Global Organization Design Society

Readings in Global Organization Design Books

Exploration in Management
- part b -

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Part Four

SPECIALIST WORK

Analysis of Specialist Work

MANAGERS in industry often attempt to analyse executive work into 'line work' and 'staff work'. They talk about 'line managers' and 'functional managers'. On an increasing scale they talk about 'staff officers' and 'staff assistants'; but in my opinion the definitions given do not lead to any systematic elucidation of the work to be done. The basis of the difficulty in getting down to clarification is the lack of conceptual clarity about the content of business work.

The Content of Business Activity

It may be observed that the owners of every business carry out the following:

(*a*) *They decide what goods or services they seek to provide.* If their company is making a product, they may decide that to safeguard the future, or to ensure full use of productive capacity, they want to have new or additional products. This, in turn, leads to a decision either to develop new products within the company, or to arrange with some other company to develop products for them for payment. In other words, there is a product- or service-development function to be performed.

(*b*) *They arrange for the provision of some goods or services.* They may decide to employ people, plant, buildings, etc., to produce the product or service, or they may decide to sub-contract the manufacture to some other company. There is, however, a producing function to be carried out either by employing people or by sub-contracting.

(c) *They arrange for the sale of goods or services* which they have brought into being. Again, they may do so by employing people to sell, or by arranging for some other company to sell their output on a commission basis. The chief executive has to arrange for this selling function to be performed.

The economic conception of business activity always comprises the development, production and sale of some commodity or service. The business does not always carry out these functions directly by the employment of people. It does so at times by arranging for the function to be discharged for it by some other business. Every business using this subcontracting arrangement has, however, to organize the subcontracting, and in that sense carries out the function. The usefulness of this generalization can be tested by observing a large number of businesses in operation.

Consider the case of just one rather difficult example, a retail shop, to illustrate the notion. The owner has to decide, from time to time, what he shall sell. Shall he add newspapers to the existing tobacco business; shall he stop selling confectionery; ought he to visit trade exhibitions to look for new lines; shall he decide to open a small lending library, a need for which appears to exist in the locality, etc. In thinking and investigating along these lines he is performing the *development* function. He rents a shop, buys storage racks, buys stocks, attends to customers, packs goods, delivers goods, etc. In so doing, he is *producing* the service. He thinks about attracting more customers, rearranges his window display, decides to buy better display counters, sends out advertising material, etc. In so doing, he is performing the *selling* function.

According to the emphasis or energy which he applies to such different work, the success of his business will wax or wane, but he cannot leave any of these functions undone completely or he will cease to have a business. The more explicitly he can think of these three functions separately, the more likely he will be to give them appropriate balanced attention.

I have never seen a business whose work is not describable in these terms. We use the term 'operational work' to describe these

three functions, and in our Company we use the separate symbols D (development), M (manufacture) and S (sales) to refer to them.

Operational Work of the Company

Requisite organization is a function of the fact that we exist to develop, manufacture and sell bearings. It would be equally possible to take as an example a company set up merely to develop bearings; but consider just what such a company would have to do. One would likewise get, in this company, the basic notions of developing ideas as to what developments should be undertaken (development), doing the actual development work (production) and selling the result (sales).

Consider a company manifestly set up to sell only. One would have to *develop* ideas on how to go about selling. These ideas would have to be worked up into the production of a selling service, and this service would have to be '*sold*' to somebody who developed and manufactured bearings. In other words, the product of the firm would be the selling service, and such a service has to be developed, produced and sold.

If we, as a Company, decided to employ the services of another firm to carry out one of these functions for us on the basis of some fee or commission, then the structure of our Executive System undergoes basic change. If we made an arrangement for another company to carry out for us all work on the development of new types of bearings, then the structure of our Research and Development Organization would require radical alteration. Similarly, if we in this Company sub-contracted all manufacture of bearings, retaining only the development and sales activities, the Executive structure of the Company would be greatly altered.

An *Operational Manager* is one who carries out the whole (the Managing Director is responsible for the development, manufacture and sale of bearings), or some part, of the operational work of the company. When people refer to line managers, I think that generally they are referring to what I have defined as an operational manager. All people employed in our Company,

except specialists, can be said to be engaged on developing, or manufacturing, or selling bearings, or some part of those activities. Having defined operational work, we are now able to proceed to a consideration of the nature of specialist work. It will become clear as I proceed that it is not possible to discuss specialist work in conceptual terms until operational work has been defined, because the former is a phase of the latter.

Analysis of Specialist Work

Specialist work is the work performed by people in roles where they are held responsible for having particular concentrated knowledge appertaining to one or other of the phases under which operational work can be analysed.

I have already defined the content of work as having two components, prescribed and discretionary, but employment work can also be described along another 'dimension' as: a person, in a role in an executive system, using a technique on a timed and balanced programme of activity, all set by a manager. *No instruction given by a manager is complete unless, in fact, or by implication, it specifies who shall carry it out, what technique shall be used and the timing and quantity of activity which are demanded.*

This can be put in another way; all work activity implies a manning of activity, a technique of activity and a chosen quantified and timed deployment of activity on a particular operational task. The contention is, therefore, that operational work is a three-dimensional activity and that it can be analysed under three headings: (a) organizational and personnel work; (b) work concerned with the techniques used in production; and (c) programming work concerned with balancing, timing and quantification of operations. Thus, all specialist work in the Company falls into one of three specialist divisions: Personnel Division (P); Technical Division (T); and Programming Division (Pr). The specialists in these divisions are concerned, respectively, with the optimization of profit by the use of:

(a) the optimum organizational and personnel practices;

(*b*) the optimum production techniques;

(*c*) the optimum balance and timing of the pattern of opera-
tions.

Is This Analysis Valid?

The foregoing is not an hypothesis which can be validated by
experiment. It is a conceptual idea which arises out of observa-
tion of what happens in one industrial company. My experi-
ence is that the concept fits the daily circumstances of my
managerial job, and that this experience is supported by that of
many other managers in the Company.

Take any situation that requires a managerial decision; for
example, whether or not to provide additional manufacturing
capacity. If the concept is useful, then it should be possible to
analyse and allot any consideration that arises from the taking
of that decision to one of the three specialist phases named.
Here is a typical assortment, culled from personal experience,
of the kind of considerations that do arise on such an issue.

(*a*) For which type of bearing is the additional capacity required
and is such deployment of activity and resources optimum from the
economic point of view? (Pr)

(*b*) What competing demands for such capacity exist in the Com-
pany and what economic return will these others yield us? (Pr)

(*c*) What programme of activity, in terms of timing or quantity of
work, on the part of the general managers in charge of development,
manufacture and selling is this going to involve, and will this inter-
fere with other urgent work which has to go on? (Pr)

(*d*) Can we afford the higher stocks necessary to support this
additional capacity, without depleting our finances in such a way as
to force us to deflate some other activity which is economically more
important to us? (Pr)

(*e*) If we increase capacity, can we foresee keeping that capacity
reasonably fully loaded in the future with work from customers at an
economic price? (Pr)

(*f*) What type of plant will we need? Are we going to use existing
types or new types to get higher production rates? (T)

(*g*) If we decide to lay down a new type of plant, what space will
be required in which to house it; will the floors take it; have we
sufficient electric power laid on; will it pay us to do so? (T)

(*h*) Can we so arrange plant, conveyors, storage facilities, packing

and despatch in the available space to get an economically efficient flow of work? (T)

(*i*) Can we, in planning the production methods on this additional capacity, get a degree of serviceability, accuracy or finish of the product that will give us a bigger competitive advantage? (T)

(*j*) Can we organize this additional production under the command of an existing unit manager; or have we got to go to the considerable expense of setting up a new unit, complete with a manager, specialists, section managers, and is it economic to do so? (P)

(*k*) Can we get the additional operators, craftsmen, managers, for manning this new production, who will have the skills required to produce at economic levels within a reasonable space of time; or is this going to be a case of low output and high scrap over a very long bedding-in process? What are the economic effects from this point of view? (P)

(*l*) If, instead of using existing factory space, we put up a new building, then this will relieve overcrowding at a number of other points and, by the creation of better working conditions, help to increase the satisfaction and efficiency of a large number of operators, managers, etc. (P)

Clearly, one could go on almost endlessly throwing up points to be considered in coming to such a decision; but however many these are, I find that, subject sometimes to considerable and prolonged thought, any cogent point concerned with the internal co-ordination of such a plan can be subsumed under one of these three phases.

Consider the case of a section manager who has work to do for customer A and customer B. He has to decide whether to put job A on line 1 and job B on line 2, or *vice versa*. There will be programme considerations, such as which arrangement will best meet the delivery times asked? There will be technique considerations, such as are the machines and tools on line 1 suitable for job A, or not? There will be personnel and organizaational considerations, such as are the supervisor and operators on line 1 sufficiently used to job A to be given the job, or will putting job B on line 2 involve increase of the existing operator strength on that line?

A general manager may have to decide whether or not to limit the amount of overtime worked in his command. He has, let us suppose, three staff officers, P, T and Pr. P will be worried

about the effect that limitation of overtime will have on wages, but also worried about the effect that continuance will have on health, efficiency and scrap. His labour turnover will be affected; reduction of overtime may mean more new people, more training, reduced output from new people for a time, and so on. T may say: 'If you are prepared to spend all that on overtime premiums, then for a small expenditure on new machines I can increase output and get rid of overtime in that way.' Pr is concerned whether new techniques or intake of additional operators will effectively safeguard deliveries; or whether, on the other hand, continuance of overtime with its high premiums is not already so reducing the economic return on the job as to make it desirable to reduce the intake of orders for such work.

These three dimensions of activity can be demonstrated also in manual work. A turner on a lathe considers whether he shall, within prescribed limits, increase the speed of rotation of his chuck which holds the job he is machining. The following sorts of considerations must arise, albeit perhaps intuitively: 'Can I maintain finish and accuracy at the higher speed; am I skilful enough for that (P)? I shall have to alter the speed of traverse of the tool in order to maintain finish (T). Unless I do increase chuck speed, this job will take longer and be late on delivery for the next operation. It is behind time now (Pr).' These are just three considerations that arise, but the others fall into place with equal rationality.

Is This Analysis Useful?

I have not the basic technical training to keep up to date on everything; and if I am to get assistance in making new policy, I need people who have specialized knowledge in advance of my own. If I have to have such specialized assistance, I must specify in what fields of knowledge, and this analysis does that for me.

If I am to be able to exercise more detailed control over the interaction of my operational subordinates, then I must in some way be able to split up this co-ordinative work in order that I can delegate some of it. This analysis enables me to do so.

If, having set policies, I have not got the time to follow them

up and see that they are properly implemented, or discover the difficulties which are preventing this from happening, then again I must have some way of splitting up this staff work in order to get it done.

Work in the Company seems inevitably to require personnel officers, engineers, production control personnel, specialist planning people, chemists, metallurgists, experts in devising routines, statisticians and so on; and it is more than useful to discover that all these different specialist skills can be grouped into three discrete divisions, the work of which can be differentiated one from another on the basis of apparently realistic general statements.
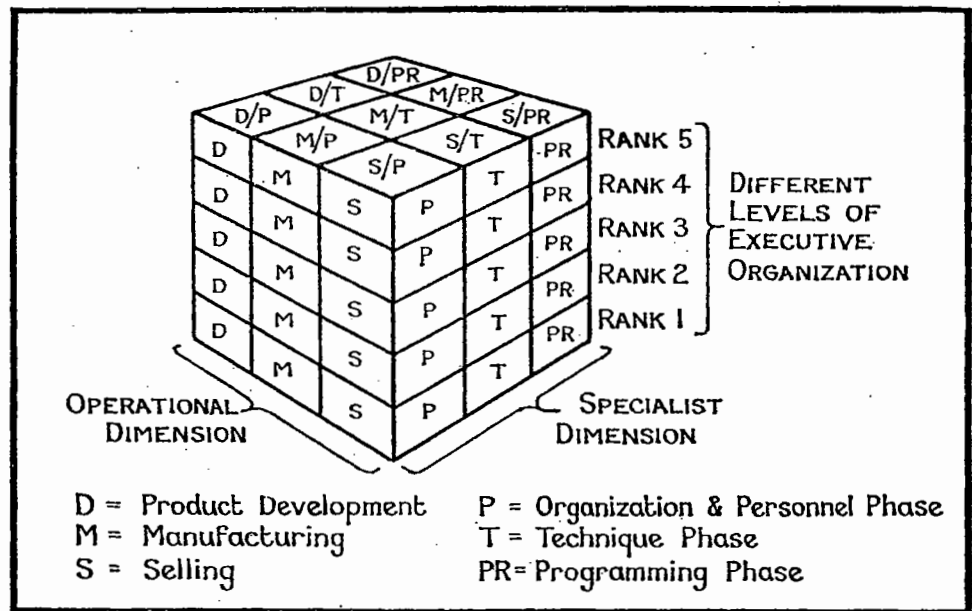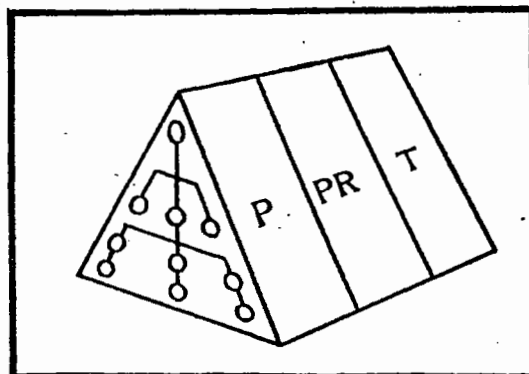

FIG. 15

FIG. 16

Fig. 15 is a diagrammatic presentation in three dimensions of the inter-relation of operational and specialist work at five levels of executive organization. Fig. 16 demonstrates another way of presenting the idea of the specialist dimension in a conventional organization chart.

CHAPTER XII

History of Our Specialist Problems

ONE of the difficulties which we in the Company felt for a number of years was in holding managers (below the level of general manager) fully accountable for the price, quality and delivery of goods; in spite of the fact, be it noted, that these matters comprise the whole *raison d'être* of our concern. One of the causes of this was the existence of what one may call a 'specialist barrier' between factory managers and departmental superintendents. The way in which we used to look at our Executive System is illustrated in Fig. 17.

This diagram gives no guidance in understanding what the nature of the relationship is between those roles concerned with carrying out the 'operational' tasks of the Company—to make, develop and sell its products—and those which are concerned with matters, for example, of manufacturing techniques or personnel. We tended to say that a specialist (such as a production engineer or a production controller) had no authority at all over the process of production; so far as he had any contact with operators or managers, it was to offer advice or to give services. When, however, we came to look at just how our system worked, we found that these so-called advices or services that specialists gave were not only felt to be instructions by those who received them, but that they had in fact to be instructions if the Company was to get its work done efficiently. Thus production engineering and production control specialists (among others) carried what we came to call 'staff authority'— i.e., they issued instructions on layout, prices, priorities, de-
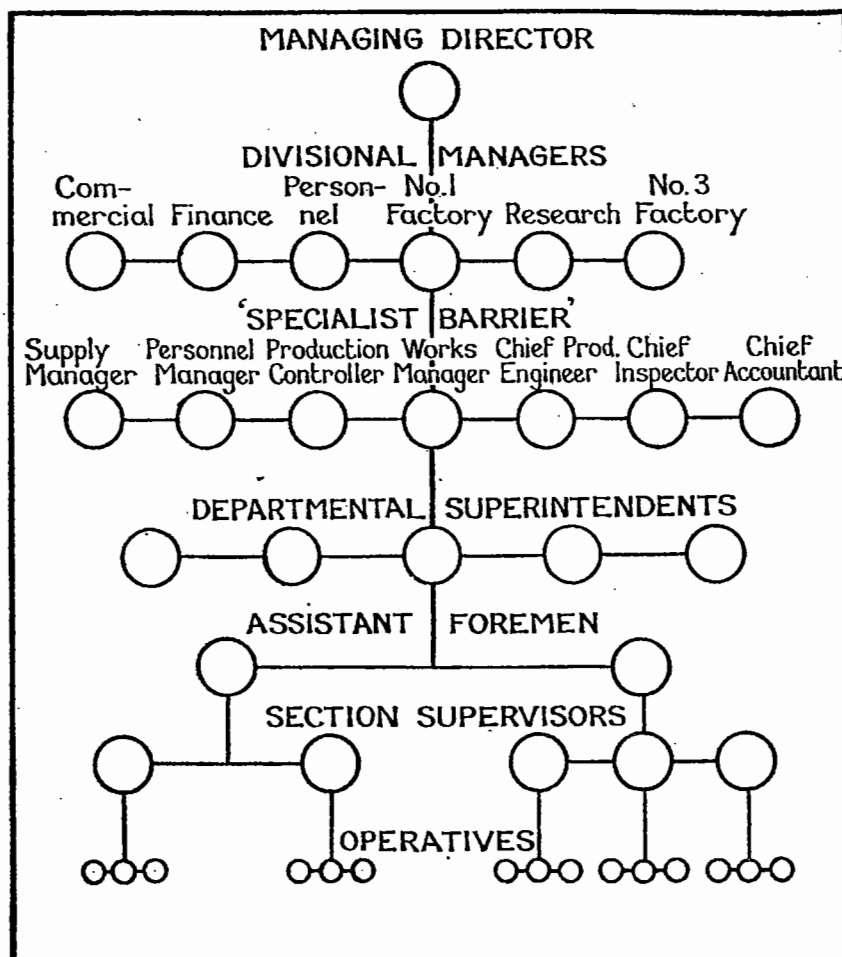
FIG. 17. The Executive System as we used to look at it

livery, etc.—and moreover, this staff authority impinged on the shop floor from junior specialist levels and in many cases by-passed line managers. An impression of how this unrecognized authority worked, and of the relationships concealed in the organizational chart shown in Fig. 17, can be obtained from Fig. 18.

Two points may be stressed here: firstly, that the Company had to incorporate this staff authority into its system in order to get its work done; and secondly, that it did so in a concealed manner without recognizing the fact. As a result of research these points became apparent to us. In order to attempt to deal with the confusion and inefficiency we experienced, we began slowly to develop a different kind of organization which recognized the underlying nature of what was observed to be, in fact, in existence (Fig. 19).
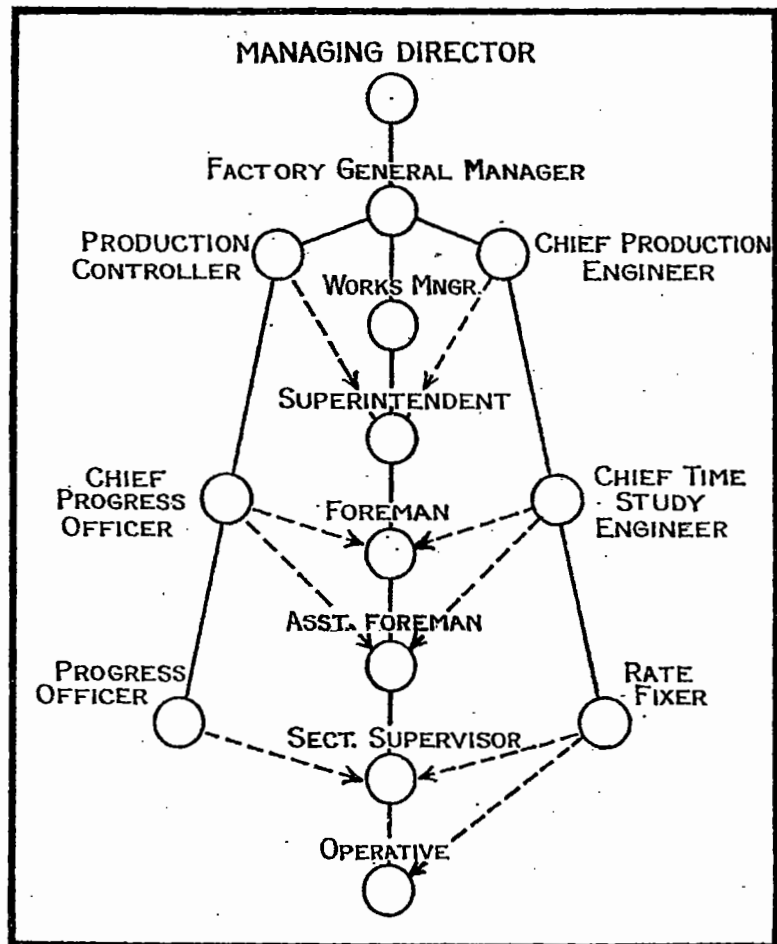
FIG. 18. The hidden pattern of specialist authority

No one below the level of general manager could be said to be fully in charge of production. Dotted lines represent so-called services given by specialists, but which were in fact felt to be instructions by those who received them.

The main features of this organization may be enumerated as follows: (i) We differentiated operational from specialist organization. (ii) We organized the Company into units not exceeding some 300 to 350 members. This is the maximum size which allows personal leadership by a unit manager, since all his subordinates can know him and can also recognize each other. (iii) We organized shop-floor work into sections of from 10 to 70 members each, under a full-scale manager fully accountable for work and for personal leadership. (iv) Supervisory roles were set up to assist managers, and these roles carried specifically designed supervisory authority. (v) Specialists were attached as necessary at any level to assist each operational manager to
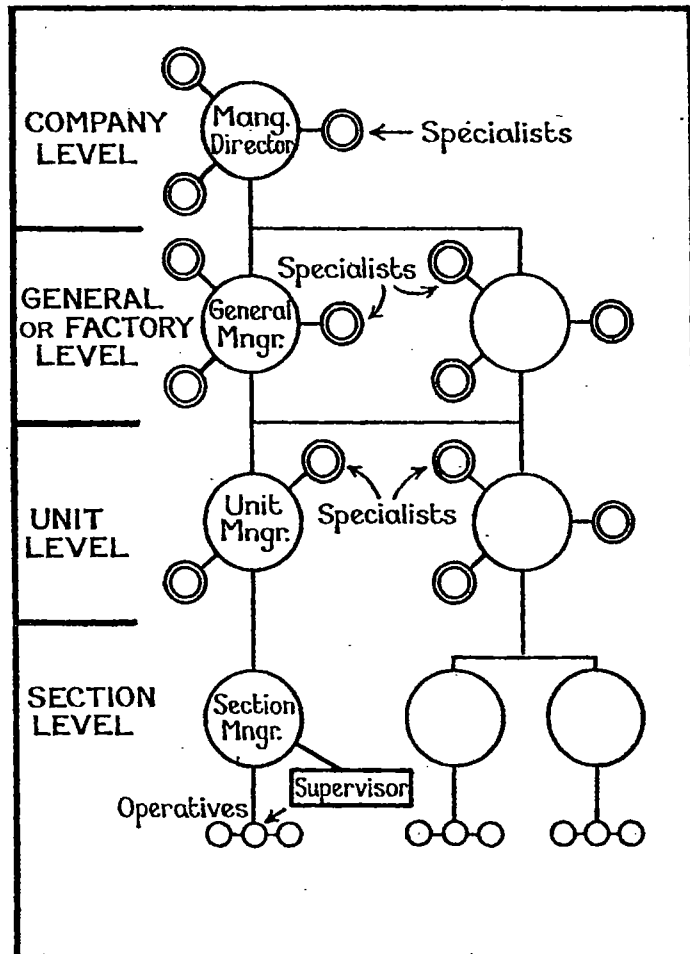
FIG. 19. Our current form of organization

Each manager is fully in charge of operations carried out
under him and has his own specialist staff to assist him.

discharge his responsibilities. These specialists carry recognized
staff authority within their own fields, in relation to their
manager's subordinates.

