sent a letter through their Union, which was also in existence from about the beginning of the Company. The letter stated that they would not accept the fixation and a list was also enclosed putting the employees in grades of their choice. In as much as the new wage structure had come in, they were agreeable to receiving the wage under protest. A copy of this letter was sent to the Labour Officer also.

The employees now adopted a "go slow" policy in the works in as much as was possible. Obstructive tactics appeared to be followed in the regular production. This could not be proved as records were not maintained for the day-to-day production schedules. But this could be ascertained by the end of the month when the total sales were accounted for, as usually there would be no stocks left in the works. Whatever was produced was sold away within the course of two or three days. The management estimated that the output figure was likely to go down by about 30 to 40%.

What course should the management take at this time to ensure normal production and better industrial relations?



# A New Human Relations Philosophy

CHARLES P. MCCORMICK

McCormick & Company was founded in 1889 by the author's uncle, Willoughby M. McCormick. He started in business in Baltimore with a line of spices and extracts, which he mixed and sold, with the help of only two assistants, in a tiny one-room plant. The truth of his original slogan; "Make the best: someone will buy it", was proved by the company's metamorphosis into a multimillion-dollar business. Probably, McCormick is among the most successful experiments in Personnel Management in recent history.

**T**HOUGH SALES HIT THE FIVE MILLION mark in 1928, my uncle still ruled with as firm a hand as he had in the one-room factory. Three times a day he made a tour of inspection to see for himself that everyone was hustling on the job. What he didn't know was that his path was heralded by warning signals and that *after he passed, the workers relaxed*. When it came to taking advice from others, my uncle was likewise an industrialist of the old school. He behaved like a proud father who was loath to believe that his children could grow up. He resented what he considered "impertinent attempts at interference" from well meaning employees and supervisors and his only too plainly expressed attitude could be summed up: "You do your jobs and I'll make the decisions." As a result of his authoritative manner, as well as thrice-yearly seasonal layoffs and other poor employment practices, employee morale was low.

Since my uncle had no children and there was a possibility that someday I might fill his place, he took me into the company during my summer vacations. After I left college, he put me through an intensive course of training.

From 1915 to 1932, with time out for a two-year stretch in the Navy, I worked my way up from handling freight on the shipping platform to operating machines in the factory to a special course in the offices, which was followed by selling merchandise all over the country and abroad.

From time to time, I thought of ways to improve the management of the business and in my first few years at McCormick I relayed these ideas to my uncle. *He listened patiently and with a peculiar smile, but seldom acted upon any of these suggestions.* Finally one day he informed me, in blunt and unmistakable terms, that he alone was the sole management of McCormick. I do

not blame my uncle. He was right from his point of view. He was of a generation that believed in *keeping youth in its place*.

After the stock market crash in 1929, McCormick & Company, like many other firms, was hard hit. In 1932 my uncle told the Board of Directors that a further cut in wages would be necessary if the company was to stay in business. Shortly afterward he died. At that unpropitious time, ninety days before President Franklin D. Roosevelt closed the banks, I was elected by the board to the presidency of the company. Immediately I *decided to test some of my theories on human relations*. The board called an employee meeting and made what was a highly unusual proposal for the times. It would *cut the work week from 56 hours to 45 hours and not lower wages, but raise them 10 per cent*. The only way the company could survive under this schedule was to boost production, since then it could lower costs, reduce prices, and increase its sales. We made it plain that *from now on the workers would prosper if the company prospered*. The workers responded by raising output so much that, partly as a result of higher production and partly from other multiple management policies, in a year the company's finances changed from the red to the black.

At the same time I was looking for a way to stimulate the thinking of McCormick's executives. Somewhere I had read that *the average businessman utilizes only about half of his mental capacity*. I wanted to find methods of lifting our men out of the routine ruts that suppress imagination and inventiveness. The solution came to me at the next meeting of the Board of Directors. Glancing around, I realized that while I was thirty-six years old, nearly all the members were over forty-five and several had passed sixty. Through long years of discipline, they had acquired

the habit of *automatically yessing my uncle's judgment*. While all subjects of importance were brought up at board meetings, the final decisions invariably rested with Willoughby McCormick, who was in a position to know more about the business than anyone else and could *argue down any opposition*.

I had taken stock of myself and had arrived at the conviction that *I possessed neither the ability nor the inclination to be a one-man manager of a multi-million-dollar business*. I told the directors that I appreciated the value of their individual experience, mature judgment and collective wisdom, but thought we should exhaust every source of ideas and information. To accomplish this, I suggested the formation of a Junior Board of Directors, to be chosen from among assistant department managers and others who had shown special zeal in their work. The purpose of the Junior Board then, as it is now, would be *not to by-pass the judgment of the more mature men, but to supplement that judgment with new ideas*.

The original seventeen-man Junior Board was appointed by me; since then, the Junior Board members themselves have held the elections. From the start, the board elected its own officers, wrote its own constitution and bylaws and governed itself without outside interference. The only checks upon it were that all proposals had to be passed unanimously before any action could be taken and that all major suggestions had to be sent to the Senior Board for approval. *Because I wanted to give the young men a chance to advance in the company*, I promised that henceforth all members of the Senior Board of Directors would be recruited from the ranks of the Junior Board. Thus was Multiple Management born.

Multiple Management can work in either a union or a nonunion shop. The Schilling division deals with several na-

tional unions, yet Multiple Management is being introduced successfully. The Baltimore division of McCormick & Company has always been an open shop. We have never resisted or in any way disapproved the entry or formation of unions. Back in 1938 a union organizer appeared and announced his intention of organizing a national union in our plant. I welcomed him into my office made the following proposal:

"How would it be", I started, "if we <sup>on the topic in this manner? Here</sup> <sup>two cigars. I'll light up and smoke</sup> <sup>while you talk. Then you sit</sup> <sup>puffing on yours while I talk. All</sup> right?" My visitor agreed and the conference began. We both made our points clearly, without pulling any

punches. At the end of an hour the union organizer rose and reached for his hat. "Mr. McCormick," he said, "I think there are a lot of other plants that need organizing more than yours does." I assured him that *we weren't perfect, and he was welcome to try to organize our people if he so desired.* "No, I don't think it would make much sense," he said slowly. He walked toward the door, then turned back as though struck by a sudden thought.

"As a matter of fact, I'll tell you something. If all companies regarded their employees as you people do here, I'd soon be out of a job. God bless you. Why don't you write a book about it so people will know *what you are doing in human relations?*"

## Editor's Note

THE EDITOR OF THIS JOURNAL had the privilege on 28 November 1960 (as member of the NPC Incentives Team) of a visit to the McCormick Company at Baltimore 40 miles away from Washington. The following extracts from the editor's diary may be found interesting: "....The Company has tried to practise a theory and a philosophy based on what is called the People's Power (a book by this name, in which the article reproduced here is a chapter was presented to all of us)...Mr. Fred Ogborn, one of the many Human Relations experts of the Company explained the philosophy and structure of management, how they induct new workers etc. An employee spends the first half of his first day getting information about employee's benefits and he also gets a little bit of the feel of the Company. The Company provides him tea and lunch. This induction goes on for five days. The employee begins to work only on the sixth day. By the end of the third month, the employee is rated. The supervisor recommends whether he should be retained or he should go. "We feel that we have failed if an employee has to go." In case he continues, he is again rated after the 5th month. By the end of the 6th month, if it is decided to continue him, he is confirmed. He is introduced to all officers at a tea meeting of the general board. A movie is shown to him...he is also very clearly told that the McCormic Company is in business to make profits...Employment in the McCormick Company is taken as a life long relationship. Everything is done to get the employee to the point where he feels happy and likes to remain. The supervisors are also inducted....The Company has an intriguing philosophy, inscribed on its gate in the words of a mystic formula: *Two for One.* This signifies the spirit in which the Company deals with its employees, the employees deal with the Company and with each other. It means that for every good turn done, the beneficiary should return two good turns...Most of the rating of the employees as also of executives is done on this



basis: "Is he the type of man who normally does two good turns for every good turn-done to him?" The philosophy of "Two to One" applies to all, including the Company. If a man thinks twice of McCormick than of himself, the Company will at least think twice of him than of its own profits... In this Company any person can say what he wants to say. Even if he says many shocking things, as often people say, no punitive action is taken against him. There are people who do extra work on their own. There are workers whose wives like to add their own... A worker found his house burnt down to ashes when he went home. The Company just re-erected the house and his fellow-employees gave him a thousand dollars... When the Company gets a contract and does not know how to fulfil that contract, it just calls a meeting: "Here is a contract which means so much money for the Company. Do you think we should accept this contract? Are we in a position to deliver the goods? If so, which of you will volunteer to work for the fulfilment of the contract." Practically on all occasions the Company gets more volunteers than it needs... "We set our standards not by engineering studies, but by our knowledge of workers... The Company employs human relations personnel rather than industrial engineers. If an employee has a grouse, we let him talk. If he is right, we tell him that he is right. Even if he is wrong, we listen to him fairly and have an understanding conversation with him... We do not lay off as a result of technological improvement. We consider fair wage as a sufficient incentive. We consider ourselves morally obligated to ensure a safe, comfortable place for work before we ask our employees to do anything. If this practice is coupled with fair and honest supervision, we get the highest productivity..." The representatives of the firm were asked: "Can't we overdo this....?" The management made it very clear. "Fairness did not mean lack of firmness. When necessary we are as firm as the devil himself. If an employee is consistently late, we make it very clear to him that he is to be dealt with fairly severely. But we find this really not necessary, because his fellow-employees tell him before we have occasion to do so. But in all cases, we are frank. We believe in firm and fair treatment. We know that if we ruin discipline, we ruin everything. It is all a matter of being honest... There is social security, retirement benefits, life insurance, hospitalization, surgeon's fees, vacations, holidays, profit sharing, and then the Company gives to each one a 14 lb turkey on thanks-giving day. The Company gives two to four scholarships to children of employees. There is a 40 minute tea break which the Company pays for, that is to say, these 40 minutes of recess are counted as working time. Men and women employees are 50 : 50 in the Company. Most of the stock is held by employees, but when an employee retires, he exchanges non-voting for voting stock. Charlie McCormick himself owns less than 10 per cent. Some of the hourly rated employees also own shares. A large part of the stock is held in the trust fund. The building is also part of the trust fund. The retirement age is 65 years. Everybody gets a training in communication. There are regular productivity meetings with employees and most methods improvements have emerged from such meetings. For such methods improvement, the Company awards prizes which are known as the McCormick awards... we do not have seminars on communication. We have communication...." ...The Company had on the day of our visit a plan for doubling the pension. "We are not doing it as a favour to our employees. We know they need it. The present position is inadequate. We are doubling it because of our good fortune..."

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"Oh, well I do work awfully fast, you know—once I get down to it."



# The Case of Karl Schmidt

## A Case Study in Mismanagement

JOHN E. BURNS<sup>1</sup>

This case study shows the impact of interaction of the human factor in an industrial plant in the work relationship between the industrial engineering department chief and the engineers in his department and its effect on the engineers and the company.

**I**N A LARGE MANUFACTURING COMPANY Karl Schmidt<sup>2</sup> who has been with the Corporation about 25 years, is head of the industrial engineering department which has a total of 14 engineers. He was appointed chief three and a half years ago when the department was substantially expanded. Prior to that time he had performed a variety of assignments in the industrial engineering area and was considered an excellent engineer.

liarily fit him and make him adaptable to his position as department chief. But if he does have those attributes and skills he surely keeps them hidden. Assuming, however, that he does have all or most of the factors enumerated above, hidden though they are, Schmidt's temperament and personality are such that he is clearly unable to fit happily into his position and intelligently lead the organization which he heads up.

### Diagnosis

Diagnosing the case, it appears that Schmidt is dominated by his wife, (she attended a company social affair with him) that he thinks solely in terms of the economic man, that he feels insecure, and *motivated by fear himself he believes all others are likewise so motivated*. He appears to be *unable to think in broad general terms and seemingly cannot recognize human problems at all*. He is tactless, arrogant, dictatorial, belligerent, conceited and suspicious, and gives evidence of feeling that anyone with ideas or more than average ability is after his job. He stubbornly adheres and clings to fixed notions

Since becoming department chief, Schmidt has been extremely successful in antagonizing and alienating the majority of the engineers, the office staff and at least two of the three assistant department chiefs. Schmidt may have keen powers of perception, a good education, generous mental capacities, sound judgment, an abundance of physical and mental energy and strength, ability to work harmoniously with others, an appreciation and understanding of human nature, and other special leadership qualities that pecu-

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<sup>2</sup> The name is fictitious.



(very strange for an industrial engineer) and exhibits *contempt for the opinion of everyone below him in the organization structure*. He has no perception of or grasp of the sentiments and feelings of the engineers and others. In general, he has the warmth of an ice cube, although infrequently, at rare intervals, he thaws out a degree or two.

If Schmidt could operate in a vacuum, his shortcomings and failures in the area of human relations would be immaterial, as far as the department and the company are concerned, but, unfortunately, he does not function in a vacuum. Therefore, his shortcomings and failures have destroyed the engineers' morale and have resulted in an almost complete turnover in the staff. Generally speaking, the engineers are leaving faster than replacements can be recruited. Schmidt's blundering is all the more apparent since his immediate predecessor had been noted as an executive engineer with tact, diplomacy, persuasiveness and a sound understanding of people. The former department chief realized both as a staff executive and as a good manager that his work had to be accomplished through others and he was very skilful in human relations. But not his successor, Schmidt. Some illustrations of Schmidt's failure in human administration follow.

### Incidents that "Speak"

The departmental meetings called by the chief every month are strictly a monologue. They serve merely to give him a stage on which he can swagger about and talk down to the engineers. For two years he held these *talks with himself* on Saturday mornings when the plant was not in operation, thus forcing the engineers to come down especially for them and practically waste the day. Invariably, he would start his monologue by telling the men that he had for 20 years been at the

plant every Saturday morning and therefore he felt no qualms about calling Saturday meetings. Eventually, the open grumbling of the men, even though they were paid for the meeting time, finally induced Schmidt to take a vote on whether to hold the meetings on Saturday mornings. The vote results were 100 per cent against the practice; he then shifted the meetings to Mondays.

As soon as Schmidt became department chief, he got out the iron rod and arrogantly informed the engineers and office staff that *all matters, no matter how trivial, must clear through him*. With this order he became a real roadblock to work progress.

Several of the engineers have completed work assignments and passed them on to the department chief for approval. In most instances, that is the same thing as burying them because the chief has *stuff* on his desk almost a year old on which he has taken no action. Further, one fine morning Schmidt abruptly discharged the assistant's secretary without any notice to him and only one day to her. Relations between the two men had been strained long before this event.

On one occasion when Schmidt was *out on the floor checking up on the engineers*, he was tendered a copy of a professional journal containing an article on work sampling studies written by the engineer who said that perhaps the chief would like to take a look at it. The engineer had just received his copy of the publication and was in the process of reading his creative brain child when Schmidt on his *detective circuit* came in. Schmidt refused to take a look, offering as an explanation that he didn't have his reading glasses on. However, the engineer could see them sticking out of the suit coat pocket. Schmidt offered no congratulations or other com-

ment nor did he express interest in reading the article later.

One of the engineers who was writing a textbook on his own time made arrangements with the office service department for typing. The engineer was to pay for the cost from the proceeds received after publication. He told his chief of the arrangement. Schmidt, after asking him in an insulting manner whether he had an automobile and a television set, told him that in preparation of his publications he had never found it necessary to do such a thing, the implication being that the engineer was a spendthrift. No good wishes, encouragement or congratulations were conveyed. Actually the company policy was that all manuscripts would be typed without charge to the writer and moreover, the company would award 150 dollars to the writer of an accepted article and up to 750 dollars for a published text. Neither the office service department head nor the engineer knew of this policy.

### Schmidt did!

Schmidt apparently made it a point not to acknowledge constructive suggestions. When that fact was brought to his attention by one of the men who had never received either verbal or written acknowledgement or any information as to whether action was taken or contemplated on his suggestions, Schmidt replied that he assumed he was dealing with mature individuals and that although he appreciated suggestions, he was much too busy to reply to them.

*When things go good, Schmidt takes all the credit; when things go bad, Schmidt doesn't hesitate to place the blame squarely on his men.*

Grouping together a number of facts and incidents which are relevant in this case and yet which, if detailed

out, would not be materially more significant, there are the following items: Schmidt is *an empire builder* and has usurped some functions which belong to other departments. He has put into effect changes, which at times adversely affect the engineers, without any previous consultation, notice or explanation of the reason. He is completely indifferent as to whether or not he will greet his men when meeting them in halls and other places throughout the company.

He never asks the men how they are getting along on the job, doesn't give recognition for good work, makes no effort to develop any feeling on the part of the engineers that they *belong*, and takes no steps at all to keep the men interested in their jobs and the company. Briefly, he is a pathetic figure as a leader and the men have no respect for him.

### Effect of Schmidt's failure on human relations

The department is staffed for the most part with capable and competent individuals educationally qualified and experienced in their speciality. Even Schmidt is learned, capable and competent in his particular field of industrial engineering. But there is strong resentment among the engineers and other personnel in regard to the chief's attitude and his dictatorial and arrogant manner toward them.

*His preoccupation with petty detail and inability to recognize and understand what the department chief's job actually is has resulted in great disappointment to the men who feel resigned to negative leadership. Morale is at an all-time low and a general feeling of indifference and frustration exists as day after day, Schmidt continues his bungling in the art of human relations.*

Wholehearted cooperation is with-

held; the engineers are working at about 50-60 percent of their potential, and the feeling exists that since Schmidt believes that he must personally run everything, do all the thinking and make all decisions, the best thing to do is more or less stand by and wait for the eventual crack-up. Further, many of the chief's actions and words have been interpreted by the engineers to mean that they are considered in the social scale to have status and prestige below that of the office staff. Talents of the men, which could well be used to further the goals and objectives of the company, go untapped and unused and an industrial type of arteriosclerosis has set in throughout the entire department. The engineers are bitterly resentful not only of Schmidt but also of the company for failing to remedy what to them appears to be a most obvious case of executive incompetence.

In conclusion, it is significant to point out that one of the most tragic aspects of the whole case is that Schmidt, in addition to his ineptitude in handling people, does not recognize the influence of his personality upon that of others and he appears to be totally unaware that his administrative methods and techniques are seriously defective.

The company, however, must bear the major blame for the situation existing in Schmidt's department. Schmidt's superiors in the organization hierarchy made the mistake of appointing him, acting on the old fooling belief that the best worker makes the best boss. Appointing a man as head of an activity does not really make him a leader; leadership must be won.

The consultants proposed three solutions to the problem :

(1) Appoint a new department chief and assign Schmidt to special studies and research, retaining department-chief rank. (2) Demote him back to engineer status. (3) Skillfully undertake a re-education job on Schmidt.

The third alternative was selected by the vice-president of engineering and Schmidt was enrolled in a company-operated executive development programme. In the third week of the course Schmidt went to the vice-president and said that he "had enough of this personnel fancy stuff," and he felt it was a waste of his time. Without further ado, the first alternative was put into effect.

### Epilogue

A year later on a follow-up of the case, the consultants found excellent departmental relationships had been established by the new department chief. There was a general feeling and demonstration of zest, zeal, enthusiasm, high morale and accomplishment among the engineers. Labour turnover had practically ceased. Schmidt, too, was delighted with his special studies and research assignment, and he had achieved some significant results. His contacts with the men were vastly improved now that he no longer had any authority over them. He confided to the consultants that he had hated his former job, that he liked his present one and he really felt like a new man. The benefits to the company under the new manager are astounding. More constructive work has been accomplished by the engineers in the one year under the present department head than in the three-and-a-half years under Schmidt. The men's basic wants and desires are satisfied by the new chief and a general air of well-being, trust, confidence and challenge permeates the department.



