

# Hawthorne and the Western Electric Company

ELTON MAYO

I shall make no attempt to describe at length that which has been already and fully described. The interested public is well acquainted with *Management and the Worker*, the official account of the whole range of experiments, by my colleagues F. J. Roethlisberger of Harvard University and William J. Dickson of the Western Electric Company. The same public has not yet discovered *The Industrial Worker*,<sup>1</sup> by another colleague, T. North Whitehead. This is unfortunate, for the beginning of an answer to many problems significant for administration in the next decade is recorded in its pages. I refer to the problems involved in the making and adaptive re-making of working teams, the importance of which for collaboration in postwar years is still too little realized. Assuming that readers who wish to do so can consult these books, I have confined my remarks here to some comments upon the general development of the series of experiments.

A highly competent group of Western Electric engineers refused to accept defeat when experiments to demonstrate the effect of illumination on work seemed to lead nowhere. The conditions of scientific experiment had apparently been fulfilled—experimental room, control room; changes introduced one at a time; all other conditions held steady. And the results were perplexing: Roethlisberger gives two instances—lighting improved in the experimental room, production went up; but it rose also in the control room. The opposite of this: lighting diminished from 10 to 3 foot-candles in the experimental room and production again went up; simultaneously in the control room, with illumination constant, production also rose.<sup>2</sup> Many other experiments, and all inconclusive; yet it had

seemed so easy to determine the effect of illumination on work.

In matters of mechanics or chemistry the modern engineer knows how to set about the improvement of process or the redress of error. But the determination of optimum working conditions for the human being is left largely to dogma and tradition, guess, or quasi-philosophical argument. In modern large-scale industry the three persistent problems of management are:

1. The application of science and technical skill to some material good or product.
2. The systematic ordering of operations.
3. The organization of teamwork—that is, of sustained cooperation.

The last must take account of the need for continual reorganization of teamwork as operating conditions are changed in an *adaptive* society.

The first of these holds enormous prestige and interest and is the subject of continuous experiment. The second is well developed in practice. The third, by comparison with the other two, is almost wholly neglected. Yet it remains true that if these three are out of balance, the organization as a whole will not be successful. The first two operate to make an industry *effective*, in Chester Barnard's phrase,<sup>3</sup> the third, to make it *efficient*. For the larger and more complex the institution, the more dependent is it upon the wholehearted cooperation of every member of the group.

This was not altogether the attitude of Mr. G. A. Penneck and his colleagues when they set up the experimental "test room." But the illumination fiasco had made them alert to the need that very careful records should be kept of everything that happened in the room in addition to the obvious engineering

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included not only records of industrial and engineering changes but also records of physiological or medical changes, and, in a sense, of social and anthropological. This last took the form of a "log" that gave as full an account as possible of the actual events of every day, a record that proved most useful to Whitehead when he was remeasuring the recording tapes and recalculating the changes in productive output. He was able to relate eccentricities of the output curve to the actual situation at a given time—that is to say, to the events of a specific day or week.

## First Phase—The Test Room

The facts are by now well known. Briefly restated, the test room began its inquiry by, first, attempting to secure the active collaboration of the workers. This took some time but was gradually successful, especially after the retirement of the original first and second workers and after the new worker at the second bench had assumed informal leadership of the group. From this point on, the evidence presented by Whitehead or Roethlisberger and Dickson seems to show that the individual workers became a team, wholeheartedly committed to the project. Second, the conditions of work were changed one at a time: rest periods of different numbers and length, shorter working day, shorter working week, food with soup or coffee in the morning break. And the results seemed satisfactory: slowly at first, but later with increasing certainty, the output record (used as an index of well-being) mounted. Simultaneously the workers claimed that they felt less fatigued, felt that they were not making any special effort. Whether these claims were accurate or no, they at least indicated increased contentment with the general situation in the test room by comparison with the department outside. At every point in the program, the workers had been consulted with respect to proposed changes; they had arrived at the point of free expression of ideas and feelings to management. And it had been arranged thus that the twelfth experimental change should be a return to the original

conditions of work—no rest periods, no mid-morning lunch, no shortened day or week. It had also been arranged that, after 12 weeks of this, the group should return to the conditions of Period 7, a 15-minute midmorning break with lunch and a 10-minute midafternoon rest. The story is now well known: in Period 12 the daily and weekly output rose to a point higher than at any other time (the hourly rate adjusted itself downward by a small fraction), and in the whole 12 weeks "there was no downward trend." In the following period, the return to the conditions of work as in the seventh experimental change, the output curve soared to even greater heights: this thirteenth period lasted for 31 weeks.

These periods, 12 and 13, made it evident that increments of production could not be related point for point to the experimental changes introduced. Some major change was taking place that was chiefly responsible for the index of improved conditions—the steadily increasing output. Period 12—but for minor qualifications, such as "personal time out"—ignored the nominal return to original conditions of work and the output curve continued its upward passage. Put in other words, there was no actual return to original conditions. This served to bring another fact to the attention of the observers. Periods 7, 10, and 13 had nominally the same working conditions, as above described—15-minute rest and lunch in midmorning, 10-minute rest in the afternoon. But the average weekly output for each worker was:

Period 7—2,500 units

Period 10—2,800 units

Period 13—3,000 units

Periods 3 and 12 resembled each other also in that both required a full day's work without rest periods. But here also the difference of average weekly output for each worker was:

Period 3—less than 2,500 units

Period 12—more than 2,900 units

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Here then was a situation comparable perhaps with the illumination experiment, certainly suggestive of the Philadelphia experience where improved conditions for one team of mule spinners were reflected in improved morale not only in the experimental team but in the two other teams who had received no such benefit.

This interesting, and indeed amusing, result has been so often discussed that I need make no mystery of it now. I have often heard my colleague Roethlisberger declare that the major experimental change was introduced when those in charge sought to hold the situation humanly steady (in the interest of critical changes to be introduced) by getting the cooperation of the workers. What actually happened was that six individuals became a team and the team gave itself wholeheartedly and spontaneously to cooperation in the experiment. The consequence was that they felt themselves to be participating freely and without afterthought, and were happy in the knowledge that they were working without coercion from above or limitation from below. They were themselves astonished at the consequence, for they felt that they were working under less pressure than ever before: and in this, their feelings and performance echoed that of the mule spinners.

Here then are two topics which deserve the closest attention of all those engaged in administrative work—the organization of working teams and the free participation of such teams in the task and purpose of the organization as it directly affects them in their daily round.

## Second Phase—The Interview Program

But such conclusions were not possible at the time: the major change, the question as to the exact difference between conditions of work in the test room and in the plant departments, remained something of a mystery. Officers of the company determined to “take another look” at departments outside the

important was there to be observed, something to which the experiment should have made them alert. So the interview program was introduced.

It was speedily discovered that the question-and-answer type of interview was useless in the situation. Workers wished to talk, and to talk freely under the seal of professional confidence (which was never abused) to someone who seemed representative of the company or who seemed, by his very attitude, to carry authority. The experience itself was unusual; there are few people in this world who have had the experience of finding someone intelligent, attentive, and eager to listen without interruption to all that he or she has to say. But to arrive at this point it became necessary to train interviewers how to listen, how to avoid interruption or the giving of advice, how generally to avoid anything that might put an end to free expression in an individual instance. Some approximate rules to guide the interviewer in his work were therefore set down. These were, more or less, as follows:<sup>5</sup>

1. Give your whole attention to the person interviewed, and make it evident that you are doing so.
2. Listen—don't talk.
3. Never argue; never give advice.
4. Listen to:
  - (a) What he wants to say.
  - (b) What he does not want to say.
  - (c) What he cannot say without help.
5. As you listen, plot out tentatively and for subsequent correction the pattern (personal) that is being set before you. To test this, from time to time summarize what has been said and present for comment (e.g., “Is this what you are telling me?”). Always do this with the greatest caution, that is, clarify but do not add or twist.
6. Remember that everything said must be considered a personal confidence and not divulged to anyone. (This does not prevent discussion of a situation between professional colleagues. Nor does it prevent some form of public report when due precaution

It must not be thought that this type of interviewing is easily learned. It is true that some persons, men and women alike, have a natural flair for the work, but, even with them, there tends to be an early period of discouragement, a feeling of futility, through which the experience and coaching of a senior interviewer must carry them. The important rules in the interview (important, that is, for the development of high skill) are two. First, Rule 4 that indicates the need to help the individual interviewed to articulate expression of an idea or attitude that he has not before expressed; and, second, Rule 5 which indicates the need from time to time to summarize what has been said and to present it for comment. Once equipped to do this effectively, interviewers develop very considerable skill. But, let me say again, this skill is not easily acquired. It demands of the interviewer a real capacity to follow the contours of another person's thinking, to understand the meaning for him of what he says.