Such a set-up means that responsibility is more clearly placed
squarely on operational managers for such work as: (a) Deliveries to schedule—because they have their own specialist staff
responsible to them. (b) Development work and methods engineering—because they have the requisite engineering specialists.
(c) Appropriate organization and manning roles—because they
have undivided control within Company policy.

It can be seen that a further result is to reduce the total
number of levels in the organization, facilitating communications up and down the line.

M

Specialist Organization

M Y experience of industry suggests that the relation of BS1 to B1 and B2, as shown in Fig. 20, is the subject of great confusion. I am convinced that failure to analyse these relationships really does contribute greatly to social friction, loss of efficiency, failure of specialists to keep their organization up to date, and failure of managers to be able fully to take on responsibility. Some description of the general situation surrounding the issue will help to highlight the importance of our policy on this particular relationship.
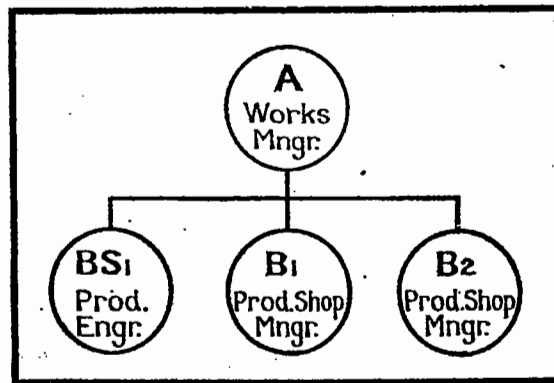
FIG. 20

If BS1 is described simply as a colleague of B1 and B2, then all sorts of questions are left unresolved. I have had a great deal of painful experience of this unclarified position. I can remember meetings at which there were present production superintendents, on the one hand, and the chief production engineer, on the other. The superintendents claimed that the manufacturing layouts which they had to follow were often wasteful of effort, involved too much tooling and, at times, gave rise to unnecessary scrap. Given discretion to alter these layouts,

the superintendents claimed they could bring about substantial increase of output and a reduction in scrap. The chief production engineer claimed that he and his staff produced new manufacturing layouts only after real appraisal of the situation in the machine shops, and after discussion with superintendents, foremen and others. While there was seldom dispute on paper, there was far too much unauthorized departure from layout without any reference to the production engineering department. I could quote many such examples.

We attempted to resolve the problem of authority by the idea of the 'prescription'. This was defined as the experts' way of tackling a problem or overcoming a difficulty. But it was not an order given to an operational manager; it was offered to him, or asked for by him. Like a doctor's prescription, it could be refused by the patient but, of course, at his own peril. This idea tended to increase the authority of the superintendents, because it left them in command of the situation even though the turning down of a prescription had its risks. On paper, however, it deprived the specialist of authority. It left him with the job of persuading operational managers to accept his 'prescription'.

Fig. 21 depicts the assumed organization as it was seen at one time; Fig. 22 shows the extant organization as it really was, and the organization which is requisite to the optimum execution of work.
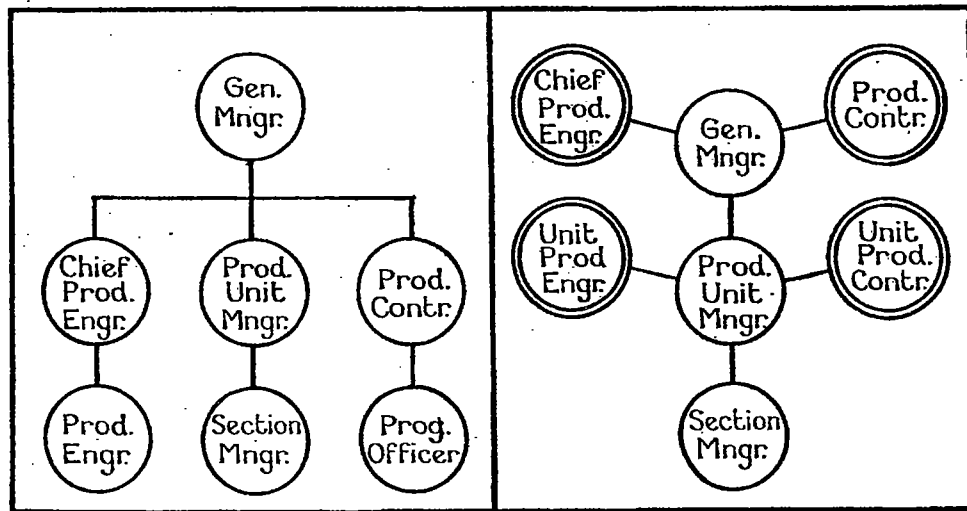

FIG. 21. Assumed organization   FIG. 22. Extant and requisite
organization

A specialist became recognized to be one of a constellation of roles around the manager. This specialist role carried responsibility for being expert in a particular phase of the manager's job, for advising the manager on what policies he should follow, for helping the manager to plan the implementation of new policies and for co-ordinating the actions of the manager's subordinates in carrying the new plans into effect. Looked at in this way, it could be seen that the specialist was doing work in a particular phase at the same level as his own manager. Our Policy Document defines a specialist as follows:

Policy on Specialist Organization

Specialist Role.—A role in which the occupant is accountable for assisting a manager through the discharge of one or more of the following responsibilities:

(a) *Advisory responsibility*—for giving technical advice and assistance to his manager (or operational co-manager).
(b) *Service-providing responsibility*—that of providing service or prescriptions.
(c) *Staff responsibility*—that of assisting a manager in the co-ordination of the work of that manager's immediate subordinates in a particular field by exercising authority and issuing instructions on his behalf.
(d) *Technical co-ordination responsibility*—that of operating one or more of the following mechanisms (as instructed) for the co-ordination of the technical aspects of specialist work:
　(i) *Technical Guidance:* Where a specialist is accountable for giving advice and guidance to other specified members.
　(ii) *Inspection:* Where a member is instructed to review, assess and report upon the effectiveness of work which is in his specialist field but which is not directly under his executive control.
　(iii) *Attachment or Secondment: Attachment*—the process of deploying a specialist from a Specialist Division to an established position under a manager. *Secondment*—the temporary deployment of a specialist to a position under a manager.

Staff Responsibility

I wish first to set up a convention about diagrams. If I designate a manager by the symbol of A1 or B1, etc., I shall

designate his specialist subordinate by the symbols A1S1, A1S2, B1S1, B1S2, etc.

The relationship of AS1 to B in Fig. 23 is one within which AS1 gives instructions to B, so long as these instructions are for the purpose of implementing a policy made known to B by A. AS1, a staff officer, is responsible to A for seeing to it that A's operational subordinates carry out his policy. B, at all times, has the right and duty to see A, if he wishes to question A on the policy he has set. If B feels that the policy which AS1 is implementing is not A's, he will say so and query this with A if he wishes to. Paragraph E.2.2 of our Policy Document is quite explicit on this point:
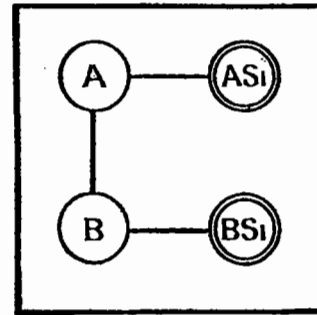
FIG. 23

A member shall question any instructions which he does not feel able to carry out within the policy set and with the facilities available to him. In the absence of any such query, his manager may take it that the member has accepted the instruction as being reasonable.

This situation gives the appearance of being one within which B has two managers; or, if we consider the situation when A has three staff officers, then B might be considered to have four managers. If one were to define a manager as 'someone who gives instructions', then this statement would be true. But, in point of fact, I hope I have already demonstrated in Chapter IV the usefulness and realism of the idea that a manager, minimally, is the person who selects, appoints, assesses, rewards and disciplines subordinates and sets the main work targets. In this sense, AS1, AS2 and AS3 are not B's managers; they do not select, assess or discipline, A alone has that relationship to B. According, therefore, to the definitions used in our Company, this is not a dual-manager situation. My experience indicates that it is not felt to be so; for despite the fact that AS1, AS2 and AS3 give instructions to B, these instructions are given on A's behalf and must be within A's policy.

AS and B, in our Company, are of the same rank. AS is responsible for deciding whether his manager's policy and

instructions are being carried out by B1, B2, B3. He will not be regarded by A as having discharged his responsibility, unless *in extremis* he is prepared to issue warnings to B1, B2, B3, and, failing compliance, to report back this failure to A. Notwithstanding, AS is not responsible for assessing B managerially.

I know this is difficult to grasp and that the first reaction to the idea is the assumption that staff officers will inevitably discuss with their own manager the personality, ability, etc., of that manager's operational subordinate. In practice, however, this does not happen. There are barriers to such comment. To some extent these are psychological and cultural. AS and B are both subordinates of the same manager and thus share, to some extent, the same frustrations and the same executive leadership. But that is not the whole story. If AS and B are correctly positioned in the Executive System, then, within limits, they are people of roughly the same personal capacity to do work—though it is work of a different kind. B is doing a part of his manager's work in all its phases within his manager's policy. AS is looking after one phase of his manager's work by helping him to set and implement part of the policy within which the manager's operational subordinates do their work. AS is not responsible for the totality of what B does, only for seeing to it that one phase of B's work is carried out within the policy of manager A. Thus AS cannot see the whole of B's work and is incapable of making a total assessment of B.

This colleague relationship, based on consonance of capacity of AS and B, possesses the merit that it allows a freedom of speech between the two that is not possible between a manager and his subordinate, because the *assessment* component of the former's responsibility inhibits such complete frankness. Here is a typical scene:

B: The whole situation is crazy. I am asked to produce to higher standards than ever before in less time. I do not trust the new casting technique and I think we are in for trouble!!

AS: You did not say so to A when all this was discussed two weeks ago. It is a tight time target, but you have not even started yet—why lose two weeks? You agreed that quality must be raised. I know you argued the point initially, but you shut up pretty

quickly when it was made plain that either quality had to im-
prove or you lost the whole contract. You cannot achieve a
satisfactory standard with your current methods, and you have
been very difficult all along about trying out the new methods.

B: I must have another month, and I want Mr X put at my dis-
posal to help with the new casting methods. Our Sales people
have been weak about this. The quality point should not have
been accepted so easily from the customer—it is easy for them,
they have not got to make the things.

AS: Strictly speaking, that is not your business. A has accepted
Sales' point that we must do better—it is your job to get on with
it. You have got a new method which, on quite a large pilot-
scale run, has worked very well. You have got time if you get
cracking now. I will try and get the date put forward, but I
cannot promise. You know it is almost impossible to release X
to help you. Now are you going to get on with it or do you want
to raise the whole issue again with A? I must know. . . .

and so on. Such a conversation could not easily take place
between a manager and his subordinates, because B would not
feel free to be so frank; he has got to think of his long-term
career. If a clearly-structured staff relationship does not exist,
B will quite probably make these remarks to some colleague
who can do nothing constructive about them and will merely
feel uncomfortable. But when B makes such frank comment to
AS, the latter can use these comments. After such a conver-
sation, he is completely in role in going to A and saying:

'There is trouble over the plan on contract Y. B is really
worried and not getting on too well. I suggest we get Sales to
do their utmost to get more time from the customer, before we
are committed to the change of quality. I have seen our develop-
ment people, and although X cannot be released entirely, he
can spend a good deal of time helping B to get the new casting
technique going. Do you agree that I fix it?'

A Pitfall for Managers which must be Avoided

The relationship I have just described puts B in a position where
he may receive instructions from his boss and any one of three
staff officers. This makes it essential that the A-B relationship
is clearly and unequivocally a manager-subordinate one. Any

weakness or abdication on the part of A will cause trouble. B will begin to feel that his real boss is AS1, AS2, or AS3, not A. This, in turn, stresses how essential it is for A to make his policy clear personally to B and to give B the opportunity to comment on it, or to object before it is implemented. If A allows a position to grow up where his staff officers are promulgating his policy to his own subordinates, then he is abdicating his own role.

When we first considered setting up these staff officer roles, I, and I think others, felt anxious lest their staff authority should be resented by the managers who were subject to it, and lest some of the staff officers should perhaps be inclined to be officious. This anxiety, on the whole, proved to be unfounded. The opposite, in fact, was true. Many specialists finding them-selves, for the first time, in a role with clear-cut staff authority refused to use it. They preferred tact and persuasion, which I was prepared to tolerate provided it did not take too long. But it was not at all acceptable if it involved delay. I had many conversations of this type at the time:

> AS: I am worried. We are now doing quite an excessive amount of overtime in many parts of the Company. It is costing the earth, scrap is rising, and I put the current high sick-absence figure partially down to the fact that there are some people who are regularly trying to work ridiculous hours. We must take on some more people instead of coping with the load by overtime. I think you should raise the matter again most sharply at your next meeting.
>
> A: I did at the last meeting. I instructed managers to cut overtime by taking on more people where required. There is a minute on the subject.
>
> A S: Well, it is not happening, and I thought you ought to be aware of it.
>
> A: Do you mean that my managers are refusing to act?
>
> A S: No, of course not, but they are not getting on with it.
>
> A: Well, make them, give instructions, use your authority. You are trying to get me to do your job for you. You are a Staff Officer responsible for seeing that my policy goes, get cracking, your authority is clear. If they are in real difficulties, find out and let me know, but otherwise see that they get on with it quickly.

Attachment of Specialists

Even before the analysis of organization which enabled us to develop our current conception of staff specialist roles, it had been observed that if A and his subordinate manager B both had in their respective immediate commands engineers (AS and BS) who assisted them with production techniques, then the following pattern would often emerge:

(a) If manager B's engineer left the Company, he would not appoint another engineer without consulting AS.

(b) If B was worried about the performance of BS, he would very often discuss BS with AS.

(c) If AS had some new ideas about technical matters he would, with the agreement of B, see BS and explain these ideas to him.

(d) If B was puzzled about production methods and could not get elucidation from BS he might ask BS to see AS and find out more about the subject, etc.

In other words, there was an observable and important relationship between AS and BS which, however, lacked a coherent and explicit structure. Such lack of structure leaves the relationship an informal one, and this results in inconsistent use of it. B might, for instance, at times appoint an engineer BS, without reference to AS. This would seem wrong to both A and AS; but B could not be criticized, for he was not explicitly held responsible for consulting AS about the type of person required for the role BS. The same comments apply, of course, to the relationship of BS to CS.

One of the consequences of this situation was to bring into being organization of the type where BS and CS became direct subordinates of AS; though this results, as already described, in an unstructured relationship of BS and CS to managers B and C. The requisite needs of the work situation are met, however, by the notion of attachment which is defined in the Policy Document as follows:

Attachment. Managerial authority and accountability with regard to attached specialists shall be shared between the operational

co-manager and the specialist co-manager in the following manner
(DD. 3):

The two co-managers shall be jointly accountable for the selection
of the attached specialist and for his merit assessment (DD. 3.1).

Only the operational co-manager shall assign operational responsi-
bilities to attached specialists, and he shall be accountable for:

- (a) informing the specialist co-manager of any major changes he
  introduces in the operational use of the attached specialist;
- (b) the type of responsibility he assigns; and
- (c) the discipline of the attached specialist in the discharge of these
  responsibilities (DD. 3.2).

The specialist co-manager shall set the terms of reference governing
the techniques which an attached specialist uses in the discharge of
his responsibilities, and he shall be accountable for:

- (a) informing the operational co-manager of any major changes
  which he makes in the technical terms of reference which he
  sets;
- (b) ensuring that his specialist subordinates are technically
  equipped to carry out the requirements of the roles which they
  occupy; and
- (c) the technical discipline of specialist subordinates (DD. 3.3).

Such a policy appears to me not only inevitable but to have
been in practice, in a hidden way, in our Company for as long
as we have had specialists to assist us.

B is a manager. He wants, say, engineering specialist assist-
ance. AS is the Chief Production Engineer of the Company.
B's own engineering is the sort acquired by practical work
in engineering shops for many years, but he has never had
much theoretical background. Would he, in any circumstances,
appoint without any reference to AS? A must keep some grip
on such an appointment, but will A personally interest himself
if he has AS, an engineering specialist, as his own staff officer?

When it comes to a question of assessing BS, can AS's
opinion be left out? If BS needs training, who is to give it? B?
No, surely, AS. If BS proves unsuitable for the job in B's com-
mand, that does not mean he may not be suitable in some other
post. Who should consider this? AS surely. Finally, in the mat-
ter of assessment of BS's work, B himself can, as a manager, do
much of this; but the technical component of BS's performance

may be something that B cannot assess. (My experience of this situation is that where a manager has difficulty in assessing the technical component of a subordinate's job, because he is himself unfamiliar with the technical field, then almost invariably he overrates the work of that subordinate.)

Looped Instructions from AS to BS

AS is thus responsible for BS to the extent of helping to select him, educate him, keep him informed of changing technical policy; he also is responsible for helping B to assess his progress and merit, and for playing a co-managerial part in his promotion or demotion should the occasion arise. But AS does not give task instructions or orders to BS. Experience shows that communication of a particular kind between AS and BS does develop in some parts of the Company but not in others. For example:

> A S TO B: Re the four boring machines you have on hand, I must also remind you that A has decided that, whether or not you specifically require gauging equipment on the machines for your own use, they are in any case to have it, so that the machines will be interchangeable in future.
> B: What gauging equipment?
> A S: According to specification already issued.
> B: Look, will you see BS? I do not want to handle it personally. Tell him what to do and to get on with it.

A manager will, on occasions, generalize this request to a staff officer by saying: 'In future, AS, will you contact BS on all issues of this kind, sending me a copy of any written note to keep me in the picture, and let me know personally if anything unusually important arises in this area.' This mechanism, whereby B allows AS, on specific issues, to give instructions to BS, is depicted in Fig. 24. We refer to the instructions so given as 'looped instructions'. B can withdraw his permission at will.
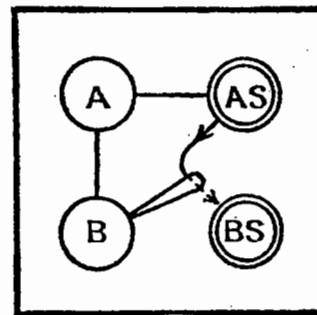

FIG. 24

The Specialist Division

The mechanism of attachment links all specialist roles of a particular type together, and we refer to this linked system as a 'Specialist Division'. The Specialist Division is an organizational form which has to be capable of providing specialist technical assistance to any operational role where it is required.

The emerging divisions in our Company provide great hope for the future. I say *emerging*, because I do not think that they are fully grown yet. It takes time to knit all the specialist roles of a particular phase in the Company into a division with a feeling of corporate existence and a shared body of technical knowledge relevant to the problems of the Company. It will require, I think, more mobility on the part of our divisional managers in getting around the Company, holding technical conferences, reviewing the job being done by members of their division, organizing training, and so on. Only then can we hope to reap the full fruits of this idea. It is important that our three divisions (Personnel, Technical and Programming) become the sort of organization within which technical interchange and communication can take place with ease and rapidity.

For years I have watched with dismay the repeated spectacle of a technical problem being solved in one part of the Company, followed by a complete inability to transfer that solution to another part of the Company where an apparently similar problem exists. I have seen machines designed, built, tested, and working with efficiency in the factory where they were built, apparently quite unable to perform the identical operation in another factory without major modification. Well-thought-out labour-saving routines for administration of stores, wages, production control will work in one part of the Company; but, in other parts, to perform almost identical work it is necessary to employ quite different techniques involving more expense and, very often, with worse results.

I know that these are the ordinary problems that plague any managing director. But I know from experience that the growth

of camaraderie within divisions and the sense of carrying out a combined technical operation could help such problems.

Fig. 25 depicts diagrammatically the technical channel of communication of one division. These channels are quite distinct from, and an addition to, operational manager-subordinate channels. They are needed—in these times of rapid technical change—to alleviate the pressure of traffic of communication of instructions, policy, etc., that builds up in the operational lines of communication.
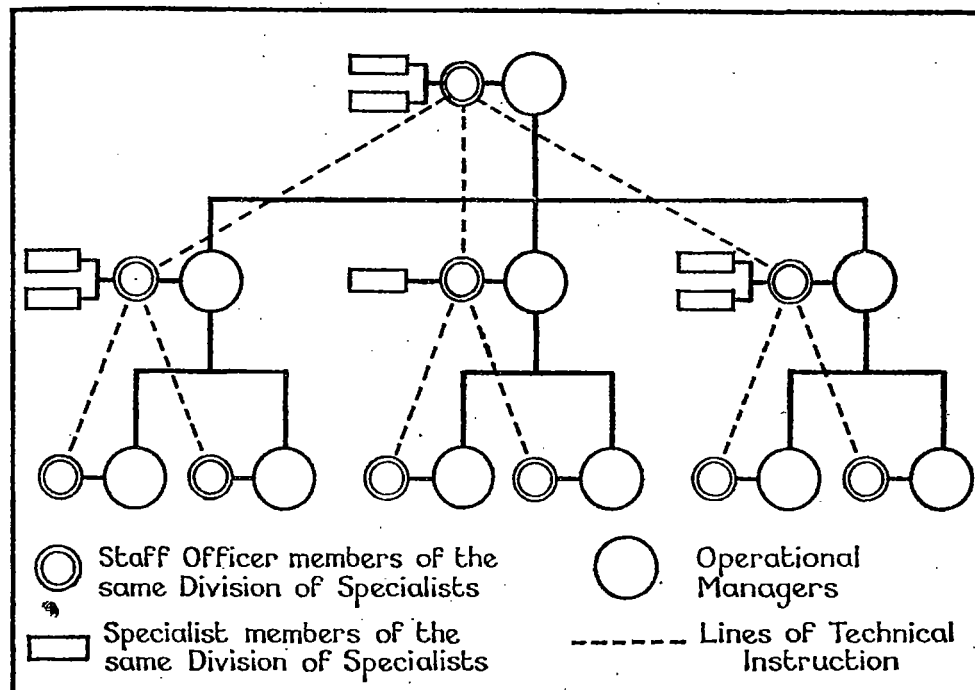

○ Staff Officer members of the same Division of Specialists

▭ Specialist members of the same Division of Specialists

○ Operational Managers

‒ ‒ ‒ ‒ ‒ Lines of Technical Instruction

FIG. 25

The Work of the Three Specialist Divisions

I will now state as briefly as possible the requisite work of the Personnel, Technical and Programming Divisions in terms of the specific responsibilities of the Divisional Manager in each case. It is not possible, without going into immense detail, to set out the responsibilities of each division in depth, for this would entail, for instance in the case of the Technical Division, describing not only the work of the Technical Divisional Manager, but of his immediate subordinates, of his co-subordinates at factory level, of unit engineers attached at unit level, and so on.