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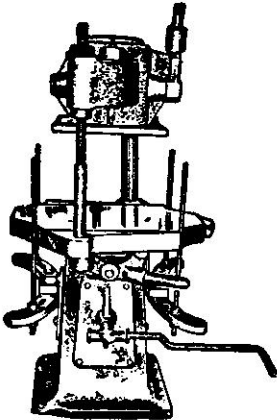
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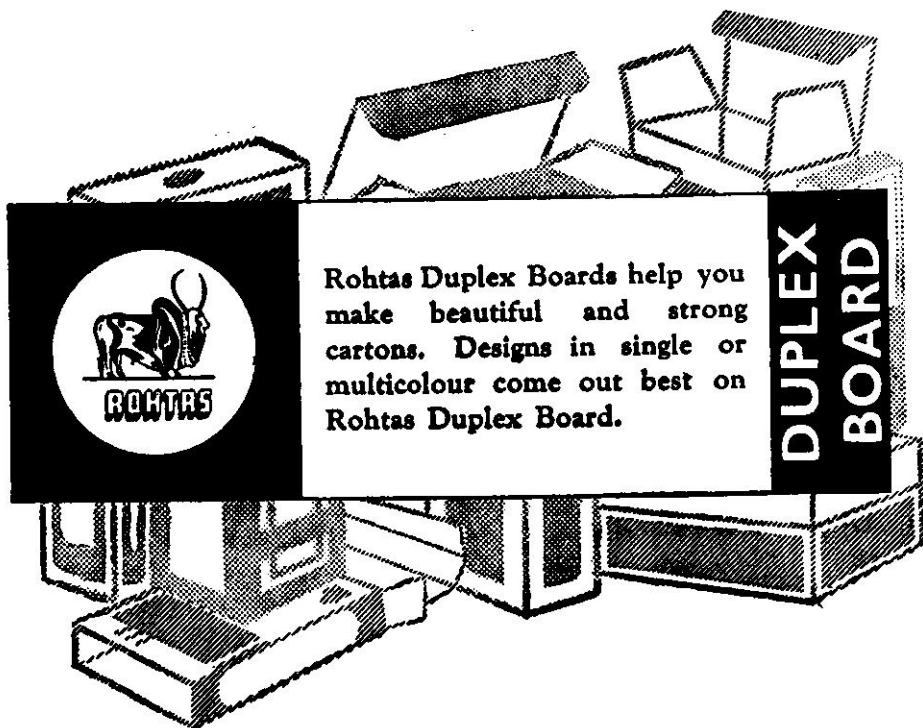
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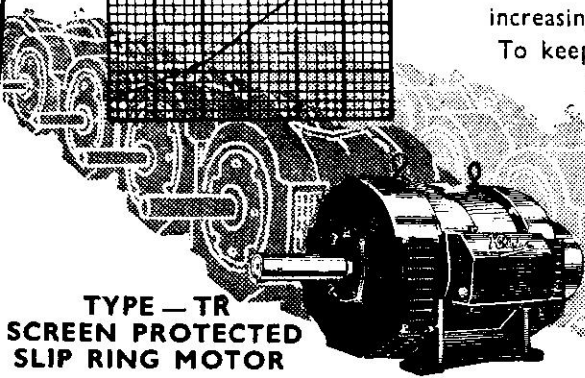
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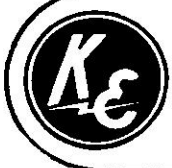
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# Workers' Participation in Management

BN DATAR\*

There are some basic questions that come to mind in discussing the subject of workers' participation in the management of Indian industry. The first question: is it necessary? the second: can it work?

ONE MIGHT ASK WHY it is necessary to go in for such innovations, especially as *industry in India has been able to manage so far without workers' participation*. But this is really not an innovation. Workers' participation is in direct line with the concept of "trusteeship in industry" as stated by Gandhiji and implemented, in some detail, during his years of work with the Textile Labour Association in Ahmedabad. In another form, it has operated at some other centres—a form which permitted the allotment of a seat to the workers' representative on the Board of Directors. Moreover, the principle was stated in general terms in the Indian Constitution and it was given a precise definition in the Industrial Policy Resolution of 1956 which stated, *inter alia*: "in a socialist democracy, labour is a partner in the common task of development and should participate in it with enthusiasm." The Resolution adds that joint consultation should be encouraged and that "workers and technicians should, wherever possible, be associated progressively in management." Workers' participation is, therefore, necessary, if the worker is to take his rightful place in an industrial democracy.

It can be reasonably asked how workers' participation can be expected to succeed when the interests of the two parties are antithetical. Any advantage gained by one would seem to be at the expense of the other. Thus, an increase in wages would have a depressing effect on dividends. This is a *rather old-fashioned approach to industrial relations*. Today, labour and management bring to their discussions a greater measure of realism and responsibility than before: a sense of responsibility to themselves and to the wider interests of the industry and the nation. They have come to realise that they can share only a portion—perhaps, a major portion—of what they combine to produce. The only way they can hope to increase their respective shares is to step up productivity. If the worker is to cooperate whole-heartedly with management in maximising production, in cutting down waste and in meeting quality-control standards, he should be given a share in certain management decisions which directly affect him and, what is more important, his productivity in industry.

The Second Five Year Plan recommended that Joint Management Councils should be set up in industrial units with representatives of management, technicians and workers. These Councils, in addition to increasing producti-

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vity, would create a better understanding on the part of workers as to their precise role in industry and provide them with an opportunity for self-expression. In making such a recommendation, the planners were aware of the pitfalls likely to be encountered and stated explicitly that the Joint Councils should not discuss matters which fall more appropriately within the purview of collective bargaining.

Before attempting to get such Councils started, the Government of India considered it necessary to examine the experience available on participation, within and outside the country. Studies were undertaken in India on the working of joint consultation in the iron and steel and aluminium industries. In 1956, a tri-partite expert team was sent to Europe to study the various forms in which participation was practised there. It recommended that participation in the Indian context should not mean "auto-management", as practised in Yugoslavia, where the workers themselves run the undertaking through elected workers' councils and management boards; nor should it mean "co-determination", as operated in Germany, where participation is based on legal sanctions and workers are represented on the board of management. It was also felt that the form it took in the UK and Sweden where the machinery for consultation is set up on a voluntary basis could with modification apply in India and recommended participation through voluntary acceptance of the principle by employers and workers in the unit.

The report of the Study Group was examined by the Indian Labour Conference in 1957 and it was agreed that Joint Management Councils should be set up on a voluntary basis without resort to legal sanction. Units in which such councils could be set up were to be drawn from a selected list of industries on the basis of minimum staff-strength,

record of harmonious industrial relations and the existence of a strong and active trade union. Initially, employers in the public and private sectors volunteered to cooperate in setting up Joint Councils in 50 industrial units.

A seminar on labour-management cooperation was organised in January 1958 with representatives of employers and workers drawn from the units in which it was hoped to set up these Councils. The Seminar drew up detailed recommendations on the size and functions of the Joint Council, the method of working to be adopted and how best both parties could be trained for participation. A special contribution was the drafting of a Model Agreement that could be used in setting up Joint Councils.

A review of the working of Joint Councils must draw attention to the initial doubts and suspicions that it has aroused. Some employers have felt that the stage has not as yet been reached when workers could be associated with management decisions. The workers, in turn, think that participation will reduce their bargaining power and, in any case, the existing basis of participation is very limited. In spite of this atmosphere, 26 industrial units were prepared to go ahead with the experiment. At the Second Seminar held in March 1960, some of these units, in describing their experience with running joint councils, have shown conclusively that workers' participation can be made a success, given the essential elements: belief on the part of both management and labour in the merits of the scheme and the sincere desire to make it work. Units in the iron and steel, aluminium and textile industries have to their credit a good record of effective workers' participation.

In drawing up the Outline for the Third Plan, the planners have decided, on the basis of agreement arrived at bet-

ween labour and management, to extend the scheme of workers' participation to new units and to new industries. It is evident that we have passed beyond the initial stage of experiment. There is greater realisation that participation is not intended to usurp the functions of trade unions and works committees, on the one hand, or to interfere with the legitimate functions of management. But if the Joint Council is to function effectively, it should receive from the management a minimum fund of basic information on the undertaking. It has also been suggested that a healthy convention should be established whereby both parties should accept for implementation unanimous decisions received from the council. Such a convention would ensure that the councils exercise greater care in arriving at decisions.

Another related programme that will

be extended in the Third Plan is that of Workers' Education. This programme is being implemented with the aid of a semi-autonomous Central Board and has received complete cooperation of employers' and workers' organisations. 10 centres have already started preparing worker-teachers who, in turn, will pass on the benefits of the educational programme to other workers. A special feature of the course is the attention given to preparing workers, who are at present serving on works committees or joint councils, for functioning more effectively in their relations with management. In conclusion, we are confident that the scheme of workers' participation is *headed in the right directions*. It is too early to assess its achievements, but, with the cooperation of labour and management, it can achieve its goal in due course.



The best soldier is not soldierly  
 The best fighter is not ferocious  
 The best conqueror does not take part in war  
 The best employer of men keeps himself below them.  
 This is virtue of not contending  
 This is ability of using men.  
 The great rulers, the people do not notice their existence;  
 The lesser ones, they attach to and praise them;  
 The still lesser ones, they fear them;  
 The still lesser ones, they despise them.

From Taoist Scriptures



# The Task of Management

A. DAS GUPTA\*

The task of management has been defined variously by different authorities but this can perhaps be best described in the following manner: To create and maintain conditions where everybody feels like giving and gives his best and is rewarded by and for doing so.

**M**ODERN BUSINESS, AS WE ALL KNOW, is very complex in character and the complexities are multiplying everyday. Knowledge is expanding; technologies are developing and old methods and equipments are getting obsolete everyday. To meet competition in this dynamic situation, there is a need for a continuous improvement in operating efficiency. Constant efforts have to be made to keep quality up, costs down and maintain a continuous upward trend of productivity and output.

This requires improved methods, techniques and equipments, but above all it needs a *lively and dynamic organisation with inbuilt spirit of challenge*. It calls for a state of mind that never admits defeat, that is constantly alert and vigilant, that is always-enquiring, never-resting and never-satisfied.

Once the management has been able to create such a spirit in the organisation, success is assured whatever be the challenge. *The organisation consists of people*, and if everybody in the organisation gives of his best willingly, the sum total of all these contributions will produce a result which would be much above anybody's expectations.

But it has to be assured that part of the resulting benefit goes back to the

\* Works Manager, Indian Aluminium Ltd, Belur

contributors in some form or another and effort is adequately rewarded. In order to maintain the continuity of improvement it is *important that reward for the contribution is fair and equitable*.

Once the management accepts the responsibility of creating and maintaining a condition where everybody willingly gives his best, it has to think what sort of management attitude will help to bring into existence such a condition.

Management can be of three different types; and these three types bring three different patterns of attitudes from the employee. A despotic, ruthless and autocratic type of management, if sufficiently strong, will get passive submission of its employees. It may have peace but it will be peace of the grave with all initiative and creative spirit killed. The other extreme is a weak, hesitant and uncertain type of management. It is a situation which invites opposition from the employees and it will be *forced to make a compromise at every step and on every issue*, sacrificing the interests of the organisation. The third type of management strong, enlightened and progressive with a clear-cut obj and policy, believing in the principle and methods of scientific management

and with faith in the modern concepts of personnel management, gets from the employees willing cooperation and with this will, succeed in all its efforts.

To get people's cooperation, management has to be just, firm and sympathetic. It must look into all factors that cause industrial disputes and poor employee morale and make sincere efforts to resolve those factories satisfactorily. It must take people into confidence, develop mutual trust and faith and *encourage free exchange of views*. There must be a well defined procedure for redress of grievances which should be prompt and effective. There should be a well planned incentive scheme through which people will be rewarded for more than normal contribution. Scientific approach to problems and factual objective analysis of situations should be adopted, discarding the rule of thumb methods and snap decisions by opinions and impressions. All management actions should be well-considered and well-planned and there should be ample justification for all actions taken. Administration should be neutral and fair, and authority must never be abused. Wages and workloads should be fixed rationally, using the methods of Job Evaluation and Workstudy.

There should be *adequate promotional opportunities* within the organisation and *employee development* should be one of routine management activities.

In an organisation where such conditions exist, employees will be happy to work and they will offer full cooperation to management in all its efforts and enterprises. Conversely, absence of such conditions will perpetuate discontent and unrest and the time and attention of the management and the employees will be diverted to efforts to fight and win battles rather than to the constructive work of increasing productivity and sharing the resulting benefits.

Once, the principle of integration of mutual interests rather than domination or compromise is accepted, methods and means of effecting integration will not be difficult to find. It is *more the desire and the spirit than the mechanism which are important*. With a proper spirit of 'give and take' and an agreement to accept factual analysis as the basis of settlement of issues, all problems can be solved satisfactorily with combined intelligence and goodwill on both sides. An organisation where such conditions exist will always thrive and grow.

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### It helps me to concentrate

**Grace:** You were making a noise, dear, with that old gramophone of yours: I can't really believe you could have been doing much work with that going on all the time.

**Dickie:** Funnily enough, Mother, it helps me to concentrate. . .

# Personnel Management in Industry

MARY SUR\*

Personnel management is a *comparatively new specialism in Indian Industry*, and many people are still not sure how it fits into industrial organisation. There are several reasons for this. First there is some confusion over nomenclature, which naturally causes confusion also over function. An officer performing exactly similar functions may in one unit be called a Welfare Officer, in another a Labour Officer, and in a third, a Personnel Manager. Moreover there are various combinations of titles, such as Labour Welfare Officer, and newer titles such as Industrial Relations Adviser. And while industry is tending more and more to use the term labour or personnel officer, legislation still sticks to the term welfare officer.

Some have endeavoured to argue a difference of function from these different designations, and to say that a welfare officer should look after the whole range of welfare activities and working conditions in the factory, while a labour or personnel officer should handle recruitment and problems of wages and labour relations. Sometimes in a large organisation the work of the personnel department is split up in this way, but this only tends to emphasise that there are different aspects of the function of personnel management.

**T**HE LAW IN THIS COUNTRY DOES NOT recognise the existence of a Personnel Manager. The law, however, recognises (rightly) the welfare aspect of Personnel Management. While the other aspects of Personnel Management are vital for the efficient and harmonious functioning of modern industry, the State as the guardian of the community does not precisely come into the picture, though it may, for a variety of other important reasons. The stamp of the Law, therefore, is on the welfare officer.

Section 49 of the Factories Act requires the appointment of a welfare officer in industrial units employing more than 500 workers. The Rules show that the welfare officer's duties can be grouped as follows: 1. Improvement of in-

dustrial relations 2. Promotion of joint consultation 3. Helping management to formulate a labour policy and improving communication between management and workers 4. Advising management on the fulfilment of statutory obligations relating to safety, health and welfare at works 5. Improving factory amenities and welfare provisions 6. Advising management on training and further education of workers.

It is probably something of an anomaly that welfare officers should fall under the Factories Act. Many people have pointed out that Section 49 should more logically appear in the Industrial Disputes Act. When the Factories Act was drafted in 1948, the drafters obviously had in mind that the principal duties of these officers would be to safeguard the health, safety and welfare of

\* Associated with the Indian Institute of Personnel Management.

industrial workers, but in the three years which elapsed before the issue of Rules under section 49 the whole position had changed, and the urgent need for improvement in industrial relations was uppermost in the mind of the Ministry of Labour. The Labour Directorate obviously had a greater hand in the drafting of the rules than the Factory Directorate, for the first, second and fourth duties set out in Rule 7 deal with the promotion of harmonious relations between management and workers.

Although the term, welfare officer, has not been altered in the Factories Act, it is worthy of note that the designation, labour officer, is used in Government undertakings, and the Labour Officers (Central Pool) Recruitment and Conditions of Service Rules, published in 1951, specifically state that the term, labour officer, includes officers designated as labour welfare officers, civilian labour officers or officers by any other name who are performing the duties set out in the Rules.

A study of the historical development of personnel management shows varying emphasis at different times on different aspects of the function, and this, too, has helped to cause some confusion. In the West the welfare aspect of the function was first developed in the more paternalistic companies, notably in the UK. Then came the growth of scientific management in America, and the development of various techniques for the recruitment of labour, for the study of work methods and the fixation of wages. With the need for improving relations in industry, particularly during the two world wars, joint consultation and cooperation in industry developed, and more democratic methods of settling grievances and disputes by negotiation and collective bargaining. Except in the beginning, these different aspects of personnel management have overlapped, and sometimes one and sometimes another has been given prominence.

One can say today that personnel management can be viewed from three aspects: the *social reform aspect* which emphasises the improvement of the physical, moral and emotional environment of labour, the *conciliation aspect* in which industrial peace is the primary objective, and the *management aspect* which calls for improved efficiency of the personnel in industry. It has been argued that these three aspects are incompatible, but actually they are not so. Improved efficiency cannot be achieved without industrial peace, and therefore conciliation and negotiation must come in, but they cannot be effective unless attention is paid to the physical environment and the emotional atmosphere of the particular factory.

It is not difficult to fit the picture together if one remembers that personnel management is a staff or *advisory function in the main*. Industrial organisation has now become so complex that it requires a whole host of specialists to advise top management in any large concern—the production engineer, the cost accountant, the work study expert, and so on. Similarly top management needs a *specialist on industrial and human relations*, and this is where the profession of personnel management comes in, for it is *as much a profession as accountancy and engineering*.

Of course the final responsibility for personnel policy must lie with the top management. Like other specialists, the personnel officer may find that his advice is not always taken, for management decisions depend on various factors, both human and material, and often enough the more material considerations such as cost and return must take priority. Still the personnel officer need not lose heart. *Through his experience and intimate knowledge of the human side of industry, he can influence policy*. He may fail today, but management may find that they were

ill-advised to ignore his recommendations and *tomorrow they may listen to him with greater attention*. But his recommendations must always be related to what is practical in the particular unit. It is *useless to urge that this and that should be done* when the personnel officer knows well that the finances for the improvements are not available. He has to remember that he is not just a social reformer, but has *his share of responsibility for the economic success of the business* on which he and so many others depend for their livelihood.

The Institute of Personnel Management in the UK have published an interesting study made by a group of their members on the "Role of the Personnel Officer", in which they have pointed out that the personnel officer should not adopt an attitude of "holier than thou" in his relations with the rest of management. He must not think that by virtue of his task he has *a higher or a different standard of social morality* from that of his fellow managers. He may have to face moral issues more often than they and so become more expert in handling them, but in his dealings

with his colleagues "he has the obligation to convince and not to preach."

Maintaining the balance of his functions, the personnel officer should not let the conciliation or negotiation aspect overshadow all the others. The British group referred to above pointed out that it was a misconception to think of *negotiation with trade unions as the peak of the personnel officer's job*. It should only be a means to an end and one of the ways in which management made its policy effective.

It is the many-sidedness of personnel management which makes the profession such a challenge to those who take it up, but to be effective it must not be merely 'tacked on' to the main organisation. To set up a personnel department will not in itself resolve any problems, and will probably raise new ones. It must be an integral part of management, and the personnel officer must not look upon himself as isolated or running a department on his own. His is first and foremost a service department, advising and assisting all other managerial staff on their human relations problems.

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## TRAINING IS NOT ENOUGH

Although excellent training courses in personnel management are available at a number of universities in the UK, quite a large proportion of personnel officers there have had no specific training for the job. Many have been transferred from other posts in the company or industry. Quite a number have come in from the defence forces, and so have the advantage of military training in man-management. But often the employing company in advertising a vacancy lays more stress on previous experience of the industry or its techniques than on other qualifi-

cations, and in many cases personnel staff are recruited from within the under taking. In the USA also, despite the general emphasis on training of all kinds, personnel officers do not necessarily have qualifications in the social sciences.

The emphasis on professional training for personnel officers in India has its advantages, but it also has certain disadvantages, and it is well for industry to realise the latter when they are making appointments. Looking first at the advantages—the Rules ensure that Welfare Officers have a basic academic

training in economic history, sociology, industrial law and industrial psychology, and an introduction (usually only theoretical) to the various techniques of job evaluation, work study and so on. They are, therefore, familiar with the basic principles of personnel management, with legal requirements applicable to the factory and to industrial relations, and they know (in theory at least) about the tools of their own trade. This is knowledge that it would take some time to acquire on the job if they had not had previous training.