I do not believe that any member of the research group or its associates had anticipated the immediate response that would be forthcoming to the introduction of such an interview program. Such comments as "This is the best thing the Company has ever done," or "The Company should have done this long ago," were frequently heard. It was as if workers had been awaiting an opportunity for expressing freely and without afterthought their feelings on a great variety of modern situations, not by any means limited to the various departments of the plant. To find an intelligent person who was not only eager to listen but also anxious to help to express ideas and feelings but dimly understood—this, for many thousand persons, was an experience without precedent in the modern world.

In a former statement I named two questions that inevitably presented themselves to the interviewing group in these early stages of the study:

1. Is some experience which might be described as an experience of personal futility a common incident of industrial organization for work?
2. Does life in a modern industrial city, in some

unrealized way, predispose workers to obsessive response?<sup>6</sup>

And I said that these two questions "in some form" continued to preoccupy those in charge of the research until the conclusion of the study.<sup>7</sup>

After twelve years of further study (not yet concluded), there are certain developments that demand attention. For example, I had not fully realized in 1932, when the above was written, how profoundly the social structure of civilization has been shaken by scientific, engineering, and industrial development. This radical change—the passage from an established to an adaptive social order—has brought into being a host of new and unanticipated problems for management and for the individual worker. The management problem appears at its acutest in the work of the supervisor. No longer does the supervisor work with a team of persons that he has known for many years or perhaps a lifetime; he is leader of a group of individuals that forms and disappears almost as he watches it. Now it is difficult, if not impossible, to relate oneself to a working group one by one; it is relatively easy to do so if they are already a fully constituted team. A communication from the supervisor, for example, in the latter instance has to be made to one person only with the appropriate instructions; the individual will pass it on and work it out with the team. In the former instance, it has to be repeated to every individual and may often be misunderstood.

But for the individual worker the problem is really much more serious. He has suffered a profound loss of security and certainty in his actual living and in the background of his thinking. For all of us the feeling of security and certainty derives always from assured membership of a group. If this is lost, no monetary gain, no job guarantee, can be sufficient compensation. Where groups change ceaselessly as jobs and mechanical processes change, the individual inevitably experiences a sense of void, of emptiness, where his fathers knew the joy of comradeship and security. And in such a situation, his anxieties—many, no doubt, irrational or ill-founded—increase and he becomes

more difficult both to fellow workers and to supervisor. The extreme of this is perhaps rarely encountered as yet, but increasingly we move in this direction as the tempo of industrial change is speeded by scientific and technical discovery.

In the first chapter of this book I have claimed that scientific method has a dual approach—represented in medicine by the clinic and the laboratory. In the clinic one studies the whole situation with two ends in view: first, to develop intimate knowledge of and skill in handling the facts, and, second, on the basis of such a skill to separate those aspects of the situation that skill has shown to be closely related for detailed laboratory study. When a study based upon laboratory method fails, or partially fails, because some essential factor has been unknowingly and arbitrarily excluded, the investigator, if he is wise, returns to clinical study of the entire situation to get some hint as to the nature of the excluded determinant. The members of the research division at Hawthorne, after the twelfth experimental period in the test room, were faced by just such a situation and knew it. The so-called interview program represented for them a return from the laboratory to clinical study. And, as in all clinical study, there was no immediate and welcome revelation of a single discarded determinant: there was rather a slow progress from one observation to another, all of them important—but only gradually building up into a single complex finding. This slow development has been elsewhere described, in *Management and the Worker*; one can however attempt a succinct résumé of the various observations, more or less as they occurred.

Officers of the company had prepared a short statement, a few sentences, to be repeated to the individual interviewed before the conversation began. This statement was designed to assure the worker that nothing he said would be repeated to his supervisors or to any company official outside the interviewing group. In many instances, the worker waved this aside and began to talk freely and at once. What doubts there were seemed to be resident in the interviewers rather than in those interviewed. Many workers, I cannot say the major-

something “on their minds,” in ordinary phrase, about which they wished to talk freely to a competent listener. And these topics were by no means confined to matters affecting the company. This was, I think, the first observation that emerged from the mass of interviews reported daily. The research group began to talk about the need for “*emotional release*” and the great advantage that accrued to the individual when he had “talked off” his problem. The topics varied greatly. One worker two years before had been sharply reprimanded by his supervisor for not working as usual: in interview he wished to explain that on the night preceding the day of the incident his wife and child had both died, apparently unexpectedly. At the time he was unable to explain; afterwards he had no opportunity to do so. He told the story dramatically and in great detail; there was no doubt whatever that telling it thus benefited him greatly. But this story naturally was exceptional; more often a worker would speak of his family and domestic situation, of his church, of his relations with other members of the working group—quite usually the topic of which he spoke presented itself to him as a problem difficult for him to resolve. This led to the next successive illumination for the inquiry. It became manifest that, whatever the problem, it was partly, and sometimes wholly, determined by the attitude of the individual worker. And this defect or distortion of attitude was consequent on his past experience or his present situation, or, more usually, on both at once. One woman worker, for example, discovered for herself during an interview that her dislike of a certain supervisor was based upon a fancied resemblance to a detested stepfather. Small wonder that the same supervisor had warned the interviewer that she was “difficult to handle.” But the discovery by the worker that her dislike was wholly irrational eased the situation considerably.<sup>8</sup> This type of case led the interviewing group to study carefully each worker’s *personal situation* and attitude. These two phrases “emotional release” and “personal situation” became convenient titles for the first phases of observation and seemed to resume for the inter-

It was at this point that a change began to show itself in the study and in the conception of the study.

The original interviewers, in these days, after sixteen years of industrial experience, are emphatic on the point that the first cases singled out for report were special cases—individuals—and not representative either of the working group or of the interviews generally. It is estimated that such cases did not number more than an approximate two percent of the twenty thousand persons originally interviewed. Probably this error of emphasis was inevitable and for two reasons: first, the dramatic changes that occur in such instances seemed good evidence of the efficacy of the method, and, second, this type of interviewing had to be insisted upon as *necessary to the training of a skilled interviewer*. This last still holds good; a skilled interviewer must have passed through the stage of careful and observant listening to what an individual says and to all that he says. This stage of an interviewing program closely resembles the therapeutic method and its triumphs are apt to be therapeutic. And I do not believe that the study would have been equipped to advance further if it had failed to observe the great benefit of emotional release and the extent to which every individual's problems are conditioned by his personal history and situation. Indeed, even when one has advanced beyond the merely psychotherapeutic study of individuals to study of industrial groups, one has to beware of distortions similar in kind to those named; one has to know how to deal with such problems. The first phase of the interview program cannot therefore be discarded; it still retains its original importance. But industrial studies must nevertheless move beyond the individual in need of therapy. And this is the more true when the change from established routines to adaptive changes of routine seems generally to carry a consequence of loss of security for many persons.

A change of attitude in the research group came gradually. The close study of individuals continued, but in combination with an equally close study of groups. An early incident did much to set the new pattern for inquiry. One of the earliest ques-

tions proposed before the original test room experiment began was a question as to the fatigue involved in this or that type of work. Later a foreman of high reputation, no doubt with this in mind, came to the research group, now for the most part engaged in interviewing, and asserted that the workers in his department worked hard all day at their machines and must be considerably fatigued by the evening; he wanted an inquiry. Now the interviewers had discovered that this working group claimed a habit of doing most of their work in the morning period and "taking things easy" during the afternoon. The foreman obviously realized nothing of this, and it was therefore fortunate that the two possibilities could be directly tested. The officer in charge of the research made a quiet arrangement with the engineers to measure during a period the amount of electric current used by the group to operate its machines; this quantity indicated the overall amount of work being done. The results of this test wholly supported the statements made by the workers in interview; far more current was used in the morning period than during the afternoon. And the attention of the research group was, by this and other incidents, thus redirected to a fact already known to them, namely, that the working group as a whole actually determined the output of individual workers by reference to a standard, predetermined but never clearly stated, that represented the group conception of a fair day's work. This standard was rarely, if ever, in accord with the standards of the efficiency engineers.