It should be borne in mind, when reading these three Staff Officer job specifications, that the work of a group of staff officers around one manager interacts on every issue that arises. Thus, a technical staff officer, who is considering improved methods of producing a particular product, must know and take into account the programme of production of that product (Pr), and the organizational arrangements which exist to get that product made (P); likewise, a P staff officer can only consider the organization and man power required to do a job in the light of the programme of work to be done (Pr), and the techniques which will be used (T). In detailing the tasks of my own three staff officers, I have made very little reference to this continuous interaction, because it would have to be stated with reference to every point of their responsibility; but it is, however, to be understood as the background to the whole description of each job given in the passages which follow.

Programming Divisional Manager's Responsibility

In general terms, he is responsible for working out and present-ng to the Managing Director, the timing, quantification and balancing of that pattern of product development, manufacture and sale, which he considers will make an optimum contribution to the Managing Director's general plan of operations. In order to discharge this general responsibility he will constantly require to advise the Managing Director on the following matters:

(*a*) He will continuously need to take account of at least four main sets of interconnected variables and base his advice on his observations. These variables are as follows:

(i) *The Company's target of manufacturing activity.*
He must, from this statement of activity, derive the product development and selling programmes which he considers necessary to maintain manufacturing activity at an optimum economic level.

(ii) *The Company's target of financial recovery from the market.*
He must work out policies on product mix and sales

prices which, within the terms of target manufacturing activity, will maximize profitability.

(iii) *The Company's target on minimum investment.*

He must continuously advise the Managing Director on the changing policies required to minimize the level of stocks investments in plant, buildings, raw materials, work in progress, finished goods, etc., in a manner consistent with targets on manufacturing activity and financial recovery.

(iv) *Company continuity of business into the future.*

He must continuously advise the Managing Director of those levels of production capacity, financial recovery from the market and stock levels which will best safeguard the future, and allow the continuation of a profitable programme of future operations.

(b) In brief, the Programming Divisional Manager is responsible for advising the Managing Director how to achieve an optimally balanced level of activities, comprising such mixture of work as will keep the Company's manufacturing capacity continuously loaded at a level at which optimum financial recovery can be obtained, optimum stocks held and optimum continuity of business achieved.

(c) Programming Divisional Manager is responsible for using techniques by which the balance of operations is controlled, namely:

Operations Research which is concerned with the modelling of multiple factor situations, predicting the effects of altering controllable factors and indicating those changes most likely to result in the optimum.

Routines Control which is concerned with designing, refining, altering and simplifying the routines which control:

  (i) the flow of enquiries, orders, materials, work in progress, finished goods, etc., from outside the Company, through it, and out again;

  (ii) the flow of data, analyses, etc., from the Financial Division to managers;

(iii) any other subsidiary activities concerned with servic providing, purchasing, sub-contracting, etc.

(*d*) The Programming Divisional Manager is responsible fo co-ordinating the balancing, timing, mix and quantity of woi done by the Managing Director's subordinates in the executic of his programme of work, and for controlling, by means attachment, the Programming Division of the Company.

Responsibilities of the Technical Divisional Manager

In the most general terms, he is responsible for working out, ar for presenting to the Managing Director, those policies for tl development, modification and exploitation of manufacturii techniques which, in the light of the Company's product develo ment, manufacturing and selling operations, will make an op mum contribution to the Managing Director's total plan operations. These responsibilities will involve the Technic Divisional Manager in constantly advising the Managii Director on the following matters:

(*a*) The production methods required to optimize volume output and minimize cost, at given standards of qualit accuracy, finish, etc.

(*b*) The manner in which available capital resources shall spent in order to optimize production techniques.

(*c*) The specification of materials most suited to given tec niques to optimize volume and minimize cost of output at giv standards of quality.

(*d*) The production techniques in which members of t Company have to be trained in order that optimum outp at minimal cost may be achieved.

(*e*) The desirability of developing one new technique against another in the light of economic results which will obtained.

(*f*) The optimum standards of quality, accuracy, finish, et which are attainable with a given level of equipment and orgai zation. The techniques and equipment required if standards quality are to be raised.

(*g*) The range of products which are capable of being man

factured with the equipment and resources available in the Company, and what further techniques or equipment are needed to produce new products when they are required.

(*h*) The Technical Divisional Manager is also responsible for co-ordinating the Managing Director's subordinates in the execution of his production technique policy and for controlling, by means of attachment, the Technical Division of the Company.

Responsibilities of the Personnel Divisional Manager

In general terms, he is responsible for advising the Managing Director on those policies for the structuring, manning and operation of the Executive Organization of the Company which, in the light of its product development, manufacturing and selling activities, will make an optimum contribution to the Managing Director's total plan of operations. In order to discharge this general responsibility, he will continuously require to advise the Managing Director on the following matters:

(*a*) The appropriateness of the current organization and its manning as a means of helping to achieve the current planned programme of activity.

(*b*) Recommendations for organizational change which constantly endeavour to align the structure of the Executive System to the requisite requirements of a changing Company workload and forward planning.

(*c*) Policies for the manning of roles in the Executive System which take account not only of current, but also of future requirements.

The foregoing responsibilities require:

(1) analysis of work content and the level of work in roles;

(2) development of systematic payment techniques which take account of level of work in roles and the developing capacity of individuals;

(3) constant review of techniques for recruitment, selection, training and progression of people that will lead to optimum filling of roles;

(4) planning for future manpower needs by maintaining a

N

continuous scrutiny of the personnel employed, and by consideration of availability of people from external sources;

(5) arranging for a constant feed-back of information (through such institutions as assessment boards) on the effectiveness of:

    (i) current organization,

    (ii) allocation of work between roles,

    (iii) performance of individuals in roles.

(d) Changes in personnel policy made necessary by changing programmes of work, changing production techniques, legal requirements, etc.

(e) Changes required to conditions of work arising out of national agreements and contact with managers, representatives, trade union officers, etc. This will involve assisting the Managing Director to take part in Works Council discussions, implementing new policy arising out of such discussions, keeping written Company Policy up to date, drafting new Standing Orders, etc.

(f) Following up personnel policies including welfare policies which the Managing Director sets for general managers, discussing difficulties as they arise, reporting back to the Managing Director if necessary, and co-ordinating and progressing the implementation of these policies.

(g) Attaching personnel specialists to managers as specified, for maintaining the necessary flow of technical instructions to these specialists, for assessing their technical effectiveness and for ensuring that the Personnel Division, as a whole, maintains a clear perspective of its specialist duties.

Accounting in Relation to Specialist Work

At one stage we ran into great difficulty over the sorting out of the role of specialists in our Company. This centred on the lack of clarity about the role of the accountant and the resultant confusion of this role with that of what we now call the Programming Divisional Manager, but who at that time was called the Commercial Divisional Manager.

It is easy to assume that because chief accountants are con-
erned so much with money matters they are, in fact, the
pecialist custodians of the economy of the Company. I believe
hat there is, in fact, a good deal of confusion of this kind
enerally in industry. This confusion over the role of chief ac-
ountants is, I think, one of the reasons for difficulty in analysing
he work of specialists in an Executive System. As long as
ccountants are seen as the people responsible for advising
nanagers on economic and commercial matters, it will be diffi-
ult to see the role of specialists in realistic terms.

The chief accountant's function is intimately connected with
hat of secretary to the board. This combined role has very
pecial responsibilities set out in the Companies Act. It puts
he secretary in a position where he must report on the activities
f the managing director and his subordinates to the board,
nd even to the shareholders in certain circumstances. He also
as special responsibilities laid upon him by law with regard to
ncome tax: reports to Somerset House, and so forth. These
ndicate that the secretary-chief-accountant role lies, in one
ense, outside the Executive System proper, since it consists of a
nancial inspectorate which reports in financial terms on the
esults achieved in the Executive System to the board of directors
nd others. In order to carry out this role, accountants have
een required to grow a hierarchy of their own, extending
ownwards parallel with the Executive System. This hierarchy
as, in course of time, also taken on such tasks as paying wages,
eeping records, analysis of costs. The result is that today it
arries not only its inspecting and financial-reporting function,
ut is a complete data-processing service to the Executive System.
: reports to managers (usually in terms of finance) the result
f their activities. Costing systems are, in fact, mechanisms for
nalysing and classifying the quantified result of managers'
ctions in terms of money results.

Accountants do not, in our experience, advise their managers
n commercial matters; for example, whether to invest available
nance in more plant, bigger stocks, new buildings; what prices
> charge the market for different products; whether the buying

policy is sound; or how best to ensure the most economic use of the Company's resources. Accountants, in general, have never been put in a position where they would be able to advise on and take decisions about such questions; although there used to be, in our Company at any rate, a tacit assumption that they were responsible for many of these decisions.

Programming work is concerned with working out the timing, balancing and quantification pattern of product development, manufacture and selling which contributes in an optimum manner to the achievement of the chief executive's plan of operations. In the absence of a specialist role specifically set up to do such work, it gravitates by default into the accounting sphere. It is thus that we arrive at a situation where it is almost customary for cost-accounting departments to set up the budgets of activity, take decisions about the proration of overhead expense between the different production units of the Company and generally, in a superficial way, to do that part of programming work associated with production. (I use the term superficial not as a criticism of cost accountants but as a description of the only way in which it is possible for them to do such work.)

Cost accounting is, in the main, concerned with production work. It is highly unusual, for instance, to find such people attached to or working within the product development or selling sectors of a company. They are normally based on manufacturing organizations and are not in a situation where they can budget an optimum pattern of development, manufacture and sale, because they are not in touch with product development or selling. Because they appear to be carrying out budgeting activities, the programming of sales and product development activities tend to get left unco-ordinated with each other and with manufacturing. The result is that co-ordinated planning of activity simply does not get done.

It is for these sorts of reasons, and many others which I shall not attempt to discuss, that it is very important that accounting work should be as sharply differentiated as possible from Pr, T and P. The functions of our Financial Division are concerned with auditing the entire operations of the Company on behalf

of the Board, keeping the Executive System within the law, and providing a wide range of services to the Executive System, such as paying wages, keeping personnel records, analysing and processing data, recording and reporting credit given. These are extremely important and necessary functions; but such work, in spite of its consistent association with money terms, is not concerned with the economic direction of the Company's activities.

Part Five

THE GAP AT
THE BOTTOM OF
THE EXECUTIVE SYSTEM

The Supervisor

WE all know that, ultimately, the entire Executive System depends for its effectiveness on the co-ordination that exists at the bottom where, in fact, the actual work of developing, testing, making and despatching, etc., goes on. That is why we are so continuously preoccupied with the question of supervisors. Their job is inextricably bound up with the relationships that exist at the bottom of the Executive System. The history of our attempts to study this question is important to the solution of the remaining problems.

Historical Review of our Thinking about Supervisors

Up to 1944 we had a large number of roles in our production shops and offices, variously entitled charge-hand, leading hand, setter, supervisor, assistant foreman. What was clear, even at that time, was that there was little consistency between the job title and the job done. Thus, for example, some setters were clearly managers and some supervisors were supervising nobody.

In an attempt to simplify a very complex situation, we abolished the terms charge-hand, leading hand, supervisor and setter. We sub-divided our production shops into small machine sections, and placed a section supervisor in 'full managerial command' of each. (We had not, at that stage, defined the managerial role, and the real meaning of 'full managerial command' was, therefore, obscure.) This role also carried the responsibility for doing any machine-setting required, and for supervising closely the work of any operator where this was

necessary. The sections were quite small, ranging from about six operators to a maximum of fifteen.

A group of from three to seven sections was under the charge either of an assistant foreman, in the case of a department with a superintendent in charge; or a foreman, where there was no superintendent in the department. Thus, in theory, operators were responsible to their managers, the section supervisors; and *on paper* the section supervisors had the job of selecting, disciplining, assessing and, if necessary, discharging operators. There is little doubt that these section supervisors had sanction from 'high up' to take command.

This step was taken because, at that time, the turnover of supervisors, charge-hands, etc., was very high, due to the call-up to the armed forces. New appointments were having to be made all the time. We were also facing the post-war situation, and were beginning to concern ourselves about reinstatement of people who had been called up. The need for more job clarity was obvious. But these manifestations, though they existed, were superficial compared to the underlying reasons that concerned me and others. The fact was that, after five years' experience of running an engineering company during a war, I had come to realize that managers were not in command of events. Some of the more obvious indices to me of the extent to which a situation is, or is not, under control in a factory is the discipline at stopping and starting time, tidiness and care of machinery. (While these are not necessarily the most important in their effect, they are the most obvious to higher management.) I found that carefully thought-out orders and instructions on these questions had no effect. You could be in the shops at twenty minutes before stopping time and see men closing down work. If you got hold of the foreman and told him to stop that happening, he would blame his charge-hand or setter. They would blame it on the men, or on general indiscipline in the country, or on anything they could think up. Apparently, nobody was really prepared to take command and to give instructions. Some managers argued that it was not necessary; for the wages office 'fined' a man on the basis of his clockings

if he was late, and the piece-work system 'fined' him if he did not work hard enough. There were all sorts of ideas around at that time for special bonuses and enticements of one sort and another to get men to do the job which was part of their contract, and which should have been the subject of straight instruction. We continued to suffer such problems as:

(a) Unresolved production difficulties arising from tooling which, while it appeared correct to an engineer, would not produce efficiently in the hands of operators. And yet, the matter was never taken up executively as between the operator and his manager. It appeared as a 'grievance' to be ventilated by a representative. There were so many issues of this kind—where straight problems which operators should have raised with their supervisors or foremen came up instead as part of a fabric of complaint in the Representative System—that it gave grounds for assumptions that there was very real difficulty in communicating across the operator-manager gap.

(b) Large numbers of complaints about individual rates of pay, pay brackets for jobs, etc., floated around year after year without our being able to get the facts and work out solutions. As soon as we tried to grapple with the problem it faded out only to appear in another form later. I remember one situation —where lines making flanged bearings made very low bonuses, while lines making plain bearings made very high bonuses—and all the consequent jealousy between the various teams. This situation, in three swings of the pendulum over as many years, completely reversed itself; the low bonus type of work became high bonus, and *vice versa*. This seemed to occur without change in piece-work prices or methods, and constituted one of the type of nebulous problems which defied solution.

(c) There were disciplinary problems that seemed to arise out of uncertainty about responsibility and authority; this situation led to lost work, scrapped work, damage to tools and damage to plant. At higher level we could see things happening in the shops which were wrong; but in spite of orders given, even though accompanied by threats, these things continued in a manner suggesting organizational unclarity rather than original sin.

The 1944 changes helped a little with the appointment and reinstatement problems. We were at least able to talk about the jobs we were manning with more clarity than had been the case. Despite the changes, we were still unable to get the facts at shop floor level, and to get instructions carried out. The real nature of the cause of our problems began to come to light after the Tavistock team started working with us.

Many of the section supervisors were not managers. They had small but continually changing commands. They could not assess their 'subordinates' at rate reviews, because, during the period of time covered, these operators had their time divided up between half a dozen section supervisors. They could not do much planning of their section because they were too busy trouble-shooting and setting; operators were posted to their sections or sent elsewhere by the foreman, and those operators looked on the foreman as their manager, even though they had to approach him through the section supervisor. The foremen themselves were often not in a full managerial role and were uncertain about their authority. It was difficult for anybody in close touch with the production force to issue clear instructions.

Split at the Bottom of the Executive Chain

The Tavistock team began to dig into this subject. It came up with a general idea of what is still called 'the split at the bottom of the Executive System'. They were impressed with the confusion surrounding the role of section supervisor, and the failure of the Company to sort it out.

In 1950 they reported deep-seated resistance both in management and hourly-rated workers to interference with this split, and suggested that the split itself was a reflection of the current culture in industry in general. Managers were afraid that free communication of problems through executive channels would interfere with their ability to carry on with their own jobs, and that it was better to leave things as they were; workers found it an advantage to have a management which remained split off, because it gave them a scapegoat upon which to vent hostile feelings, and as long as these feelings existed, it enabled them

to avoid facing differences between each other. The creation of a coherent Executive System at shop level meant giving up this subconscious collusion to keep matters as they were.

The team, however, noted a growing recognition on the part of all concerned: (a) that problems not tackled directly do not disappear but grow; (b) that difficulties in group relationships can be worked through if approached with a real wish to discover solutions; and (c) that because of the split in the Executive System, higher management were out of contact with production and hourly-rated workers, who, whilst on the job, were almost a leaderless group.

In 1953, Dr Jaques (who had led the Tavistock team and later became a consultant to the Company on social issues), in reporting some of the findings of his research into organization, suggested that clarification of the role of section supervisor might go far to resolve the split at the bottom of the Executive System. If this could be achieved it would mean a clear-cut line of command from the top to the bottom of the System. This would have two important effects: it would set up precise *managerial* accountability for morale and attitudes of operators, thus obviating the complaints of managers that shop stewards tended to usurp their function; and it would overcome the oft-stated complaint of shop stewards that they were forced, by the circumstances, to accept far too heavy responsibilities. Dr Jaques went on to point out:

(a) That the precise responsibility and authority of section supervisors was the most strongly felt and widely raised problem met in the analysis of Company organization.

(b) That whilst the notion that the section supervisor was a manager with equivalent authority and responsibility was considered to be a kind of myth, the demand for clarification was not an attempt to gain authority to 'wield the big stick', but a straightforward anxiety on the part of section supervisors to find out just where they stood.

(c) That, in fact, the term section supervisor appeared to cover a variety of roles that differed greatly. Some had large sections, had setters to assist them, were able to requisition all

supplies they required, take part in the selection of operators and could have them removed from their teams in extreme cases. Some had nearly full authority, but did not take part in selection, could not have operators removed from their teams, and referred matters of discipline to their superior. Some considered themselves managerial assistants to the foreman and responsible merely for the quality and quantity of work done by their operators. Many section supervisors worked under conditions where the operators they controlled were frequently changing, so that they could do little other than control them while they were on the job.

(d) That, in short, the then current conception of section supervisor ranged all the way from what we today regard as a full managerial role to a role we now call machine tool setter.

Supervision of Work

The most troublesome aspect of the confused situation described in the analysis was the lack of clarity as to who was a manager. If the section supervisor was assumed to be a manager, whereas, extantly, the superintendent alone had the managerial authority, then we were in a position where the section supervisor was being given responsibility without authority—an obviously impossible situation. Consequent upon the greater insight obtained into the problem, we defined supervisors and their work in the following terms in our Policy Document:

A member who assists his manager by assigning appropriate work to those members of his manager's immediate command allocated to him, and seeing that this work gets done.

A supervisor shall apportion and assign work to those of his manager's subordinates allocated to him (E.5.1).

A supervisor shall judge whether his manager's subordinates are performing executively at a satisfactory level and conforming to general conduct requirements. When in his estimation they are not doing so, he shall inform them of this fact, and shall give them the necessary instructions to ensure that the required results are achieved (E.5.2).

A supervisor shall report to his manager his assessment of the quality of the work and conduct of his manager's subordinates, recommending advancement or discipline whenever he considers this to be appropriate (E.5.3).

Supervisors and Section Managers

Having defined supervisors and having by now also worked out a definition of the managerial role, we then set about the re-organization of the Executive structure in the production shops. We abolished the titles section supervisor, assistant foreman, foreman and superintendent, because it was felt that these terms, even if used by the Company within the confines of a precise definition, would still continue to carry along with them all the varied meanings which other companies in industry gave to them. We decided to use the terms Machine Tool Setter, Supervisor, Section Manager and Unit Manager.

It became clear, as soon as we started the task of deciding which of these roles previously titled 'section supervisor' were managerial roles and which were supervisor roles, that the definitions which we had set up were not completely adequate. We had to do our best, and although this reorganization has helped considerably, problems still remain.
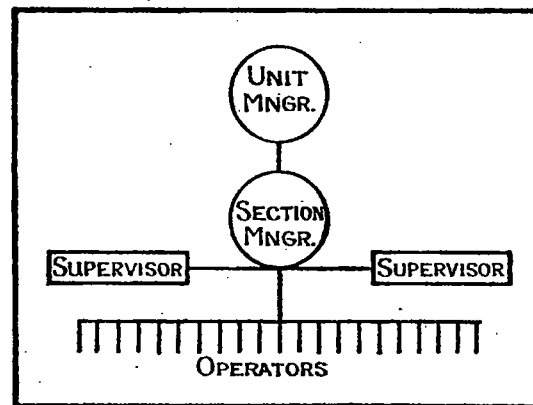

FIG. 26

Fig. 26 depicts the manifest situation today in the Company. It is very doubtful if in all cases it is the extant situation. Evidence continually crops up to suggest that:

(a) Some supervisors are exercising practically the whole of the managerial function. Some section managers, for instance, rely on one or more of their supervisors to assess operators, and accept these assessments without themselves knowing their 'subordinates' in a proper managerial way. Such supervisors

are carrying managerial responsibilities without managerial authority.

(b) Some supervisors apparently are confined to work which we regard either as part of the machine tool setter role or of the moveman role. They do very little real supervisory work in terms of our definition. Such supervisors are carrying supervisory authority without supervisory responsibility.

(c) Some section managers are not fully taking up their managerial role, with the result that operators come to regard unit managers as their real managers. Such section managers are thus carrying managerial authority without managerial responsibility.