The danger is that the trained man, with a fairly wide academic knowledge acquired in a two-year course in the social sciences, may feel that he is adequately equipped for any post in personnel management. But he is not. Dealing with human beings is essentially an art, not a science, even though scientific techniques play an increasing part in personnel work these days. The most excellently qualified student, with all the theoretical knowledge of personnel management at his finger tips, may be completely nonplussed by the simplest human problem in the factory. Human beings, especially in the mass, are not like machines. Their reactions are largely unpredictable to the newcomer who does not know the background to labour relations in the particular factory. The workers may stoutly resist some plan which on paper seems all in their favour. The reasons given for their opposition may seem entirely illogical. It is only further in-

vestigation that can reveal the underlying cause of resistance: it may be a matter of history, or it may be due to personal antagonisms and misunderstandings.

Therefore *the very first requirement of a good personnel officer is an open mind.* If he comes *straight from training, thinking he knows all the answers,* he will soon find that they do not always apply in practice. To the open mind he must add a passion for investigating, for finding out details and root causes, not only of the immediate problem, but of the working of the whole organisation, and the intricate pattern of relationships and cross currents that are to be found in every large undertaking. Knowledge of the technical operations of the factory is also essential. It not only gains the respect of operatives and production management, but it also sheds light on many questions that crop up in daily working, and it is essential to handling such aspects of personnel management as accident prevention and training.

Finally human sympathy is all important in the make-up of a satisfactory personnel officer, and *human sympathy is not a quality necessarily evoked by an academic discipline.* The man who is human and natural in his approach to all is the one, who will most quickly win the confidence of managerial staff as well as of workers. Moreover it is human sympathy which can temper justice and help to ripen knowledge into wisdom.

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Avoiding tension and coping with worries are pretty negative ways to go about living. The only way to achieve 100 percent efficiency is to stop doing anything: to become a recluse, a numb one. It is impossible to avoid all friction, tension, anger, worry and strain, and it is not even healthy to try. But if you know your own capabilities, set yourself realistic goals, express your feelings honestly, and give the other fellow at least a 60-40 chance, you will probably find you are still able to laugh.



# Personnel Management A Third Force in Industry?

PN KRISHNA PILLAI<sup>1</sup>

It is often said in this country that Personnel Officers, Labour Officers and Welfare Officers should be independent of management and that they should be a third force in industry. One of the top trade union leaders recently writing on "Industrial Relations and Productivity" stated: "These days, we have personnel managers who are supposed to be independent of management, but in actual practice it is not so. The Labour Officer or the Labour Welfare Officer has become a subordinate third class tool in the hands of management."

NOT ONLY TRADE UNION leaders but even those responsible for labour administration very often subscribe to the view that Personnel Managers should be independent of management and that they should adopt a neutral attitude on problems concerning labour-management relations. This trend of thought has sometimes gone to such an extreme extent that people suggest that the Personnel Officers in industry should be paid by the State if they are to be effective.

This conception about Personnel Management in industry in India which is contrary to all accepted theories and practices in industrially advanced democratic countries, has its origin in the statutory provisions which induced companies to appoint welfare officers and labour officers in their factories. Section 49 of the Factories Act of 1948 provides that in factories where more than five hundred workers were employed, the management should appoint welfare officers. The rules framed

thereunder in the different States the Centre laid down the qualifications of these officers, the manner of recruitment, their service as well as their functions. Though the important cotton textile industry in Bengal had appointed Labour Officers even before this statutory provision, Indian employers in general are appointing these officers in their factories only after the above provisions of the Factories Act were enacted. In the State, it is provided in the Factories Act that "No Welfare Officer shall be dismissed or otherwise punished without the previous approval of the Labour Commissioner." In yet another State, a discharged or dismissed Welfare Officer can prefer an appeal to the State Government whose decision shall be final. The model rules framed by the Union Government stated that the Welfare Officer should "act as a neutral officer with trade unions and management during legal strikes or

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The concept that Personnel Officers or Welfare Officer who di

functions of Personnel Management is a third force in industry, is alien to all principles of management, accepted elsewhere. We should see whether this idea about personnel management has helped industry or labour. Has it contributed to the development of Personnel Management in the country?

This is a question, somewhat difficult to answer. But the fact is significant that in the tripartite committee which met to consider the draft rules under the Plantation Labour Act, representatives of both employers and trade unions requested the Government not to enforce the provisions regarding appointment of Welfare Officers in Plantations. In most cases the trade unions have not yet kindly taken to the personnel officers in factories. "Personnel Officers in India have had quite a hard battle to convince managements of their right role in industry. There is no denying that in the majority of cases they were forced on unwilling managements by legislation."<sup>2</sup> A practice has grown up in certain factories to create the post as required by the provisions of law but to render the incumbents ineffective by not delegating power or authority to them. The result is that except in a few firms which consider Personnel Management as an integral part of management, a sense of frustration has taken hold of these Welfare Officers.

The functions of Personnel Management are mainly recruitment, placement, induction, wage administration, communication, joint negotiation, joint consultation, welfare and training. In certain industries each one of these functions may be handled by a specialist; but these functions are generally recognised as the most important functions of personnel management. It is ob-

vious that these are necessarily management functions. They are integrated with the broad policies of management. They can be executed successfully only by those who form part of management. A perusal of the functions of Welfare Officers listed in the States' rules reveal that they are mainly concerned with industrial relations. The stress on industrial relations ignores one fundamental fact namely that good industrial relations can be achieved only through a well laid out, healthy and integrated personnel policy covering all aspects of management. Good industrial relations cannot be achieved without proper policy regarding recruitment, placement, wage administration, joint consultation etc. Building up and preserving good industrial relations are not synonymous with settling disputes. The aim should be to achieve good industrial relations through an integrated personnel policy and administration. It is prevention of disputes and not settlement of disputes that is important. This positive approach which is to be built up by day to day administration is lost sight of. The result is a confusion about the true role of Personnel Management.

It is the experience of industries, even in this country, that have developed sound personnel policy and consequently healthy joint negotiation and joint consultation with unions that there is a mutuality of interest between management and labour. Those who stress that personnel managers should not be part of management unwittingly subscribe to the idea that there is an irreconcilable and perpetual conflict between employers and employees and hence a third force is necessary in industry. The dynamic principles of progressive management at least in a few concerns in this country show that though the interests of labour and management are not identical, there is still a lot of identity of interests among them. Both management and labour

<sup>2</sup> Personnel Management in India, edited by Mary Sur for the Indian Institute of Personnel Management

look to the same organization for livelihood, for security and for advancement. It has been established that through skilful use of personnel management techniques, a positive mutuality of interest is likely to emerge in any situation. The present concept that personnel officers are a third force stands in the way of this achievement.

It has been argued that the personnel officers who identify themselves with management will be incapable of doing good to labour. There is some truth in it, but the remedy suggested, namely to make personnel officers independent of management, is worse than the disease itself. Without the willing cooperation of top management, any legislative control will not help the personnel officers to function effectively. They will be useless if the top managements do not cooperate. No one has ever suggested that financial managers, sales managers or purchase managers in industries should be a third force in industry independent of management, to remedy defects in finance, sales and purchase policies. What is sought to be done in these fields is to educate the management in productive ways of management. Similarly if in a good number of cases labour-management relationship is not in a desirable condition, the remedy does not lie in making personnel administrators independent of management but in educating the top management on sound personnel policy.

It is my view that Government control regarding recruitment, service conditions and functions of labour officers, welfare officers or personnel officers in industry neither helps industry nor labour. It hampers promotion of sound personnel policy. It creates confusion about the functions of personnel managers. It also creates antagonism between personnel managers and line and

top managers. Therefore the supreme need of the hour is to educate the top management on personnel functions. Education cannot be imparted freely when the threat of legislative compulsion is there. Even in such an advanced country as the United Kingdom there is a personnel management advisory service in the Ministry of Labour and National Services with its regional offices spread throughout the country. This service advises managements on personnel management and helps them to set up personnel departments in industries. Though by adopting the same approach the results cannot be quickly achieved, they are sure to be achieved in course of time. This is the price one has to pay for the democratic way of life. Legislative compulsion achieves no result as is evidenced by our experience hitherto. Those industries which have achieved success in personnel management in the country have done so not because of legislative compulsion but because of voluntary dynamic management action.

A correct understanding of the contribution that personnel management can make to productivity through moderation of tensions resulting from accelerated industrialisation, cannot be overemphasised; but its difficulties also should not be minimized. Mr John Marsh after visiting India and other developing countries says as follows about Personnel Managers in these countries :

"In the present stage of development, with the complexities of Government, local society and culture, I would say that to be an effective personnel officer (to use the generic term) they have a task which is four or five times more difficult than ours".<sup>3</sup>

<sup>3</sup> Article by Mr. John Marsh on "British Contribution to development of Personnel Management in newly industrialised countries" published "INDUSTRIAL WELFARE" November-December 1960.

# Personnel Management & Productivity

MM LUTHAR\*

Increase in productivity implies an improved utilisation of men, materials, equipment and space. Very frequently time, money and effort are spent to standardise materials, to improve designs of machinery and even to effect large scale changes in factory layouts without due emphasis on improvement in the human effort. While it is relatively easy to determine how much effort should be put in by a worker in repayment of a fair day's wage by work measurement, the organisation and direction of this effort to achieve tangible results from plans of increasing productivity involves the fascinating study of human relations. This study in common parlance is called personnel management.

**T**HE PROBLEM OF personnel management has to be considered with the background of a growing realisation in the minds of both the management and the workers, that *organisation in a factory is a social set up embodying inherent complexities of bringing about changes, however, minor in a social structure.* It is common knowledge that even a few decades back, the worker in India was considered as a tool in the hands of management to achieve certain specific objectives which in the case of privately owned concerns was, for obvious reasons, the maximum profit. The struggle between management and workers that took place at Ahmedabad in the year 1921 was in a major degree responsible for important changes in the approach of management to the problems of industrial relations. It was then that Gandhiji propounded his thesis that Industry is a joint trust of owners and workers and they are both answerable to the community for

its progress and development. This, in a way, caused managements to become conscious of making objective studies of the causes of troubles in their organisations. Fortunately, the process of progressive thinking by management has continued uninterrupted since then. They have come to realise that impressions gained and spread amongst the workers that decisions concerning the employees are given on merits (or demerits!) of individuals and not as logical interpretation of established policies are obviously likely to estrange the bulk of labour. Hence the need of a personnel manager.

Any increase in productivity directly affects the worker. It is, therefore, of fundamental importance that as far as possible, workers, individually and in any case, their representatives are kept informed of the various steps that the management intends to take to achieve higher productivity, be it method study, work measurement or both as a prelude to introduction of incentives. Frequent discussions with union officials

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accompanied by some representatives of the section concerned on the steps that are proposed to be taken in the section, will go a long way in increasing productivity. Besides, of course, a workman convinced of fairplay and an ambassador of goodwill.

A thorough understanding of the social psychology by all rungs of management is imperative for the successful operation of any factory. Situations requiring this knowledge occur everyday but a keen appreciation of mass psychology becomes even more important when there is more than one union operating in the same factory, where, as a matter of policy, each union criticizes whatever action is taken by the rival union irrespective of the merits and demerits of the case.

In the context of personnel management, delegation of authority is of fundamental importance. Particularly, in India there seems to be a general tendency to transfer responsibility to those below particularly from administrative ranks to the supervisory cadre without delegating authority.

Personnel management also includes the welfare-organisation which must make it its duty to establish contact with labour and make them feel at home in the factory. It is their duty to ensure that whatever grievances, whether they concern payments, promotions etc., felt by the staff, are looked into immediately. *In case where the worker is under misapprehension regarding the actions of the management, the effort spent in convincing him that his understanding is not correct will be usefully spent.*

There is a growing need being felt for a cadre of personnel manager specially trained in the art of keeping human relations. The personnel managers can, however, never replace the responsibility of every member of the tech-

nical staff in keeping good relations with the staff they work with. If they are not conscious of this responsibility, even a number of personnel managers, would not be able to cope up with the numerous problems that will arise on account of friction between the technical staff and the labour. Alternatively, if every representative of the management including the supervisors, is conscious of keeping pleasant working relations with his men, perhaps there will be no need for specially trained personnel manager for the specific purposes for keeping good labour relations! *The specialist personnel manager may have no contact with working conditions and frequently he imposes the knowledge that he has gained during training as a personnel manager, sometimes in foreign countries, on our factories without tailoring it to the Indian conditions and environments with unfortunate results.*

In almost all factories, supervisors, that is, maistries, chargemen and foremen have in most cases no training and in many cases little aptitude to deal with the human relations problems on the shop floor. In the past, they may not have found it necessary because it was enough to issue orders and the job was perhaps done without any question. Today when a literate worker or his representative questions his immediate supervisors on any problem technical or otherwise that concerns him, the supervisor finds himself ill-equipped to tackle the problem. The result is that even minor problems are transferred from his shoulders to those of his superiors and ultimately day to day difficulties or doubts which should have been settled in the spirit of understanding on the shop floor, get exaggerated and become issues of dispute between top management and representatives of labour. It is easy to understand what loss of productivity a situation like this involves.

# Personnel Management

K SWARUP

As business have grown bigger and bigger and profits have increased, labour has a natural feeling that being responsible for increased production they should be participants in the increased profits. This explains the origin of trade unions. Then there is government legislation, constitutional safeguards for labour and ILO Conventions. Enlightened management on the other hand has brought in a new productivity expert in human relations: the personnel manager.

**WHAT DOES PERSONNEL** management imply? Whatever definitions or functions of personnel management may be given by experts or in text-books, to a practical man personnel management means knitting together the personnel working in an organisation into a high-potentiality team. To knit a team together and get the best results, there are certain clearcut processes of management, which, if adopted, will be found very useful. These processes which every management in the industry must perform are: (1) planning (2) organising, (3) building a team, (4) executive action and (5) controlling.

The planning of successful management action is to think through or plan, what the course of action will be before it is carried out. This entails visualising mentally how the course of action will run and how it will affect the organisation and the people. Proper planning requires that both the short term and the long term views must be properly balanced. Since planning in personnel management is concerned with the future behaviour of human beings,

provisions must be built in the plan to overcome the resistance of the people to any change which is necessarily involved in the plan.

The next important function of the personnel management is organisation. Organisation consists of three basic activities: (1) identifying what work must be performed to reach objectives and grouping these into well-balanced jobs, territories, divisions and other organisation units (2) defining and delegating responsibilities (3) establishing relationships. The *ability to organise is important*, for it will determine whether the organisation can be kept stream-lined and in fighting trim so as to do its job quickly, effectively and at the lowest possible cost. Several principles underline the organisation. Among them are: (1) the work assigned to single individuals should be specialised as far as is consistent with effective human effort; (2) each position should be assigned the maximum workload that can be handled; (3) the span of supervision should be limited in terms of diversity, dispersion, complexity and volume of the work being managed. Irrespective of the type of organisation—functional, regional, geo-

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graphic or product,—the key skill that a manager must possess is the ability to divide the work.

### Building a Team

*The fundamental responsibility of personnel management is to build a hard-hitting effective team. It has not only to find and select suitable people for the type of work involved but also to help to improve their skill, knowledge and techniques to maximise output. Building a good team involves building human relationships ensuring fairplay and justice to all, establishing a code of conduct, providing good working conditions, introduction of incentives, building up morale and laying down well-defined lines of communication. From my experience of over 25 years service I find that this is one of the most important factors in the success of an organisation. If the personnel management can ensure the cooperation of each and every worker in the efforts of the organisation, if the personnel management can make every worker feel that he is a partner in the undertaking, there is no reason why our industries and business, should not flourish and be competitive in the world market. Our labour is cheap, intelligent, painstaking and flexible in its approach. It has to be properly handled and properly harnessed into thinking that by putting in more effort they will be gaining the benefits personally and will also be contributing to the welfare of the community. If such attitudes are created, I feel it will be the key to plenty.*

It may be as well to mention the case history of ICF in this regard. We have tried to create good working conditions, have tried to give sufficient impetus to the workers to give their best by inviting suggestions for improvement, etc., from them, have tried to mix

*with them on equal terms, have set up grievance-redressing machinery. Besides the normal incentives, the men in ICF have also developed a patriotic incentive inasmuch as they want to keep up the reputation of being one of the best Government undertakings. In my tours abroad I have very often wondered what is the key of the success of the organisations there. The most important thing that has struck me in my foreign study tour is their team work which makes them achieve what otherwise would not be possible.*

### Corrective action

For a dynamic and sympathetic personnel management, it is important to know what is not going according to plan and to take corrective action in time. It so very often happens that due to certain impulses certain situations are created and if corrective action is taken in time normalcy will be reached much faster than otherwise.

After the Central Government Employees' strike in July last, certain misgivings and ill feelings had developed amongst the staff in the Coach Factory. Corrective action was taken immediately. The motto for 1961 "TO BUILD FELLOWSHIP" was printed and circulated widely with the caption "In whatever you do, ask yourself":

1. Is it fair to all?
2. Is it the truth?
3. Are you honest in your efforts?
4. Is it beneficial?

With corrective action, the same team spirit, the same fellowship have been re-established.

Before I conclude, I would say that *the most decisive and vital element in any organisation, whether it be business or government, is neither the machine nor the amount of capital nor again the quality of material, but the people.*

# Sound Personnel Relations

E PAULI\*

Especially in newly industrialising countries it is important for management to develop and maintain its personnel by offering them favourable conditions of work and wages. There is greater need to develop the existing potential talent than in industrially more advanced countries. This requires a uniform and stable administration of the personnel employed which, if strengthened by a policy stating the general criteria of personnel employment and development, would enable both management and the personnel to know the limits within which objectives, plans, procedures and practices governing personnel operate.

**T**HE RELATIONSHIP between management and the personnel under their control is essentially one between human beings but, in modern industry, above quite small firms, it is one which was to be carried on through intermediaries. The attitude of top management, both in public and private enterprises, is a major determining factor of the nature of relations existing within an enterprise, and the elaboration of a policy will much assist all concerned to communicate the views and attitudes of management throughout the enterprise.

Another important reason for the existence of a personnel policy is that it helps equally to determine relationships between the personnel manager on one side and functional and operational managers on the other. In many enterprises serious friction develops between the two on account of the lack of definition of responsibilities of man-

agers with regard to the administration of and relations with their personnel. As is well known, *the personnel manager has no control over personnel*. The day-to-day administration of personnel is carried out by the managers of the various departments, whether functional or operational. Managers tend to blame the personnel manager for many of their personnel difficulties. On the one hand they resent interference in the administration of their personnel, disregarding the established practices. Sometimes they wish to promote, transfer or expand their staff, and they feel despondent if their proposals are resisted by the personnel manager. The establishment of a policy for the personnel helps both to explain each other's responsibilities and to establish stable procedures and practices. *The administration of personnel is a joint venture requiring the joint efforts and cooperation of all managers within an enterprise. A clear definition of their responsibilities in this field is necessarily a basis for such cooperation.* Hence the need of a personnel

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policy, which may be either implied or a declared statement of the views and attitudes of management towards the conditions of employment of its personnel. There may be as many different policies as there are enterprises in a country. A policy, however, is a statement of intentions of management towards the employment of their personnel. It is not enough to have good intentions unless they are translated into acts and facts.

It may be worth while to discuss briefly certain attitudes of management towards their personnel which may tentatively be classified into three different approaches. There is a general approach widely accepted in industrial circles based upon an erroneous concept in regard to the *priority of production over other factors within the enterprise*. It is assumed that production or the operation of an enterprise, whether it is a manufacturing or service enterprise, is the *raison d'être* of industry and as such *only activities that strictly promote production have a place in industry*. Only in as much as functional and operational activities can induce workers to work harder and better is there a reason for their existence. *Labour is considered a productive factor on the same level as materials and machines*. Advocates of this approach claim that industry has only one responsibility towards the community: to produce. They refuse to accept any social responsibility towards their workers and in the name of production and efficiency decisions are taken without any regard to the consequences upon the human factor. The followers of such an approach do not realise the damage they are causing to production and to efficiency. Such an

approach is sometimes caused by the *erroneous interpretation and application of work methods* based on certain principles of scientific management and, more often, on a negative attitude of management towards labour. As a consequence of many recent social changes, this approach is progressively disappearing.