The final experiment, reported under the title of the Bank Wiring Observation Room, was set up to extend and confirm these observations.<sup>9</sup> Simultaneously it was realized that these facts did not in any way imply low working morale as suggested by such phrases as "restriction of output." On the contrary, the failure of free communication between management and workers in modern large-scale industry leads inevitably to the exercise of caution by the working group until such time as it knows clearly the range and meaning of changes imposed from above. The enthusiasm of the efficiency engineer for the organization of operations is excellent; his attempt to resume problems of co-

operation under this heading is not. At the moment, he attempts to solve the many human difficulties involved in wholehearted cooperation by organizing the organization of organization without any reference whatever to workers themselves. his procedure inevitably blocks communication and defeats his own admirable purpose.<sup>10</sup>

This observation, important as it is, was not however the leading point for the interviewers. The existence and influence of the group—those in active daily relationship with one another—became the important fact. The industrial interviewer must learn to distinguish and specify, as he listens to what a worker says, references to “personal” or group situations. More often than not, the special case, the individual who talks himself out of a gross distortion, is a solitary—one who has not “made the team.” The usual interview, on the other hand, though not by any means free from distortion, is speaking as much for the working group as for the person. The influence of the communication in the interview, therefore, is not limited to the individual but extends to the group.

Two workers in a large industry were recently offered “upgrading”; to accept would mean leaving their group and taking a job in another department: they refused. Then representatives of the union put some pressure on them, claiming that, if they continued to refuse, the union organizers “might just as well give up” their efforts. With reluctance the workers reversed their decision and accepted the upgrading. Both girls at once needed the attention of an interviewer: they had liked the former group in which they had earned informal membership. Both felt adjustment to a new group and a novel situation as involving effort and private discontent. From both much was learned of the intimate organization and common practices of their groups, and their adjustments to their new groups were eased, thereby effectively helping reconstitute the teamwork in those groups.

In another recent interview a worker of eighteen protested to an interviewer that her mother was continually urging her to ask Mr. X, her supervisor, for a “raise.” She had refused, but her loyalty to her mother and the pressure the latter exerted

were affecting her work and her relations at work. She talked her situation out with an interviewer, and it became clear that to her a “raise” would mean departure from her daily companions and associates. Although not immediately relevant, it is interesting to note that, after explaining the situation at length to the interviewer, she was able to present her case dispassionately to her mother—without exaggeration or protest. The mother immediately understood and abandoned pressure for advancement, and the worker returned to effective work. This last instance illustrates one way in which the interview clears lines of communication of emotional blockage—within as without the plant. But this is not my immediate topic; my point is rather that the age-old human desire for persistence of human association will seriously complicate the development of an adaptive society if we cannot devise systematic methods of easing individuals from one group of associates into another.

But such an observation was not possible in the earliest inquiry. The important fact brought to the attention of the research division was that the ordinary conception of management-worker relation as existing between company officials, on the one hand, and an unspecified number of individuals, on the other, is utterly mistaken. Management, in any continuously successful plant, is not related to single workers but always to working groups. In every department that continues to operate, the workers have—whether aware of it or not—formed themselves into a group with appropriate customs, duties, routines, even rituals; and management succeeds (or fails) in proportion as it is accepted without reservation by the group as authority and leader. This, for example, occurred in the relay assembly test room at Hawthorne. Management, by consultation with the workers, by clear explanation of the proposed experiments and the reasons for them, by accepting the workers’ verdict in special instances, unwittingly scored a success in two most important human matters—the workers became a self-governing team, and a team that cooperated wholeheartedly with management. The test room was responsible for many important findings—rest period, hours of meal, control of lighting, and



most important finding of all was unquestionably in the general area of teamwork and cooperation.

It was at this time that the research division published, for private circulation within the company, a monograph entitled "Complaints and Grievances." Careful description of many varied situations within the interviewers' experience showed that an articulate complaint only rarely, if ever, gave any logical clue to the grievance in which it had origin; this applied at least as strongly to groups as to individuals. Whereas economists and industry generally *tend to concentrate upon the complaint and upon logical inferences from its articulate statement* as an appropriate procedure, the interviewing group had learned almost to ignore, except as symptom, the—sometimes noisy—manifestation of discomfort and to study the situation anew to gain knowledge of its source. Diagnosis rather than argument became the proper method of procedure.

It is possible to quote an illustration from a recently published book, *China Enters the Machine Age*.<sup>11</sup> When industries had to be moved, during this war, from Shanghai and the Chinese coast to Kunming in the interior of China, the actual operation of an industry still depended for the most part on skilled workers who were refugees from Shanghai and elsewhere. These skilled workers knew their importance to the work and gained considerable prestige from it; nevertheless discontent was rife among them. Evidence of this was manifested by the continual, deliberate breaking of crockery in the company mess hall and complaints about the quality of the food provided. Yet this food was much better than could have been obtained outside the plant—especially at the prices charged. And in interview the individual workers admitted freely that the food was good and could not rightly be made the subject of complaint. But the relationship between the skilled workers as a group and the *Chih Yuan*—the executive and supervisory officers—was exceedingly unsatisfactory.

Many of these officers—the *Chih Yuan*—have been trained in the United States—enough at least to set a pattern for the whole group. Now in America we have learned in actual practice to accept the

rabble hypothesis with reservations. But the logical Chinese student of engineering or economics, knowing nothing of these practical reservations, returns to his own country convinced that the workman who is not wholly responsive to the "financial incentive" is a troublemaker and a nuisance. And the Chinese worker lives up to this conviction by breaking plates.<sup>12</sup> Acceptance of the complaint about the food and collective bargaining of a logical type conducted at that level would surely have been useless.

Yet this is what industry, not only in China, does every day, with the high sanction of State authority and the alleged aid of lawyers and economists. In their behavior and their statements, economists indicate that they accept the rabble hypothesis and its dismal corollary of financial incentive as the only effective human motive. They substitute a logical hypothesis of small practical value for the actual facts.

The insight gained by the interviewing group, on the other hand, cannot be described as substituting irrational for rational motive, emotion for logic. On the contrary, it implies a need for competent study of complaints and the grievances that provoke them, a need for knowledge of the actual facts rather than acceptance of an outdated theory. It is amusing that certain industrialists, rigidly disciplined in economic theory, attempt to shrug off the Hawthorne studies as "theoretic." Actually the shoe is on the other foot; Hawthorne has restudied the facts without prejudice, whereas the critics have unquestioningly accepted that theory of man which had its vogue in the nineteenth century and has already outlived its usefulness.

The Hawthorne interview program has moved far since its beginning in 1929. Originally designed to study the comfort of workers in their work as a mass of individuals, it has come to clear specification of the relation of working groups to management as one of the fundamental problems of large-scale industry. It was indeed this study that first enabled us to assert that the third major preoccupation of management must be that of organizing teamwork, that is to say, of developing and sustaining cooperation.

In summary, certain entirely practical discoveries must be enumerated.

*First*, the early discovery that the interview aids the individual to get rid of useless emotional complications and to state his problem clearly. He is thus enabled to give himself good advice—a procedure far more effective than advice accepted from another. I have already given instances of this in discussing “emotional release” and the influence on individual attitude of personal history and personal situation.

*Second*, the interview has demonstrated its capacity to aid the individual to associate more easily, more satisfactorily, with other persons—fellow workers or supervisors—with whom he is in daily contact.

*Third*, the interview not only helps the individual to collaborate better with his own group of workers, it also develops his desire and capacity to work better with management. In this it resembles somewhat the action of the Philadelphia colonel.<sup>13</sup> Someone, the interviewer, representing (for the worker) the plant organization outside his own group, has aided him to work better with his own group. This is the beginning of the necessary double loyalty—to his own group and to the larger organization. It remains only for management to make wise use of this beginning.