It is clear to me that if one considers the nature of the managerial-subordinate relationships—as between, say, general managers and unit managers, or as between unit managers and section managers—they have a quality at these levels which is different from the relationship between most section managers and operators. The differences appear (perhaps superficially) to be of the following kind:

(a) Most managers talk of their subordinates in warm personal terms. They know their personal idiosyncrasies, their strong points and their weak points. They exhibit along with criticism a noticeable tolerance. In short, they have established a person-to-person relationship.

Such opportunities as I get to judge, suggest that relations between section managers and operators are different. The deep personal knowledge seems to be lacking. The relationship is a sort of bridge across a gulf in many cases. Neither party in the relationship seems, at this level, to understand each other as fully as is the case at higher levels.

(b) Subordinates of general or unit managers seem generally to respect their managers, and exhibit considerable tolerance where they feel there are some shortcomings. They are protective. Over the years I observed many instances of subordinates taking great trouble to cover up what they felt to be a poor decision by their manager.

At operator-section manager level, on the other hand, operators in some cases seem to get pleasure out of exposing a

section manager's mistake. They do not give the impression of feeling that they are part of their manager's team. I do not suggest that subordinate-manager relations at the higher levels are perfect, or anything of the sort. But I do feel that were we able to establish at section manager-operator level the same sort of psychological relationship, we should make a most substantial contribution to reducing social friction and increasing work effectiveness.

My conclusion, therefore, is that in many cases a gap remains at the bottom of the Executive System; that operators still do not feel they are clearly answerable to a manager to whom they have access, whom they know and who knows them, and who is constantly assessing them. The consequence of this is that authority and responsibility become dispersed between section managers, supervisors and shop stewards. More work needs to be done by our Company on this important issue. We are certainly not alone in this problem. I find in discussion with managers in other companies that they also have the feeling that the chain of authority and responsibility that extends downwards from the top breaks down at shop floor level. As a visitor to other factories and offices I have frequently discerned the effects of this in terms of timekeeping, untidiness, inattention to work, and so on. There seems to be a remarkable lack of clarity about managerial authority at the lower levels in large sectors of British industry.

I am impressed, for instance, by the oft-repeated view that the purpose of Whitley Committees, Joint Consultative Committees and Representative Committees of all kinds, is to enable workers to make suggestions about work to management. This, indeed, was the basis upon which the Government itself launched its campaigns for joint consultation during the war. Workers have good ideas which must be tapped; workers know things which need correction; they must have channels through which such matters can be aired. All this thinking is subconsciously postulated on a belief in the existence of the 'split at the bottom of the Executive System'. Why should peripatetic contact between high level managers and representatives achieve so much that

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daily and hourly contact between operators and their managers cannot do—unless there is a barrier at that level? Why has the immediate manager got to be by-passed in this way? Why cannot this knowledge be tapped through the Executive System?

Our inability to make more progress in overcoming this split throws a heavy burden onto the Representative System. So long as operators feel difficulty about raising problems with managers, these executive matters find their way into the Representative System. This means that we shall continue to get generalized complaints about pay (which may possibly arise out of the failure of the operator-manager relationship to agree about the pay of one individual only), or complaints about ventilation, tooling, etc. (which might readily be solved by an executive discussion), routed via the representatives; instead of being dealt with in terms of the first-hand experience of the individual affected. Such complaints gather an unwarranted emotional pressure behind them when routed in this way, and make for difficulty in solving them on a rational basis.

There is a strong tendency to blame representatives for this situation. But I think management must take the responsibility for getting a solution, by making changes in the social structure which will bring about a different manager-subordinate relationship at the bottom of the Executive System.

Some Emerging Thoughts on the Problem

Recent observations and discussion have thrown more light onto the nature of the role of the supervisor, and if these thoughts are correct, then our current definition of the supervisor is inadequate. The clearance of confusion about this role would, I am sure, help the problem of relationship on the shop floor.

In so far as supervisory work continues to be seen as the carrying out of duties which a manager would perform himself if he had no supervisors to assist him (and our definition biases one to look at supervisory work in this way), then it will be difficult for all concerned to distinguish the boundaries of supervising and managerial roles. The great need is to be able to make statements about the unique component of the super-

visor's role, and thus be in a position to distinguish it sharply from the managerial role; recent analysis points the way.

The clue lies in the fact that the role of supervisor exists only on the shop floor, where production work is going on.[1] The entire economy of the factory rests on that production work; thus, if a single operator stops work, a part of the cost of plant, buildings, services and the entire organization of the Company ceases to be recovered from the market; for all expense is recovered by including a portion of it in each item of production which is sold. Everybody knows this, either explicitly or intuitively, and we all know that to stop a machine or a production line working, by withdrawing an operator from it, creates loss.

If production stopped every time I held an immediate command meeting or met a general manager in my office, then we should have an enormous problem to face—which we might conceivably solve by having two men in each general manager role: one who would leave his work to sort out troubles or meet his superior, and one who would continue on the job and keep production running. Fortunately, this situation does not arise, but *it does arise on the floor of the production shop*. An operator who requires to take away turnings from his machine, to move work to it or away from it, to obtain special tools, to get a drawing, to take up a quality query with an inspector, or to go and arrange a repair to his machine, etc., *may* have to stop his machine in order to do so. I say 'may', because if he is on the type of machine where once he has got the cut started there is nothing to do for the next ten minutes, he may be able to do at least some of these things.

This idea can be posed in a different way. Mental work goes on wherever the person who is responsible for that work is. A manager's responsibility is to think; he does much of this work at his desk, but his work does not stop when he leaves his desk. We are not anxious about 'percentage desk utilization'! Manual production work is concerned with keeping a machine running,

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[1] I know that the term 'supervisor' is used in other parts of the Company also; but I think that analysis would show that these non-production supervisor roles have quite different work content from those in the production departments, i.e., one word for two quite different roles.

and the machine stops when the operator leaves it. We are, indeed, anxious about 'percentage machine utilization'!

Because an operator cannot leave his machine, a series of roles designed to allow him to remain at his machine are forced into existence. Auxiliaries to handle swarf, turnings, cutting oil, etc.; movemen to bring work to machines and take it away; machine tool setters to make machines ready for the next job; and supervisors who:

(a) Find out what work is coming forward for each machine;

(b) Discover which work has priority to go onto a machine;

(c) Make certain that a specific type of work is within the capacity of a specific operator, or within the capacity of that operator's machine;

(d) Arrange a study of a particular job to improve output or quality;

(e) Organize running repairs to a machine;

(f) Improvise methods of production to overcome *ad hoc* difficulties;

(g) Discuss quality and finish with the inspector when difficulties arise;

(h) Check up availability of tools for the next job.

Thus, the essential basis of the supervisor's work arises from the need to have somebody available to do that component of the production job which the machine operator is unable to do without stopping his machine.

It is notable that many craftsmen, particularly those working the heavier and slower types of plant, carry out the *mental* activities listed under (a) to (h) above themselves, but when they do so their manager has not got supervisors to help them with this work. Operators do only that mental work which is capable of being done on the machine—the other mental work involving contact with other people must be done for them if machines are to be kept running.

The term supervisor is a most unfortunate one. Its Latin foundation *super videre* means to overlook, and as I now see it, so-called supervisor jobs are not uniquely concerned with overlooking. Every managerial job has a component of overlooking;

but the use of the term supervisor biases us towards the thought that people with this title do the overlooking for managers, who are thus spared to do other things! The supervisor is essentially an 'off-the-machine direct producer of the product'.

Once this discrete role has been pushed into existence by the nature of production work, further work, which would otherwise have to be done by a section manager, gets added to its responsibilities as a means of releasing the manager from the more detailed components of his work, and enabling him both to handle a larger command and to do more forward-planning work. This further work, which is often added to a supervisor's role, is concerned with:

(*i*) Assigning work and seeing that it gets done;

(*j*) Apportioning work between operators;

(*k*) Judging whether operators are performing at a satisfactory level and conforming to general policies or conduct;

(*l*) Reporting to his manager his assessment of performance, and recommending advancement or criticism when he considers this appropriate;

(*m*) Training operators on the job.

According to this analysis, a supervisor's job thus has two components. The first is the unique component, and is characterized by the type of work described in (*a*) to (*h*) on page 190. This is the 'machine stopping' component of the operator's job. The second, (*i*) to (*m*) listed above, is the component which a manager would do himself if the supervisor role did not exist. Such a description of the supervisor's job does two things: it corrects the false bias given to thinking by the unfortunate term 'supervisor';[1] and it differentiates quite sharply the supervisor role from that of the section manager.

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[1] It is interesting to note what has happened in our Thin Walled Unit when, as a result of mechanization, many of the operator roles on a production line were rendered unnecessary. The 'supervisory' role was still essential. We initially regarded it as something different, because it was not associated with 'supervising operators', for there were none on a major part of the line. We, therefore, produced a new term, 'line technician'. I notice now, however, that this new term has disappeared and has been replaced with 'supervisor', in spite of the fact that those in these roles may not have any operators to supervise! Such is the pressure of convention in the use of words.

The second point arising from this analysis is that, just as the operator cannot leave his machine to do mental work, so he and his manager have great difficulty in finding time to establish a relationship without stopping production. This, no doubt, seems an extraordinarily obvious conclusion at which to arrive —especially after so much study of the matter. The fact remains, however, that only recently has this thought obtruded itself as being a component of the problem. It could certainly seem to be an explanation of why so much of the relationship of operators to managers is substituted by a relationship between managers and shop stewards who, as representatives, can get permission to leave their machines.

The final point I wish to make on this subject is that until we can establish in the Company a fully-grown technical branch of P specialists, who are able to focus attention on to problems such as I have discussed in this chapter, make analyses of the work being done, formulate recommendations for organizational change, and implement those changes when sanctioned, then problems such as the split at the bottom of the Executive System, with all the social friction which they generate, will remain with us.

CHAPTER XV

Summary of Relationships

THROUGHOUT the previous chapters I have been discussing the working of the Executive System. In fact, it seems possible to sum up much of what has been said in a brief definition of several role relationships and a definition of 'instruction'. This chapter, therefore, sets out in condensed form the different kinds of relationship which exist in the Executive System.

Superior-subordinate Relationship

This concerns the relationship of a manager to his subordinates. These subordinates' roles are of different types, as shown in Figs. 27, 28 and 29.
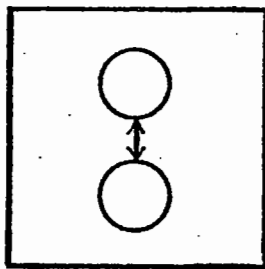
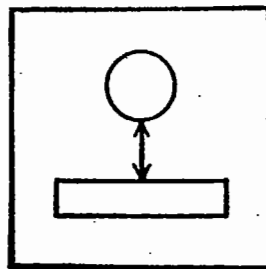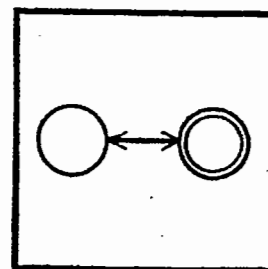| FIG. 27	FIG. 28	FIG. 29
Operational manager and managerial subordinate.	Operational manager and non-managerial subordinate.	Operational manager and staff officer subordinate.

In the relationship illustrated in Fig. 29, the staff officer gives specialized advice to his manager and helps his manager in the implementation of his policies by the use of staff authority *vis-à-vis* his manager's operational subordinates. I know of no role

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in the Company which allots a subordinate the responsibility of advising his manager only. Such an advisory role seems always, in our Company, to carry staff authority also. Clearly, however, other roles which are purely advisory are also a possibility.
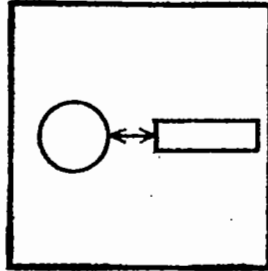

FIG. 30

Manager and secretary,
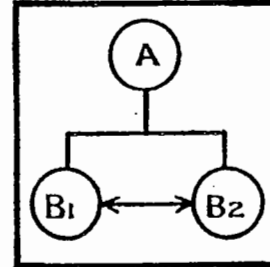supervisor, technical
assistant, etc.

FIG. 31

A collateral relationship arises when the efficiency with which one person can perform his job is dependent to some extent on the manner in which a colleague performs his task and *vice versa.*

Staff Relationship

This arises when a manager has the assistance of a staff officer in the co-ordination and control of the work of his operational subordinates. In this relationship the staff officer gives orders to
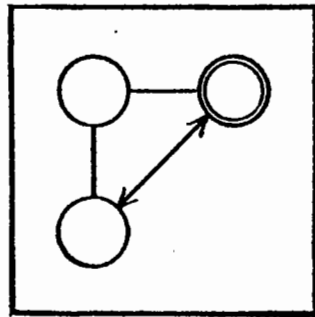

FIG. 32

his manager's operational subordinates, although he is not their manager. These orders must be in implementation of, and consistent with, the manager's policy. The staff officer carries responsibility for ensuring that his manager's policy is applied, or for proposing changes in policy to his manager. Because the staff officer and the operational subordinates share the same manager, they are of the same status and are, therefore, colleagues. This colleague relationship enables frank discussion about their manager's policy to take place, which is helpful in sorting out difficulties. Thus the staff officer is able to feed back to his manager information about difficulties arising from the policies which he sets.

Conjoint Relationship

This exists when a manager has more than one staff officer. It is complex because it involves interaction between three roles, and ranges over the whole field of those roles. If a manager has no specialists, he sorts out on his own any considerations that arise from the relationship between the P, T and Pr phases of his work. Where he has staff officers, responsibility for ensuring interaction must be carried by the staff officers AS1, AS2 and AS3. In such a situation there is a paramount need for staff officers to be so placed that communication between them can occur easily and rapidly.
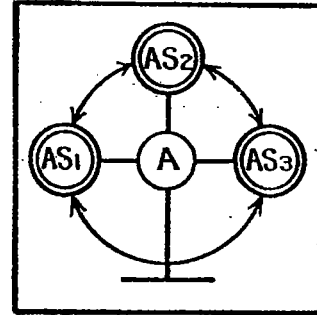

FIG. 33

Attachment Relationships

These are the relationships between staff officer BS and his co-managers B and AS. AS is responsible for seeing to it that the technical knowledge of BS is up to date; it could be described as an educational responsibility. AS and BS are, of course, members of the same division, but manager B is responsible for giving BS instructions. AS and B choose the candidate to fill the role BS, if it falls vacant. Both are responsible for assessing BS. In the event of disagreement between BS and either of his co-managers, the matter must be referred to A.
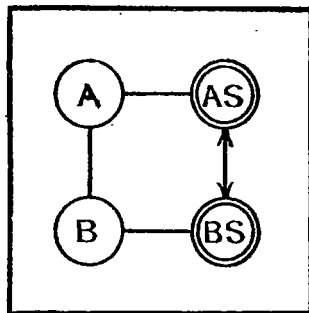

FIG. 34

Service-giving Relationship

This relationship arises when, for example, manager A decides to position a source of facilities or prescriptions in B2's command, and instructs B2 to make these available to specified members of his (A's) extended command, e.g., to B1 and C. D is responsible for the quality of service provided, and for deciding the priorities of demands made upon him. B1 is responsible for getting the service he considers necessary to discharge the work required of him by manager A.

In the event of disagreement between B1 and D, B1 must inform D that the service is insufficient, and must see his colleague B2. If he is still dissatisfied, he must see his manager A to inform him that the services he is providing within his extended command are not adequate for the work he is delegating. If C disagrees with D, C must inform D that he is taking the matter up with his superior B.
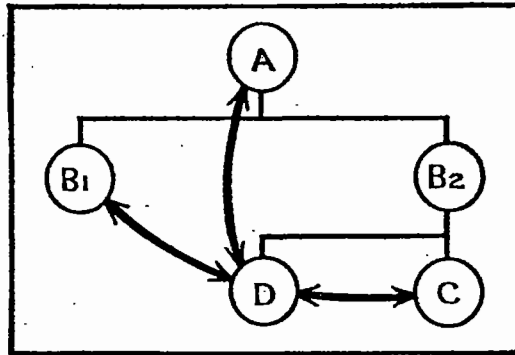

FIG. 35

Supervisory Relationship

This relationship arises when a section manager is provided with a supervisor to help him allocate work; to give technical assistance to his subordinates; and to control them at work. The supervisor is not in a managerial relationship with those whom he supervises; for he is not entirely responsible for assessing their performance, nor for their selection, promotion, etc. The relationship imposes on the supervisor responsibilities for exercising 'on the job' discipline, for making technical decisions, and for making recommendations about those of his subordinates whom he supervises.
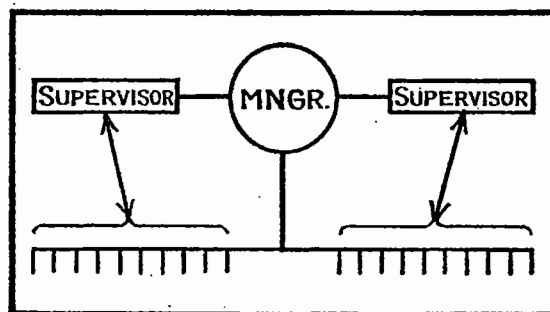

FIG. 36

Instructions

The executive relationships so far described in this book are greatly concerned with the subject of giving and receiving instructions. In Chapter II I have given the definition of an instruction as we use it in the Company, and have commented on it. A more detailed consideration, however, reveals that there are a number of categories of instruction which it is useful to separate, and I shall now go on to do this.

Policy and Policy Instructions.—Policy,[1] as the term is used in this book, means the prescribed part of a role, or group of roles. This prescribed part of a role, or roles, sets out the physical, temporal, administrative or procedural limits, or targets, by which a role is bounded. This reference to boundaries should not be taken to imply that all policy is restrictive.

Aims and objects, too, are the subject of policy; and as well as such statements as, 'It is our policy to award grants only where the circumstances are so and so', there are also statements of policy like, 'We must promote the sales of such and such a product'.

A policy instruction is quite simply a communication from a manager to any or all of his subordinates, stating the policies which they must observe. It should be noted that policy statements define the boundaries within which a subordinate will be expected to exercise his own judgement, and the aims to which he must orient his decisions. So far as a subordinate has subordinates himself, then part of his discretion lies in what policy to set them.

Task and Task Instructions.—A task is a specific job of work, and a task instruction a communication from a manager to a

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[1] The word 'policy' is defined in the Company Policy Document, as follows: 'Any statement adopted by a Council or laid down by a manager, or any established practice or custom, which specifies the behaviour required of members in given situations. It will be noted that policy so defined does not include the Definitive Policy which circumscribes the activities of the Board of Directors (i.e., the Memorandum and Articles of Association of the Company, Company Law or other legislation, and Stock Exchange Regulations)'. I think that this definition can be validly criticized on two counts—on the one hand, it can be seen that the attempt has been made to define policy largely by reference to its source, rather than to its inherent nature; and, on the other hand, the definition is, in any case, incorrect, since policy emanates also from the Board of Directors.

subordinate giving him that specific job of work to do. Task instructions may thus range from 'Post this letter' to 'Place the order for a million pounds' worth of new plant'. Such task instructions are always by definition given within a framework of policy already set.

Staff Instructions.—A staff instruction is an instruction given by a staff officer within his own manager's policy to any other of that manager's immediate subordinates. In giving such an instruction, a staff officer is implementing his manager's policy, which his manager should already have stated. If the staff officer's instructions lie outside his manager's stated policy, then they should not be given.

Technical Instructions.—This is the term used in the Company to refer to instructions given by a staff officer to another staff officer attached by him to one of his manager's subordinates. Such technical instructions are confined to communicating the techniques which the subordinate staff officer is required to use when performing tasks for his own operational manager. It should be noted that, with one exception, a staff officer will give no other type of instruction to those specialists whom he attaches at lower levels. The only exception is where the manager of the lower-level specialist either asks, or agrees, that staff instructions which should be given to him (the manager) shall instead be communicated to his staff officer for implementation (looped instruction).

Part Six

SOURCES OF
MANAGERIAL AUTHORITY

The Representative System

ONE of the problems in writing this book has been the constant temptation to break into the discussion dealing with the Executive System in order to describe its interaction with the Representative and Legislative Systems. I resisted this temptation to avoid confusion. But by doing so I may have given the impression that the only constraint placed upon the decisions of managers is that set by their superior managers. This chapter and the next will explain why this is not so. The Representative System is the social mechanism which makes it possible for a manager to negotiate with his whole extended command at one time. Without such an institution, negotiation, bargaining, compromise or agreement on innovations is often very difficult. The Representative System is defined as follows in our Policy Document: 'Comprises constituents, elected representatives and elected committees, electoral units and constituencies.' This definition is by content rather than by function. It is the function and operation of the system that I propose to discuss next.

The Inevitability of a Representative System

I believe it is true to say that wherever an Executive System exists, you will find operating within it, or alongside it, a Representative System as well. The question is not 'Shall we have a Representative System?' but rather 'Shall we recognize the existence of it or not?' This is capable of being misunderstood. In using the phrase 'recognize the existence of', I am not referring to the practice of agreeing to meet, say, shop stewards

for discussion. What I am referring to is the recognition of the existence of a separate social system, with its own series of roles and role relationships.

Of the existence of this separate social system there can be no doubt. I have written about the Executive System at length. Contrast the following Policy Document definitions with what we already know about our Executive System, and the existence of a distinct Representative System becomes clear:

Constituency: A body within an electoral unit whose members have the right to be represented by a common representative or representatives.

Elector: A member of a constituency who has the right to vote.

Representative Role: Any role in the representative system which a member takes up by election and in which he acts on behalf of the constituency . . . which elected him.

True, there may be no explicit recognition of the existence of these social phenomena; but they exist nevertheless. In large parts of British industry there is no explicit recognition among managers and technicians of constituencies, electors and representatives. It is not common for foremen, senior managers, technicians, accountants, salesmen, explicitly to elect representatives or to form committees. The more frequent practice is for this to happen informally as required. If a managing director attempts to introduce change of a radical nature, which affects people at these levels, a 'deputation' will contact him. This deputation is a manifestation of the existence of a Representative System. People with feelings about current issues in a company will get together and express those feelings; if their feelings are sufficiently strong, some spokesman will communicate their views to the appropriate manager.

Electing, representing and forming committees is not part of the responsibilities of any executive role. Nor is it part of the operational job of the Company to do such things. These matters belong to a distinct social system.