There is the other personnel approach, based on human relations which has appeared in recent years in certain countries, particularly in the western world. Though commendable in certain respects, it has undermined the authority of management; weakened the structure of enterprise and reflected itself negatively on production. It is claimed that *when good human relations exist in an enterprise, people become good producers*. Foremen are invited to become friendly with workers. Managers and supervisors are sent to attend courses in human relations in order to understand human attitudes and behaviour. When *carried to extremes*, it has been found that *such an approach tends to promote an atmosphere unsuitable to changes and improvements*. Managers with experience understand only too well that such an attitude on the side of management can only draw unfavourable reaction from workers, for if it may appear *appeasing and gratifying to the personnel*, it is equally considered by them as weakness from management and sooner or later it is abused by them. It is common knowledge that *people work at their best when they are under pressure and consider work as a challenge*. They know that results can only be obtained through hard work. They correctly fear that the "*human relations*" approach is another form of *disguised paternalism*.



# Personnel Management in Practice

NIRMAL BOSE\*

Ever since men organised themselves into communities, management of personnel has been a problem. Ancient societies had, however, the advantage that matters were not complex as they are now, human needs were limited to food and shelter and nothing more, and leadership of one who was superior, physically or otherwise, to the rest was readily accepted. Things have now changed so much that what we understand by personnel management today has no resemblance to pre-industrial societies. The Industrial Revolution in Europe brought the problem of personnel management on to the surface. In relatively organised industries, relationship between the master and the servant no longer remained a question of getting work done in lieu of wages. It began to assume a wider meaning. The subject became a matter of thought, discussion, study and also research. By the very nature of the problem, it could not be subjected to laboratory research. Research work on this subject had to be built up by collection of facts from the experiences of various persons facing and tackling the problem over a considerable period of time. Successful personnel management implies peace in industry, production at satisfactory level and a contented and disciplined working force.

**T**HE MOST OBVIOUS ANSWER to the question of human motivation is that an individual works for another so as to earn his living. If we analyse the question fully, it will be clear that earning wages is not the last thing in the approach of an individual to his occupation. The complexities of personnel management are accentuated by the fact that no two human beings have the same peculiarities in attitude, temperament, habits, ideas, likes and dislikes. When a machine goes out of order, it is amenable to methods of repair whether it is the tightening of a screw or the hitting by a hammer, and normally does not offer resistance.

But when something goes wrong with a human being, these methods of rectification do not work in most cases. On the other hand the "*Screw Driver and Hammer*" method is likely to aggravate the situation. It is therefore not wise to prescribe a set formula of principles for the successful management of personnel. Techniques of personnel management can be best enunciated with some amount of accuracy only by pooling the practical experiences of persons engaged in directly handling human beings. Based on this principle of the validity of personal experience, the author would suggest the following principles in respect of personnel management.

(1) *Policy*: Every industrial organisation must have a personnel policy, well known to those who are expected to work it out and also to those for whom it is meant. It is not that an organisation which does not have a declared personnel

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policy has no policy at all. It may as well be that its practices have behind them a sound and well-knit policy carefully framed to achieve an objective. Nevertheless, a declaration of the policy may have an immediate favourable reaction on the employees. While drawing up policy statements intended for publication, care must be taken that they are invariably made in abstract terms only, so as to avoid controversy.

(2) *Recruitment and Selection* : Successful management, to a great extent, depends on how sound the recruitment methods are. Half the battle in personnel management can be won at the time of selection of personnel. Depending on the nature of the job, persons above 30 years of age having a family to look after and living with the family at or near the work place are expected to prove satisfactory employees, other things being as required.

(3) *Induction and Placement* : After having taken pains to select the right type of man, the employer cannot afford to be complacent. He must ensure that the man does not feel helpless in his new work-place causing in him an initial adverse reaction towards the organisation, thus sowing the seed of the problem of personnel management to grow up in the not distant future.

(4) *Education and Training* : Training of the proper type widens outlook, enables men to look at things in their true perspective, opens avenues for advancement thus making the job of personnel management a less difficult task.

(5) *Job Security* : For obvious reasons, security of job cannot be guaranteed in black and white, but a sense of security can be established by demonstrating through practices that termination of service of an employee is not dealt with in a light-hearted manner and that all avenues for rectification of the drawbacks of the employee are explored before the ultimate decision is taken.

(6) *Working Conditions* : An individual spends about a third of his life at his work-place. The conditions obtaining there, therefore, matter. Good house-keeping, proper illumination of the workplace, adequate ventilation, reasonable comfort from heat, cold, dust, fume etc. constitute congenial working conditions. A wise employer can hardly afford to lose sight of this factor influencing the morale of the working people.

(7) *Fair treatment* : Discrimination and undue harshness in treatment are liable to engender suppressed feelings of discontent. Fairness in dealings should, therefore, be a cardinal principle for the successful handling of personnel. Personal contact is helpful, but not to a degree where it can degenerate into contempt. What is required is a sympathetic attitude towards the personal problems of individuals. Communication to the work personnel should be as direct as practicable. Information passing on in a haphazard manner is liable to be twisted or exaggerated from person to person until at last it gives cause for misunderstanding.

(8) *Avoidance of conflict* : In a working force, groupings on the basis of religion, community, caste, place of origin, culture, trade etc. are not uncommon. Such groupings generally give rise to conflicts presenting, in their turn, additional problems of personnel management. Watchful eyes are, therefore, to be kept on the development of any such conflict and active steps must be taken to deal with it. Measures directed towards instilling a family sense and cooperation within the working people are important in this regard.

(9) *Discipline* : In an organisation with a sizeable working force, maintenance of discipline is of paramount importance. While there should be fairness in treatment, firmness in matters of discipline is also of equal importance. However, punishment inflicted should be commensurate with the offence and methods of rectification should be taken recourse to, wherever permissible.

(10) *Welfare Amenities* : Provision of amenities like canteen services, housing, games, excursion trips, cooperative credit scheme etc. impress the employees favourably towards the employer and help keeping them away from external influences.

(11) *Grievance procedure* : Grievances may still arise despite all positive steps taken to prevent discontent. A machinery for expeditiously handling griev-

ances is required to be set up. Experience dictates that an informal, conventional procedure for settling grievances is preferable. A strictly formal grievance procedure may give rise to frivolous grievances and may be misused by unscrupulous persons.

(12) *Joint consultation* : In order to instil a sense of participation and to narrow the area of difference, consultation with employees' representatives in limited spheres and on specific matters is advisable to the extent that it does not compromise the basic policies. Unilateral action naturally provokes resistance. Joint consultation can be effected in industries, through bodies like works committee, canteen committee, safety committee, sports committee etc.

(13) *Wages and other financial benefits* : All the above factors have definite bearing on the success or otherwise of personnel management, but their impact is a rather slow but continuing process, and outward manifestation is not so frequent. The factor that makes itself felt directly is that of discontent in respect of emoluments. Payment of reasonable wages is, therefore, the first requisite for achieving success in personnel management. But there again lies the problem. Reasonable wages is a relative term and can never be precisely defined. However, various legislations, negotiated collective bargaining agreements, courts' and wage board's decisions have at least indicated which way the wind blows, and a wise employer cannot miss picking up the hint. Rate of wages comparable to that prevailing in a similar industry and in the neighbouring concerns, some incentive scheme providing scope for augmenting earnings, and some retirement benefits which bring about a sense of assurance that when the individual will no longer be able to earn his living by dint of labour, he will have something to fall back upon, may be considered to constitute reasonable emoluments under the present context.

The implementation of all or some of the principles for personnel management enumerated above impose certain obligations on all levels of management. It calls for correct appreciation of the policies of the organisation, sincerity of purpose, administration of justice, tolerance, cooperation, mutual understanding, willingness to work hard etc. *The both responsibility and credit for successful personnel management lies with one and all in the organisation in*

a broad sense, the most decisive role in the matter can be played by a competent Personnel Manager. His success in this regard, however, depends on his personality, *ability to foresee things, awareness, study, contact with the people*, knowledge of current trend of affairs and of various industrial legislations, leadership abilities, integrity, tactfulness, reasoning, and above all, an appropriate attitude to work and life.

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#### THAT QUIET GENTLEMANLY WAY

I like him because he is a gentleman... I like him because of the way he treats me... the way he calls me. You should hear the way he calls me. He patted my arm in that way of his and he just said: "I'm so sorry... I really am..." It wasn't the money or his helping, although I was grateful for that, of course. It was the way he spoke to me in that quiet gentlemanly way, and the way he patted my arm.....



# Productivity & Personnel Relatio

ASHOKE CHATTERJEE\*

WHEN WE SPEAK OF personnel management, we customarily mean the administrative work that is done by labour, welfare or personnel officers. This may include employment, fitting in and routine relating to clocking in and out, shifts, time keeping, payments, rest periods, canteens, hygiene, safety and general discipline inside the works. Outside the factory, we have the labour department men looking after and supervising workers' housing, sanitary arrangements, hospitals, schools, clubs, playgrounds, picture houses, and the organisation of games and sports, festivals, fairs, even circuses and exhibitions for the education, entertainment and the general wellbeing of the workers. Labour, welfare and personnel officers have to keep in touch with the workers individually as well as collectively and employer-employee relations have to be watched, nursed and guided into healthy channels with a view to removing all those factors which, if allowed to gain in size and strength, usually cause disputes, unrest, mutual distrust. Negotiations with the workers' unions are also carried on by the same officers as advised by the directors, managers and other persons in authority. Government departments dealing with labour matters work in collaboration with labour offices in industry, at least in the initial stages of their negotiations when there are any strikes, lockouts,

enquiries, arbitrations, adjudications or other negotiations for settling industrial disputes.

The summary statement of the conditions of the labour and welfare departments of industrial establishments printed above, probably indicates these departments are *just cogs in the wheel of industry* which keep in motion as far as the human factor is concerned. This would be, in fact, quite true if we look at the industry without reference to its past or future and thought of industrial workers in isolation. This way of thinking has little validity, as the industrial workers are primarily human beings and part and parcel of the general human community. That is why it is customary to refer to industrial or personnel relations as Human Relations. Where industry forgets that workers are, above all, human beings and are not machines, it loses its vitality by occupation only, one day they have to bring home to them what they may be, that *the advantages of industry or trade cannot overrule the fundamental rights of the people*. This fact which is the basis of all thinking in the field of Human Relations, has been reiterated all the time, for it is too often forgotten.

There are three clear cut categories of industrial, personnel, human or employer-employee relations, as one may call this branch of the Social Sciences. First of all there is the human aspect, which, in fact, d

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\* Economic and Social Welfare Adviser, Messrs Martin Burn Ltd

attention of the great reformers (Ruskin, Carlyle & Tolstoy and others to the sufferings of humanity in the field of work and elsewhere. These created changes in the social outlook and we saw great progress in the life of men and women who worked long hours underground, in ill-lit and ill-ventilated dungeons and in the forests and swamps of the world for a few coppers which barely enabled them to keep the fire of life burning. The moral awakening of the upper classes led to substantial reforms in working conditions and workers' lives from the 1890's till the formation of the International Labour Office after the first World War. These reforms progressively added to the costs of production, which naturally created resistance among the *entrepreneurs*, for increased wages, allowances, amenities etc. had to be paid for. The snowballing in labour costs continued, until the captains of industry began to look for other means of stemming the tide which threatened to sweep them off.

There were other factors at work, simultaneously, particularly mechanization—the introduction of automatic machinery and other aids to production enabled workers to increase the *per capita* production by several hundred percent. One worker today handles as much production with the help of intricate machinery as a hundred workers could not manage a hundred years ago. The other factors were introduction of advanced techniques, methods and organisation in the industrial field. Together with quicker movement of material and finished goods, better selection of raw materials, the economies of mass production, research and inventions, modern industry can pay a £ 6 today, where as it could only in 1896. This has vastly improved the morale of workers and they have developed an outlook which is now as the Industrial Culture. *Indus-*

*try is no longer an enemy of humanity.* It no longer destroys human qualities, particularly in the developed countries of the world. It has really and truly become a civilising force. The morale of the workers has been further boosted by the change in the outlook of governments which no longer merely tax and spend, but look to the wellbeing of their citizens and help to establish social security on a firm basis. The workers also receive education and training of a much superior type which enable them to go in for employment in better paid and responsible jobs. Thirty years of 'human relations' have fixed the terms and conditions of service of workers in civilized countries in a manner suitable for human progress, and the one time 'sweating' and 'exploiting' have slowly yielded place to the idea of using the human factor in industry for the gain of the employers, the employees, the nation and humanity.

During the decade following the first world war, there were developments which led to state management of industry on an extended scale in several important countries of the world. This complicated the matter of state management of industrial relations, in so far as the state occupied the place of the employer in many cases; but it certainly stimulated progress in the field of technique, method and organisation and increased productivity in a manner which was quite remarkable. The Russians were the first to plan and enter the field of production on a national scale. In America the great Slump that followed the first world war nearly broke the back of American industry. Franklin Roosevelt was elected President in 1933 and went into action to save his country in a manner worthy of a superman. His New Deal is now history and we know how Roosevelt went after it and made the life-blood of America flow again through normal channels inspite of the many conges-

tions from which it then suffered. The many Acts which were framed to create employment, revive competition and set in motion buying, selling and new enterprise, were sound and ingenious. At one stage 3 million jobs were created to man the Civilian Conservation Corps which worked on drainage, prevented soil erosion and planted 30 million trees. The Tennessee Valley Authority was the most important project of the New Deal and it developed an area as large as the whole of England. The New Deal was really a grand adventure in Personnel Management, particularly in the public sector. The British management of its war-time economy and post-war reconstruction and the German Miracle and the new records of output in Japan are really pointers in the same direction.

Enterprise on this scale involves human and personnel relations. In all these large scale plans of national reconstruction, men had to be convinced, assured, won over and induced to do their best for the success of each separate enterprise. The personnel did not respond uniformly to the same arguments or material stimuli. Some were won over by ideological appeal, others by promises of reward and most of them by the assurances of stability, security and freedom from uncertainties that their employment guaranteed to them. Education, training, fair wages, good conditions of living, recreation, medical aid and social security have been found to be the fundamental needs of a vitally energised economy. Personnel and collective emotions favouring the plans and schemes of development would further stimulate the processes of advancement. What we call personnel relations in India are mere routine in the advanced countries of the West and in Japan. *We have a long way to go in establishing proper human relations* and in giving those assurances to our workers which will lift them out of their low

morale and lack of confidence. When we have done that we shall then have time to look round and settle the more changeable and active affairs which will determine the nature of the industries that we will have in the future in India. Matters relating to full production cannot be tackled now for want of a suitable economic atmosphere. We are casual and easy going in our handling of the factors concerned.

A few words will not be out of place here about personnel management work in India. The personnel officers in Indian factories, generally speaking, have not much power or authority to do anything. They are usually well qualified persons; but they are kept under other officers, who do not share the same personnel philosophy. As a result of this, much talent is wasted in India and the real work of personnel management is not done adequately or efficiently. The preoccupations and susceptibilities of trade union officials and of governmental staff dealing with labour matters are also somewhat of a handicap. The whole business is based on make believe and no one is sure of his place or powers in the sphere of management of industrial relations. In America the person in charge of human relations is only second to the President of the Corporation. In India, the head of the personnel department usually has no position excepting what he can attain by chance or through influence. One of the reasons why Indian labour is about 30 to 40% effective in comparison with foreign workers, is the weakness of the personnel function in Indian factories. This cannot be changed rapidly. It is only slowly, and with patience, that we can persuade people in authority in industry to begin to listen to the advice of experts in industrial relations, psychology and productivity. In the circumstances the government should, perhaps, try to make the directors, managers and foremen study human rel

tions as a statutory obligation!

In India we are going ahead at a great pace in the acquisition of modern machinery, plant and equipment. We are not, however, trying to obtain and train up modern personnel to operate the new plants, which are costing us about four times as much as they cost in their countries of origin. This is creating a situation which is highly wasteful. Instead of yielding a produce which will be commensurate with the inflated costs of the plant, we shall have to be satisfied with 40-60 percent of capacity output by the time we scrap and replace a plant by a new one. *Our personnel can be just like foreign personnel of the most productive type, provided we go about our business in a scientific manner and avoid all useless custom, established practice and indus-*

*trial superstition.* Designations, seniorities, lines of promotion, alternatives for employment, human aids to actual producers and operatives, are some of the items in a long list of loopholes through which productivity is lost. Too many men jostle around in an Indian factory and politics instead of productivity determines their place in the hierarchy of workers. That a plant must yield its highest output within a specified period and then should be replaced by a newer plant is not an established principle of industrial economics in India; for we have yet to develop modern and scientific personnel management. Our outlook is obscured by what has happened before and we have therefore no clear vision in the field of production, earnings and utilisation of resources.



#### There the personnel job begins

Insofar as personnel departments and personnel people divert employee loyalty to themselves, or subtract in any way from the employees' loyalty to those immediately in charge, I think they are damaging human relations... "Well," you may say, "you cannot help that. If the man's boss is that kind of a guy, what then?" But that is where the personnel job begins...

# Human Relations in Industry

P S PATRO\*

The successful issue of any enterprise is dependent in the last analysis on a group of employees who know their job and have the will to work and to cooperate with each other and with management. It must therefore be a main purpose of those who seek the nation's economic development to induce in human beings the proper attitudes. Human relations, in this context, have to be understood within the overall framework of industrial relations. We are, however, concerned with the dynamic concept and not merely with organizational aspect of management. Dealing with inanimate objects, such as machines and materials, it is comparatively easy to see that a mechanistic approach will give the best results. But it is men who have to deal with and control the efficiency of both machines and materials. Hence the importance of personnel management in industry.

**T**HE HUMAN FACTOR INDICATES the fundamental problems of our generation. Science is revolutionizing our manufacturing processes. Science is also busy improving the efficiency of our organizational methods but science has not solved this most basic problem how to make most of the human factor without which all the other achievements inevitably fall short of their objectives.

The first essential step in the direction is to *select employees carefully* by procedures which naturally vary according to the type of vacancy. The selection of unskilled labour is one thing, of a skilled fitter, something else, and the professional technician is still something different. Care should be taken to make sure not only that the applicant suits the vacancy but also that the vacancy suits the applicant. It is as dangerous to put too good a man into a job, as too poor a man. The man whose capacities are a long way ahead of the job he is put into, will develop

frustrations and discontent unless promotion prospects have been put to him at the time of his engagement. Having selected carefully it is equally important to *place the individual appropriately*, not only according to his actual capacities but also according to his temperament.

The management has to forget the days when men were ordered to do something and they did it. *Now men are asked to do something and have to be told why.* In point of fact, there are great possibilities in the new line, in that it holds the promise of far more complete cooperation than was forthcoming in the old days. One other necessity in these days is that there should be an adequate induction of the new man into the firm. He should not merely drift. It should be seen that the new comer begins to absorb what may be called the climate of the firm. *The changed status and outlook of the ordinary man calls for changed outlook on the part of the management.*

\* Birla Jute Mfg Mills Ltd, Birlapur

The first step in the implementation of this philosophy is to create a climate in which the inevitable difference between the management and the men on the practical application of the common purpose can be resolved in an atmosphere of reasonableness and mutual confidence. This task involves management in a serious educative campaign to combat the woeful ignorance and misunderstanding which exist among employees of all grades not excluding in some cases the professional technicians. The daily influences to which the ordinary worker is subjected too often give a slant to the facts of business life, which though it may be unintentional, presents a distorted picture to the individual whose general educational background is limited.