*Fourth*, beyond all this, interviewing possesses immense importance for the training of administrators in the difficult future that faces this continent and the world. It has been said that the interviewer has no authority and takes no action. Action can only be taken by the proper authority and through the formally constituted line of authority. The interviewer, however, contributes much to the facilitation of communication both up and down that line. He does this, first, by clearing away emotional distortion and exaggeration; second, his work manifestly aids to exact and objective statement the grievance that lies beyond the various complaints.

Work of this kind is immensely effective in the development of maturity of attitude and judgment in the intelligent and sensitive young men and

oneself, of one’s opinions and ideas, of the very human desire to give gratuitous advice, the subordination of all these to an intelligent effort to help another express ideas and feelings that he cannot easily express is, in itself, a most desirable education. As a preparation for the exercise of administrative responsibility, it is better than anything offered in a present university curriculum. It is no doubt necessary to train young men and women to present their knowledge and ideas with lucidity. But, if they are to be administrators, it is far more necessary to train them to listen carefully to what others say. Only he who knows how to help other persons to adequate expression can develop the many qualities demanded by a real maturity of judgment.

*Finally*, there remains the claim made above that the interview has proved to be the source of information of great objective value to management. The three persistent problems of modern large-scale industry have been stated as:

1. The application of science and technical skill to a material product.
2. The systematization of operations.
3. The organization of sustained cooperation.

When a representative of management claims that interview results are merely personal or subjective—and there are many who still echo this claim—he is actually telling us that he has himself been trained to give all his attention to the first and second problems, technical skill and the systematic ordering of operations; he does not realize that he has also been trained to ignore the third problem completely. For such persons, information on a problem, the existence of which they do not realize, is no information. It is no doubt in consequence of this ignorance or induced blindness that strikes or other difficulties so frequently occur in unexpected places. The interview method is the only method extant<sup>14</sup> that can contribute reasonably accurate information, or indeed any information, as to the extent of the actual cooperation between workers—teamwork—that obtains in a given de-

cooperation includes management policy or is wary of it. The Hawthorne inquiry at least specified these most important industrial issues and made some tentative steps toward the development of a method of diagnosis and treatment in particular cases.

## Notes

1. Cambridge, Harvard University Press, 1938, 2 vols.
2. *Management and Morale*, pp. 9–10.
3. Op. cit., p. 56.
4. For a full account of the experimental setup, see F. J. Roethlisberger and William J. Dickson, *Management and the Worker*, and T. North Whitehead, *The Industrial Worker*, Vol. 1.
5. For a full discussion of this type of interview, see F. J. Roethlisberger and William J. Dickson, op. cit., Chap. XIII. For a more complete summary and perhaps less technical discussion, see George C. Homans, *Fatigue of Workers* (New York, Reinhold Publishing Corporation, 1941).
6. Elton Mayo, *The Human Problems of an Industrial Civilization* (New York, The Macmillan Company, 1933; reprinted by Division of Research, Harvard Business School, 1946), p. 114.
7. Ibid.
8. F. J. Roethlisberger and William J. Dickson, op. cit., pp. 307–310.
9. F. J. Roethlisberger and William J. Dickson, op. cit., Part IV, pp. 379 ff.
10. For further evidence on this point, see Stanley B. Mathewson, *Restriction of Output among Unorganized Workers*, and also Elton Mayo, *The Human Problems of an Industrial Civilization*, pp. 119–121.
11. Shih Kuo-heng (Cambridge, Harvard University Press, 1944).
12. Ibid., Chap. VIII, pp. 111–127; also Chap. X, pp. 151–153.
13. Chap. III, supra.
14. We realize that there are at present in industry many individuals possessed of high skill in the actual handling of human situations. This skill usually derives from their own experience, is intuitive, and is not easily communicable.

## CASE STUDY 6

### Introduction

The concept of the informal group provides us with several critical insights into modern organizational life and the need for administrators to be realistic about what can and cannot be achieved, given the sentiments, feelings, values, and outlooks of men and women in any particular work setting. Clearly, as Mayo's essay points out, being realistic about the nature and workings of the human group is paramount in any successful administrative undertaking. Human groups present managers with both potentialities and pitfalls for effective internal operations. Whatever happens to organizations, these human groups must be considered.

The following case study by Curtis Copeland illustrates the importance of considering the human element before making any managerial innovations in the public sector. In this case, a city manager in a medium-sized Texas community hired a personnel director to establish a new city personnel department. With speed and efficiency the new director set out to develop a number of new personnel procedures where none had ex-

isted before and to make changes he considered necessary improvements for a modern community of its size, such as grievance procedures, performance-based selection procedures, and merit raises tied to annual bonuses.

Although these reforms had been developed by a well-regarded, outside consulting firm, they were proposed without prior employee consultation or involvement. The city employees became upset by the proposals because they were the ones directly affected by these new reforms. A controversy thus ensued involving not only the employees, but the city council and larger community as well, with important lessons for the practice of public administration.

As you read this selection, keep the following questions in mind:

Specifically, what promoted the complaints by the employee groups relative to the newly proposed personnel changes? How were these complaints voiced?

How, in turn, did the personnel director and city manager respond to the complaints?

If you had been either the city manager or personnel director, would you have initiated such reforms in a different manner? As the city manager, how would you have handled the problems caused by the reforms?

Does the foregoing reading by Mayo contain useful ideas for securing worker cooperation with management in achieving organizational goals?

On the basis of your reading of this case study, can you generalize about the importance of informal groups in the public management processes?

## Personnel Changes in City Government\*

CURTIS COPELAND

Jim Drummond, the city manager of Groveton, Texas, was a worried man. He had held his job for nearly two years, and during that time he and other city administrators had made a number of changes that were of benefit to the city, particularly in the field of personnel management. Those successes, however, were offset by the sometimes adverse reactions of the people affected by the changes. After a series of pitched battles, Drummond was being pressured by the city council to dismiss the current

personnel director, Dan Remmens. Drummond and Remmens had gone through a great deal together, but the dismissal of the personnel director could be the only way to please the council. In order to understand Drummond's dilemma, the reader must be given some background as to the setting and how the current situation developed.

### The Setting

The city of Groveton is a typical Texas community of about 60,000 tucked away in the pine woods of the northeastern part of the state. Like many cities its size in the region, it is basically white and middle-class in nature, but it has a poorer black population that has grown rapidly in the past twenty years. The

\*Note: The names of persons and local jurisdictions used in this case are entirely fictitious.

Prepared under an IPA federal grant through the Office of Personnel Management and administered at the University of Pittsburgh.

Neither the author nor the University of Pittsburgh maintain any

man-made boundary line for this racial and economic division, with the eastern portion of the city populated by the more well-to-do white families and the somewhat smaller western section occupied by blacks and other low-income groups. Most of the whites living in the western part of Groveton are older citizens, unable or unwilling to leave the homes in which their children were raised. They endure the steadily worsening conditions of their neighborhoods, hoping that their houses will last as long as they do.

Most of the city's working population is employed in one of several industries and wood products is the largest of these, due to the community's proximity to the abundant resources of the East Texas forests. About one-third of the working men in Groveton are employed in the wood-related industry, the companies ranging in size from the numerous small family operations to the giant Nortex plant located just outside the city limits. The other industries in the town may be classified under the general heading of "manufacturing," producing products as varied as Caterpillar tractors and office equipment. Most of these companies are nonunion, largely as a result of a "right-to-work" provision in the state constitution and the relatively high wages paid to the workers in these businesses.

The city grew rapidly when many of these industries arrived in Groveton in the late 1950s and early 1960s, but that growth slowed considerably in the next ten to fifteen years. Growth in the black community more than kept up that pace, however. By 1980, their rate of increase was twice that of the city as a whole. Attracted by the employment opportunities in the local industries, black families continued to migrate to Groveton from smaller communities in the area in the hope of finding a better life. Most of those that did find work, however, were employed in unskilled positions in most companies. By 1980, approximately 25 percent of the city's residents were black and another 5 percent were hispanic.

## **Groveton's Political Structure and Administration**

The city of Groveton is governed and administered under a council-manager form of government. Five council members are selected in nonpartisan elections for staggered two-year terms of office. After

each election, the council meets privately and selects one of its own to serve as mayor for the upcoming year. The decision is formalized in the first official council session after the election. The mayor's duties are largely ceremonial, although he is usually the council opinion leader in major decisions.