The Executive and Representative Systems Contrasted

The relationships in such a system are quite different from those

in the Executive System. It is instructive to contrast them. When a person states an opinion in his executive role, it will be regarded as his own, and he will be held responsible for this opinion by his manager. If he makes precisely the same statement in a representative role, the viewpoint cannot be assumed to be his own. He will feel, and will be, responsible to his electors; for he is stating their views, and not necessarily his own.

A person can be discharged from his executive role by his manager. But the latter cannot tell a group of electors that they must elect somebody else to represent them because he is dismissing a representative. Only the electors can discharge a person from a representative role.

A manager can criticize or praise a person in an executive role for the way he performs his job. But he cannot criticize a representative for his performance, unless the latter goes outside the bounds of Company policy. A manager who, for instance, criticizes a representative because he has left his work without permission is, in fact, criticizing him executively, and not for the way he does his representative job. If a group of people instruct their representative to leave his work in defiance of his executive work contract, a manager's criticism should be directed not only against the representative, but also against the group itself. All are open to criticism, or disciplinary action; but in their executive roles, not as electors or representatives.

If a manager learns from a representative that members of his command wish to pursue a course of action which he considers detrimental to the interests of his command or of the company, it is his duty to make sure that they have the facts of the situation correct, and if necessary, to persuade them to follow some other course of action. But he cannot *instruct* the representative to argue with, or persuade, his electors. The only courses open to the manager are either (*a*) to instruct his subordinate managers to see the members of their commands, or (*b*) to contract, and talk to them himself. If he meets them for this purpose, it is an executive meeting. The manager must keep this in the forefront of his mind; for any comment about representatives is out of order. For instance, he might say to his command:

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'Your representatives want this or that, or have done this or that.' Such comment is out of order; for the information that has reached him is that his people, the members of his command, want this or that. Representatives are a channel of communication; reference to them personally is, therefore, not only factually incorrect, but will sound like a threat. If criticism or argument is required, it should be directed at its sources, i.e., those on behalf of whom the representatives speak.

When a representative communicates with a manager, there is no individual name attached to that communication. The representative speaks on behalf of an unnamed person or persons. All that the manager knows is that this communication comes from the whole or part of his command. This anonymous property of all communications reaching managers from representatives is in contrast to the opposite feature of communications from the Executive System—where the manager can insist on knowing the individual source of each message. He would not be able to do his executive job without this information. The representative, on the other hand, would be unable to do his job if he had to disclose the names of those expressing particular views.

These properties of the situations which we face almost daily in industry are, perhaps, a sufficient demonstration of the existence of a social system which has roles and relationships separately distinguishable from the Executive System. Furthermore, such a system exists, whether we recognize it or not.

Some Advantages of Explicit Recognition of Representative Systems

Much friction is caused in industry by behaviour that is not consistent with the inherent properties of the situation. This is nowhere more common than in a situation where managers and representatives are involved. There is so much ground for real conflict of ideas over such matters as pay, conditions and hours of work, that it seems a pity to add unnecessary disagreement; especially when it really arises from non-recognition of the role relationships that are requisitely part of any interaction between

people in executive roles and people in representative roles. For example, a manager who asks representatives to meet him in order to criticize, through them, the conduct of his subordinates, will cause offence. This is so because, implicit in his comments, is the idea that it is the job of the representatives to go back to those who elected them, and to criticize their conduct. It is a manager's job to criticize subordinates, and it is certainly not a job for which a representative can be held responsible.

People, through their representative, often put great pressure on managers; sometimes accompanying it by veiled threats, in order to get arrangements that are inconsistent with the efficient conduct of the manager's task, e.g., no evening overtime, or objection to new production methods. When such demands are unrealistic, irritation on the part of the manager is only human; but if this irritation is vented on the representatives, they will naturally feel it is unfair to them. They may even themselves feel that the demands are unrealistic. The requisite properties of the situation demand that the 'irritation' should be vented on subordinates, not on those who speak these views.

Representatives who get 'out of role', and make personal criticism of managers, or make assumptions on situations about which they have no knowledge, cause unnecessary conflict. Many such conflicts can be avoided if representatives have insight into the real nature of a Representative System. Just as conflict in the Executive System so often tends to be seen in terms of personal shortcomings, when the cause may, in fact, be due to role confusion, so conflict between managers and representatives may often be due to lack of explicit recognition of the different behaviours required by the two systems.

We have in the Company a highly-developed Representative System which embraces the formal election of representatives, even for the most senior staff. This is uncommon. At the time when such formal arrangements were explicitly set up, I think many senior staff felt them to be inappropriate. Time has, I believe, changed this view. Hourly-rated workers and junior staff are not the only members of the Company who have views and feelings which they prefer to voice through representatives.

In the absence of an explicit institution, more devious and less satisfactory representation of views takes place. Again, role confusion can easily enter the situation with unfortunate effects. I once attended a week-end conference at which were assembled the senior staff of another company. Certain subjects were discussed in a series of groups; each selected a 'rapporteur' (i.e., a representative) to report back to a plenary session. The managing director of the company was present at the plenary session, and took exception to the comments of one rapporteur. He defended himself by pointing out that he was representing the views of others, and that these were not necessarily shared by him. It was clear, however, that the managing director regarded this as a 'mere defence'. The affair created the most unfortunate atmosphere.

Once there is explicit recognition of the existence of a separate system, it becomes possible to work out some of the responsibilities attaching to the distinct roles within it. Our Policy Document has a complete section on this subject. The duties of representatives are defined as follows:

Responsibilities of Elected Representatives

A representative is accountable to that constituent group or electoral unit which elects him; and it is his responsibility (F.4):

To make himself aware of the main interests of all in his constituency (F.4.1).

To represent the point of view of his constituents in committees and Councils, even where this may mean presenting a point of view contrary to his own personal opinion or his view in his executive role (F.4.2).

To allow Councils or committees to work with the greatest possible realism by judging when to state any views held by minorities within his constituency or committee (F.4.3).

To judge when reference to constituents is necessary, and when to accept responsibility for acting without such reference (F.4.4).

To initiate proposals for change which would be in the best interests of his constituents (F.4.5).

To take appropriate steps when in his judgement executive actions or the actions of his constituents are inconsistent with policy (F.4.6).

To assist his constituents to understand the executive implications of the agreements he has accepted on their behalf (F.4.7).

To familiarize himself with the Constitution and Standing Orders of those bodies of which he is a member and with established rules of procedure (F.4.8).

To know policy, and in particular to understand those aspects of policy which are of most immediate concern to his constituents (F.4.9).

To ensure, before taking up an appeal with and on behalf of a constituent, that the constituent has in the first instance taken the matter up with the manager concerned (F.4.10).

To act as adviser to any of his constituents in cases of appeal when requested to do so (F.4.11).

Types of Communication that take place through the Representative System

The Representative System communicates ideas and feelings that may not otherwise travel up the Executive System to the appropriate level, so that decisions can be made. The main functions of a Representative System can be summed up as follows: [1]

(a) There are groups of people in an extended command who share common ideas without sharing a common immediate manager. It would be very difficult for them to communicate, except through representatives.

(b) Sometimes communication upwards in the Executive System breaks down. I have already cited the gap at the bottom caused by unclarity about roles of supervisors and section managers. Other cases of non-communication through the Executive System occur when the Representative System acts as a sort of safety valve, and exposes important feelings which require discussion.

(c) Frank speaking is not always possible in the Executive System; there are constraints upon it which are part of the manager-subordinate relationship. A subordinate, on occasions, feels that frank comment to his immediate superior is not possible. Unsupported by the views of others, it will, he is sure, be

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[1] I am dealing with the Representative System from an executive point of view. There are, of course, other very important functions from the point of view of those who elect representatives: 'Unity in Strength'; protection of interests, and so on.

ignored. He knows that his manager is working within policies which disallow him from taking the desired action. He feels that to raise the matter in an executive relationship will irritate his manager and do him no good, and so on.

I remember lecturing to a group of senior industrial managers. In the discussion that followed, one manager was highly critical of 'industrial workers' in general, because so often they failed to speak frankly to their superior. This failure, he went on, led to imperfect communication, and many of our industrial ills could be attributed to this imperfection. He received a great deal of support from the audience. I asked each member of the audience to think of his own manager, and to make a mental frank assessment of that manager's more recent decisions and actions. After a short lapse, while they thought, I asked them whether they had already communicated, or whether they were prepared to communicate, these frank thoughts to their manager. Loud laughter was the response.

(d) Discovery of the degree of sanction for change that exists is perhaps the most important function of Representative Systems, at any rate from the point of view of a manager. I shall discuss this aspect of the question at greater length in the chapter on the Legislative System.

The Effect on the Representative System of Faulty Structuring in the Executive System

A representative job is certainly one calling for understanding, for statesmanship and for tolerance. Long-term considerations have to be weighed against short-term ones. Interests of constituents have to be looked at in the light of trade union policy, and of the reactions of management. If, however, there is lack of clear managerial authority and responsibility at shop-floor level—leading to a situation where constituents constantly have recourse to a representative to sort out what, in a different situation, should have been resolved in face-to-face discussion between an individual and his manager—the representative's job may become much more difficult than it should be.

Fig. 37 indicates the work of such a representative in discus-

sion with his constituents' supervisor, his manager, and his manager once removed. When there is unclarity about authority at the supervisor and section manager level, the representative will often have to seek to raise issues with the unit manager.
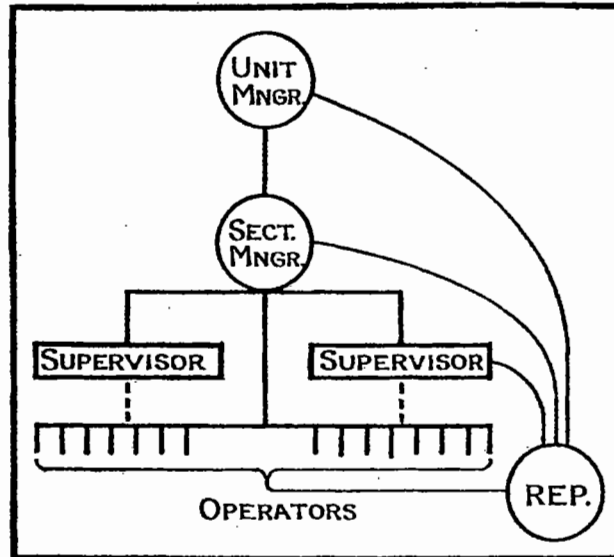

FIG. 37

Many of the issues will look very detailed and trivial to the unit manager, as indeed they are, when compared with the more normal responsibilities of a Rank 3 manager. It may thus very easily result in a unit manager feeling that a representative is being pernickety and trying to make trouble over small issues. The job of a representative becomes difficult in these circumstances; much of such work is really compensating for unresolved organizational difficulties in the Executive System. But if this is not recognized by supervisors or section managers, hostility is bred; then the more settled personalities among operators will not take on such representative jobs. These will then tend to be filled by people who, to some extent, want to be able to retreat from work into the confused situation described where there is a good deal of hostility lying around.

Thus it is that unclear structuring of managerial roles, especially at the bottom of the Executive System, leading to a failure to develop sound managerial-subordinate relationships, can impinge on the Representative System and cause difficulties,

hostility and irritations. We have not solved this problem of the 'gap at the bottom' of the Executive System in all areas yet.

The Results of Breakdown of Communication

The situation can arise in a factory that—perhaps because of lack of suitable people to accept the role of representatives, or because of faulty structuring of the Executive System—communication about the real feelings of people breaks down. Most managers know what is likely to happen in such situations. A management devoid of a feed-back of representative or executive information can go ahead making changes, without realizing how much resentment is being built up, until, suddenly, it is faced with a strike or some other severely damaging reaction. Such a situation is represented diagrammatically in Fig. 38.
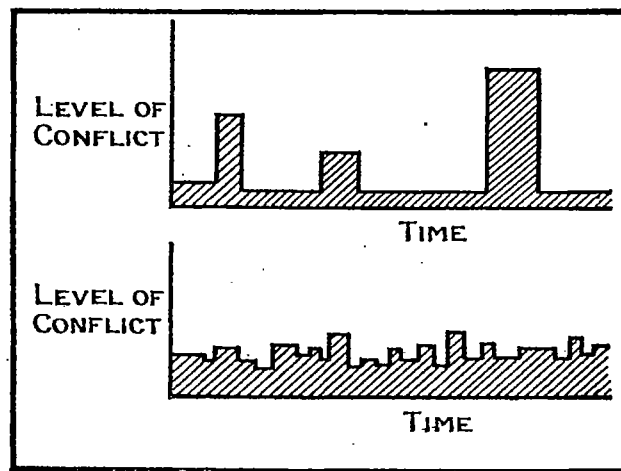

FIG. 38. Extent of hatched areas intended to
be about the same in each diagram

The top graph represents a situation where the Representative System is insensitive, and executive channels of information are blocked. Important feelings do not get communicated to a level where action can be taken. Pressure of feeling, built up over long periods of apparent quiet, bursts forth as depicted. The lower graph might be said to represent a situation where the Representative System was formalized and sensitive; as a result, feelings were constantly being fed to appropriate levels of

management, where they were receiving attention. In this latter situation, the manager might have the feeling that he was continually dealing with problems arising from the Representative System; but while he could not get free of them, at least major conflict was avoided.

These two graphs represent the opposite ends of a continuum. It presents us with two choices. We can either have our trouble in large 'dollops' and, having dealt with it, settle down to apparent quiet for long periods, during which time the problems which will give rise to the next conflict are gradually building up underneath. Or else, we can set up mechanisms through which we are continually dealing with issues as they arise. Although the resultant feeling may be that we are in continual trouble, the fact is that we never really reach a stage of open hostility and breakdown. The latter situation is much to be preferred from an economic standpoint.

Should Representative Comment be accepted at its Face Value?

One hears managers commenting about the views put forward by representatives in the following terms. 'I know the people in my own extended command, and they are nothing like so concerned about this problem as their representatives suggest.' This comment raises important issues that require to be clearly understood. Obviously, representatives may not report accurately the views of those who elected them. They are just as capable of doing a poor job as anybody else. In any case, the difficulties of a representative in discovering the real views of his constituents are, at times, very great. Nevertheless, although a manager may have doubts about the accuracy of the reports made to him by representatives, it is essential that he should deal with such reports at their face value. If there is real inconsistency between his communications from the Executive and from the Representative Systems, he may have to contract, and meet his extended command as a whole, in order to discuss with them their view as he understands it from their representatives. Such a meeting may prove helpful in enabling him to gauge the real situation more accurately.

I remember vividly a particular situation in one of our factories some years ago. A small group of representatives regularly reported in alarming terms the feelings of their large body of constituents on various issues. After a time, the managers concluded that these representatives consistently exaggerated the views of their constituents, and so tended to apply a sort of reduction factor to all that the representatives had to say. If the representatives said that strike action was imminent, managers assumed that there was some real anxiety amongst people. If representatives merely said people were worried, managers postponed any action and usually heard nothing more of the matter. The managers felt this was a realistic approach which avoided constant attention to phoney crises. I insisted, however, on managers taking the communications from these representatives literally. The result was that the constituents found themselves constantly faced by managers who wanted to discuss with them problems which they regarded as being very worrying. Soon people began to comment with frequency to their managers that they were 'fed up' with being called together to discuss problems that did not really exist. Managers responded by pointing out that if there was inconsistency between real feelings and representatives' reports to managers, that was a problem for electors and not for managers. Over a period there was some change in representatives, and the problem disappeared.

On the other hand I have, on many occasions over the years, not believed what representatives have conveyed as the view of their constituents, and instead relied on executive channel comments that their reports were exaggerated, e.g., 'The department is not really worried about the matter—it is only a few people who, for some obscure reason, are trying to stir up a fuss'. But I have found later that the representatives were right and the executive reports on the matter wrong.

Managers, in contrasting the different messages which reach them by these two channels, must bear in mind several important features of the situation:

(*a*) That human beings do exhibit ambivalent feelings. They both want and do not want certain courses to be followed. I

take a very simple illustration by way of example. Manager Jones wants to change the hours of work in a department. The change will suit Smith personally, and if asked by manager Jones if he objects to the change, he will say no. But Smith agrees with the majority in the department that the change is very inconvenient for most people, and will be prepared to join with them in briefing their representative to voice their objections. In this sense, he *has* objections to the change. Ambivalent feelings can, of course, lie much deeper and be more complex than this.

(b) That the relationships which are structured into the Executive System result in biases against completely frank speaking. It is a fact that subordinates do not always tell their managers exactly what they think; the properties of the subordinate-manager relationship are such that this is frequently not possible.

(c) A representative's relationship to a manager is such that he can speak quite frankly; for, while he is speaking on behalf of other people, he is not that manager's subordinate. In addition, he is giving the communication in the name of a group, and it is, therefore, anonymous.

This is not to say that the reports from subordinates are always inaccurate and reports from representatives always factual. There is always human error and misunderstanding to be taken into account, and in addition there is the fact that electors' communication of views to representatives is not anonymous (except in the case of secret ballots), and there may, in this relationship too, be bias against free speaking; e.g., a man may feel one thing and say another, because he feels that the latter view is what is expected of a loyal trade union member.

What I do want to make clear is that inconsistency in the content of communication reaching a manager from his subordinates, on the one hand, and from representatives, on the other, is quite natural, and it does not necessarily indicate a lack of integrity or even of inaccurate communication by any of the parties involved. This inconsistency, of course, makes the situation difficult for managers; *but if they act on the assumption*

*that the communication which indicates the most anxiety or oppo-
sition in their extended command is correct, then they will rapidly
establish the true facts of the position;* whereas if they act on
the opposite assumption, they will increase the anxiety and
opposition to a point where they will have to take account of it.
Because the Representative System has the more sensitive ear
for anxiety and hostility, this will usually mean that a manager
should act on the *assumption* that what is said by representatives
about peoples' views is correct.

Managers must not rely on the Representative System to report Views and Facts to their Extended Commands

A representative is responsible to those who elected him and
one of his major responsibilities is to look after their interests.
It is to be expected that he will construe anything that a manager
says in the light of its possible effect on his constituents; any-
thing said that he feels might, on close examination, contain a
potential threat to their interests will be highlighted when he
reports back; factual information that might tend to allay
anxiety contains no threat, needs no careful thought, and will
quite likely not be reported back at all. This is part of the culture
of representative systems.

Managers must face the fact, therefore, that representatives
listen to what they say, consider the new situation brought about
by what they hear, and report their value judgements of that
situation to their constituents. The expectation that representa-
tives should give a *verbatim* report of what a manager says to
their constituents seems to me to be quite unreal and inconsist-
ent with the representative's role.

Managers cannot therefore instruct representatives to report
particular opinions or facts to their electors; and therefore the
Representative System is not a means whereby managers can
communicate with their own extended commands. This is not
fully realized by many managers; consequently one quite often
hears these managers complaining that 'what they have said
has been distorted by representatives'. This reliance on the Re-
presentative System by managers is requisitely inconsistent

with their executive responsibilities. When a manager decides
that it is necessary for his views to be understood in his extended
command, he must communicate them through executive chan-
nels. In so doing he has choices open to him: he can instruct his
subordinates to make known his views; he can distribute them in
written form; he can meet his extended command in person. I
want to comment on such meetings.

It takes considerable experience to be able to talk about
problems in a frank manner with a large group of people.
Nevertheless, I think the capacity to talk to a large group of
people is one that must be acquired by any manager who aspires
to high responsibility. It is the difficulty and anxiety felt by
many people about 'talking in public', or 'speech-making',
which often gives rise to the executive sin of trying to rely upon
representatives to convey one's views back to one's own ex-
tended command. Managers must learn to overcome their
diffidence about talking to groups.

I have often heard it suggested by representatives that for a
manager to talk directly to his extended command was inap-
propriate. This view was based on the argument that the repre-
sentatives were negotiating on behalf of their constituents, and
that all communications should, therefore, be canalized through
them. If a manager were in a situation where he could hold repre-
sentatives responsible for the way in which his own views were
communicated, and if he could take steps to remedy the situa-
tion where a faulty job was done, there might conceivably be
cogency in such a request. But the essential features of a Repre-
sentative System make direct communication by a manager
correct and essential in certain circumstances.

Within what framework are such communications to be
made? 'Your representatives have told me that you feel this,
and I doubt if that is accurate.' This approach is clearly wrong;
for a manager has no way of making such an assessment. 'Your
representatives feel so and so, and want such and such changes.'
How can the manager know what representatives, as individuals,
want, since they speak for others and do not necessarily speak
their own minds? 'I want to persuade you to instruct your

representatives to change their attitude.' This will not do, because, so far as a manager is concerned, representatives merely reflect the consensus of opinion of the people they represent. Relations between constituents and representatives are not the concern of a manager. The only comment he can make is: 'I understand that your views or wishes are as follows'; and then quote what representatives have told him. The manager's job is to convince his people, in their executive roles, of the soundness of any course he chooses; and to use all the mechanisms and relationships available to him for this purpose by communication through the Executive System, e.g., displayed notice, broadcast, or face-to-face meeting.

The Right of Constituents to alter the Structure of the Representative System

I have come across situations where groups of people refuse to elect representatives; or refuse to allow their representatives to sit on committees with other representatives; or refuse to allow representatives to meet managers. They are perfectly within their rights in behaving in this way. I have never really known why such acts are taken. One has, of course, theories; but, essentially, the manager is denied real information on issues of this sort. I think that these acts are sometimes an attempt to 'discipline' managers by refusing co-operation. In so far as this is the case, it would seem that representatives are stepping out of role by taking such action. A manager's attitude to such manœuvring must be a completely neutral one: 'It is not my business.' He is, of course, deprived of a mechanism through which he learns about feelings in his extended command. He may make mistakes because of this. But if his people have deliberately refused to convey their feelings by failing to elect representatives, they will also not be in a position to make solid criticism.

Sometimes, people may wish to elect representatives in ways which clash with precedent and which may be less convenient to managers. Suppose that Grade 1, 2 and 3 Staff in our Company decided that, instead of representatives being elected for

each Grade respectively, all the engineering staff, cost and accounts staff, production control staff, etc., in the factory, should elect their own representatives, thus replacing the present Grade representative committees with functional committees. Such a representative structure would be very cumbersome; but managers cannot stop such moves. They are out of role if they try. They must, of course, express their opinions about any difficulties they can see arising from such changes. But they would be out of role if they made some such comment as, 'With the new type of representative structure people in my command will not be properly represented, and I will not know their true feelings.' The manager has no way of knowing whether this is true or not.