The combination of manager and the technician in the same individual has been, until very recently, the tradition in the industry. It was assumed that *so long the technical qualifications were present, the art of managing would develop naturally and in any case the technical qualities were the important ones and the others rather incidental.* In very recent times an awakening has taken place and management is fast becoming recognised as an art of its own and people are being appointed managers and managing directors even without possessing technical knowledge of the particular industry, in fact of any industry but possessing those qualities of leadership without which the art of managing cannot be successfully undertaken. Management's job is to deal with human beings, to control a number of diverse personalities and yet to weld them into a homogenous team. The possession of what we call social skills is the primary qualification of managers as opposed to the technical skills of the engineers. The following which the

author has seen somewhere are some of the essential ideas regarding social skills.

1. The ability to put things in a way that an untrained man can understand them
2. A great fund of tolerance and patience towards the shortcomings of colleagues and workers
3. An understanding of and a sympathy with the aims and aspirations of other people
4. The faculty of being able to put oneself in the other fellow's place and to see things through his eyes
5. The capacity to create and maintain an atmosphere of friendliness and goodwill
6. The ability to elicit the other fellow's point of view and genuine belief in the value of doing so
7. The willingness to be misjudged for a time until one's sincerity is recognised.

It is important that those who are keen on the productive development of Indian industry should try to foster these attributes through an educative campaign. The only possible way of developing the human factor to its full potential is to present an industrial enterprise to the people engaged in it as a joint undertaking in the success of which the investor, the management and the operating staff have a common interest and to which each has its own essential contribution to make. In our own society upto now the fear of unemployment served to obscure the problem. The common man has now come into his own and on his goodwill depends not only his own standard of life but that of every one of us. A new philosophy of management is therefore needed to meet the modern situation in Indian Industry. The only possible course open to industrial management is frankly to identify itself with the inevitable and welcome the employees' genuinely as joint associates in industrial enterprise.





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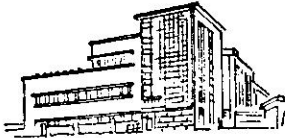


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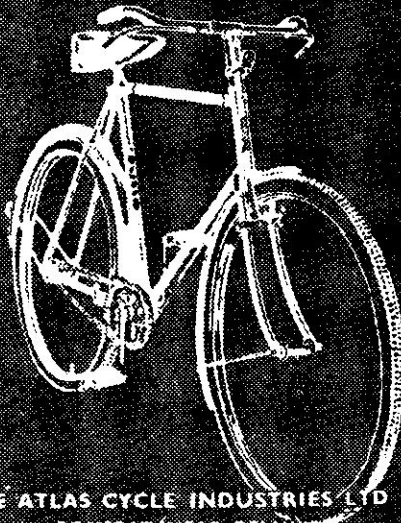
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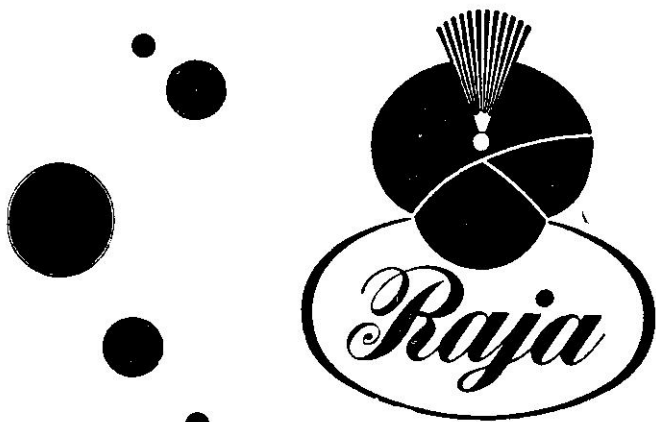
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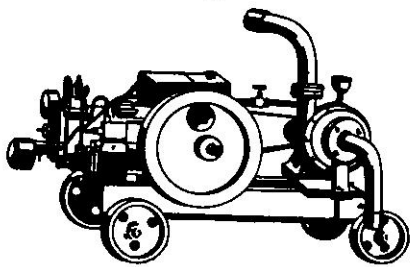
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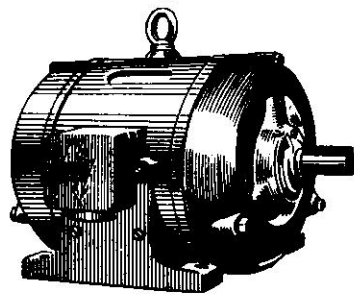
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# What Makes A Good Manager

EDWARD C. KELLOGG\*

During the past few years supervisors have been stop-watched, interviewed, questionnaired, and surveyed about everything they do, all in an effort to find out what makes a good manager. From the many research reports that have been published about supervisors, however, the effective supervisor shapes up as a relatively clear-cut type.

## Attitude is the key factor

What stands out most clearly in many different studies is that the main difference between the good supervisor and the also-ran is attitude. For example, the really top-notch supervisor usually thinks of his job in terms of people rather than the details of the work. The less effective supervisor, on the other hand, is production-centered—the kind who's always worried about getting the work out.

This important difference in job attitude shows clearly in a few typical comments made by supervisors quoted in a University of Michigan study. For example, the production-centered supervisor usually sizes up his job in this way:

I know we're doing what is supposed to be done in our section. Hit the work in and out—and hit it right

### or another:

The girls sometimes stop work before the bell rings. I have been after them, and I keep them overtime to do the work. You have to do something drastic....

A characteristic that stands out in the surveys is that the better supervisors don't supervise as closely as the less effective ones. By and large, the

good managers tend to set up general goals and then give their workers leeway as to how they go about reaching them. Under close supervision every detail of the work is spelled out and the supervisor is on the spot to make certain the job is carried out exactly the way he wants it done.

## They don't hold a tight rein

Some indication that a general, relaxed kind of supervision is characteristic of better supervisors shows in a survey of employees at an electric power company:

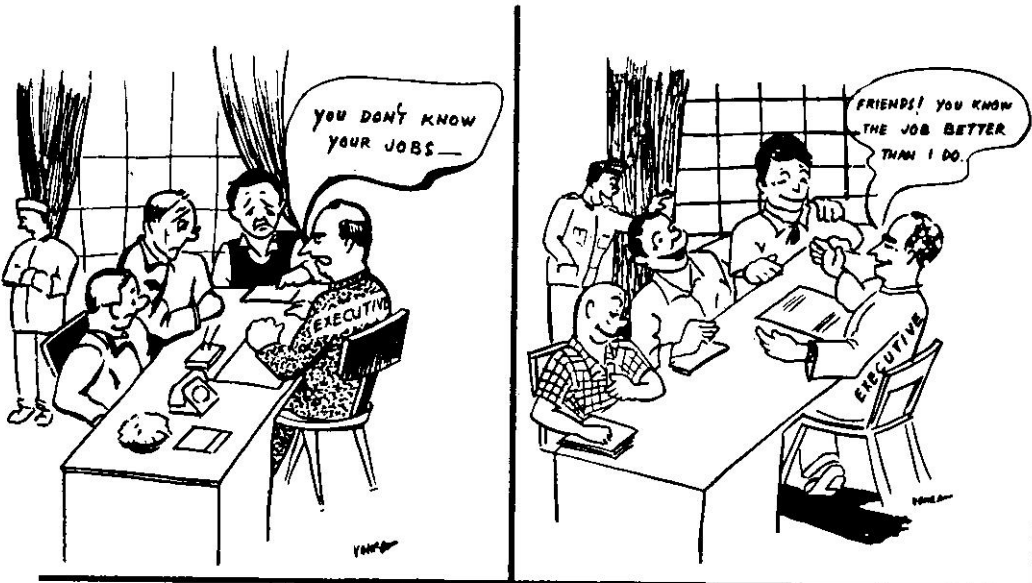
Eighty-five per cent of employees who worked for supervisors rated their supervisors as "promptable" and said their group is "much on its own". On the other hand, only 33 per cent of the employees who were under supervisors rated as "promptable" or "unsatisfactory" felt that their group had considerable freedom.

And, in an insurance company survey, it was found that 11 out of 100 supervisors of low-producing employees exercised close supervision—gave employees detailed instructions, checked up on them frequently, and generally limited their freedom to work in their own way.

It isn't coincidence that the employee-centered supervisor who

\* Staff Member, American Management Association

EXECUTIVE - FOREMAN RELATIONSHIP



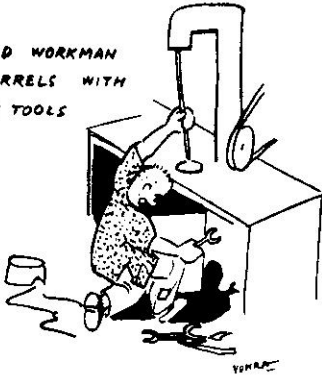
FOREMAN - WORKER RELATIONSHIP



# STUDIES IN PERSONNEL MANAGEMENT ATTITUDES

## WORKER-MACHINE RELATIONSHIP

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QUARRELS WITH  
HIS TOOLS



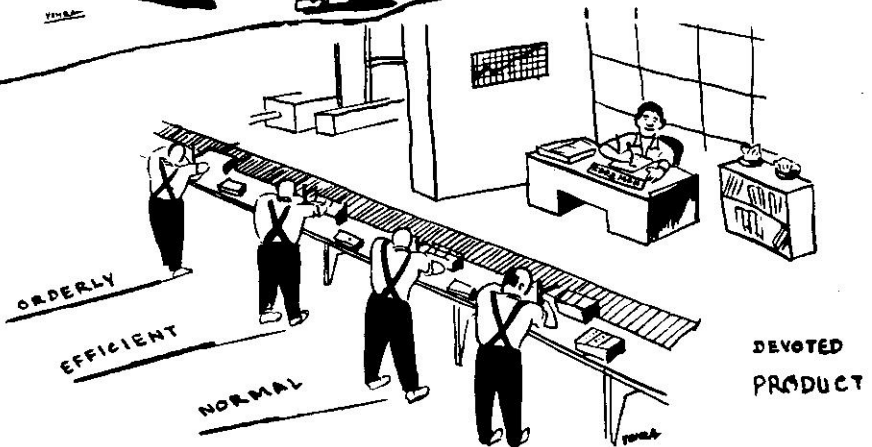
GOOD WORKER KEEPS HIS  
TOOLS IN ORDER ...  
.... RESPECTS HIS MACHINERY



## WORKERS' INTER-RELATIONSHIPS



1. FIGHTING
2. DISORDER
3. HOSTILITY
4. LITTLE PRODUCT!



ORDERLY

EFFICIENT

NORMAL

DEVOTED  
PRODUCT

his workers pretty much on their own gets better results than his production-minded, close-supervising counterpart.

For example, in one of its studies, the University of Michigan's Institute for Social Research found that when supervisors of high-production and low-production divisions were switched, output of the low-production group rose while, in contrast, the work of the high-production sections suffered.

### A vicious circle

To a certain extent, the less effective supervisor is in a tiger-by-the-tail-situation. Because of the way he handles the people under him, production is low. His boss puts the pressure on for more work, so the supervisor applies tighter controls than ever. It's a vicious circle.

### Misplaced emphasis

Another job attitude that frequently separates the good supervisors from the less effective ones is the way they respond to a question like: "*What proportion of your time is taken up by supervision?*" In a survey of office supervisors the heads of high-production sections overwhelmingly said that they spent 50 per cent or more of their time in supervising, while the majority of low-production supervisors said they spent more than 50 per cent of their time doing the same kind of work as their subordinates.

Similar results were found in a study of railroad supervisors: twenty of the foremen of high-production sections reported spending 50 per cent or more of their time on supervision; only 11 said supervisory duties took less than 50 per cent of their time. For low-production supervisors, only nine reported spending 50 per cent or more of their time on supervision, while 22

said it took up less than 50 per cent of their time.

In line with this, supervisors of high-production groups seem to put more emphasis on planning, while low-production supervisors spend more time actually helping to turn out the work. The high-production supervisor is also more likely to spend time planning on a general, long-range basis, and is more inclined to think about the job after hours.

### They go to bat for their men

Studies have also shown that good supervisors back up their men as well as their company, while less effective supervisors are more inclined to think primarily of the company. In a survey of employees at an electric power company, 75 per cent of the workers under supervisors rated as "immediately promotable" said their supervisors "pulled for both the company and the men". Only 4 per cent thought their supervisors pulled for the company alone.

In contrast, only 40 per cent of employees who worked for less effective supervisors thought their supervisor pulled for both the company and the men, while 30 per cent believed that their supervisors pulled primarily for the company.

In general, the studies show that the supervisor who is building a highly motivated work group is the kind of a leader who goes to bat for his workers, shows a sincere interest in how they are getting along, lets his employees know what he thinks of their work, gets ideas from his workers, and usually does something about them.

Another interesting conclusion is that the less effective supervisors are likely to find that one of the employees in the work force acts as a spokesman for the whole group. The reason for this

is probably that the workers don't regard their supervisor as a real leader, so they develop one of their own.

### Good at handling people

That the better supervisor is usually exceptionally skilled in handling people is shown clearly in the power company survey. Of employees under supervisors rated as immediately promotable, 71 per cent said their supervisors were good or excellent at handling people. Only 27 per cent of employees working for "questionable" or "unsatisfactory" supervisors rated their supervisors as skilled in human relations.

From other comments made by the power plant employees, it was apparent that the workers regarded the better supervisors as being likable and reasonable and felt freer about going to their supervisor to discuss job and personal problem. The poorer supervisors, on the other hand, were often referred to as drivers, as being bossy, quick to criticize, and unnecessarily strict with their men.

### Personal characteristics

Most important as far as employees are concerned are the supervisor's personal characteristics. Topping the list in one major research study were these items: (1) is fair in all dealings with people (2) is a man you can believe and trust (3) has good self-control.

Under "ability to handle people", these are the requirements that were selected most often: (1) understands his workers (2) lets workers know what he expect them to do in their jobs (3) maintains good discipline in his work group (4) gives credit for doing good work (5) makes workers want to turn out good work.

### Managerial know-how

With regard to the supervisor's managerial functions, employees in study rated the following items as important: (1) does a good job of training (2) trains workers to do a job (3) checks work to be sure it is up to standard (4) knows the rules and policies (5) knows what he is responsible for.

In the space provided on the form for additional comments, the most stressed most frequently was supervisors be fair and impartial in their dealings with workers.

#### A few sample comments:

- \* He shouldn't be friendly with just a few of his workers.
- \* A supervisor should not show partiality to any race.
- \* Overtime should be distributed more equitably among the men.

#### A few other comments made a few supervisors:

- \* When it is necessary to reprimand a worker, a supervisor should be very firm and short. He shouldn't continue to nag.
- \* He must know how to instruct workers without making them feel stupid.
- \* A good supervisor need not, and in many cases cannot, know how to do all the work in his department, but he must be able to pass on the information to the workers he assigns to the job.

### The over-all pattern

In another study of supervisors by the University of California it was found that the better supervisors fit the following pattern:

1. They are not hypercritical. The better supervisors felt that

workers were doing a good job and would be inclined to replace fewer of them than would the less effective supervisors.

2. *The good supervisor is on good terms with his supervisors*—and his subordinates are aware of it. Workers have confidence in what their supervisor says because they know that his decisions are usually backed by higher management.
3. *The better supervisor is a good disciplinarian.* Though he is sympathetic in dealing with the people in his section, he doesn't allow employees to get away with violations.
4. *He's not particularly concerned about job security.* He'd rather have a job offering opportunity than one in which his future progress is determined solely by seniority.

#### Most common faults

In another survey in which 770 people rated supervisors, the following were found to be the most common faults of blue-collar supervisors:

1. Insufficient trade knowledge
2. Argumentative
3. Critical of changes
4. Lax in discipline
5. Not enough initiative
6. Doesn't meet deadlines
7. Does little training
8. Lacks patience
9. Becomes excitable and unnerved under stress.

#### Plus factors

And the favourable factors that were

mentioned most often about blue-collar supervisors were:

1. Has all-round knowledge of trade
2. Cooperates when changes are needed
3. Little supervision required
4. Industrious—interested in work
5. Meets deadlines
6. Plans and organizes work well
7. Continually adding to his trade knowledge
8. Continually seeking improvement in methods
9. Respected by his men
10. Keeps his superior informed on work progress
11. Trains men well
12. Is honest and straightforward
13. Has sense of humour.

In a survey by the US Civil Service Commission, ratings on the job performance of 153 supervisors showed there were certain characteristics that were most frequently mentioned in describing the better and the poorer supervisors. Comments about poor supervisors frequently ran like this: he's a yes man; likes to act like a big shot; loses his temper frequently; never tells the men what's going on; never praises; gets rattled easily; can't take criticism; the men don't particularly like or dislike him.

For the better supervisors, these are the kind of comments that were made: you can always depend on what he says; he gives clear instructions; most of his men like him a lot; is a real leader; has outstanding knowledge of his speciality; his decisions are pretty good but he is slow in making up his mind; he takes pride in keeping records.

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“Why make it difficult, when you can make it impossible?”



# Soviet Personnel Management

EDWARD MCCRENSKY

The Russian personnel system is different. It is inseparably related to national goals, as is everything else in the Russian scheme of things. We need to examine objectively the strengths and weaknesses of Soviet personnel administration.

**W**HAT ARE THE DISTINCTIVE features of the handling of men in the world's largest bureaucracy, the economy of the Soviet Union? Do Russian personnel concepts and practices produce good results in quality and quantity output? Does an appraisal of similarities and differences between personnel management in the USSR and in the western countries, particularly the USA, have any value? These are some typical queries about the human side of organization in the USSR.

Bold comparisons or value judgments on Soviet administration in general, or of particular personnel policies and techniques, are practically meaningless unless viewed within the perspective of the national, cultural, economic and political setting of the USSR. This is, of course, true of any comparative evaluation of national management behaviours. It has an even greater significance in this case where the institutional setting has unique differences from ours. Therefore, to evaluate properly some of the policies and practices that will be described, several important points must be borne in mind: unlike western countries, the Soviet economy is organized to marshal all of its resources toward its policy goals. Dominant emphasis is placed on

such national themes as Labour Productivity. Another basic difference, particularly from the US structure, is that Soviet organizational hierarchies tend to parallel and to inter-penetrate one another when their activities are on a nation-wide basis. Finally, as for most activities in the USSR, unified policy and purpose tend to integrate forms of expression in Soviet personnel administration practices.

A broad contrast of Soviet and American personnel policies and methods suggests that certain striking differences exist between them:

- (i) The non-agricultural work force in the Soviet Union operates within a single personnel philosophy with ultimate policy control vested in the interlocking directorate of the top echelons of the Soviet government. In the United States, the authority and the philosophy for personnel administration are diverse, varying with the category of employer. There can be, and there are, extreme differences in the US in concepts, methods, and objectives, both between and within, for example, industrial and public personnel administration.
- (ii) The art of personnel administration in the Soviet Union is considered to be a major instrument of the State for realizing its economic and other major goals. In the United

it is viewed traditionally as a tool of individual management for meeting the specific and often varied objectives of particular organizations.

- (iii) The compensation system of the contemporary Soviet industrial economy depends heavily on bonus and other incentive payments extended to all levels of personnel, including production and clerical workers as well as to the manager or director of an enterprise. Managerial, engineering and technical personnel, as well as workers, may receive bonuses up to 100% of their basic pay for overfulfilment of assigned goals.
- (iv) Soviet managerial, engineering and technical manpower groups are especially characterized by high mobility in all directions. Management at the higher levels is constantly seeking to recognize ability at lower levels for positions requiring greater skills. Lateral and downward job mobility, on the other hand, is high when assigned goals are not achieved, although such turnover is less than in the thirties.
- (v) The trade union apparatus includes membership of both management and employees. It is unlike its western counterparts in a number of fundamental ways. It has a major communication and advisory function on all factors in the work environment and is intended to unify these factors to facilitate plan fulfilment. The local union, by its relationship to the central trade union, is an instrument of control with significant potential strength for implementing change.