Prior to 1967, the city had a strong-mayor council form of government. Council members were selected in partisan elections using the place system, with each portion of the city selecting its own council member to represent its interests and the mayor was elected at large. In reaction to excesses of patronage and nonfeasance during the late 1950s and the first half of the 1960s by some members of the council, the citizens of Groveton approved a vastly revised city charter. Many reforms popular during the era were adopted, including the present form of government and the at-large election system. Under the current form of government, the city manager is selected by majority vote of the city council and may be dismissed or reprimanded by that body at any time. The city manager, in turn, is the chief executive officer of the city, in charge of all city departments and personnel. He has the authority to hire and fire city personnel and to select department heads. According to newspaper articles published at the time of the reforms, the changes represented an attempt to "bring sound business and management principles to the city's administration."

Actually, however, the city's mode of administration changed relatively little during those years of transition. The city secretary, Jim Taylor, resigned to become the new city manager and continued to perform many of the tasks he had carried out during his seven years at his previous post. (The city secretary is a position required by state law in all Texas cities to perform most of the recordkeeping and official functions in the community. In smaller cities, this job is tantamount to being city manager.) The five city departments (water, streets, sanitation, police, and fire) virtually ran themselves, so all Taylor had to do was perform some minimal coordinative activities and oversee the city finance officer's job.

Taylor had no formal education in public management, although he did attend a few training sessions sponsored by the local regional planning commission over the years. He remained, however, unaware and uninterested in most aspects of modern management, and he publicly scorned the new

techniques. He often jokingly remarked that "most of the things they teach in those courses either don't work or you can't pronounce them." Nevertheless, the city ran smoothly during his administration and there were few complaints from the council, the employees, or the city as a whole.

## Personnel Administration in Groveton

The city of Groveton employed nearly 500 people in 1980, but this was only slightly more than were working for the municipal government ten years earlier. Although personnel duties for nonuniformed employees were, according to the new city charter, legally the providence of the city manager, Taylor had delegated that responsibility in large part to the line managers of the major city departments early in his administration. As was the case under the mayor-council form of government, the line managers in Groveton's municipal departments were each responsible for recruitment, selection and control of the employees within their departments. Although each manager administered a general intelligence test, a major part of the selection process involved an oral interview and a background check. If the applicant had no record or prior arrests and seemed capable of getting along reasonably well with other employees, he or she would probably be hired.

The selection of uniformed personnel, those in the fire and police departments, is governed by a state civil service law. Under the provisions of the law, each city of 10,000 or greater is required to have a civil service commission selected by the city council. The commission is primarily charged with the responsibility of insuring the unbiased selection of fire and police officers and to act as an appeals board to which those officers may complain about unfair treatment. In Groveton, commission members have traditionally been respected businessmen and civic leaders. Over the years, however, the fire and police chiefs (like the managers in the other departments) assumed primary responsibility for recruitment and selection. Most of the time the commission's duties were confined to certification of the top three candidates for open positions (as required by state law) and hearing an occasional appeal from a disgruntled officer.

Since the line managers and the civil service commission performed most of the personnel-related duties, City Manager Taylor did little in the way of

actual personnel management. In fact, Taylor liked to refer to his personnel department as the "bottom-right drawers of the big filing cabinet." It was there that a clerk in his office kept records of all employees in separate folders, with such information as the date of their selection, current salary, job title, absences, and supervisor reprimands. Taylor believed the essence of a sound personnel system was the maintenance of accurate records so every employment-related action that occurred in the city was duly recorded. Groveton's personnel system, like other city operations, ran without any major problems and the city council rarely if ever became involved in its operations.

## City Manager Changes Lead to a New Personnel System

After thirteen years as city manager, Taylor announced his retirement as chief executive officer to "make way for a younger man." The city council reluctantly accepted his resignation and, after a two-month search, decided to hire Mr. Thomas ("Jim") Drummond as the new chief administrator. Drummond had been working as the assistant city manager in San Benedict in West Texas, and was a graduate of a state university not far from Groveton. He was anxious to take the job, not only because he would be moving back to the area in which he had gone to school, but also because he had a strong desire to use the management skills he had acquired as a result of his education and experience in San Benedict. Drummond recognized the political dimensions of his job, however, having seen the city manager in San Benedict fired because he disagreed with the will of the city council. But he was equally convinced that sound management practices could be applied in even the most foreboding of environments.

Drummond spent his first month or so in Groveton "learning the ropes." He held meetings with the department heads both separately and as a group to explain his philosophy of management and to hear their suggestions. As a result of these discussions and his own observations, the city's need for an autonomous personnel department became more and more apparent. He realized that if any semblance of coordinated management were to evolve in Groveton,

some means of centralized staffing and control would be needed. The city manager decided to discuss the development of a personnel department at the next council work session.

As was mentioned earlier, the council was composed of five city businessmen. Two members of the council were essentially "followers"—that is, they usually voiced their opinions only when asked and even then said very little. The leaders were the Mayor, Earnest Wilson, and Councilmen Calvin Johnson and Albert Hunt. Wilson owned several small businesses in the city and had served on the council for eight years. Johnson owned a real estate agency and Hunt was an industrial engineer at the Nortex lumber plant. All three men were fiscal conservatives in most matters, and all three were long-term residents of Groveton.

Drummond gave an opening statement at the meeting during which he expressed his belief that the city needed a personnel department, outlined the approximate cost of the change to the city, and waited for the council's reaction. After a somewhat awkward silence, Mayor Wilson's comments clearly indicated he did not share Drummond's enthusiasm for management change.

*Mayor Wilson:* Jim, you know we want you to run this city in a more business-like fashion, and that we respect your ideas and opinions. But I don't think that Groveton really needs a full-fledged personnel department. After all, we have gotten along pretty well without one in the past. And besides, it's not as if this is Dallas or Houston or anything. We've got a small operation here and don't have any immediate plans to put on any new people.

*Councilman Hunt:* I agree, Earnest. Jim Taylor kept this city on an even keel for more years than I would like to remember. He kept good records on each and every employee. He even sent Christmas cards out to each employee every year. And birthday cards too! Now that was coordination! We've never had any real crisis among city employees so I don't see the need for a change right now.

*Drummond:* But gentlemen, we may be leading up to a "crisis" if something isn't done ahead of time. Look, I realize that Jim Taylor did a good job for the city these past thirteen years or so. And I know you all liked and respected what he did for the city. But

personnel management has changed a lot in that time, too. It is no longer good enough to "keep good records." This city, like all others, must keep up with the times.

*Wilson:* OK, Jim. We all realize that, but I just don't think we are ready to do something drastic like create a new city department. Why don't we do this. Why don't you get that young assistant of yours to do a study to determine if we need a personnel department, and we will take it up again at next month's work session. Alright?

*Drummond:* But we don't need a study, Mayor. It is perfectly obvious. Look at Jacksborough (a city about the size of Groveton some seventy-five miles away). They have had a personnel department since they adopted the city manager form of government in 1965.

Better yet, look at the major companies in this town. Most of them wouldn't think of operating without a personnel section. And neither should we. If I am to run this city in a more business-like manner, we have to start taking lessons from them.

All you have to do is give me the authority to spend about \$30,000 of the money we have left over from the sanitation budget for a director and one staff position. I will make the necessary changes in the administrative regulations, delegating personnel authority to the director, and we can get started. It is as simple as that.

*Hunt:* You know, Earnest, he has a point. Out at Nortex we've got three people working full time in a personnel department and we don't have but about 400 employees all together in the plant.

*Wilson:* All right, Jim, you've made your point. But where will this personnel department of yours be housed? You yourself have said that office conditions are cramped in City Hall already. Won't this be another problem we will have to deal with?

*Johnson:* We could always put them in the basement of the Annex, Earnest. It's not being used for anything but storage right now. We could probably manage it, at least for a while.

After some further discussion, the council finally agreed to fund the new personnel department for a two-year period. Formal approval was granted at the

next scheduled council meeting the following week. As he drove home from the meeting that evening, however, Drummond could not shake the impression that had he wanted to build a new bridge or road, spend more money on street repair, or even buy a new garbage truck with the sanitation money he would have met with little if any council resistance. These would have been “monuments” to their political eras—physical proof of the good they had done for the city. “Invisible” management changes were different, however. They were of little or no political benefit, and might even backfire.