Pay and Promotion of People who take on Representative Roles

Representatives are both inevitable and important to industry. They can become unpopular with managers, particularly where they are dealing with matters that should be dealt with in an executive relationship. A representative who is constantly, but properly, away from his executive job is simply not as valuable to a manager as he would otherwise be. Both these situations can result in the occupant of a representative role having his executive pay and promotion unfairly affected.

A major difficulty could be avoided if it were possible to plot a person's rate of advance of ability during the non-representative part of his career, and extrapolate this during the time when he is also in a representative role. If a man's pay and promotion are based on such a curve, unfair bias is excluded from the assessment of his executive work. Work on this problem is at the moment going on in the Company. The earning level of a few representatives has already been looked at in this way. The approach seems a hopeful one. I feel that the more fully the potential unfairness of assessments of representatives is discussed and faced, the more objectively will the manager be able to view the position. The experience that many senior managers get in our Company as elected representatives of Grade 1 or Grade 2 Staff is, I suspect, useful in helping them to understand some

of the difficulties of others filling representative roles. I recollect an occasion when a superintendent in one of our factories graphically described the conduct of a representative with whom he had had a recent discussion. He spoke of him in critical terms: that he was argumentative, lacking in reasonableness. A few days later I met a staff committee on which this superintendent himself sat as a representative. I thought at the time that the critical description he gave of the representative's behaviour fitted him very well, too. There is a similarity of conduct between people in representative roles, whatever their executive roles may be.

Retaining People in Executive Jobs because they are Representatives

I think that sometimes people are retained in their executive jobs, although this is not warranted on the basis of their performance at work, because they also have a representative role. This may arise from the fact that, as already discussed, it is difficult for a manager to assess objectively a representative who, because he holds important committee office, is constantly away from his executive job. It may be obvious to many people close to the situation that a particular individual, who also happens to be a representative, is not good enough to be retained in his executive job. But a manager may be leaning over backwards to avoid rejecting him from his command, in case his act is construed as victimization. There have thus unquestionably been cases of people quite inappropriately being retained in their executive jobs because they had become representatives.

A representative in this situation knows it. His colleagues know it too. They become aware that his work is not up to a reasonable standard. If a representative is left on his executive job when not entitled to retain it, the guilt feelings engendered turn to hostility and anger, and one can expect trouble to follow. I must make my meaning quite clear.

(*a*) If a man has a representative role, but during the periods when he is on his executive job his performance is of an unac-

ceptable standard, then his manager must consider ejecting him from the job, despite the fact that he is a representative also.

(*b*) If a man has a representative role, has to spend a considerable time away from his executive job, but does the executive job to an acceptable standard while he is at work, then a manager is not entitled to eject him from the job merely because, due to his *absence* on representative duties, the executive job he holds is not carried out satisfactorily. This is not the fault of the individual, but arises because representatives are required by the Company.

Such problems as I have outlined are not irresolvable, and should in the first place be exposed and discussed by a manager with his superior. Moreover, managers must be resolute about such situations. A decision to take action obviously requires deep consideration and discussion. There may be accusations and arguments, but these can be worked through. The long-term effects are much too serious to allow of stalemate in such matters.

Granting Leave of Absence from Work to a Representative

If a representative's absence from his normal executive work is to meet a manager, no difficulty arises, because ordinary executive mechanisms exist to handle such exigencies. If a Representative Committee wishes to meet a general manager A, who agrees to the meeting, then B1, B2, etc., who are the managers of those representatives, should make no difficulties in agreeing absence from work to meet A, so long as A behaves appropriately and informs B1, B2, of his decision to meet the committee; such information from A is an instruction to B1, B2, to release them from executive duty. It is A's duty to see that his instructions reach the immediate managers of those representatives in an appropriate manner.

When representatives wish to meet together, several different kinds of problems may arise:

(*a*) If a representative approaches his manager and asks for leave to absent himself, the manager is entitled to ask: 'Do you need this time in order to meet others in my command?' If the answer is yes, the manager must decide whether he thinks

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it is in the interests of his extended command that the represen-
tative should be given time off from his executive work. This is
probably easier for the manager to decide than it seems; for he
will probably be aware that, in fact, there are at the moment
problems in his command, and this knowledge will help him
to come to a considered decision. If he is not aware of any par-
ticular problem, the representative may volunteer information.
If the manager feels the situation does not warrant it, he may
decide not to grant time off.

(*b*) If, in answer to a section manager's question, the repre-
sentative informs him that the time off is to attend, say, a
Works Committee meeting, the manager's appropriate action is
to insist that one of the officers of the committee must obtain
permission from the managerial cross-over point of the area
represented by that committee. If that manager grants permis-
sion, he can instruct his subordinate managers to release repre-
sentatives from their executive work to attend such a meeting.

(*c*) If the representative has been asked by somebody in
another command to help him, and this is likely to happen if
the representative is also perhaps a convenor of a particular
union, or an officer of a representative committee, the section
manager may be in real difficulty. He must ask the representa-
tive the purpose of his absence from work—if he gets an answer
he will be able to judge whether or not to grant permission for
absence. The representative may, however, have been charged
by his constituents or by a committee of representatives to keep
the matter confidential. In spite of this, the manager may be
able to get sufficient general idea of the matter to enable him
to come to a decision. If, however, he can gain no impression
at all and fears that the purpose is frivolous or not connected
with the proper affairs of the Company, then he can either
refuse, or refer the representative to the unit manager. But it
should be noted that such difficulties arise only when the repre-
sentative occupies, in the Representative System, an additional
role concerned with the factory or a particular union's affairs.
Such problems arise from this other role, and this properly
makes it the concern of the unit or general manager; for he

generally knows more about the time needs of such a representative than his own immediate manager, because this kind of representative is dealing with 'factory or unit' representative matters rather than section matters.

I have gone into the underlying principles behind the granting of permission, not because I would want to insist that managers consistently adhere to the very detailed procedures implied by what I have said, but because I think it is essential that managers should know the underlying principles that *can* guide their conduct when difficulties do arise. Often the problems are not as formidable as they sound, because of the tacit understanding between managers that eliminates a lot of the protocol.

Reducing time spent by Managers and Representatives in Negotiation.—Just before this book went to press, discussions were in progress with representatives and union officers on this subject. Representatives had raised the suggestion that some executive action was required to obviate the situation where they took a matter to a manager whom they knew by experience had not the necessary discretionary authority to make a decision, because the procedure was that all such matters should proceed up the Executive System step by step. It was agreed that this step-by-step procedure was wasteful of time. Measures have now been taken to redraft certain sections of the Policy Document, so that questions raised by representatives, or appeals by individuals, can be presented as rapidly as possible to that manager who has the clear authority to make a decision on the matter.

The Legislative System

ONE of the major components in the task of managing a company is the constant planning and initiation of the changes that are required to optimize its position in the market. It is the responsibility of the chief executive and his staff officers to size up the position, and to match changes in the market and the rest of the external environment of the company with appropriate adjustments to its products, volume of manufacturing capacity, methods of marketing, organization, techniques of production and the way it uses its resources.

A chief executive has wide discretion in these matters, so that when plans have been evolved the changes can proceed rapidly. On many occasions he will want to have appropriate discussions in the Executive System with his subordinates, in order to discover how far his plans are practicable, what additional resources are required, the time in which specific work can be accomplished, the likely reactions of customers, and so on; but the bulk of the necessary change is initiated without a great deal of what is described as 'joint consultation'. I should like to emphasize this point. It is a matter of practical observation that this is so. Most changes are a matter of decision by an appropriate manager, and do not involve discussions with the board of directors or with representatives of those employed in the company. This is the nature of Executive Systems.

Again, however, it is matter of observation that some changes cannot proceed on that basis. The chief executive who desires, for example, to invest large sums of money in buildings or new plant, to develop and market entirely new products, takes his

plans to the board of directors for sanction before proceeding. If he wants to make a radical change in the design or price of the product, he will probably take some prudent soundings with his customers before doing so, and will change his plans if the reaction is clearly unfavourable. Likewise, if he wishes to make serious alterations to such things as methods of payment, holidays, organization of work, hours of work, he will discuss the matter with representatives of those affected before attempting to proceed. Indeed, if the Board of Directors, the customers, or the representatives of people in the company, express deep interest or resistance to any change, then the chief executive will either require to work through the difficulties before initiating the change; or else, he will only find that he has to do so later, at a time when his attempt to introduce the change fully exposes the resistance which exists.

This whole matter, commonly referred to as 'joint consultation' or, when the employees of the company are concerned, 'negotiation', is a highly-controversial subject. Managers discuss the subject in terms which presuppose that the question of whether or not they work through resistances to change with those concerned is a matter of choice. One manager will express a 'belief in' joint consultation, another will be opposed. Trade union leaders, politicians, industrial philosophers and others discuss the subject in moral or political terms. One will claim that workers have a right to take part in such discussions; another will discuss the benefits arising from the introduction of joint consultation, and so on.

The statements I have made are an attempt to avoid this controversy altogether by pointing to the facts: managing directors cannot avoid discussing resistance to change with shareholders and boards, customers and representatives, if any of these bodies of people choose to resist them, *because such bodies can prevent the introduction of change*. This is one of the facts of industrial life.

It is clear that many of those managers who think they have a choice in such matters, and criticize the idea of discussing resistance to their plans with their own people, in fact spend

much time doing precisely what they so vehemently oppose. They attempt to initiate change of some sort that gives rise to great anxieties and precipitate strike action. Then they get down to the discussions which might have been so much easier to conduct if held before the trouble arose.

Some trade union officials and leaders are equally lacking in objectivity on this subject. For example, they express anxiety lest their members 'become involved in managerial decisions'; they want their members to abstain from being a party to managerial plans, lest it limit their freedom of action, when the time comes, to negotiate with management. They overlook the fact that the negotiations with managers are, indeed, discussions about what plan management should follow, and that, in agreeing as a settlement of a conflict that certain things be done, they are deeply involved in managerial decisions.

When, for instance, the Coal Board was formed, no union official, as a union official, could sit on it. Thus, apparently, the unions avoided involvement in Coal Board plans; but the public has seen what happens. The Board promulgate their intentions, and if these are not to the liking of, say, the National Union of Mineworkers, then discussions with that union take place. The plan may be modified, and the union is then committed to attempt to enforce its provisions on its members.

There is substantial denial of the facts among large sectors of industry. The subject is usually debated with considerable emotion and a great absence of clarity. Many managers and union officials see a distinction between what is called 'joint consultation', on the one hand, and 'negotiation', on the other, but there is no precise definition of the meaning of these phrases, and it is usually quite clear, when one gets into a debate on the subject, that most of those present give quite different meanings to these words. The confusion of discussion which results is most disturbing in the light of the great importance of the topic.

This chapter is an attempt to state the analysis of the subject which we have arrived at in the Company. The institutions and practices described have, in the main, been practised in the

Company since 1941; though the picture which we have formed of them has, from time to time, undergone considerable change as analysis proceeded. Firstly, I give a definition of the meaning which we in the Company attach to some words.

Power is an attribute of an *individual or group*. The term connotes the strength or intensity of influence that a given body or individual is potentially capable of exerting.

Authority is an attribute of a role. The authority of a role is the discretionary content of that role. The only description of the authority of a role that has content is a statement of what the person (or body) occupying the role can do, whom he can instruct, what resources he can use, what he can authorize to be done by others.

To give sanction to, is the act of a person or body with power, when they agree the attachment of a certain degree of authority to a role.

The Legislative System.—Our Policy Document definition reads as follows: 'comprises councils ... in which the Executive and Representative Systems meet and by means of which every member can participate in formulating policy and in assessing the results of the implementation of that policy.'

This definition needs expansion for the sake of clearer understanding. The Legislative System is not, as in the case of the Executive or Representative System, a series of interrelated roles occupied by people, but is composed of four related role systems. One of the features of each of these role systems is that they possess very considerable power *vis-à-vis* the Company. The four systems are as follows:

A group of shareholders, who elect directors to represent them, who in turn appoint the Chief Executive and set policies within which he can operate the Company.

A group of customers. It may seem far-fetched to refer to them as a role system, but I think an analysis would show that it is justified. Individually they certainly possess considerable power *vis-à-vis* the Company. They can, in fact, close it down if they dislike, say, its products, prices, delivery dates, by withdrawing their custom.

so much overtime, shall be prepared to take his turn on night shift; it lays down exceptions, hours of overtime, conditions of night work, etc. Once such a standing order has been legislated by the Council, I have the authority to instruct managers to instruct others to do overtime, to work night shift, etc. It is only when I consider that the terms of the order require amendment that a resort to Council on this subject is again required. Thus the explicit existence of such a council, and the 'legislation' which emerges from its deliberation, instead of causing constant reference to representatives, or constant resistance by members of the Company to Company plans, in fact greatly reduces the amount of 'joint consultation', and puts me in a position to know what the bounds of my authority are, and enables me to get on with the job. If individuals object to the imposition upon them of the provisions of a standing order, they will not get support from their colleagues or their representatives, because they have collectively, through the deliberations of the Council, already explicitly sanctioned management to impose these conditions, and managers thereby have clear authority to do so.

On the other hand, if people in the London Factories begin to feel that change in existing customs or standing orders are desirable from their point of view, then the way to set about the attempt to get such a change made is clear. If it is a matter which affects the whole geographical area represented at the London Factories Council, and if representatives of all those people discover that a consensus of opinion in the area desires such a change, then the matter is taken *directly* to the London Factories Council. It was not always so; I can remember in the early days of the war the time consumed when the members in one department wanted a change in hours of work and put the matter up to the superintendent of that department. The change, however, was one that was either made for the whole area, or it was not possible. The matter, having been debated at length at that level, was then raised with the General Manager No. 1 Factory. He had no knowledge of the desire of other departments, and had to find out. Having discovered eventually

that his whole extended command supported the idea, it came to me. By this time the members of No. 1 Factory were expecting the change to come about; but I discovered that most of the members of the other organizations on the site were against the change. By then there had been much delay, much expenditure of time, and no agreement on what to do. Now, in effect, I had to call into being a London Factories Works Council, although at that period no such institution formally existed.

How do the Four Systems Interact?

I have stated that the Legislative System embraces the interaction of four other systems—Shareholders and Board of Directors, the Customers, the Representative System and the Executive System. My description of the London Factories Council describes the interaction only of the Executive System —through the management member and the Representative System. In fact, further analysis of what actually happens is needed. Nevertheless, I am satisfied that, through my own participation in that Council, the power of these other systems plays upon the situation. Here are some of my reasons for this statement:

(*a*) The proposals for change which I make to the Council may already have been referred to the Board or to some customers, and reflect their attitude. In most instances this is not the case; but even then I have had to formulate them in the light of my intuitive perception of what these other groups will agree, or within a policy already set by the Board of Directors.

(*b*) As discussion arises, alternative proposals are put forward. Each of these has to be considered in the light of its effect on the Executive System, the Board and the Customers.

(*c*) When representatives put forward, for example, proposals for longer holidays, one considers almost as a reflex action: (i) The difficulties arising in maintaining scheduled deliveries to customers; (ii) the cost, its effect on profits and the reactions of the Board; (iii) executive difficulties arising out of longer holidays, etc. If one feels that these reactions are of a very moderate order, one may be able to agree, but if the results of accepting

such a proposal are likely to cause difficulties in any of the areas mentioned, then one rejects the proposal. It is possible to regard this as a personal rejection of a proposal, but I do not think that is the whole story.

We have, within the Legislative System, other councils, e.g., Kilmarnock Factory Council, Research and Development Organization Council, etc. Such councils do not exist, however, as explicit institutions, below the level at which a general manager sits on the body as management member. Nevertheless, meetings between unit managers and representatives of their extended commands take place frequently, and although no formal institution exists, legislation, in our sense of the word, does emerge.

Can it be said that in a council where the Managing Director is *not* present, the interests of the other groups are interacting on the situation? I think the answer is yes. The manager present is almost certainly not thinking of the Board of Directors and of customers; but he is working within a policy set by the Managing Director, which is itself a function of these interactions. Thus the other groups are indirectly affecting the situation at all levels.

An Analytical Statement on the Legislative System

I believe that there is value in making the simplest possible generalized statement about a complex matter such as I have been discussing, because the more general it is, the easier to test its validity in the circumstances of other companies. I think what follows is correct; but I am aware that it may be incomplete, because some factors which are important may, so far, have escaped recognition.

Executive Systems exist in a field controlled by three power groups, namely, shareholders, consumers and employees. These power groups invest the Executive System with authority to develop, manufacture and sell products. The Executive System thus carries responsibility for planning these operations, and the initiation of such a rate of change as is appropriate to the changes which take place in the environment in which it exists. When such changes are felt by the Chief Executive to exceed the

bounds of the authority which has already been invested in his role, he must seek an extension of that authority. In order to do this, he brings into play certain social mechanisms, e.g., meetings of Boards of Directors or meetings of shareholders, testing of customers' reactions through a sales organization, meetings with representatives of employees. In so doing, he is precipitating interaction of the Executive System with these power groups and interaction between the power groups. This interaction is legislative by nature.

The power of these groups varies according to circumstances. In times of deflation, the consumer becomes more powerful, and the employees less powerful; in times of inflation the situation is reversed. The shareholders in a large public company are a less coherent group than those in a family business and are accordingly less powerful than the latter.

The value of this analysis from my point of view is the ability it confers on me to make clear statements to those employed in the Company about my own role. This can be very important when, because of some impending change of a fairly far-reaching kind, anxiety is running at high level. I have on many occasions made statements of the following type to representatives, and I think they have helped them to regard matters more objectively.

'You can, as a body, stop any change I wish to initiate, for you have the power to do so if you avail yourself of it. If I initiate change to which you object, but which fails to arouse sufficient objection to cause you to resort to the use of your power to stop me, I have, nevertheless, reduced morale and thereby reduced the level of efficiency. As it is my task to run the Company as effectively as possible, I must do everything possible to avoid such situations arising. Nevertheless, shareholders and customers also possess power in the situation. They can refuse me the necessary authority to initiate change, even though you are prepared to use your power to try and push that change through. Thus I am an active initiator of new policies which, however, can be implemented only if I have sufficient authority. I will go as far in initiating change—which seems to

me likely to help this Company to increase its effectiveness—as the authority which I derive from these power groups will allow me to go.'

The salient feature of the statement is that it gives expression to a series of facts.

Here are some examples to demonstrate the need to get sanction for change:

(1) We want to expand production, which involves buildings and plant. I take specific proposals to the Board of Directors, who decide to approach shareholders with a proposal that they invest additional money in the Company by the purchase of additional shares. Meetings are called, and it is sanctioned. The money comes in, and I am given authority to spend it appropriately. But if the customers refuse to buy, or if members of the Company refuse to work in the new buildings on the plant, production will not start. One needs sanction from all groups. Normally, one can assume it for most matters if one has had sufficient experience of managing. But it is easy to make erroneous assumptions.

(2) Some years ago our engineers came to the conclusion that if certain types of tools (which were used in considerable quantities) were, up to a certain stage, to be quantity-produced in our machine shops by production methods, and then accurately finished by one of our tool rooms to the separate final accurate dimensions required by different new production orders for bearings as they were received, the results would be these:

(a) the cost of these tools would be reduced;
(b) they would be available more quickly when needed, because semi-finished tools could be taken from stock and rapidly finished to the necessary accurate dimensions.

We could not, however, get agreement from the tool room concerned that these tools should be partially made in our own machine shops; and this in spite of the fact that there was a shortage of work in those machine shops and a very heavy overload of work in the tool room.

Here was a case of an excellent idea not being able to be put

into effect, because I was not authorized to give the necessary instruction since one of the power groups did not agree. In fact, a compromise of sorts was worked out, but it was not as satisfactory as the original idea.

(3) About five years ago we had a long discussion about the introduction of a greatly increased degree of mechanization into our Thin Walled Bearing Production Units. Council agreed in principle. The Board had already agreed the capital investment. Customers were pressing for the increased output and the reduced prices which would result. If, however, representatives of operators, supervisors and managers had decided at that point that the career changes implied by this mechanization were such a threat to them as to cause them not to give their support, then those important changes could not have been made at that time. The results of delay would have been very damaging to the Company.

(4) We have, in the London Factories of the Company, some bad policy which I have been unable to get changed. An example is one facet of the policy governing the selection of redundant people to leave the Company. Those who are not British citizens go first. I claim that the use of this criterion is based on prejudice and fear. It has already resulted in the loss of a number of people who were serving the Company extremely well. I have little doubt that the loss of those men has, over the years, deprived the Company of revenue which would have helped to provide the improvement in working conditions that is constantly being sought by the same people whose anxieties perpetuate this unfortunate policy. I will continue to raise this subject and argue it at invervals. But clearly I am not authorized unilaterally to change a policy which was at one time underwritten by the Ministry of Labour, and is still backed by many trade unions, unless I wish to initiate a costly trial of strength between the three power groups.

The broad sense of what I have written so far is summed up in Para. A.4 of the preamble to the Company Policy Document, which reads as follows:

It is realized that when, after a serious attempt to reach unanimous

agreement has been made, differences of viewpoint prove irreconcilable, action may be forced by the section which has the most power. The use of power in this way shall be regarded not as a normal alternative to the methods of legislation laid down in this document, but as the inevitable consequence of a breakdown in these methods (A.4).

The salient features of the basis upon which our Legislative bodies are built is set forth in the following terms in our Company Policy Document:

Legislated Policy governing all the Operating Organizations shall be decided by agreement between the Chief Executive of the Company and the representative members of the appropriate Factory Councils, and shall be built up from:

(a) the decisions of the Legislative System;
(b) policy arising out of established practice and custom, until amended by the Legislative System;
(c) precedents arising out of management's interpretation of policy (unless challenged) until amended by the Legislative System (G.1.1).

Legislated Policy governing any sector of the Operating Organizations (e.g., Factory Policy, Unit Policy, Section Policy) shall be built up as above, but shall be decided between the chief executive of that sector and the representatives of the members of his command (G.1.2).

Any member employed by the Company shall have the right to propose amendments to existing policy, through either the Executive or Representative System (G.1.3).

The salient features of a manager's Legislative responsibilities are defined thus:

A manager's executive action shall be within the terms of the agreed policy, or, where there is no agreed policy, in line with precedent or custom in his extended command. (Note: It must be clear that there is a difference between policy and actions implementing policy. Managers carry responsibility for making decisions in the implementation of policy, and must make such decisions as seem appropriate to them, whether or not they have the full support of their subordinates.) Where he finds it necessary to make a decision which he feels is not covered by existing policy or precedent, he shall decide whether or not it is sufficiently important to report to his manager or to bring before the appropriate council (E.21.1).