Such a comparison also shows some remarkable similarities:

- (i) For example in both countries there is heavy dependence on the professional manager who is given substantial power and influence over the organization for which he is responsible, including heavy influence in determination of rewards and penalties for his staff.
- (ii) In both countries job evaluation techniques are used for determining classification of positions for pay purposes. A considerable use is

also made of specialized business and management analysts who routinely conduct evaluating and planning studies to facilitate realization of management goals in use of materials, manpower and money.

- (iii) In both economies, the professional managers tend to arise more from the middle and upper income groups rather than primarily from the working class.

### Personnel administration setting

Soviet personnel policy rests both with the Presidium of the Supreme Soviet of the Government and the Central Committee of the Party as the top policy-making bodies, as well as with the all-union Council of Ministers which is also involved in policy-making. The governmental system of personnel administration obtains its authority from the Supreme Soviet and the Council of Ministers and the latter's principal planning agency: the *Gosplan*. It is characterized by a *dynamic and highly mobile career system for developing and utilizing managers and specialists* to meet the requirements of the economy through the industrial and agricultural output of the Nation.

The Communist Party representative in the secretariat of the local Soviet or Plant Committee has his Party communication channel through the territorial Communist Party organizations clear up to the Central Committee of the Communist Party in Moscow. He can therefore be a forceful *persuader* of change; an evaluator of executive performance; a talent scout for identifying emergent ability that can be used elsewhere in the Soviet Union; and a strong adversary of inefficient or ineffective management.

### Executive recruitment

The career ladder starts for the Russian executive trainee upon his graduation from an Institute or a University. The young graduate may have the

choice of several position offers by which he fulfils his work obligation of three years. Personnel placement officers at important institutes and universities receive reports from regional economic councils throughout the Soviet Union specifying positions open and kinds of qualifications needed. Despite the highly controlled and obligatory nature of the initial assignment system, *individual enterprises do compete western-style for the most promising graduates*. However, such competition is not directly in money terms but in the form of releasing recruiting information and holding interviews to describe the exceptional working, and perhaps even housing conditions being offered and particularly, the opportunities for advancement. A graduate may sometimes be permitted several declinations and in some cases, even after acceptance of a position, a reassignment to another organization may be possible.

The great majority of these potential executive entrants into industry and agriculture are graduates of technical or engineering training institutions. Upward mobility depends on recognition obtained through awards, bonuses received, or personal observation by higher officials. It is also a notable characteristic that graduates of higher educational institutions are assigned directly into line positions, rather than in staff-type positions as is often the case for young graduates in the US. Such initial appointments to industry or agriculture are typically as of assistant foreman or foreman. This reinforces a managerial orientation to production problems.

### Compensation policies

The method of pay determination in administrative and industrial organizations varies with the kind of industry and the character of the qualifications of the personnel involved. Weight is

usually given both to qualifications and duties. On the basis of analysis made by salary and wage analysts under the direction of the State Committee on Labour and Wage Problems which reports to the USSR Council of Ministers, positions are placed in one of the several categories in the scale. The current trend, however, is to reduce the existing numerous categories to not more than six grades in industry and to a five-grade scale in agriculture. These new wage scales are intended to introduce greater equity across industry lines. *The general principle is to provide a salary in the highest category which will generally be 80-100% higher than those in the lowest wage category*. The starting point in constructing the new salary schedule is the foreman's salary which is based on the level of the workers' wages in a given sector. When a new wage schedule is proposed it is reviewed by both the local trade union and management of the plant which then jointly send their recommendations to the State Committee on Labour and Wage Problems. Final decision of the wage schedule is a joint responsibility of the Minister involved and the central committee of the union.

• Base pay is normally only one component of total pay. Individual rank and file employees receive *incentive pay on the basis of their exceeding quotas assigned to them on a piece work basis*. *Executive and managerial personnel receive monthly bonuses on the basis of their success in meeting and overfulfilling assigned goals either of production, cost reduction or other prescribed management goals*. Such bonuses may be up to 100% of base pay, thus representing a substantial portion of the total cash take-home pay.

### Multiple jobholding

A law permitting an employee to hold more than one job was passed in 1933 to help counteract the shortage of

highly skilled specialists, especially in remote areas. Multiple jobholding in establishments and organizations of some branches of the economy has become habitual and is regarded by the workers as a source of additional earnings. *The need for supplemental income may be lessening and the supply of qualified workers is now more abundant.*

Present legislation permits only one other job to be held. Permission must be obtained from the management at the basic place of work although, apparently, people are hired for second jobs without this permission, sometimes receiving pay for both jobs.

### Training policies

A fundamental tenet in Soviet educational policy is the concept of *Work and Study* as an ideal. This is now being carried over into the secondary school system where a major reorganization provides for students to spend a specified portion of the week in a *Work* assignment relating to agriculture or industry. Full time workers in industry or agriculture are not required to take adult education courses, but great encouragement is given toward self-improvement through evening or correspondence courses by providing liberal arrangements and opportunities. Many industries and technical colleges offering industrial-type courses have *Worker Universities* offering a wide range of courses in political and cultural subjects and languages.

### Trade unions

The trade union in the Soviet organization should not be confused with its counterpart in western society. The Soviet trade union does not have a collective bargaining relationship with management in the western sense. This difference from the American trade union is further reinforced by the com-

position of trade union membership which includes management as well as rank and file personnel. The Soviet trade union, however, plays a major role in administering portions of the social security system including the collection of premia for old age, survivors, and disability insurance, and the administration of disability benefits. *Another function is to help stimulate the workers into raising their labour productivity.* The union is helpful to the individual worker by checking management's observance of its obligations in the fields of production and for overseeing the enforcement of the rights given to workers under collective contract. For example, workers and employees cannot be dismissed from employment regardless of the reason upon initiative of management without the consent of the factory, plant, or local trade union committee. *If the trade union committee does not concur, the worker cannot be dismissed.* An employee dismissed contrary to this rule may appeal to the Labour Disputes Commission.

Another facet of local trade union organization is its role as a communicator of management behaviour through its lateral communication with the local Party organization and its vertical communication to the central headquarters of the trade union in Moscow.

### Summary

In summary, some of the outstanding characteristics of personnel administration in the USSR are as follows:

- (i) The manager of an industrial, administrative, or agricultural organization has a *high degree of personal authority with considerable flexibility in rewarding and penalizing employee performance.* The personnel function in the American concept of recruiting, utilizing, and developing employees is considered as a major area of the manager's personal responsibility and is not

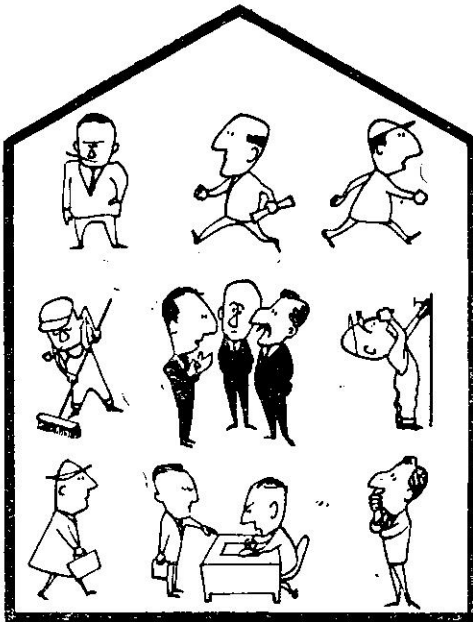
usually left to a staff group. The educational background of the manager is predominantly engineering and he is typically a graduate of an institute of university level. His early work experience has been in line-type jobs involving solution of practical problems.

- (ii) Intensive inter-penetration between the Party machinery and the government hierarchy on a nation-wide basis contributes to the relatively high mobility of executives within the Soviet governmental structure as Party nominees for key positions are not limited to a local setting. The mobility is also accelerated by the normal practice

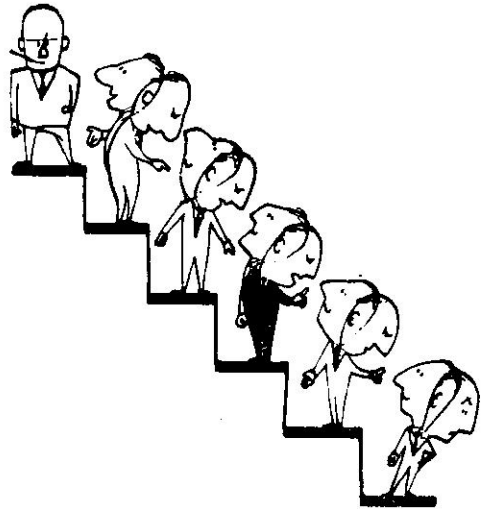
followed by managers in searching for and selecting key subordinates on the basis of demonstrated abilities. The compensation system is built on a philosophy of incentives pay. The bonuses and other premiums paid for successful fulfilment of assigned goals constitute an important segment of the pay package. The incentive philosophy is derived from the socialistic tenet, "from each according to his ability; to each according to his work." This pay approach also is closely allied with the overall policy of USSR management to utilize all available methods for giving recognition to individual and group performance.

### Personnel Organisation

*Informal*



*Formal, hierarchal*



# Employee Inventory Attitude Survey

Bell & Howell Company<sup>1</sup> invited the University of Chicago to do for them an Employee Inventory Attitude Survey. When the Company received the results from the University, they had to be presented to the workers, in accordance with Company policies. The following text according to which the supervisors addressed their respective departments is a good exercise in Personnel Management.

"YOU WILL REMEMBER that a few months ago the Employee Inventory Attitude Survey was administered by University of Chicago representatives. It took some time for them to compile all the results and write up the report. Then it took us a little time to absorb the information and decide just how to proceed from there. The company wants all employees to know (a) the Company overall results and (b) the results for their own department or group.

## Aims of this session

This session today has several objectives: 1. To present the results of the Attitude Survey for the entire Company 2. To present the results for our own department or group 3. To ask your opinion on how we can go about making improvements.

The supervisors in the Company have been meeting together and will

1. Mr William E Roberts, Leader of the Top Management Seminar Team, which went round this country last winter, left some excellent literature regarding his company. This is a significant extract from the many good pieces he left with the NPC. It is published by the courtesy of the Technical Cooperation Mission of the United States in New Delhi, who had made the arrangements for the Team coming over to our country (Editor).

continue to hold meetings to discuss ways of *improving things that are of concern to you*. In order to help us make better plans, we shall appreciate your ideas on how we can improve things. However, I am not in any position to make any promises about anything. I shall listen to you after the results are presented, and careful notes will be made of all additional ideas which may come out of this meeting. Report-backs on changes and improvements will be made from time to time in which management will explain to you what it has decided about the things you and the other groups talk about in these meetings.

## What we tried to measure

With the Employee Inventory survey we were trying to determine how you employees really felt about many things. These might all be wrapped up in a term called "attitudes" or "morale." If the management can determine your attitudes about these things, we can probably learn what to do where there are things which can be improved.

Morale itself is a difficult concept to describe. It's something like love or patriotism. The term can cover so much that one has trouble in sharply defining it. So we try to break it up



into smaller parts which we can handle. The smaller parts which make up morale are these fifteen areas or categories listed below:

1. *Job Demands.* This covers the major things having to do with physical and mental pressure on the job, monotony and boredom, fatigue, etc.—68% favourable response company-wide.

2. *Working Conditions.* This covers how you feel about safety, the equipment, management's interest in the conditions, etc.—67% favourable response company-wide.

3. *Pay.* Refers to your attitudes regarding pay in general, how it compares with the pay others receive, and how it is handled in the company.—39% favourable response company-wide. *This adds up to the fact that a majority of the people in the company would like more money, which is only normal—I'd like more money myself.* Regarding this response to Pay, the University informs us that the reaction here is typical of industrial plants and that our score was average by comparison. I know you'll be interested to know that all departments of the company including our own are being reviewed in line with wage surveys that we participate in and adjustments have been made and will be made in jobs that are low.

4. *Employee benefits.* This examines your attitude about our benefit programme; how well you understand it; how you feel it is handled; and how it compares with other firms. This was one of the highest favourable responses —82% favourable.

5. *Relations with Fellow Employees—*This tries to get at how you feel about your fellow workers. Is there friction? Are some bossy? Are you all friendly? Do you help each other out? The response to this item was 75% favourable.

6. *Relations with Supervision—*This includes a number of statements ordinarily associated with a good supervisor, such as his friendliness, fairness, praise for good work, his interest in your ideas, and his concern for your needs.—69% favourable response.

7. *Relations with Management—*This category measures the attitudes of employees toward the human relations skills of the management. You judge the management primarily by its fairness, its interest in your welfare, the personnel policies, and the treatment you receive—69% favourable.

8. *Effectiveness of Supervision.* This category includes items on how well you think your supervisors know their jobs, their ability to train employees, how they handle the job, etc. 69% favourable.

9. *Effectiveness of Management.* This is more difficult to understand. It tries to determine your attitudes toward such things as management's knowledge of the job, how effective cooperation is between departments, and the efforts to improve the company—61% favourable.

10. *Communications.* This category reveals the attitudes you have about the freedom to express your feelings within the organization, and how much information you get about the company.—71% favourable.

11. *Security.* This measures your feeling of how fair the company is in layoffs or discharges, steadiness of the job, how well the company recognizes your length of service, etc.—57% favourable.

12. *Status and Recognition.* This measures how you feel about the value of your work, the recognition you receive through it, and how you feel about the importance of your job.—69% favourable.

13. *Identification with the Company.—*This measures the feeling of participation and belonging in the company, as well as the pride and interest you have in the company.—79% favourable.

14. *Opportunities.* This deals with your reaction on how well the company is using your abilities; whether you have an opportunity to learn new skills, and the opportunities to get ahead.—59% favourable.

15. *Reactions to the Inventory.* This last category reflects how you felt about taking this survey in the first place. It measures how you think of it as a means of communication, and what you think will be done as a result of this survey.—83% favourable. Practically everyone feels the survey was a good idea.

### **Presentation of the results of our own group**

Now before we review our own group, would anyone care to guess what our average is? Remember the company overall average was 68%—what do you think ours was? Was it higher or lower?



Rater \_\_\_\_\_ His position \_\_\_\_\_

## MANAGEMENT APPRAISAL FORM—PART I

Name \_\_\_\_\_ Date \_\_\_\_\_

Job Title \_\_\_\_\_ Department, Division, Plant or Office \_\_\_\_\_

Reports to \_\_\_\_\_ Title \_\_\_\_\_ Supervises people directly \_\_\_\_\_  
number and title

What do they do ?

No. supervised indirectly \_\_\_\_\_ Is this a line \_\_\_\_\_ or staff \_\_\_\_\_ job

Duties and nature of work \_\_\_\_\_

What is the individual's responsibility with respect to

Policy \_\_\_\_\_

Planning \_\_\_\_\_

Administration \_\_\_\_\_

Profits \_\_\_\_\_

Research and Development Techniques \_\_\_\_\_

Personnel and Labor Relations \_\_\_\_\_

Public Relations \_\_\_\_\_

What specialized knowledge is required by the job ? \_\_\_\_\_

Scope of Authority :	To Recommend	To Decide and Act
1. Make organization changes (other than hourly)	_____	_____
2. Increase or decrease the number of employees under his supervision	_____	_____
3. Make salary adjustments for :		
Plant employees	_____	_____
Office employees	_____	_____
Sales employees	_____	_____
Executive employees	_____	_____
4. Commit the company to policies and practices	_____	_____
5. Revise policies or standard practices	_____	_____
6. Deviate from policies and standard practices	_____	_____
7. Revise methods and procedures	_____	_____



What other positions were held? \_\_\_\_\_

How well is he doing the job? \_\_\_\_\_  
 How does his performance compare with last year or previous periods;

with others doing similar work?

Strong points \_\_\_\_\_  
 What is he doing unusually well?

Weak points \_\_\_\_\_  
 What are his outstanding weaknesses? (Everyone has some weakness, if this employee is to be

developed, helped to overcome his limitations, and properly placed, it is imperative that all of his  
 weaknesses, shortcomings and limitations be brought to light.)

1. Appearance and dress \_\_\_\_\_  
 Are they appropriate for the position?

2. Manner, poise and self assurance \_\_\_\_\_  
 Is he poised and at ease in all circumstances?

What evidences are there of social inadequacy and insecurity ?

3. Technical qualification \_\_\_\_\_  
 Is it excessive ? If not qualified, where is he weak?

4. Industry \_\_\_\_\_  
 Is he lazy? Does he work too hard?

5. Energy, initiative and drive \_\_\_\_\_  
 Is he a "self-starter" ? Does he find obstacles challenging?

Is he a "doer"?

6. Expense and cost consciousness \_\_\_\_\_  
 Does he watch the pennies? Enough? Too closely?

7. Ability to plan and organize \_\_\_\_\_  
 Is his work and that of his subordinates systematically laid out and organized?

Does he anticipate contingencies?

8. Creativity and imagination \_\_\_\_\_  
 What has he ever created that is genuinely unique and original?

9. Adaptability and resourcefulness \_\_\_\_\_  
 If conditions change suddenly and radically, how quickly and effectively can he adapt himself to them?

10. Accuracy \_\_\_\_\_  
 Can his reports invariably be accepted with no checking whatever?

11. Personal selling ability \_\_\_\_\_  
 Can he overcome resistance and close the hard ones?

12. Promotional ability and showmanship \_\_\_\_\_  
 What flair has he for the unusual, colorful and dramatic?
13. Ability to conduct meetings \_\_\_\_\_  
 How well organized, well presented and interesting are his meetings?
14. Willingness to support company policies and instruction with which he is not in agreement \_\_\_\_\_

Is it whole-hearted, or does he simply give them lip service?

If he gives only lip service, why? Does it show itself? Is his attitude constructive or destructive?

15. Attitudes toward superiors \_\_\_\_\_  
 Is he resentful, cooperative or obsequious? (a "bag carrier" or a "brown noser")?
16. Ability to get along with associates \_\_\_\_\_  
 How well is he liked, accepted and trusted?
17. Leadership and ability to handle men \_\_\_\_\_  
 What is his philosophy of Leadership: autocratic, participative or helpless, "laissez faire" ("Doesn't know what to do", "hand wringer" without strong leadership)?
18. How well does he delegate \_\_\_\_\_  
 Does he delegate at all? To what extent does he delegate responsibility without authority?
19. Concern with detail \_\_\_\_\_  
 To what extent does he bury himself in unimportant detail?
20. Development of subordinates \_\_\_\_\_  
 Whom, specifically, has he developed?
21. Pets and favorites \_\_\_\_\_  
 Does he prefer "yes men" as subordinates? Does he have a "kitchen cabinet"?
22. Self-reliance \_\_\_\_\_  
 Is he a "leaner?" How well does he stand on his own feet? To what extent does he habitually tell the boss what he wants to hear?
23. Willingness to accept responsibility for his and his subordinate's errors, etc. \_\_\_\_\_  
 Does he "pass the buck" and alibi?
- 
- Will he admit that he is wrong?
24. Ability to follow through \_\_\_\_\_  
 Can assignments given him be forgotten?
25. Ability to work under pressure \_\_\_\_\_  
 To what extent does it create panic or disorganization in him?  
 What is his reaction to pressure?
26. Ability to accept criticism \_\_\_\_\_  
 Is he prone to resent it or pout and sulk? What does he do afterward?
27. Ambition \_\_\_\_\_  
 Is he content to remain at his present level? What aspirations does he have? How realistic are they?
28. Willingness to accept direction \_\_\_\_\_  
 Is he a trouble-maker or is he too docile?