Drummond realized that this “bricks and mortar orientation” was not unique to the Groveton City Council, for he had seen it in San Benedict as well. The political leaders did not seem to understand that focusing solely upon visible changes was not only an inefficient use of the city’s resources, but that it also ignored Groveton’s largest resource and expenditures—its personnel. Nearly 75 percent of the annual budget was allocated for personnel costs. Every department and every operation within city government was dependent upon those who would carry out those tasks. Therefore, he concluded, the most important changes are those which determine the quality and effectiveness of those people carrying out the city’s business, even though they are “invisible” at times. It was now up to Drummond to prove that philosophy correct.

City Manager Drummond began the search for a personnel director the following morning, and within a few weeks he selected Dan Remmens for the job. Because the personnel director answered directly to the city manager, council approval for Remmens’s hire (beyond the allocation of funds) was not required. Remmens had known Drummond at the university they attended some years before, and he had been employed as a personnel specialist within the City of Dallas’ personnel division for two years. Like Drummond, Remmens was tired of just being a “cog in a big machine” and longed for the greater responsibility and freedom of action that comes with being an administrator in a small city, even though it meant a slight reduction in pay. Both men were convinced that they would make a good working team.

In order for the new personnel director to properly exercise his authority, many of the personnel-related duties performed by the line managers in the departments were transferred to the newly created

personnel office. As was mentioned earlier, these managers had exercised virtually complete control over the hiring and promotion processes in their departments during the period Taylor was city manager. The forthcoming diminution in their authority did little to engender support for the new city manager or the personnel director.

Drummond was aware of this reaction, and he had even expected it to happen. Shortly after the decision to hire Remmens was announced, the city manager called a meeting of the department heads and the new personnel director to explain the new procedures and to hear their comments. After a brief exchange of pleasantries, the city manager got down to the matter that was on everyone’s mind.

*Drummond:* Gentlemen, I realize that you have had to perform many of the personnel functions in this city in the past. You have had people coming directly to you for jobs and you have had to handle all the paperwork pretty much on your own. At the same time, you have had the freedom to select the people you think are best for your departments and this city. What we plan to do in the future will make your jobs easier, but not cut into your authority or the operations of your departments.

From now on, all applications for jobs will be handled by the personnel department, headed by Mr. Dan Remmens. Mr. Remmens will administer examinations where needed and screen out all the “undesirables” before they get to your departments. He will then refer some number of applicants to your department for the interview and final decision. Therefore, you will still have the final word as to who will work for you and how the jobs should be done. All we are trying to do in this area is centralize the operations a bit and take some of the paperwork off your backs.

At this point, let me introduce Dan Remmens.

*Remmens:* Thank you, Jim. First of all, let me say that I am pleased to be in Groveton, and I am sure that we can work together effectively for the good of the city. I concur with what the city manager just said. I am not going to take over your jobs, just make them easier. As I see it, I will just be coordinating personnel duties a little more and making the operations more uniform. You will no longer have to keep track of job applicants or give tests. We can work out some reasonable relationship concerning job



referrals, qualifications, and so on. In short, I'd like to think that I can help you manage your departments better. We can discuss the details of all of this at your convenience. I'm looking forward to working with you.

*Drummond: Any questions?*

*Jack Collier (Sanitation Supervisor):* Yeah. I've got a question. When can you start? If my job is going to get easier, I'm ready for you right now!

The brief meeting broke up amiably and Drummond was convinced that it had been a success. The supervisors' suspicions seem to have dissipated considerably when it became clear what the personnel director's (and their) responsibility would be and that they would still be able to make the decisions concerning selections and discipline of employees in their departments.

## The New Personnel Director Takes Over

The following Monday, Remmens officially entered his new job with the City of Groveton. As the city manager had explained the job to him in the interview, it was largely a matter of "interpretation" of applicable city ordinances and state laws. Although he had the authority to write administrative procedure for city personnel, he could not add job titles, hire and fire employees in other departments, or change the ordinances passed by the city council. Before taking any action, however, Remmens felt he should familiarize himself with the city's current personnel "department"—the bottom drawers of the filing cabinets where former City Manager Taylor kept the personnel records.

The contents of that file revealed that the city lacked even the most rudimentary of personnel systems, and as a result the operations of the city as a whole suffered. Almost no data on employee characteristics or performance were maintained. Although job descriptions were noted, they were all over fifteen years old and were clearly out of date since the nature of the jobs in the city had changed a great deal during that period. The selection process, as mentioned earlier, consisted of a general

aptitude test given to all applicants, a background check, and an interview. Also, no established grievance system other than complaints to the employee's immediate supervisor existed in the city. Finally, employees were given "merit raises" (bonuses) based upon their annual salaries once per year despite declines in production in virtually every department. Supervisors blamed the performance problems on the "poor quality of new employees," of which there were many. The city's turnover rate for all positions approached 85 percent.

Appalled by what the "filing-cabinet personnel department" revealed, Remmens met with the city manager to discuss the ramifications and how to deal with them. The two men decided that two immediate actions were called for before any other changes could be made. First, a basic social survey of all employees should be conducted, gathering data on personnel characteristics and the nature of their employment. With these data, the manager and the personnel director believed that they could more clearly see what sort of employees the city had and what jobs they actually performed. Secondly, all city jobs should be analyzed for up-to-date job descriptions and to set job qualifications and performance standards. Although the first of these two actions could be conducted in-house, both Drummond and Remmens recognized that the second required outside assistance.

## Social Survey

Department supervisors were called in and the issue of the social survey was discussed at length. Although all parties agreed that such information would be valuable, the line managers were not quite sure what the city manager and the personnel director had up their sleeves. Their main concern was not the collection process itself or what would be discovered, but to what ends that information would be used once collected. Their suspicions were kept largely to themselves, however, and the social survey was conducted without any major problem.

The data indicated that the city was in even worse shape than either Drummond or Remmens had imagined. Only forty-seven of Groveton's nearly 500 employees were black, and only two were hispanic. All but three of these minority employees were working in either the streets or sanitation departments. No blacks had worked in the police department prior to

1973 and none had ever been employed in the fire department or had been a supervisor in the other departments. Women were similarly underrepresented, particularly in the fire and police departments. In sum, the city of Groveton was ripe for an EEO lawsuit. It was a classic case of "adverse impact" as defined in the Federal Uniform Selection Guidelines.

The fire and police chiefs told the personnel director that they had tried to get "qualified" minorities on their respective forces, but without much success. It seemed that a high percentage of the black and hispanic candidates either failed the aptitude tests given or were screened out by the interviews. Female applicants were often ruled out by the city's height and weight requirements.

## Job Analysis

In order for the job analysis to be conducted properly, both Drummond and Remmens realized it would have to be conducted by qualified professionals. That, of course, meant an expense that would have to be authorized and paid for by the city council. Realizing the councilmen's reluctance to spend city tax dollars on "invisible" changes, the two men sought external help to finance the analysis and to convince the council of its utility.

Remmens had worked with several Intergovernmental Personnel Act (IPA) grants while employed by the City of Dallas, and wrote to the regional office there for information on their availability. With that information and the assistance of the local council of governments, the personnel director was able to obtain the commitment of Federal officials in Dallas to fund one-fourth of the expense of a consultant to conduct the job analysis. Both Remmens and Drummond realized that the more difficult portion of the process was just beginning—to convince the council to allow the expenditure of the city's portion of the study's cost.

The two men, accompanied by a representative from the council of governments, approached the council at the next work session. They explained why the job analysis and position classification were needed and made it clear that much of the city's expense would be absorbed through the provision of in-house services. Although initially skeptical, the enticement of Federal funds for what turned out to be a minimal investment proved to be too attractive to pass up. The city's portion of the expense was

agreed to at the next council meeting with a surprising lack of resistance, and the grant application received Federal approval shortly thereafter.

Remmens and his assistant did most of the administrative duties involved in the analysis themselves, and the entire process was completed within a short while. The results provided the personnel director with information he needed concerning the tasks that comprise each city job, the skills needed to perform those tasks, and provided the basis upon which subsequent changes could be made. However, exactly what those changes should be and how they should be administered were in no way clarified. Based upon the information from the survey and the job analysis, Drummond and Remmens finally decided that three changes should be made as soon as possible:

1. codification of employee grievance procedures;
2. begin using valid performance-based selection procedures where possible; and
3. begin a real "merit pay" system by tying annual bonuses to performance evaluations.