A manager, when getting a workable policy agreed by means of the Legislative System, shall take into account:

(*a*) the effect on his executive subordinates;

(*b*) the policy of his manager;

(*c*) whether there is any likelihood of a given decision having effects outside his extended command (E.21.2).

A manager shall review his executive decisions where these are questioned by representatives, and shall ensure that they are in line with policy or precedent (E.21.3).

A manager shall report newly-agreed local policies to his manager (E.21.4).

Unanimous Voting at a Council Meeting

The term 'unanimous voting' is somewhat misleading. It gives rise to the following false impressions:

(*a*) That every member voting for a motion positively wants that change. Actually, it may indicate the mere minimum degree of tolerance for such a proposition.

(*b*) It carries the implication that all who are represented at a council meeting are in favour of the change. In effect, it must be clear that representatives have to assess, perhaps intuitively, the feelings of those who elected them. On most occasions, their positive vote merely signifies that they believe that a majority of their electors will accept the proposal.

(*c*) When the management member of a council votes in favour of a proposition, some may assume that such an act signifies that the whole Executive System supports the change. In fact, he may, *in extremis*, be the only person in an executive role who is in favour. He is not there as a representative but as a manager, working within a policy set executively from 'above', not from 'below'.

Committees and a Glacier Council Differentiated

A committee is a body which carries collective responsibility for its decisions. It reaches these by majority voting. It is responsible entirely to those who elected its members. A Glacier Legislative Council is not a committee in the sense of this definition. It is a mechanism through which people can make a contribution

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to policy-making, and by means of which a manager can discover the degree of sanction existing in the Representative System for particular changes. It is a forum in which differences of viewpoint can be discussed, and agreement on change worked out. It has no executive authority, and relies on its management member to give effect to any agreed changes arrived at. Therefore, it carries no collective responsibility. Representative members are individually responsible to the bodies which elected them to Council for what they say, or the way they vote. The decisions arising out of Council meetings are taken by the management member as a manager; he alone is responsible for them to his superior or, in the case of the Managing Director, to the Board.

The term 'vote' has many connotations which connect it with committee procedure and majority voting. In a Council meeting, however, the real significance of the 'vote' is the power to withhold it. It is much more akin to the veto of the United Nations Assembly.

A committee seeks to discover whether it can act, by counting the number of its members in favour of a motion. Our Councils, on the other hand, seek to discover whether sufficient sanction exists for a change by discovering whether there is a single representative who is in sufficient doubt about the question to *withhold his vote*. It is only in matters of procedure or election of officers that the normal 'vote' is used.

Effects of 'Unanimous Voting' Procedure

There are some important effects of this 'unanimous voting' procedure:

(1) It avoids the Council compulsorily separating into two pre-existing camps for and against the proposal—regardless of the issue—as is the tendency in committees where motions are adopted by a mere majority vote. This is because any member of a Council can individually prevent any motion being adopted. Thus, nobody need be under pressure to oppose a motion on the grounds of feelings of loyalty to some other member; for that other member can inhibit the motion single-handed.

'Loyalty pressure' to support or to criticize motions is, therefore, reduced markedly, and this produces a situation where the real views of members are more likely to emerge.

(2) This positive atmosphere produces a large number of suggestions, amendments and alternative proposals with a lively exchange of widely diverse views. This, coupled with the realization (explicitly stated in the Policy Document) that failure to agree means either stalemate or, worse, resort to power, stimulates people to great effort to work out some policy that can obtain unanimous support. In seventeen years of operation of this mechanism, the number of occasions when we have reached stalemate is trifling. This does not mean that most management proposals for change have been agreed, but that after amendment—sometimes extensive—agreement about some degree of change has nearly always been possible.

(3) Every representative has to make up his mind, on each issue, as to what point of view best represents the attitude of his constituents. He is involved in a sort of intuitive averaging procedure. He may know of a minority group in his constituency that is opposed to the viewpoint he has expressed on behalf of the majority. Therefore, even if every representative votes in favour of a particular course being followed, it does not mean that all their constituents are in favour of such a course. Experience has shown us that a unanimous vote of all representatives present at a Council meeting is an indication of a sufficient sanction to clothe the responsible manager with the necessary authority for implementing that course. If one representative is unable to vote for a particular change, it is our experience that it would be impractical to attempt to implement the change. A single vote against could mean that a whole unit, or department, or stratum of the command is opposed to the course proposed. If, say, a department is opposed, it is probable that there are strong minorities in the constituencies of other representatives also.

If the management member of a Council votes against a particular change, it is clear that he feels the change is inconsistent with the needs of the Executive System, or with the

policy set by his own manager. In the case of the Managing Director voting against it, it would indicate that he felt personally that it was not in the interest of the Company—it could also indicate that he did not feel authorized by the Board to vote in favour.

(4) The power of veto carried by every member of a Council has an individually disciplining effect which is valuable. One sometimes observes new members of Council at first taking up somewhat intransigent attitudes to various proposals, and then changing as they come to realize the position they are in. I suppose the thoughts that occur to people at such a juncture may be something like these: 'I am against this because I doubt if my constituents want it. I am still against it, even with that amendment. That further adjustment improves it. Am I still against it? How important are the objections which may be raised by my people? Not too important really. I think we will have to swallow this one. Those changes do improve it. One of them was specially introduced to meet my objections. . . .'

(5) The chairman possessed with appropriate authority will prevent the passing of a negative proposal, e.g., 'that we shall cease as a factory to operate the existing policy . . .', because this proposal leaves no method of carrying on. Thus, whatever subjects are raised at Council, the current procedure is left undisturbed, unless some positive change is substituted. This, from a manager's point of view, makes the whole procedure a viable one, because it allows executive work to proceed whilst the working through of resistance to new proposals is taking place.

The Avoidance of 'Detailed' Problems at Council Meetings

Most discussion about joint consultation makes some reference to the problem of how to avoid 'detailed' and irrelevant matters which confuse meetings and waste time. There are some simple principles which, if recognized by managers and representatives alike, overcome this problem.

Our Council meetings are so constructed that they essentially consist of a manager meeting representatives *of those who work in his own extended command*. If a matter arises in discussion

calling for a Council decision that would affect managers and people outside their extended command, then the management member of that Council has no authority to allow such a decision to be taken; he must attempt to exclude matters outside his own jurisdiction. A representative may, however, raise a matter affecting one department only of the management member's extended command. This is a matter within the authority of the manager *of that department,* and the management member must insist that it be discussed with the manager of the department concerned. If the departmental manager cannot agree with representatives of those in the department, then he will have to take it to his superior; but this does not necessarily make it a matter for the superior manager to debate at his own Council meeting, unless discussion of the issue has extended the area of interest to other departments also.

Thus the problem is not to exclude 'detailed' matters from Council meetings—for a 'detailed' change may, in fact, have relevance to the whole of the management member's command —but to exclude matters for which the cross-over point is a manager subordinate to the management member of the Council. Clearly, if decisions are taken by a manager's superior at a Council meeting at which he is not present and of a sort which he could take himself, then the Council has spent its time unnecessarily on a subject which is more appropriately discussed elsewhere.

At first, when our formal Councils were started, we did have a certain amount of time wasted because matters raised were not always appropriate to the meeting; but today it is only new members of Council who introduce these lower-level problems, and I note particularly that it is not only the management member of the Council, but others also, who explain the reasons why such matters should be dealt with elsewhere and insist on Council sticking to its proper business.

Preserving the Status of the Legislative System

Our Councils have been in existence for many years now. Nevertheless, their status and integrity as institutions require constant

safeguarding. Most personal differences of opinion in our organization are solved within the Executive System itself, in discussion between manager and subordinate or in the Appeals Procedure. Those which cannot be solved in this way often become the subject of discussion between a committee representing perhaps hourly-rated members, or some other grade of staff, and the appropriate manager at the cross-over point. It is essential that a Legislative Council should not be used as a substitute for these more appropriate means of dealing with personal disputes. A Council should, so far as possible, remain a place where change of policy is debated.

It is equally necessary that if there is any doubt about the acceptability of ideas involving changes of policy, they should be raised within the Legislative System at the earliest possible moment. On some occasions I have felt that long discussions and arguments between representatives and managers about important changes which were, in fact, matters for a Legislative body were not treated as such at a sufficiently early stage. As a consequence, they gave rise to tensions and hostilities which might not have arisen had they been immediately dealt with in the formal setting of a Council.

It is essential that as many members of the Company as possible should be made consciously aware of the existence of a Legislative System, so that they may be encouraged to canalize ideas for change through that system, and so that they may develop confidence in the ability of such a system to handle problems of change. A great deal can be done by managers to impress on their extended commands the vital importance that attaches to these Councils. When people are worried about some proposed change of policy, a suitable opportunity will always occur to convey to them the real facts of the situation: that it is a manager's job to plan change and to use his authority and his personality to the full to try and get such changes implemented as soon as possible; but that if people are not ready to sanction such change, it cannot be implemented and managers in our Company will not attempt to do so. We accept that it is better to delay, to amend or even for a time to forgo change,

than attempt to impose it on an anxious and unwilling majority. This is not a piece of sentimentality, but the consequence of an objective appraisal of what is in the best interests of the Company as a whole. The guarantee that this attitude will be adopted is contained in the Policy Document and in the constitution of our Legislative Councils.

This really gives a Council the status it must have in order to do its job. Also it is reassuring to people who have dangerous fantasy notions about the 'menacing power of managers'. Such communications help to destroy these fantasies, and produce a reasonable setting for discussion.

In our society, people do not ordinarily use group or individual power to set aside the law when it seems unfair. They start organizing themselves to get it changed by the constitutional procedures of Parliament. This innate respect for the law can be aroused in support of the Company's internal legislation only if the process and the policies arising from it are most clearly understood.

We had a one week's strike in one of our factories. Its origins were very confused, but one of the major factors was the need to reduce the strength of the factory by about 15 per cent because of work shortage. There existed, at the time, a standing order on redundancy which had been duly passed by the Factory Council some years earlier. It was a sound piece of legislation and had been accepted by representatives, duly accredited not only by their electors, but by their unions as well. Copies of the standing order had been received by union officials at the time of passage through Council without critical reaction. The need for the redundancy was discussed and accepted at a Council meeting, and the assurance given that it would be carried out strictly in accordance with the procedure laid down. There had, however, since the passing of the order, been a large expansion in the numbers of people in the factory. It was clear, from the comments made during the strike which ensued, that the operation of the Legislative System was not understood and was, therefore, mistrusted. A great deal of effort was expended by management *during the strike* to explain the Legislative System.

I think this made a substantial contribution to the return to work on a basis which was little different from that existing before the strike.

On the other hand, I remember visiting one of our small factories some years ago and finding the manager in trouble. He urgently required to run a night shift to cope with a heavy increase in work. His people had refused to agree unless changes in rates of pay, etc., were introduced forthwith. I asked that work be stopped and spoke to everybody in meeting, pointing out:

(*a*) That through the Legislative System they were parties to the standing order on night shift. According to this order each man had agreed (subject to no medical disability) to do his turn on night shift. After debate, they agreed that this was so and that they were parties to the agreement;

(*b*) That if they felt free to breach one piece of legislation, no manager would know in future what other policy they might choose to break unilaterally at any time, and that this would bring our whole Legislative System into disrepute;

(*c*) That if they chose *not* to work a night shift, we had not the power to make them do so. But if legislation was going to be flouted in this way, on what basis could the Company be run in the future? That if they expected the manager zealously to adhere to agreed policy, they must obviously follow suit.

There was sincere acceptance, in principle, of the importance of upholding the Legislative process, and of the importance of abiding by standing orders. This recognition of the principle led to acceptance of their duty to man a night shift immediately in terms of the standing order. There were other issues raised in their discussion which had nothing to do with a night shift. These issues were discussed by the appropriate manager subsequently. I was left with the impression that non-manning of the night shift was being used to influence the manager on other issues, and that the real contribution of the discussions had been to expose to the factory the danger to our whole Legislative System of ignoring a single standing order.

After many years of operating within the conceptual framework of our Legislative System, which has remained unchanged

in principle for many years, and of discussing with managers what happens in other companies, I am convinced that legislation as a process requisitely exists in any business.

We are a sophisticated society and cannot live without laws, agreements, policies and contracts. If no explicit institution exists for bringing them into being, then unperceived institutions grow up, and we do the legislative job willy-nilly. There is, however, a profound difference between the explicit and the intuitive approach to these matters. By denying the existence of Legislative Systems, we deny ourselves insight into the sources of managerial authority. This leads to a tendency to talk about 'innate' managerial prerogatives, and the need for managers to have 'power' to act unilaterally.

Society will not support such claims. It is anxious about the role of managers now, because of general lack of insight into their role. Decisions by managers properly made within agreed policy can still *look* autocratic. Thus it is that industry is talked about as being 'autocratic'. Managers are often seen as dictators; sometimes their behaviour supports the notion; but although a manager can behave autocratically, he cannot continue to do so for very long, and the cost of such behaviour is very high. The power position of consumers, trade unions, staff groups and Boards of Directors is real; in the long run it effectively prevents unilateral decisions being taken by managers, except within agreed policies. We must face the reality of what exists.

It is doubly important that we do so, for, corresponding to the false picture of the dictatorial manager, is the other false picture of the 'weak' worker. I submit that the situation is dangerous when those who in their organized bodies are strong, continue to believe in their own weakness. People with power, who remain unaware of the fact, can unwittingly use their power irresponsibly. Scared people follow emotional and irresponsible leaders in an attempt to get greater security. The proper concomitant of power is a healthy sense of the fact of its possession and of the dangers inherent in its use. This cannot arise unless people are prepared to face the fact that, as members of trade unions, they possess very real power.

A powerful group that does not realize its own strength, that persists in believing that it is weak, and menaced by something more powerful, can be an anxious and irresponsible group. A group that feels secure in the knowledge of its own ability to protect its interests is much more likely to be able to examine the objective need for change when it is proposed, and to act responsibly.

Failure to analyse the real situation, and to build explicit institutions to mediate change, results in people in industry continuing to hold unreal fantasy pictures of industry. This gives rise to constant fear of 'being bossed', and fear of change. This leads to opposition to plans put forward by managers; not always because of their content, but often on account of their source. So long as managers themselves maintain the current collusion with representatives to evade facing the facts of their respective situations, we shall have failed to take one step forward which might help to reduce social friction in industry.

By way of summarizing the contents of this chapter, I close by quoting from Training Memorandum No. 2, which was issued by the Company in June 1955. This memorandum is concerned with: (*a*) the executive processes which should be used in arriving at decisions to introduce change; (*b*) some representative and legislative processes involved in the innovation of change; and (*c*) the response by managers to proposals from subordinates to introduce change. The document is, therefore, divided into three parts under these headings.

(1) *Executive Processes used in arriving at Decisions to introduce Change*

Making decisions.—The manager who is considering making a change should ask himself the following questions:

(*a*) Is it within the terms of Company Policy?

(*b*) Is it within the standards set by my superior?

(*c*) Am I sure that it will not set new precedents which might raise problems elsewhere in the Organization?

(*d*) Has my superior placed at my command the resources necessary to implement the change?

(e) Will the proposal work to the benefit of my part of the Organization?

(f) Will my subordinates find it technically possible to implement the change?

(g) Do I feel that in my extended command there is at least a consensus of opinion that will tolerate this change?

If the answer to these questions is 'Yes', then the manager should give the necessary instructions *without delay*. Those seeking to become managers have to acquire a consistent habit of asking such questions of themselves. Such consistency is not easy to achieve.

In the majority of instances managers find it unnecessary to discuss ideas for change with others (apart from their own specialists), because, given experience, they know the answers to the questions listed. Reference to their own superior manager, to their immediate command, or to the Legislative System seems to arise, therefore, in the case of a small minority of proposed actions where there is a feeling of real change of direction.

The first four questions concern the terms of reference set for a manager by his superior. If the answer to any of these four is 'No', a manager will see his superior because he cannot go further on his own. Assuming, however, that the answer to the first four questions is 'Yes', and that the answer to questions (e), (f) and (g) is not a confident 'Yes', then the manager will require to discuss the proposal with his subordinates.

Discussions with subordinates.—If, in order to give a firm opinion, they want time to consider it or to discuss it in turn with their own immediate commands, give them as much time as is reasonable in the light of the circumstances. This may often mean giving the subject a precise degree of priority.

If it clearly involves one or two of his subordinates alone and is of little concern to the others generally, a manager should not waste their time in discussion but see the subordinates affected alone, and inform the others later.

Once the manager has gone through this process, he must make up his mind as to what he wants and instruct his

subordinates accordingly. Remember, that if the decision does not work out successfully, the manager's superior will hold him totally responsible, even if he claims that his immediate command persuaded him to take the action he took. A manager must make his own decision, even if at the time it has to be contrary to the views of all his subordinates.

At this stage, however, he will have to make up his mind whether these discussions have revealed sufficient evidence of sanction, in his *extended* command, to enable him to go ahead and issue the necessary instructions, or whether he must seek further sanction through his representative system—in whatever form it exists. Consider, now, the process by which a manager may seek to obtain this further sanction where he judges it to be necessary.

(2) *Representative and Legislative Processes involved in the Innovation of Change*

Before meeting his Council or other representative body, a manager should take the following steps:

Try to visualize the course that discussion at Council may take and consider how far he might be able to amend his proposal in the light of such discussion. Such thoughts may throw up ideas which lie outside his superior manager's terms of reference to him. This may cause him to discuss such ideas with his superior manager, so that he is clear on how far he can go before the Council meeting.

Give the representatives on his Council as much notice as possible of his proposals.

If he is not quite certain of the meaning and content of Company Policy, Standing Orders or Directives given in the past which may have a bearing on the proposal, this should be cleared either by himself or by his specialist, who should attend the Council meeting with him. It is an unfortunate experience for the responsible manager at a Council meeting to find his proposition is *ultra vires*.

When a manager meets a representative body.—He should, if there is dispute about facts, figures, data, etc., attempt to estab-

lish whether or not his own 'facts' are correct before proceeding with the discussion. If he is quoting 'facts', he should make clear the source of his data, and offer to let representatives examine these sources if he can do so without detriment to the Company.

He, in common with other members of his Council, can veto any proposal, but, as management member, he alone is responsible to his executive superior for seeing to it that no decisions are taken at his extended-command Council which, in his view, are against the interests of the Company. Other members of Council, as representatives, are responsible to their constituents.

Once his Council has agreed an innovation, the manager is responsible for implementing it. He may have to hear appeals, grounded on the allegation that the innovation has not been faithfully implemented, and if he has agreed at a Council meeting too hastily, he will still have to judge appeals in the light of what was legislated by Council and not in the light of his own second thoughts on the matter.

Amendments to proposals.—A manager may go to a Council meeting with proposal A, having expended much thought upon it. Discussion at Council may produce amending proposals B, C and D, and eventually E. He, in discussion, makes it clear that he will not be able to approve E. Representatives make it equally clear that they cannot commit their constituents to A or B. Perhaps everyone falls to considering C. The manager has done all that advocacy and explanation can do to persuade his fellow councillors that A or B is better than C. They equally and variously have tried to persuade him and each other that either D or E is better than C. The stage may be reached where the manager must either vote against C, in which case he is back where he started with no change at all; or, on the other hand, C, though only 'half a loaf', may in his judgement represent a worthwhile move forward. The thing that may make him pause here is this other feeling about C—it is an unfortunate compromise and its acceptance has in it the taste of 'defeat'.

It is useful to consider such situations in the following manner. Suppose a manager had the power: (i) to start trying to

put A, unsanctioned, into effect, meeting with all the resistance which failure to get agreement at Council indicates that he will find in his extended command; or (ii) to put C (the compromise) into effect with the authority which he has as a result of the sanction of his Council. Which course is likely to bring most success to his task of managing the sector of the Company for which he is responsible?

There is nothing wrong in wanting to introduce innovations which cannot yet be introduced, because of lack of sanction from a superior manager or from representatives. It is the job of a manager to go on trying to get these innovations sanctioned, if he believes they are valuable. One day, if they are really sound and he can present the case properly, he will get sanction, particularly if he raises them at appropriate intervals in the future. On the other hand, the competent manager will not put off the lesser steps forward, the compromises—the 'C' proposals—merely because he cannot immediately achieve the major ones.

(3) *Response by Managers to Proposals from Subordinates to introduce Change*

Some unnecessary conflicts and loss of time arise from failure on the part of managers, when approached by a subordinate or representatives, to make clear what they think and what they are going to do. The most common cause of such failure is the misconception that there are really only two possible answers to such proposals—either 'Yes' or 'No'—and that, as in many cases it is not possible to be decisive in that way, the best that can be done is to prevaricate.

There is a necessity for managers, in response to such approaches, to be decisive, but not necessarily in these terms. Being decisive merely means making some decisions, and there are a large number which a manager may appropriately make lying between the extremes of 'Yes, I agree and will implement your proposal' and 'No, I do not agree and cannot do so'. Listed below are a series of decisions, one of which a manager should be able to make in response to most approaches from his subordinates:

(a) *Yes.* I accept the proposal or the criticism and will make the necessary change; or

(b) Authority to say 'Yes' or 'No' is outside my discretion. *I will raise this matter with my manager* and will endeavour to give a reply by a named date. If by that time I am still unable to give you a reply, I will inform you of the delay at that time, and fix another date; or

(c) *The proposal is not a matter for the Executive System* to deal with at all; it refers to the Representative or Legislative System, and should be raised through the appropriate channels; or

(d) I require time to consider this matter personally, and *I will contact you again by a named date;* or

(e) I do not know what will be the full effect of implementing your proposal in terms of cost or time, or its practicability, etc. *I will, therefore, collect the facts and try and make an assessment* which will enable me to give you my answer by a named date. If by that date I am still unable to assess the matter, I will see you, explain my situation, and name a later date; or

(f) *No, I do not accept the proposal* or the criticism and, therefore, will not make any change. Does the proposer wish to appeal?

The points brought out are in no way exhaustive; but sufficient is stated to demonstrate that there is no situation in which a manager can find himself, *vis-à-vis* his subordinate, when it is impossible for him to be decisive—so long as the word 'decisive' is not narrowed down to mean either rejecting the proposal or accepting it.