29. Analytical ability \_\_\_\_\_  
 Can he come up with practical and realistic solutions to problems? Are they usable?
30. Trading or negotiating skill \_\_\_\_\_  
 Is he a hard bargainer? Does he usually get his money's worth?
31. Skill in handling customer (or outside contacts) relationships \_\_\_\_\_  
 How well is he respected, liked and accepted?  
 \_\_\_\_\_  
 How influential is he with them? Can he keep them in line?
32. Ability to present and sell ideas to superiors \_\_\_\_\_  
 How many and what kinds of ideas has he presented and sold?
33. Ability to handle discipline \_\_\_\_\_  
 How taut a ship does he run? Does he fear to lose the support of his subordinates by "cracking down" on them?
34. Ability to handle labor relations \_\_\_\_\_  
 Is he an appeaser, a compromiser, a hard and clean bargainer, or a reactionary?  
 \_\_\_\_\_  
 Does he know a "good deal" when he sees it?
35. How "people minded" rather than "work centered" is he? \_\_\_\_\_  
 How sensitive is he to the needs and feelings of others?  
 \_\_\_\_\_  
 Does he think of people in the same terms he does of machines?
36. Capacity to stand up against superiors \_\_\_\_\_  
 To what extent does he fight for his convictions? Is he prone to "second guess" his boss?
37. Ability to face issues squarely \_\_\_\_\_  
 Is he prone to avoid coming to grips with unpleasant issue? Does he procrastinate?  
 \_\_\_\_\_  
 Does he indulge in wishful thinking?
38. Tendency to act on short vs. long range basis \_\_\_\_\_  
 How impulsive is he? Is he prone to jump at conclusions?  
 \_\_\_\_\_  
 To act in terms of momentary expediency? To make snap judgments?
39. How much basic integrity does he have? \_\_\_\_\_  
 Will he fight for what he things is right even though no one agrees with or supports him?  
 \_\_\_\_\_  
 Can his statements be accepted without checking?
- Off-the-job factors \_\_\_\_\_
- Health \_\_\_\_\_  
 What conditions are affecting his work or threaten to?
- Home \_\_\_\_\_  
 What conditions are affecting his work or threaten to?
- Finances \_\_\_\_\_  
 What conditions are affecting his work or threaten to?
- Habits \_\_\_\_\_  
 What about drinking? Gambling (including the horses)? Women?

What has been done to help him? \_\_\_\_\_

What specific weaknesses and limitations have been recognised?

What steps have been taken to help the individual to overcome them?

What do you plan to do? \_\_\_\_\_

What further steps are contemplated to help the individual to overcome his weaknesses and limitations and build himself for higher level responsibilities?

Over-all Rating : \_\_\_\_\_ Surpassing Expectations (1) \_\_\_\_\_ Meeting expectations (2)

\_\_\_\_\_ Not meeting expectations (3) \_\_\_\_\_ Unsatisfactory (4)

Is he best fitted for line \_\_\_\_\_ or staff \_\_\_\_\_ responsibility?

Why? \_\_\_\_\_

Is he promotable? \_\_\_\_\_ Yes \_\_\_\_\_ No.

To What? \_\_\_\_\_

It must be remembered that a mistake in making a promotion is costly not only to the employer; it is even more costly to the employee.

When? \_\_\_\_\_

Before any promotion is made, it is imperative that the demands of the higher level

Why or Why Not? \_\_\_\_\_

position are studied in detail and fairly definite specifications established. These must include standards not only for skills and experience, but also for intelligence, ability to initiate, to make decisions, to administer discipline, to plan and organize, to exercise leadership, and to show self-reliance and administrative ability. Unless the candidate meets the requirements in all these respects, he will probably be over his head in the position to which he has been promoted.

Rater

Interviewer



# Exit Interview

JA PANAKAL\*

The rapid economic development of the country, under the successive five-year plans, has created an unprecedented demand for technical and managerial personnel. This has led to competitive bidding for really efficient men in business and industry and, has greatly added to the problem of retaining trained and experienced personnel on their present jobs. In this context, voluntary separation of trained and experienced personnel assumes special significance especially in industry. Such separations, apart from adversely affecting the normal operating efficiency, put great strain—organisational and financial—before a substitute is placed on the job, after proper selection and training. It is, therefore, quite natural that all concerned should be anxious to reduce this wasteful turnover. Any programme intended to control this wastage, should necessarily involve an attempt to ascertain the actual reasons for separation. It is here that exit interview comes in.

**EXIT INTERVIEW** IS AN attempt to find out the reasons for an employee leaving his present organisation with a view to retaining him, if possible. In the case of superannuation, it is intended to finding his reactions to various facets of his work life.

‘What is the matter Ram? Why do you want to leave this job?’ Years ago, these queries from the supervisor served the purpose of an exit interview, in a limited sense. Today such an interview is recognised as an important tool of management. It has a three-fold purpose, namely, to ascertain from the employee the actual reasons for his leaving the present job; to give him an indication of his future career in the organisation, with a view to dissuading him from quitting; and, to create goodwill towards the company. In the case of an employee who is about to retire,

exit interview helps management to know his considered views on the problems and weaknesses of the organisation and, where possible, take appropriate action to prevent voluntary separation of employees in future.

Normally, an employee is hesitant to express his true feelings towards the company, while in service, to a company executive. Exit interview is, therefore, held just before the resignation of an employee is accepted or about the time an employee is to retire.

An employee, who resigns, after securing employment elsewhere, would naturally feel free to say what he likes, and he often does it. By contrast, in the case of a retired employee, the interview usually does not help to elicit the desired information. For instance, an employee might have applied for some concession from management in the form of special gratuity, or the employment of one of his relations. In

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such a situation, it is too much to expect an employee to be frank and objective at the exit interview. But, a careful analysis of the replies given at these interviews will provide sufficient information on the basis of which management can take remedial measures.

Employees voluntarily quit an organisation for a number of reasons, such as, better employment opportunities elsewhere or, dissatisfaction with any aspect of the job or conditions of service. But in many cases, the excuses that they actually profess are not the real reasons. For example, even today, many resignations take place in an organisation on the alleged ground of 'personal reasons' or 'ill-health.' The success of the exit interview mainly depends upon the ability of the interviewer to ferret out the real causes.

Almost everyone is agreed in principle that the immediate supervisor or the boss should not take the interview. Some recommend that a representative of the personnel department should take the interview. Another opinion is that a senior officer, who assists or advises management in the formulation of policies, should take charge of this work. In spite of these differences as to who should take the interview, no two opinions have been expressed on the necessity of selecting a senior executive, who is trained and experienced in the art of interviewing. In addition, he should be one who is respected for his objectivity and frankness, and is also able to establish quick rapport with employees.

There is *nothing sacrosanct* about the procedure to be followed while taking the interview. As the interview is normally fixed in advance, the interviewer should obtain and study, in detail, the service record of the employee. When the employee appears for the interview, there should be a general discussion on company activities with some reference to the outstanding

work performed by, or special assignment entrusted to the employee. This should be followed by the subject of separation, allowing the employee to tell his own story. While checking facts or ascertaining his views on matters of interest, care should be taken to see that the questions do not, in any way, affect the goodwill towards the company or lead to an argument. The interview should end with a favourable comment like offering him best wishes in his new job or, for a happy retired life. A retired employee after an exit interview remarked to his friend, '*this is the first time a senior executive of the company ever cared to spend time to enquire about my views and attitude* on a variety of company policies and programmes. This is something which I should be proud of.' Probably this may indicate the reaction of an average worker after a successful interview.

Exit interview will be a waste of time and energy unless management is prepared to take appropriate action on the basis of the information collected at these interviews. The usefulness of the exit interview has been questioned in some quarters, even though it has never claimed itself to be a magic potion. As the findings normally give only a broad trend, they should be interpreted only with caution, before appropriate decisions are taken.

Realising the importance of such an interview, Tata Steel introduced a programme of exit interview in 1957. According to this programme, supervisors resigning or retiring from service of the Company are being interviewed by a senior executive of the Company. These interviews have helped the executives concerned to locate the sore spots and take appropriate action, wherever possible. In some cases, such information has served as useful background material while formulating new policies or amending existing ones.

# How to Pick a Personnel Man

JAMES I. PATIN\*

The man with a mission ranks easily first among the undesirables who, the author suggests, would be better employed elsewhere than in the personnel department.

**T**HE VERY NATURE OF personnel work tends to entice its practitioners into a sense of mission, almost of dedication. We read the books, we go to school, we throng to conferences and seminars. Gradually, we come to believe that *we know what is good for other people*—and forthwith proceed to speak with the voice of prophets and sages. We personnel people may even become so *unselfish that we don't have time to improve ourselves*.

In selecting our personnel people, therefore, we at the Pennsylvania Railroad try first to screen out the lad who comes out of the classroom with too strong a sense of mission, too deep a conviction that he can straighten everyone out by applying textbook formulae. Of course, this doesn't mean that our selection processes are infallible. Some time ago, for example, we looked over a college lad with a distinguished academic record and a master's degree in business administration. We let him run the gauntlet of interviews with seven wise men, gave him the latest tests, and had him compose an article on a selected subject. Having appraised him as a candidate without blemish, we started him on our personnel apprentice course.

Within a few months, not only was he manifesting resentment because the people who were showing him how the railroad operates weren't paying him due respect as their *rescuer from benighted thinking*. He was also butting into labour negotiations with "text-book" comments that prejudiced management's position, when he should merely have been listening. And he refused to mix with the other boys in the office, apparently on the grounds that this was unbecoming to a future top officer of the company. So we are well aware that with all this tapping and weighing of the melon you still can't be sure you've picked a good one until you've tasted a slice.

Of course, in selection, everyone looks for a personable, articulate, imaginative, resourceful, dynamic young man of strong character. But instead of dwelling on these somewhat obvious desiderata, I'd like to turn the coin and suggest a few hiring *don'ts* for the personnel staff.

1. *Don't hire a man because he likes people.* You're not hiring a recreation director. Actually, a *personnel man doesn't work with many people. His is a staff job. It's up to him to train the people who do work with people so they can do it more effectively. For that matter, the opportunity to work with people exists in every job, except*

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perhaps that of the practising hermit. *The quality of liking people has no particular meaning in itself.*

2. *Don't hire a man with a mission.* Industrial relations is the art of the possible. Its practitioners must be objective and realistic. They are the middlemen between labour and management. In his eagerness to carry out his theories, your crusader is all too apt to forget why the company is in business; *with him, the theories come first.* In any case, a crusader is usually a single-track bore.

3. *Don't hire the personality boy.* Personality backed by hard intelligence and analytical ability is undeniably a tremendous asset. But personality alone is not enough in a field that is becoming increasingly complex and technical.

4. *Don't hire the president's wife's cousin's nephew.* You know the type. Somebody has to find a spot somewhere for poor Johnny, so what about personnel? True, Johnny didn't do too well in college and isn't especially interested in anything, but still he's got to work. What harm can he do in the personnel department? May be he won't do any harm, but he won't do any good either.

5. *Don't hire the ex-union man.* If you can't lick them, should you pay them to join you? This is a notion that generally doesn't work. When the union officer enters personnel management he checks his influence with labour at the door and is likely to be resented into the bargain. And why not? In the union's eyes he's at best an opportunist, at worst a traitor. If you decide to hire a talented union man for your personnel department, make sure you are hiring him for his ability and not for his influence. Then put him where he isn't asked to deal with his former associates.

So much for the kind of people to

hire (or not to hire). Having got your man on the payroll, how do you go about training him? How vital these training activities are may be gauged from the fact that our investment in each employee runs around 30,000 dollars. Our wage cost (including payroll taxes) takes about 56 cents of each revenue dollar and our identifiable cost of hiring and training the average trainman is at least 200 dollars. Since, during the next ten years, we expect to have to take on close to 100,000 new people, our out-of-pocket costs for hiring and training alone will amount to some 20 million dollars.

In addition, of course, we are vulnerable to *large hidden costs* in train accidents, discipline, personal injuries, loss and damage, theft and absenteeism, all of *which are linked with poor hiring and training procedures.*

### **The PRR's Personnel Training Programme**

In general, our philosophy is that experience, responsibility on the job and *the influence of a good boss* are the most important factors in a man's development. The prime purpose of training is to open a man's mind to new things, to enable him to attack and solve problems and encourage him to develop himself.

But, as we all know, what a man does for himself is far more important than anything his company can offer him in the way of orientation, training, appraisal, and courses at schools. When all is said and done, management can make no greater contribution to individual growth than the inculcation, by sheer force of example, of the disciplines that a man must impose upon himself once he has decided on his goals and is willing to pay the price for their achievement in self-denial and hard work.



# The Care and Feeding of The Grapevine

JULIET M. HALFORD\*

What workers talk about among themselves may be none of the boss's business. But it is very much his business whether "the word" is good or bad. "Say! Have you heard?" True or false, it's all grist to the gossip mill, that seemingly built-in fixture of every office and plant. All other, more formal systems of communication occasionally break down; but the grapevine, it seems, can always be depended upon to operate speedily, efficiently—and without any particular regard for truth or consequences. What's more, it is often said, there's nothing much you can do about it. You can't stop people from talking. "If there is one thing all of us have learned from our experience and research," declares Professor Keith Davis of Indiana University, "it is that homicide is not a solution to the grapevine. It cannot be abolished, rubbed out, hidden under a basket, chopped down, tied up. If we suppress it in one place, it pops up in another. If we cut one of its sources, it merely moves to another—much the way we change from channel to channel on a television set. In a sense, the grapevine is man's birthright, because whenever men congregate in groups of two or more the grapevine is sure to develop. It may involve smoke signals, jungle tom-toms, taps on the prison wall, ordinary conversation, or some other method—but it will always be there."

**T**HAT PEOPLE WILL TALK, we know. The question is, what do they say? Is the grapevine—as many managements believe—no more than a peddler of gossip, scandal, rumours and half-truths? There is another school of thought which maintains that it has legitimate function in the over-all communication process on the job. Its adherents say that *a certain amount of informal shop talk and "off the cuff" exchange is not only inevitable, it's healthy*—a sign that employees have a more than routine interest in their jobs, the people they work with, the company they work for. Moreover, they point out, the grapevine is both fast and far-reaching. It's ac-

cessible. Why can't it be made to work for management instead of against it?

There is something to be said on both sides. That the grapevine can be invidious—a betrayer of company secrets, a poisoner of reputations, a wrecker of morale—hardly need be argued; there is ample evidences to prove it. Yet not all companies are bothered by their grapevines to the same extent. Some even go so far as to look upon them as a useful supplement to their formal channels of communication. Whether, in fact, you think of the grapevine as good or bad seems to depend pretty much on the kind of grapevine you happen to have. This may be a matter of luck, but the evidence is beginning to mount that

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there is nothing so fortuitous about it after all. We do not know completely as yet how the grapevine functions; but what we do know points to the practical conclusion that a company—or even a department within a company—*usually gets the kind of grapevine it deserves.*

To begin with, how much do we know about the way the grapevine operates—how the word is actually passed along? Does A tell B, and B tell C, and C tell D, and so on down the line? Or does A circulate at random, buttonholing anybody who seems interested in listening? In an attempt to answer this type of question, Dr. Davis made a careful study of “informal” communication patterns in a leather-goods factory. Virtually the only kind of chain that existed there, he found, was what is known as “the cluster”: One person told, say, three others; two of these merely received the information, the third passed it on to two more people, one of whom told somebody else, and so on. In other words, most people appear to be merely passive recipients of news, while a few make it their business to spread it around. Say, for example, a dozen or so clerks in an office know on Monday that Mabel got married secretly last Saturday. By Tuesday morning the word was probably spread to all 55 people in the department—interestingly enough, however, by only five or six of the clerks.

In suggesting that the grapevine is kept going by what communication experts call *liaison individuals*, this research substantiates what many of us have seen from our own observation: that some people in a work group are far more “gossip prone” than others; similarly, certain people in a work group seem to exert considerable influence over the opinions of others and are particularly active in transmitting “unofficial” information or in stimulating conjecture about it.

Where the problem of the liaison in-

dividual (who is primarily concerned with gossip) exists to a pronounced degree, it can readily be recognized and can often be solved simply through disciplinary action. It is a matter, in other words, of dealing, in one way or another, with a problem employee. In the case of the *opinion moulder*, the situation is somewhat more complex but has greater possibilities for being turned to good account. For liaison individuals who fall into this group are not necessarily antipathetic to management or to their fellow workers. And it should be borne in mind that those who do have a favourable attitude toward the company can be helpful in *interpreting ideas through the grapevine in terms that make more sense to the workers.* We do know that these people are “job-centered”—that is, they are intensely interested in anything that may possibly affect their jobs or those of the people they work with; and they are quite vocal about it. Often they are the informal leaders of the groups and have a reputation for being *in the know* about what is going on and what it may possibly mean. Obviously, it is important for the manager to make certain that such informal leaders are kept straight on the facts. This does not mean that he should discriminate against the others and take special pains to inform these leaders in advance or to give them more information. It simply means that he should be aware that liaison individuals can influence the opinions of others for better or worse; that he should know who they are, and make sure, insofar as possible, that they have the right facts and attitudes.

The fundamental question is not, however, who is on the grapevine or how it moves. If one accepts the idea that the grapevine exists in most work groups—that the pattern may change as people come and go, are moved or transferred, but that *the grapevine it-*

self is *virtually indestructible*—then the larger question is: what actually is being transmitted and why?

The grapevine doesn't buzz with stories that everyone knows to be patently false. If a rumour is going the rounds, it's something a fair number of people find both interesting and credible. Whether, in reality, it is true, half true, or completely untrue is irrelevant. The problem is, rather, why do people believe it? Why are they impelled to pass it on?

Psychologists who have studied rumour patterns say that they usually conform to a basic formula: rumour travels only when the story has importance for both the speaker and the hearer, and the true facts about it are shrouded in some kind of ambiguity. When news about matters that affect people's lives is not clearly reported, or reaches them in conflicting versions, or is withheld altogether, some plausible explanation for this unintelligible situation has to be found. If people are anxious about the outcome, they will accept the version that serves to confirm their fears. If they are hoping for better things, they will snatch at anything that colours the world in a rosier hue. If they are resentful, they will be all the more receptive to ideas that "fix the blame" on a person or group whom they dislike.

In other words, rumour fulfills a double psychological purpose: On the one hand, it caters to our need to make sense of the world around us—to know how things stand; and, on the other, it provides an outlet for our underlying emotional tensions. Any human situation can spark a rumour, but fear, hope, and hostility often supply the principal motive power for passing it on. By and large, all rumours—other than those arising from mere curiosity—fall into one or another of these three categories.

Further, the psychologists point out, once the central theme of a rumour has

been accepted, there is a tendency to distort subsequent news or events in order to make them consistent with the central theme. The farther the message spreads, the more likely it is to become garbled and twisted in the process. Thus it can happen that what starts out as idle speculation in the tool room may wind up wreaking general havoc in the organization; and, if the effects are not always as far-reaching as this, they can be serious and damaging enough. Rumours based on groundless fears ("They won't need any clerical help when they get the new computer") can cause employees to start looking around for other jobs. Rumours based on wishful thinking ("Have you heard? The Christmas bonus is going to be bigger this year") can cause morale to plummet when they turn out to be totally unfounded. Rumours based on prejudice and hate ("You know why he had to quit his last job?") can undermine authority and ruin reputations.

Hope, we are told, springs eternal in the human breast; so, to a greater or lesser degree, do hostility and fear. For this simple reason there seems to be little prospect that rumour: mongering can ever be entirely rooted out. Nevertheless, if the rumour formula is true, it follows that many rumours would never have started if the full facts had been known in the first place. Supply the facts, and you remove the element of ambiguity without which rumour cannot exist. Incidentally, in supplying the facts after a rumour is under way, Keith Davis says that it is best to "give the facts directly, without first mentioning the rumour, because research suggests that when a rumour is repeated at this time, it is remembered just as well as the refutation."