## Grievance Procedure Codification

The two men decided that the codification of grievance procedures should be accomplished first, since it required no council action, no expenditure of city funds, and involved only nonuniformed personnel. (Fire and police grievance procedures were codified in the state civil service law.) It was also a change that many municipal employees apparently wanted to take place. Several city workers had approached both Drummond and Remmens about problems they were experiencing with their work assignments. These were particularly aggravating since most of the complaints could have been resolved at a much lower level of supervision.

In addition, many superior employees had reportedly resigned in the past because their complaints never went beyond their supervisors. According to several current employees, City Manager Taylor refused to become involved in these disputes, telling dissatisfied employees to "work it out with your boss." Since many of the complaints

concerned their supervisors, the employees either learned to accept the situation or left the organization. Grievances which were settled often took over a year to complete, and often resulted in grossly unequal treatment.

The appeals process adopted by executive order was relatively simple and straightforward, copying in form if not in substance the grievance procedure of the nearby city of Jacksborough. Four levels of appeal were delineated, the first of which remained the employee's immediate supervisor (provided that the supervisor was not the subject of the complaint). The next two levels were the department manager and the director of personnel. If the grievance was still not settled, it could then be submitted to the city's Civil Service Commission in accordance with its appeal procedures. The entire process was to be completed within ninety days.

The change in appeals procedures was announced to city employees through notices posted in the departments and information sheets inserted in their pay envelopes. Within a few weeks the new process was running even more smoothly than had been expected. An initial flurry of complaints, stimulated in part by the new procedures, was handled to the satisfaction of most parties, and only a few reached the personnel director. Although Drummond and Remmens were pleased with their progress, they realized the other two innovations were going to be even more difficult, for they posed both real and imagined threats to various segments of the workforce.

## Performance Selection

Drummond and Remmens were particularly anxious to get the new selection methods started, as the city could not afford an expensive lawsuit brought about by the currently used aptitude tests, interviews, and background checks. Since many of the entry-level positions in the city were of the unskilled or semi-skilled variety, the use of aptitude tests for these positions was especially questionable. Remmens was enthusiastic about the prospect of change in this area, and discussed the possibilities with City Manager Drummond.

*Remmens:* Jim, I think we have a chance to really make this city a showplace in the area of selection and staffing. We could not only avoid the EEO prob-

lems, but could set an example for other cities in the area or even the whole state. Groveton could become a model in the field with the changes we can make.

*Drummond:* Hold on, Dan. What sort of changes do you have in mind? After all, we do have the council to consider. You *do* remember the council, don't you? They haven't exactly been overjoyed with the prospect of spending money, you know.

*Remmens:* These changes won't cost much at all. All it will take is a strong desire on our part to make it work. I think we can set up a modified assessment center here and get rid of those intelligence tests that seem to be our biggest problem. Have you ever seen the system they have in Dallas?

*Drummond:* No, I haven't seen it but I've heard it is pretty complicated.

*Remmens:* Not really. All it involves is the use of the job descriptions in a performance format. For example, if a man's job involved garbage collections, he should be able to lift a can of garbage, dump it in the truck, and follow instructions. A back-hoe operator should essentially have to demonstrate that he knows how to operate a back-hoe. The same principle could be applied to the selection of managers and in promotional decisions. We can give them an in-basket test of the type of things they need to be able to do on the job and select the ones that are the highest scorers.

*Drummond:* If we are really going to touch all the bases on this thing, won't we have to validate the tests or something?

*Remmens:* Sure. Before we can start using them we have to show they are related to jobs. That is why we need to begin now. According to this EEOC guidebook, the first step should be the publication of our affirmative action program, of which this will be a major part.

*Drummond:* OK, then, let's get started. But be sure to follow those guidelines to the letter. I want to be able to explain the city's actions to the council and others as part of the federal mandate. There are a lot of people that may take offense to this sort of thing. Hopefully, we can explain it to the council *after* it is in place and running smoothly.

After the meeting, Remmens drafted an affirmative action statement based upon the suggestions in the EEOC manual and those he had seen elsewhere. It was a relatively simple document citing the city's poor record of minority hiring in the past and proposing goals for the future. The statement was printed in the local newspaper as part of a larger article on city hall happenings, along with Remmens' predictions that new professionally developed methods of selection would soon be utilized in Groveton. That process of constructing and validating the exams had not gone very far, however, when it ran into some major obstacles.

About two weeks after the plans were announced, a committee of black citizens confronted the city council at their formal evening meeting and publicly blasted the city for its hiring record. Citing figures they had received from the newspaper and elsewhere, they demanded a speedy end to the pattern of black exclusion from the city's fire and police departments. Unless changes were made immediately, they argued, preparations would be made to seek redress in the courts and at the ballot box. Municipal elections were scheduled to be held in about three months.

Several spokesmen for the fire and police employees also expressed their concern about municipal hiring policies, albeit more privately and in a different direction. They were concerned that the new "performance" tests would be catered to the needs of the black community to too great an extent. As a result, they feared that fire and police trainees selected would be of a lesser quality than required to perform the jobs properly. Plans to select virtually every job through performance tests were met with equal derision. One supervisor in the streets department was quoted as saying, "I'll be damned if I am going to let some guy off the street 'try out' on one of our \$40,000 pieces of equipment. No way!"

Although the development of the resentment in each area is a story in itself, one thing had become quite clear. Instead of setting the stage for positive action, the publication of the plan generated a great deal of unexpected controversy and sparked an anger within the community that lay just below the surface. Mayor Wilson and Councilmen Johnson and Hunt held a hurried meeting with Drummond and Remmens shortly after the stormy council session with the black leaders. That meeting proved to be equally tumultuous.

*Wilson:* Dan and Jim, I will admit right off that I don't know as much about personnel management or city management as you do. But I *do* know this community. That "affirmative action plan" of yours has been anything but "affirmative" here. The public is upset, the employees are upset, and frankly I am too.

*Drummond:* I can understand and appreciate your concern, Mayor, but this situation has been brewing for some time. Maybe we had better just proceed with our plan and let the black community and the employees know exactly what is going on. After all, we are not doing anything so different here than is going on all over the United States. And validating these performance tests takes time to do it right.

*Johnson:* Unfortunately this is *not* "all over the United States." This is Groveton, Texas. Do you think the people here understand or care that we are doing this "for their own good" or that "validations take time?" They want action now or else. And if they don't get action, they will take some of their own.

*Remmens:* But we *are* taking action, the kind that this city needs. And if they don't understand it, well then that is just something we will have to explain better in the future. Perhaps if we had done that in the beginning—I mean years ago—we wouldn't have the problems we have today.

*Wilson:* Gentlemen, we could continue placing the blame for this from now until next week. However, I think we had better get on with the solution to this and right away. It is not something that we can allow to go on indefinitely.

Dan, can't you just get a validated test used somewhere else and be done with it?

*Remmens:* Written tests can be purchased for some jobs like firemen and policemen, but they need to be locally validated before being used on a wide-scale basis.

*Wilson:* Since most of this flack is coming from the fire and police departments, I suggest that you buy and start using a fire and police exam, announce that it has been validated elsewhere and that it will be valid here too, and that should solve the problem. I would also suggest that it be done *immediately*. You can go ahead with your performance tests in some of the other jobs, but you'd better get this fire and police thing settled *now*.

Although the personnel director and city manager disagreed with the mayor's plan at first, it became clear that the council was adamant. The meeting adjourned with Remmens and Drummond agreeing to make the necessary changes. Generally validated written tests were again the primary selection devices used in the police and fire departments. The black leaders were cautiously pleased with the results, but promised to watch for the tests' effects on black applicants.

In the other departments, the changes were also more modest than expected, due to the negative reactions the proposed changes had generated. Still, the most obvious deficiencies in the earlier system were corrected. Laborers no longer had to pass intelligence tests for work on sanitation trucks or road crews. The changes instituted were painful for some and more limited than hoped for, but they had occurred.

## Merit Pay

About six months after the performance-based examination process was announced, Personnel Director Remmens decided to go forward with the merit pay innovation. As mentioned earlier, the city had had a "merit pay" concept in operation for some time, but made no effort to tie the awards to performance appraisals. In fact, the only performance evaluations attempted were simple "unsatisfactory-satisfactory" employee ratings done by department supervisors, in which virtually all workers were judged to be in the "satisfactory" (i.e., meritorious) category. In some instances, employees were rated "satisfactory," given merit bonuses, and two months later were recommended for suspension or termination.

The new merit bonuses were to be based upon the position descriptions and qualification requirements derived as a result of the earlier job analysis. After developing an evaluation form, Remmens told department and first-line supervisors how to use the new procedures and provided other information about the program. They were also told that, unlike under the earlier system, only 50 percent of the employees in each department would be eligible for merit increases in order to make the awards more competitive. The bonuses would be financed from a percentage of each department's total salary package.

Word of this change in procedure spread rapidly. By the time the plan was made official, virtually

every municipal employee knew what was in the offing. Although some city workers were glad to see the advent of a true merit system, the predominate emotion was one of profound mistrust and suspicion. Both supervisors and lower-level employees felt threatened by the change. Supervisors were concerned that they were going to jeopardize the trust and friendship they enjoyed with their employees if they had to exclude one half of them from receiving what had become an annual pay supplement. They were also wary of the time and energy required by the new process and how this would affect their everyday supervision. The employees, on the other hand, were not convinced that the new evaluation system was workable or that they would be treated fairly by a process that had been developed without their involvement.

Despite these misgivings, plans were made to put the proposal into effect throughout the city at the start of the new fiscal year. Both City Manager Drummond and Personnel Director Remmens were aware of the grumblings among city employees, but they took no overt action to respond to them other than by counseling individual employees. Remmens was convinced that these problems would be short-lived and that the merit pay plan would be successful by the end of the first year. Such resistance to change was to be expected, he said, but by sticking with the original plan, the complaints would slowly dissipate. Shortly before the official kick-off date for the new performance evaluations, however, Remmens' predictions again proved somewhat less than accurate.

A meeting of city employees was held one evening in which representatives of each city department were selected to talk to Drummond and Remmens about the new pay plan. Before that meeting, Drummond and Remmens met for lunch to discuss the matter at length and present a united front. The two men discussed the complaints they had heard previously and then each gave his impression of what should be done. There, the first real split between them surfaced.

*Drummond:* Dan, I think we should go slow with this new merit pay plan. After all, starting this sort of thing in Groveton would be like moving from the ice age into the space age. You've got to consider where we are coming from. People need time to adjust to something like this.

*Remmens:* Are you saying we shouldn't have real merit pay in this city? Is that annual gratuity for hanging on another year what we really want?

*Drummond:* Of course not. But we probably shouldn't spring it on them all at once, either. Look, I'm as anxious to get this town into the 1980s as much as you are. But this kind of thing can cause all kinds of problems. People feel threatened, and when they do they naturally try to protect their turf. We have got to figure out some way to make it less threatening to them while still making progress. That may mean we will have to take a more subtle tack than we had planned.

*Remmens:* You have something in mind, I hope?

*Drummond:* Well, not exactly.

Maybe we could do it on a small scale first. You know, kind of try it out on one group and then gradually expand it to all employees.

*Remmens:* And which division do you think will step forward to be first? They are *not* exactly falling over each other to be evaluated, you know.

Look, Jim, things like this are too important to do half-heartedly. If we evaluate one group and not another, then you are *really* going to hear the complaints of unfair treatment. What we need to do is go into this meeting firm in our resolve that what we are doing is right.

The two men failed to agree on a concerted strategy, and left for the meeting without resolving the issue.

That afternoon, representatives from all five divisions sat around the table from the city manager and the personnel director. Remmens again explained the rationale behind the plan, and the employees voiced no strong objections. After a somewhat restrained discussion from all parties, Harold Leavitt, an employee in the streets department, clearly expressed what most city employees were feeling.

*Leavitt:* Look, Mr. Drummond. We don't have any quarrel with being paid for how hard we work. I'm sure that most of the people working for the city feel like they deserve their bonuses and would get them under any fair system. The problem is that we don't think it is a fair system. You've got studies by someone who has never natched a street or driven a truck

the streets department. The same thing is true in all the other departments. I'm sure we could do as good a job as he did or even better. (Nods and mumbblings of agreement from the other employees present.)

*Remmens:* Mr. Leavitt, the study upon which the evaluation forms were designed was done by one of the finest consulting firms in the country. They have done similar job analyses and position descriptions in Dallas, Oklahoma City, St. Louis, and lots of other places.

*Leavitt:* Frankly, I don't care *where* they have done their work before coming here. If you think they are so good at setting these performance standards, why don't you use the ones they developed for *your* job first?

I just don't think that we should be at the mercy of someone who doesn't really know what we do. It's got a lot of people plenty upset. Some of the people are even starting to talk about getting a union started. Now you don't want that and neither do most of us. But something's got to give.

*Drummond:* Harold, let me pick up on something you said a minute ago. You said you thought you could do as good a job as the consulting firm did. Well, would you like a chance to try?

*Leavitt and Remmens (simultaneously):* What?

*Drummond:* I said, if you think you could do a better job in setting up the evaluations, why don't you give it a shot? You could use the forms that were developed for your jobs as a starting place and work from there. I'm sure we could start the evaluations a little late so we could get your comments. What do you say?

*Leavitt:* Well, I'll have to talk it over with the others but I think that sounds reasonable.

*Drummond:* Good. We'll talk more about it next week, then. Meanwhile, you get back with your people and I'll talk to the supervisors. Together, I think we can still get the program started.

After the meeting, Personnel Director Remmens was livid. He strongly objected to, what he termed, "caving in" to the demands of the employees.

them set their own performance standards. Do you realize what that means? First of all, they will probably come in here with standards that will be so ludicrous that we won't be able to use them. Then we will be worse off than we are now. Also, they now have the impression that they can get whatever they want just by coming in here and making demands. They don't need a union; they've got one already.

*Drummond:* Dan, I know you are upset, but I don't think you realize the nature of the situation we have here. Performance evaluation is an issue that can bring all those people together like no other. And if you think we have trouble from the employees or the council now, just wait until this city gets a union. Then the council will blame you for causing it and will not give you any money for *any* of your ideas.

*Remmens:* Since you are making the decisions, I guess that means you are right. I guess this also means that you plan to run the personnel department from your office from now on, then?

*Drummond:* If I have to.

At that, the two men parted company and did not speak to each other for the remainder of the week. Drummond negotiated with the line supervisors and arranged a meeting with employee representatives for the following Friday. Remmens continued to operate his department and to perform his regular duties, but refused to alter his position that the job analysis derived performance standards be accepted without change. Any "tampering" with those standards he considered an abrogation of management rights.

Drummond had one more discussion with the employees on this matter, but he could not ethically or legally go forward with the development of the performance standards without Remmens' involve-

ment. He felt bad about the situation, but decided to allow things to cool off a little more before taking any action.

Mayor Wilson and the other members of the city council heard about the problems the new performance evaluations were causing a short while after the meeting. Although they were unaware of the specifics, the council also knew about the split between the city manager and the personnel director over which standards should be used in the performance appraisals. The one thing they wished to avoid was the establishment of a union in Groveton, and this question of standards was clearly pushing them in that direction. There had even been talk of a petition circulating that would establish a bargaining unit in the city. As a result, two council members—Hunt and Johnson—met privately with City Manager Drummond to discuss the matter. They urged him to dismiss Remmens for insubordination and get on with the process. This, they felt, would cut short any unionization effort and end the major part of the problem.

This, then, was the situation Drummond faced at the beginning of this review. He and Remmens had gone through much together, but it could be that his dismissal would be the only way to appease the council. If Remmens were fired, any subsequent personnel director would, based on past experience, probably be reticent to undertake any such sweeping reforms. That was probably what the councilmen had in mind. Who could have foreseen that such a simple thing as a performance-based bonus system would cause such complex problems?

Drummond scheduled another meeting with the employee representatives to iron out the details of their agreement. Before that meeting, he decided to resolve once and for all the problems between Remmens and himself. He sent a memo to the personnel director asking him to stop by as soon as possible.

## Chapter 6 Review Questions

1. What is your definition of an informal group in organizations?
2. How are informal groups formed and how do they influence the activities of public organizations?
3. Do informal groups emerge and have an impact on *public* organizations in the same ways as they do upon *business* organizations?