Inevitably, if people are ordered to do something whose purpose is not at all clear, their immediate reaction is "Why?" Further, if they weren't told,

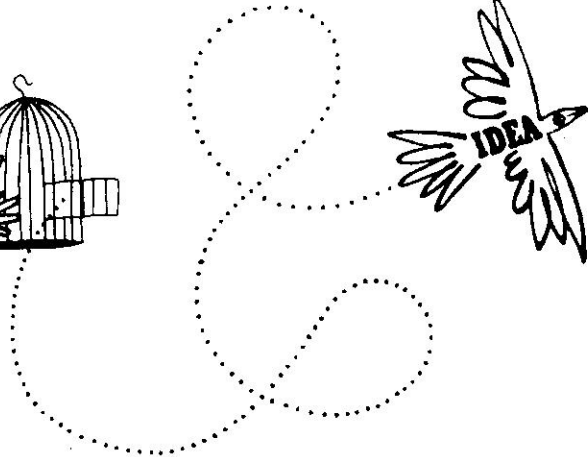
they conclude that somebody must have thought it better for them not to know. That's when the grapevine starts getting busy. Most rumours that fly in the face of fact can be traced to a breakdown in communications between management and employees. Not everybody is able to figure out the annual report. Not all employees understand everything in the employee handbook. They expect you to be able to put them straight on general company policies and practices. It is you to whom they turn for the answers to such everyday questions as what the chances are of a raise, how changes in methods or machinery are likely to affect them, or whether they will be considered for the next vacancy up the line. If the answers are not forthcoming, the grapevine is only too happy to oblige.

Moreover, though you can't always prevent a fire from breaking out, you don't have to stand idly by until it burns down the plant. Listen to what your employees have to say; try to find out what is really on their minds. After all, says Neil McElroy, president of Procter & Gamble, "an employee doesn't have a sounding board of his own, like

a magazine or a public-address system or a bulletin board which permits him to tell you what he thinks about or how he is reacting to what you are telling him. When you talk to him face to face—establish an everyday personnel relationship that, after a time, he expects, understands, and likes—then he will feel free to let you know how you're getting your ideas over to him."

### Is "the word" good or bad?

In the larger context of over-all company operations, one manager's ill-considered remark may seem a somewhat trivial affair; yet it is upon such comparative trifles that the intangible thing called "confidence" primarily rests. *It is not every day that you are called upon to break the big news, or to clear up serious misunderstandings. But every day, in a dozen different, indefinable ways, what you say—or fail to say—shapes and colours your employees' opinions of you and of the company as a whole. Every day, your words and actions determine what they talk about among themselves. Is "the word" good or bad? In the final analysis, the answer is up to you.*



## Institutes of Personnel Management

From Mary Sur, Institute of Personnel Management, Calcutta.

About Institutes of Personnel Management in India, there are only two now, my own (it was largely due to my efforts that it came into being), namely the Indian Institute of Personnel Management (IIPM) with its headquarters in Calcutta, and the National Institute of Labour Management with its headquarters in Bombay with its main strength in the textile industry there. Actually for some years off and on there has been talk of merger between the two bodies, but these things are always difficult, especially when their headquarters are in the East and West and not in Delhi. However this year we got as far as holding a joint conference most successfully in Calcutta, so that is a good augury for cooperation in future between the two bodies, even if actual merger does not come off. . . . Abroad, in UK you have the Institute of Personnel Management, and our IIPM's aims were modelled on the British Institute. In USA there is no single body like this, but various local bodies are all federated through the American Management Association. . . . Australia has one or two local associations of personnel officers. The West Indies were trying to start up an association two years ago based on Trinidad. The Americans publish a number of journals locally, but the well-known national periodical is "Personnel" published by AMA. The British Institute publishes its own Journal; and the Australian Government Labour Department publishes a periodical on personnel management. Otherwise the IIPM's Journal "Industrial Relations" is the only regular Journal I know. NILM publish something from time to time. . . . I forgot to mention that Pakistan also has its own institution—the Pakistan Institute of Personnel Administration, which was sponsored by Government whereas the Indian IPM is a voluntary body. The other Indian body is also voluntary. I find that S. Africa also has an Institute of Personnel Management and Australia has fairly recently set up a federating body, Institute of Personnel Management (Australia) with State Branches. . . .

From N Ranganathaswamy, Atmanivasa, Bangalore.

Your Journal intrinsically is useful to industrialists, engineers, workers and others. The venture to publish the Journal in Hindi and Tamil is most commendable and is quite in conformity with the principles propounded by many leaders. Such publications are read by workers who are not able to understand and assimilate the various productivity techniques described or discussed in Journals published in English. . . . However I feel greater service is done to the nation if the Council publishes Journal in other regional languages as well. If any difficulty is encountered with in this regard then State Productivity Councils can be in a position to surmount it. . . . Hope this will receive the consideration it merits.

(Certainly but the information is not correct.—Editor.)

From PK Joseph, Burmah Shell, Ernakulam.

I am a subscriber to the publication "Productivity". I think that the Magazine brings out quite a lot of interesting articles, which it is inspiring to read. I think that the usefulness of the Magazine can be enhanced by starting some subsidiary features as well in addition to expounding Productivity principles. I suggest that one of these sections may be entitled "Why don't they?" or some suitable caption. In these, readers' experiences of unproductive situations or crying needs of improvements met with in everyday life of the country in Government or other levels may be published. The airing of views through this forum will be the means of pointing attention to unproductive workings or to situations which should be improved.

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"Actually he was a devout sort of lad. He gave it all up later and went into Human Relations or something."

# Trenartha Tin Plate Works

JOHN GALSWORTHY

John Galsworthy, the famous writer, wrote a drama in three acts: *The Strife*, which paints conditions of industrial struggle in what he called the Trenartha Tin Plate Works. John Anthony is the Chairman and the Directors are (his son) Edgar Anthony, Frederic H. Wilder, William Scantlebury and Oliver Wanklin. Henry Tench is the Secretary of the Board and Francis Underwood, the Manager of the Company. Simon Harness is a trade union official and David Roberts the leader of the workmen's committee invited to speak to the directors in London. The following extracts from a meeting of the Board before which Roberts has been summoned to speak, are significant in the sense that they point very markedly to the dire need of a Personnel Manager, who could have taken the brunt off the Directors' shoulders and organized a harmonious working of the concern which but for its bad personal relations was highly productive in the context of the prevailing market conditions. These extracts also broadly indicate what the functions of the personnel manager ought to be in the changed industrial environment of modern times.

Wilder (in an injured voice)...the men. H'm'. men. H'm'.

Scantlebury. Poor devils!

Edgar (holding out his paper) There's great distress amongst them, according to the *Trenartha News*.

Wilder. Oh, that rag! Give it to Wanklin. Suit his Radical views. They call us monsters, I suppose. The editor of that rubbish ought to be shot.

Edgar. (reading) "If the Board of worthy gentlemen who control the Trenartha Tin Plate Works from their armchairs in London, would condescend to come and see for themselves the conditions prevailing amongst their workpeople during this strike.....".

Wilder. Well, I hope we're going to settle this business in time for me to catch the 6.30. I've got to take my wife to Spain tomorrow (Chattily)...this infernal three-cornered duel: the union, the men and ourselves.

Wanklin. We needn't consider the Union.

Wilder. It's my experience that you've always got to consider the union, confound them!

Wilder. Just our luck, the men finding a fanatical firebrand like Roberts for leader.

Wilder. (breaking in fussily) It's a regular mess. I don't like the position we're in; I don't like it: I've said so for a long time (looking at Wanklin). When Wanklin and I came down here before Christmas it looked as if the men must collapse. You thought so too, Underwood...Well, they haven't! Here we are, going from bad to worse—losing our customers—shares going down!

Anthony. No surrender!

Wilder. Who wants to surrender? (Anthony looks at him). I—I want to act reasonably. When the men sent Roberts up to the Board in December—then was the time. We ought to have humoured him; instead of that, the Chairman (Dropping his eyes before Anthony's)—er—we snapped his head off. We could have got them in then by a little tact.

Anthony. No compromise!

Wilder. There we are! This strike's been going on now since October, and as far as I can see it may last another six months. Pretty mess we shall be in by then. The only comfort is, the men'll be in a worse!



Edgar. (rather ashamedly) *I think we ought to consider the men.*

Scantlebury. (With a sigh) *We mustn't think of our private feelings, young man. That will never do.*

Edgar (ironically) *I'm not thinking of our feelings. I'm thinking of the men's.*

Wilder. *As to that—we're men of business.*

Wanklin. *That is the little trouble.*

Wanklin (with an ironical smile) *I'm afraid we mustn't base our policy on luxuries like sentiment.*

Anthony. *Give way to the men once and there'll be no end to it.*

Wanklin (suavely) *Seriously, Chairman, are you going to let the ship sink under you, for the sake of—a principle?*

Anthony. *I've always fought them; I've never been beaten yet.*

Edgar. *I don't see how we can get over it that to go on like this means starvation to the men's wives and families.*

Wanklin. *I'm afraid again that sounds a little sentimental.*

Wilder. *Nobody's more sorry for the men than I am, but if they (lashing himself) choose to be such a pig-headed lot, it's nothing to do with us; we've quite enough on our hands to think of ourselves and the shareholders.*

Edgar (irritably). *It won't kill the shareholders to miss a dividend or two: I don't see that that's reason enough for knuckling under.*

Wilder. *H'm'. Shouldn't be a bit surprised if that brute Roberts hadn't got us down here with the very same idea. I hate a man with a grievance.*

Edgar. (resentfully) *We didn't pay him enough for his discovery. I always said that at the time.*

Wilder. *We paid him five hundred and a bonus of two hundred three years later. If that's not enough! What does he want for goodness sake?*

Tench (complainingly) *Company made a*

*hundred thousand out of his brains, and paid him seven hundred—that's the way he goes on, sir.*

Wilder. *The man's a rank agitator! Look here, I hate the unions.*

Harness. *I'm quite frank with you. We were forced to withhold our support from your men because some of their demands are in excess of current rates. I expect to make them withdraw those demands today: if they do, take it straight from me, gentlemen, we shall back them again at once. Now, I want to see something fixed up before I go back tonight. Can't we have done with this old-fashioned tug-of-war business? What good's it doing you? Why don't you recognize once for all that these people are men like yourselves, and want what's good for them just as you want what's good for you—(Bitterly).*

Harness. (ironically) *Is that your opinion too, sir—and yours—and yours? (The Directors do not answer). Well, all I can say is: It's a kind of high and mighty aristocratic tone I thought we'd grown out of—seems I was mistaken.*

Wilder. *Come, Harness, you're a clever man, you don't believe all the socialistic claptrap that's talked nowadays. There's no real difference between their interests and ours.*

Harness. *There's just one very simple little question I'd like to put to you. Will you pay your men one penny more than they force you to pay them?*

Wanklin (chiming in) *I humbly thought that not to pay more than was necessary was the A B C of commerce.*

Harness (with irony) *Yes, that seems to be the A B C of commerce, sir; and the A B C of commerce is between your interests and the men's.*

Harness... *Why should they be humble? Barring the accident of money, aren't they as good men as you?*

Anthony. *Cant!*

Harness. *Well, I've been five years in America. It colours a man's notions.*

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#### *Reports in the Press*

- I Foundries in Sweden, USA and Japan.
- II Stores & Inventory Control in USA, Japan and West Germany.

\* \* \*

### Acknowledgements

Editor would like to record his gratefulness to Mr Ellis O. Keller upon whose forthcoming publication *Manual of Management* (to be shortly published by NPC) the editor has drawn rather freely. Mr Keller's article on *Philosophy of Management*, as also the Delhi School of Economics case studies, have been taken from Mr Keller's *Manual*, referred to. We are grateful to the Delhi School of Economics for the use of the material. (ii) Thanks are also due to Mary Sur of the Indian Institute of Personnel Management, whose advice the editor sought throughout the processing of this special issue of the Journal. (iii) The debt to the American Management Association and its many staff members and contributors, whose articles enrich this issue, has already been acknowledged in the Editor's Notes. (iv) The Journal of the Society of Personnel Administration has been drawn upon for an excellent article on the Soviet Pattern of Personnel Administration. (v) Some of the cartoons appearing in this Journal have been taken from the United States International Cooperation Administration's little pamphlet on *Communication and Change*.

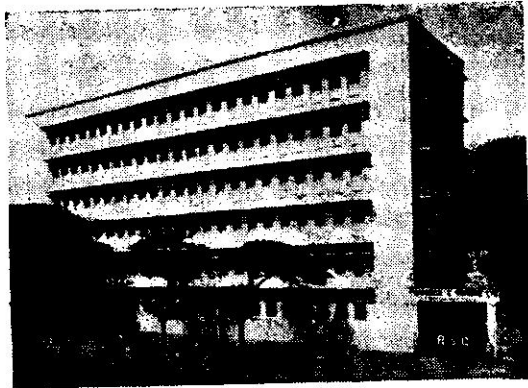
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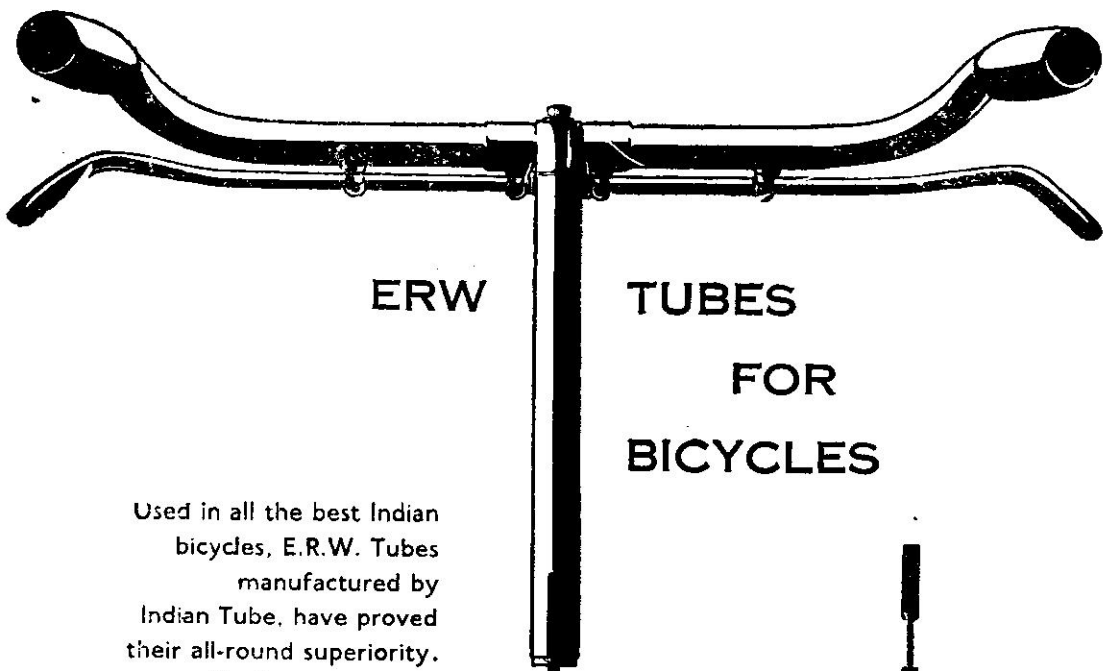
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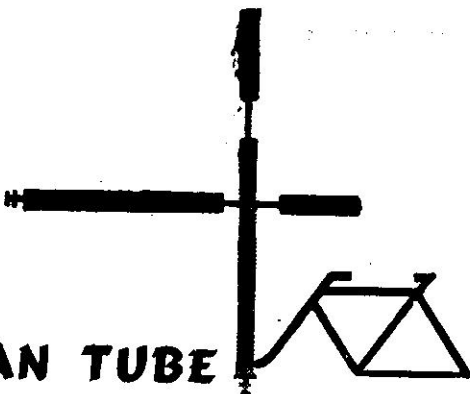
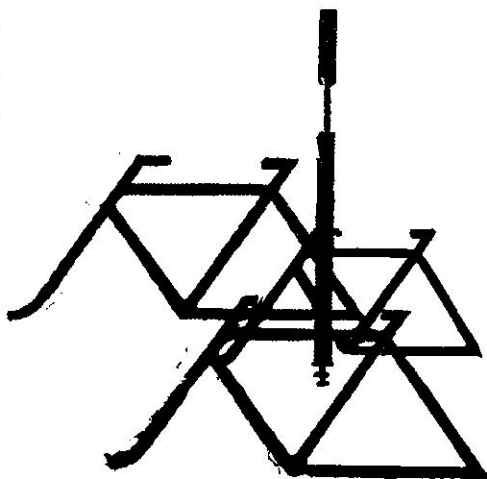


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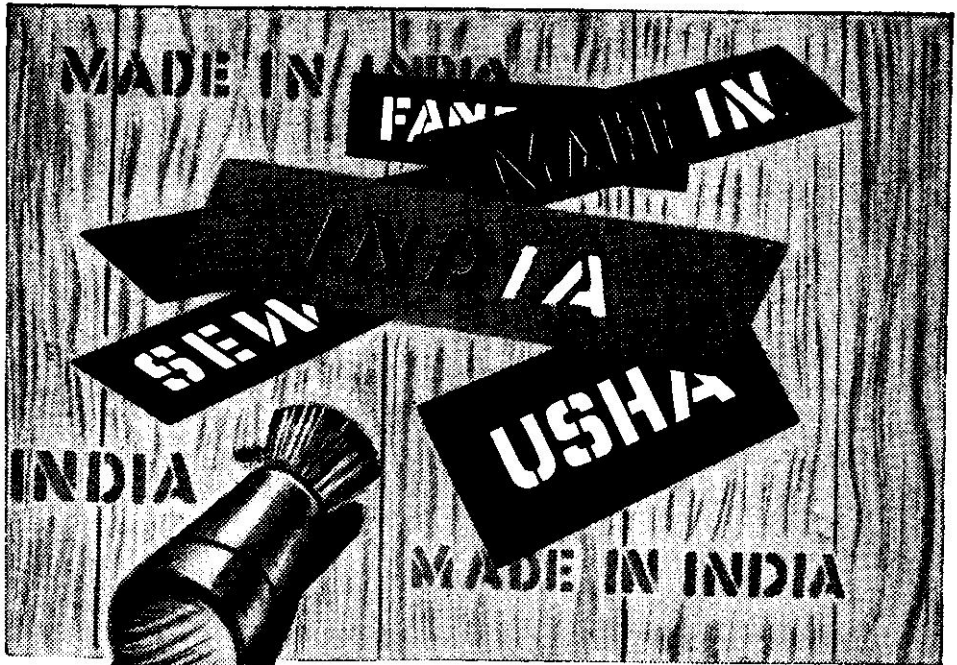


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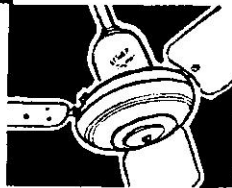
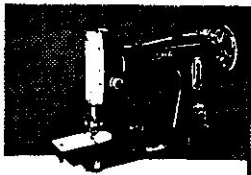
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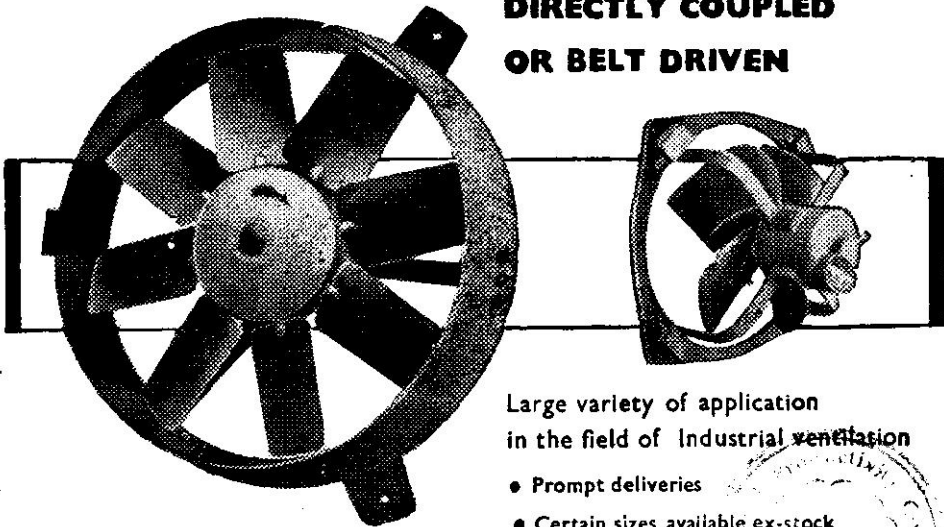
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