The Appeals Procedure

DIFFERENCES of opinion between people, and particularly between managers and subordinates, are inevitable in an Executive System. Means of ventilating these differences, and of seeking redress from a higher level of authority, come into being willy-nilly. If these means are allowed to grow haphazardly, they take on forms which are inefficient and damaging to the Company. The chief danger of an unrecognized and, therefore, unformulated appeals mechanism is that it may informally institute by-passing of managerial levels. Decisions are then made without data on the full situation being available. The hearing of a grievance by a high-level manager, without the presence of the manager whose decision is being questioned, or of the intervening managers, undermines the whole managerial-subordinate relationship.

History of Appeals in our Company

Our Appeals mechanism was established in writing in 1949, when Works Councils adopted the first statement on Company Policy. It had, however, existed in recognized but unwritten form for some eight years previous to this formal step, on the basis of various statements about the subject by management.

In the earliest stages, foremen, superintendents and other managers at similar levels expressed great anxiety about the introduction of such a procedure. The fears expressed at the time touched on the following points:

(a) The great expenditure of time that would result and the inevitably large number of appeals that would arise.

(*b*) That it was higher management's duty to uphold the decisions of their managerial subordinates, not to assess their validity in front of their subordinates.

(*c*) That the judging manager would be exposed to threats of strike, etc., and that he would, therefore, be unable to operate in an impartial executive manner consistent with policy.

In the light of the fact that at that time there was very little Company Policy in written form and our current standing orders did not exist, this anxiety was understandable. In retrospect, I can now see that what was being said indirectly was something like the following: 'You do not set clear policies within which we can make decisions. In their absence, we have no knowledge as to whether our decisions will or will not be upheld. If a large number of our decisions are deemed by a higher manager to be wrong (because, in fact, we are not aware of the policy which the Company wishes us to operate), then we shall lose status and authority in the eyes of our subordinates.'

The Appeals System was introduced without formal discussion or agreement with representatives. It did not seem to excite much attention among non-managerial members of the Company. Very few appeals indeed were made in the first year or two. Many people were not prepared to go through the rather trying process of stating a case to managers whom they did not know, in front of their own manager.

I think that most people distrusted the idea, and felt that a higher manager was bound to 'back up his own side', and that therefore they could not hope for impartiality. A few people, too, have subsequently told me that at that time they regarded the act of appealing as being one which would certainly lead to their being noted by managers as 'trouble-makers' and, later, to subtle victimization.

I think there was also a feeling that either one lost (which would not be satisfying), or one won (and got one's manager into trouble and that this was not 'cricket'); and so better to try and resolve the difference at low level in the department, rather than involve senior managers in the matter, with all the unfortunate repercussions that the exposure—that would inevitably

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occur during an appeal hearing—of practices and customs might produce. Thus, the system grew into practice only gradually, and fear dissipated slowly. A number of things helped to reassure managers: there was not an immediate big volume of. appeals; written policy began to grow in volume so that the appeals, instead of being a process of wordy recrimination, often . turned out to be a search for the real intention behind some statement of policy; frequently, when an appellant won his appeal it was not because his immediate manager had made a foolish decision, but because the Company itself had not sufficiently clarified the policy which it wanted him to follow. These and other insights into the operation of the procedure, proved reassuring.

Some appellants won appeals; but none of those who had done so was victimized; for I think every manager realized that all eyes were on him to see how he would subsequently treat a subordinate who had appealed. (I was very anxious in the early stages on this point, and used to follow the subsequent careers of some of those who had appeared in appeals at my level; but I never observed or heard of a case which caused me disquiet on this score.) Gradually the system began to operate in a formal and widespread manner.

I have been impressed ever since, in all but a minority of cases, with the sincerity, though not always with the objectivity, of the appellants, and with the fact that nearly all managers have obviously tried to deal impartially with appeal matters. There is, however, a clear case for more understanding on the part of some managers of the principles involved, and of the best procedure to follow. This chapter is a contribution to clearer thinking on the subject.

Executive Mechanism or Separate Social System?

During 1955 a great deal of work was done by the Company in re-drafting its social policy. Our thinking at that time led us to the conclusion that our procedure for dealing with grievances was, in fact, a separate social system. This was supported by thinking based on the analogy of the way in which the law was

administered in the courts. It was felt that managers, when hearing an appeal, were not in their managerial role but in some sort of 'judicial' role; that the person appealing was not in his executive work role but in the role of an 'appellant'; that a representative who helped a person by arguing for him at an appeal was analogous to a 'counsel' in court. Once we had started this line of thinking it seemed to be clear that we were dealing with a complete group of roles which were not executive in content or in function, and that we had, indeed, analysed out the existence of yet another distinct social system.

In accordance with this thinking, the new edition of the Policy Document, which was adopted in 1956, referred to the Appeals mechanism as an Appeals *System*, and its terms were appropriate to such an assumption.

Further discussion, however, on an early draft of this chapter has now forced me to the conclusion that we were wrong in 1956. The Appeals mechanism is, in fact, an integral part of the Executive System. A manager hearing an appeal does so in his managerial role. It is his executive terms of reference which insist that he must: behave impartially, listen carefully to all the evidence, base his decisions on policy rather than his own feelings, and so on. It is not necessary to establish the manager in a separate role as a sort of judicial figure, because the already-existing, clear-cut executive policy will ensure the necessary behaviour.

I have, therefore, come to the conclusion that an appeal process is a part of the Executive System; and that it can be described quite simply as a mechanism which allows a person to make contacts at every higher level, without by-passing his immediate manager. This changed conception does not, however, seem to call for any amendment of the detailed provisions for handling appeals set out in our Policy Document.

General Features of our Appeals Mechanism

Our Appeals mechanism, in general terms, has the following features (I state them briefly at this point, and will go into them in detail later):

(*a*) Every member of the Company has the right of appeal against any decision of his manager to the next level of management, and successively to higher levels of management until he reaches the Managing Director. At most, this can normally involve three levels of appeal only in our Company.

(*b*) That, subject to special provisions, he has final right of appeal to an Appeal Tribunal consisting of a representative, a management member and a tribunal chairman, appointed from outside the Company by the chairman of the relevant Works Council.

(*c*) At each appeal hearing, the person appealing is entitled to the assistance of his chosen representative, and the relevant managers must be present.

(*d*) The task of the manager hearing the appeal is to come to a decision in the light of existing policy, standing orders and precedent. His job is to set aside his personal opinion on the matter, and endeavour to arrive at a decision that is in accordance with our internal policies.

(*e*) Either party to an appeal may refer it to a personnel officer for counselling. The personnel officer may make recommendations to both parties. But these are not binding and, if not accepted, the appeal continues to be heard in the normal way.

Subject-matter of Appeals

All appeals are, in the first place, always against the decision of some manager. The subject-matter appears to fall into two categories. One type of appeal is to the effect that the manager is not entitled to make the decision which is the subject of dispute, because his decision is not consistent with standing orders, established policy or precedent. Here are some examples illustrating alleged infringement by managers of their *prescribed* terms of reference under existing policy.

(*a*) A member, having absented himself from work on the day after a holiday, has been refused holiday pay by his manager in accordance with the National Agreement on the subject. The member contends that his manager has not interpreted the National Agreement correctly.

(b) A member, being refused an increase of wages, contends that a manager is not entitled to withhold the increase, because his work falls within a category the minimum wage of which is above his existing wage.

(c) A member informed by his manager that his performance is not adequate, and that he will not be retained in that command, contends that he has not been given any previous notice of his manager's dissatisfaction; therefore, in accordance with policy, his manager is not entitled to discharge him from his existing role until he has warned him in this way, and given him an opportunity of meeting those criticisms.

Shortening the Procedure

It happens, not infrequently, with this type of appeal that circumstances are new, and the policy which applies is, for example, Company rather than factory policy. In such cases, it is often better for a general manager to decide not to hear the appeal, but instead take it to the top of the Executive System. If he hears it himself, he may be called upon to give an interpretation in a situation where there is no clear guidance in written policy, and it is likely that his decision will again be the subject of appeal. By deciding to take it to the top without delay, he saves a complete hearing and all the time that it takes. Representatives have recently, in discussion, stressed their own embarrassment about the inefficiency and loss of time taken up by intermediary hearings of an appeal, when they themselves already feel quite certain—because the issue is of a Company nature—that it will in the end inevitably have to go to the Chief Executive for decision.

Cases occur when the decision on the appeal is debated not on the grounds of written policy, but by reference to custom or precedent. In these cases also, there are strong grounds for considering whether they should not go to the top at once, in order to save time.

It has always been possible for a manager to agree that cases should be handled in this manner, but up to now it has

happened infrequently. It is clear to me, from the experience of hearing appeals, that there are many instances where time would have been saved by applying such a contraction of the appeal mechanism. Indeed, if it were possible, without actually hearing an appeal, to determine fairly precisely its content, then that content would pre-determine the appropriate level at which it should be heard. Decisions about policy appropriate to a unit should be heard by the unit manager, decisions arising out of factory policy by a general manager, etc. Unfortunately, it is very often necessary to hear an appeal in order to determine its content, and at times an individual appeal can involve several levels of policy.

Appeals about Unfair Decisions

A second type of appeal seeks to show that a manager, in using his discretion as to which course to pursue, has made a choice that is unfair to a particular individual. In such a case, the argument is not that policy forbids the manager a particular choice, but that his choice is unfair to his subordinate. Here are three examples:

(a) A member, while agreeing that his pay is within the agreed bracket for the job, feels that he should be paid higher within that bracket. He claims that his manager is wrong in rating him the same as A and B, and lower than C and D, with whom he considers himself equal in every way.

(b) A manager does not give a member certain types of work to do, because he does not rank the member as being sufficiently skilled and careful to keep the risk of 'scrapping' the job within reasonable bounds. The offended member contends that the estimate of his capacity is unfair.

(c) A manager, having had many discussions with a member about his shortcomings and having tried to help him by training, decides that the member is not good enough to be retained in his role. The member challenges the soundness of his manager's assessment.

These latter examples are difficult types of appeal cases to deal with. They seem to be the kind of cases which should be referred, if possible, to a personnel officer for counselling. There is a reasonable chance that, as a result of the part played by the personnel officer as an advice-giver, the conflict may be resolved in a manner that is less likely to arise in the atmosphere of the Appeal setting, where normally there are only two courses open: either to dismiss the appeal or to uphold it. In most cases it is clearly not realistic for the higher manager to say, in effect, to the lower manager: 'I will uphold this man's appeal for a higher wage, for I think your decision about his worth is wrong, and I (after half an hour's acquaintanceship during this hearing) believe that I can decide his proper wage more accurately than you can.'

My personal practice in hearing appeals, once it has been made quite clear that the appeal is against the way a manager has used his discretionary authority, is to say to the appellant: 'You have a difficult task on your hands. Unless you can show that your manager has come to this decision against you by allowing non-executive matters to influence his judgement, or has in some other way infringed prescribed policy, you cannot hope to win your appeal. My task is to ascertain whether your manager is entitled to make decisions such as the one you feel aggrieved about (and it is clear to me that he is), and to satisfy myself that he had come to his decision, whatever it may be, in an executively realistic manner within prescribed policy'. I cannot say 'You are a good worker' on the basis of personal observation; but I can assess the consistency of the comments of the immediate manager and those of other managers between me and the member appealing. If they are not consistent, then I may feel that personal bias is entering into the manager's decisions and that his decision may need scrutiny and amendment.

It may be asked if there is any real value in hearing these appeals at all in cases where the way in which a manager has used his discretion is the main content. I have no doubt of the value myself—for the following reasons:

(*a*) The appeal has to be heard in order to ascertain what the difference of opinion is about.

(*b*) The member may not be satisfied when, after two or three hearings at different levels, he must face the fact that, in the absence of real evidence of a manager's personal bias, that manager's assessment of him is the accepted basis of the decision and not his own assessment of himself. There is, however, a very large volume of evidence to show that people who contest these 'unfair to me' decisions of their managers, and who fail to get the decision altered, nevertheless do get a much broader perspective as a result of appealing, and are less aggrieved at the end of the procedure than when they started.

(*c*) The higher manager may learn of the difficulty which surrounds the implementation of some of his own policy, and this may cause him to arrange that it be changed.

(*d*) The higher manager learns a good deal about his subordinates on such occasions. This may cause him to feel satisfied or unsatisfied with the manner in which the managerial task is being carried out in that sector of his total command which is concerned with an appeal. If he is not satisfied, he can later take appropriate steps.

Appeals by Representatives

The third type of appeal is that made by a group or representative body. The subject-matter may be similar to that of individual appeals; but the appeal made by a group tends to be concerned not so much with the effect of a decision that has been made upon some particular individual, but with the future effect on everybody, if a manager's particular interpretation of our policy is permitted to go unchallenged. I will quote one example of this type of appeal.

A shop committee of representatives appealed against the rate of pay which a man, who had just finished his apprenticeship, was offered to take up a skilled job. The man involved was not present, and the committee explained that the fact they were seeking to get established was that the *grounds* given by the manager for offering a lower rate of pay than was customary in

similar circumstances were inappropriate. They sought to prove, for instance, that it was outside Company Policy for the manager to base his decision to offer a lower rate on the fact that the individual had indicated *lack of enthusiasm* for the job, by saying that he wished, as soon as opportunity arose, to apply for a post in another part of the factory at what he considered to be a higher level. The shop committee were upheld on this, and on two other similar points which they made. They did not, however, win the original appeal, which was for a revision of the individual's rate to the customary level. The individual's rate was marginally adjusted by the judgement and instructions given that, unless within two months it was clear that he was working at a lower level than his colleagues, he was to get the customary rate offered in the department for those joining it at the close of serving an apprenticeship. This was primarily a case of people seeking to prevent what they regarded as a bad precedent being set up by a manager's decision.

We thus have three types of appeal against managerial decisions:

(*a*) Where it is contended that the manager's decision is wrong, because it is based on an incorrect interpretation of some existing policy, precedent, custom or agreement (Wrong interpretation);

(*b*) Where it is contended that the manner in which a manager has used his discretion is unfair to the individual (Unfair decision);

(*c*) Where the subject-matter is either an alleged wrong interpretation or unfair decision, but the appeal is made by a group rather than an individual (Representatives' appeals).

Analysis of Appeals Heard .

The Company does not require that managers should keep records of all the appeals they hear. We do not know, therefore, how many formal appeals actually take place. I, however, do keep records of appeals that come to me as Managing Director. These figures and brief details about the subject on which the appeals were based give some idea of the scale of operations in the Appeals System.

ANALYSIS OF APPEALS HEARD BY THE
MANAGING DIRECTOR

	Jan. 53/ Dec. 54	1955	1956	1957	1958
Type of appeal					
Individual	16	9	7	8	7
Group	4	—	1	5	1
	20	9	8	13	8
Grade of membership					
Hourly rated	15	6	6	11	5
Staff	5	3	2	2	3
	20	9	8	13	8
Results					
Disallowed	15	5	5	11	7
Allowed	4	1	3	1	1
Compromise	1	3	—	1	—
Subjects dealt with					
Dismissal	5	2	—	2	1
Sick pay	2	1	1	1	2
Wages payment, expenses, etc.	11	2	2	6	—
Time spent on representative work	1	—	—	—	—
Classification of work available to women	—	—	—	1	—
Reduction of overtime	—	—	—	1	—
Appointments (including operation of S/O)	1	—	4	1	—
Alternative holiday	—	1	—	—	—
Upgrading	—	1	1	—	1
Loan	—	1	—	—	—
Demotion	—	1	—	—	—
Dissatisfaction with job	—	—	—	1	—
Retirement	—	—	—	—	3
Salary level	—	—	—	—	1

Our Formal Policy on Appeals

What follows is the detail of our Company Policy on appeals, together with some explanatory comment.

Grounds for Appeal

Every member of the Company shall have the right to appeal against any executive decision or action of an executive superior which affects him and which he considers to be unfair or unjust; inconsistent with either the provisions or the spirit of agreed or normally accepted policy, or not covered by such policy; or contrary to the best interests of the Company (H.1).

A representative shall have the right of appeal on any matter which he considers affects his constituency. The result of such an appeal shall not necessarily affect decisions already made regarding the particular case whose circumstances may have actuated the representative to appeal on behalf of his constituency (H.1.1).

This latter section (H.1.1) was introduced to prevent a situation arising where a manager makes a decision about a member who chooses not to appeal. Thereupon, representatives of other members feel that the decision was an unfair one, and not in accordance with Company Policy. They fear that it will be regarded by other managers as a precedent. The comment 'shall not necessarily affect decisions already made' is to safeguard against 'retrospective legislation'. It is important that managers should uphold the general principle that a decision made today, in a particular set of circumstances, shall not necessarily be assumed to be grounds for reversal of previous decisions, just because the circumstances look similar. Invalidation of this principle would mean that any decision would have such repercussions on past decisions that change would be rendered very much more difficult.

Establishing an Appeal

The member wishing to appeal shall adopt the following procedure:

> The member shall first appeal to the immediate superior of the supervisor or manager whose action or decision is being appealed against. The appellant and the supervisor or manager whose decision is the subject of appeal both have the right to appeal against the decision of the judging manager and take the appeal to the next higher manager (H.3.1).

It is the responsibility of any manager who feels that his decision is being seriously questioned, either in respect to its conformity with Company Policy, or on the grounds of the feeling of unfairness which it produces in his subordinates, to say to his subordinate: 'Do you wish to appeal?' and in doing so to convey the following impression: 'I am quite ready to have the correctness of my decision scrutinized by my manager. I feel I am correct, but I could be wrong.' The conveying of such an impression connotes his own confidence in his own judgement. The manager who is worried by his subordinate's desire to appeal is displaying lack of confidence in his own judgement.

I know of more than one case where a subordinate wanted to appeal, not on the grounds that his manager's decision was inconsistent with policy or unfair to him, but because he maintained that any policy which allowed a manager to make such a decision was wrong. Such a situation is not one that can be dealt with by an appeal. Either managers or representatives, if they feel it to be appropriate, can take action to cause policy to be reviewed.

Late Appeals

If a manager makes a decision against which a member appeals, implementation of the decision must be delayed until the appeal has been heard. For this reason a member cannot be allowed very long to decide whether or not he wishes to appeal. The Company Policy Document reads as follows on this point:

When, at any stage in an appeal, a member has not given notice of appeal by the beginning of the third working day or night following the working day or night within which the decision was made, then it shall be at the discretion of the responsible manager whether or not the appeal shall be permitted (H.3.5).

The Company Appeal Tribunal

If the appeal reaches the Managing Director and the decision is still not acceptable to both parties, and National Arbitration Procedures do not apply, it can, with the approval of a body set up by the appropriate Works Council, be referred to a Company Appeal Tribunal (H.3.2).

The Company Appeal Tribunal shall consist of:

One member appointed by the Managing Director;
One member appointed by the appropriate Works or Staff Committee;
One independent chairman appointed from outside the Company by the Chairman of the relevant Works Council.

The majority decision of this Tribunal shall be final and binding within the Company (H.3.3).

Although the Company's Appeal Tribunal has formed part of our policy for at least thirteen years, it has never been called upon to deal with an appeal. On two or three occasions, a body set up by the Works Council has considered whether or not permission should be granted to appeal to the Company Tribunal. Only once has permission been granted, but on that occasion the appellant left the Company before the Tribunal could be set up.

This procedure requires scrutiny and change. It is too onerous a task for the body appointed by the Works Council to decide whether leave of appeal should be given. This involves a complete hearing of the case all over again. Because it is so cumbersome, the procedure causes much stir and publicity in the Company. This is unfortunate and probably inhibits some appeals.

On the other hand, it is clearly impossible to allow any member to take his appeal, however trivial, to the Company Appeal Tribunal without such scrutiny, because the setting up of the latter involves considerable work, expense and time. On the single occasion in 1955 when the Chairman of the London Factories Works Council attempted to find a chairman for the Tribunal, he experienced great difficulty. Ten days after the appeal, he had still been unsuccessful in finding a suitable person. At that stage, the appellant voluntarily decided to leave the employment of the Company.

There seems to be little possibility of obtaining a person reasonably experienced in appeal procedure at short notice; and the setting up of the Tribunal is likely to be expensive. Bearing in mind that there is no guarantee that the issue involved

will be of real importance either to the individual or the Company, it seems that the whole subject of the Tribunal should be re-examined. I personally backed its introduction on the basis of the false analogy of procedures at law; but now that this analogy can be seen to be false, re-thinking of this matter is necessary. My current view is that the idea of an independent Tribunal is not consistent with the properties of Executive Systems.

The Counselling Procedure before a Personnel Officer

The Policy Document reads as follows on this subject:

> Before an appeal reaches the level of Divisional or General Manager, it may be referred by either party to a Personnel Officer. Should his recommendations not be acceptable to both parties, the Personnel Officer may, with the agreement of the intermediate managers concerned, refer the appeal to any level in the Executive System not higher than Divisional or General Manager. All such intermediate managers shall be entitled to attend the hearing and submit their views (H.3.4).

This procedure is valuable, for an appeal can either be allowed or disallowed; but this enables an appellant, or the manager, time to reconsider the matter and to change his mind without 'loss of face'. It is recognized that personnel officers know Company Policy more thoroughly than most managers, and that their advice, therefore, tends to foreshadow the final verdict in the matter pretty accurately. The use of this procedure can save much time and, I think, preserves good-will. More use could be made of it with advantage.

A Manager defending the Correctness of his Decision at an Appeal

I can remember several occasions over the years when, an appeal being granted, I have been approached later by the managers concerned, because they felt very concerned at my judgement, and urgently wanted to know more of the basis upon which I had made it. These instances have frequently followed the same pattern. The manager has decided to refuse some request, or has decided that one of his subordinates can no longer remain in his immediate command. He has supported his decision by reference to *one or two very specific incidents of failure* on the

part of his subordinate in his work. There has been dispute about the facts of the incidents quoted—the failures have *apparently* been isolated ones and not in themselves of a serious nature. The decision has appeared harsh in the circumstances, and the manager has been recommended to discuss the failings with his subordinate, to provide training for him and to supervise him more closely for a period, as a means of helping him to overcome such failures. But his main decision has been overruled.

In the latter discussion, the manager will say: 'But this man has been tried out by me on several different jobs to see if I cannot find him one which he can do competently. I have discussed his failures with him over and over again. He shows no enthusiasm to get down to it, and *the final straw* was the incident on which I took my decision.' I point out to him that it is no good giving the real basis of his decision after the appeal is over. It is my job, as a judging manager, to come to a conclusion on the basis of what is *said* at the appeal. I cannot be clairvoyant and assume what he does not say.

Guidance Note No. 4 in the Policy Document refers to this matter. It reads as follows:

Cases may arise where a manager believes that in order to discharge from his immediate command subordinates who are proving not competent to carry out the work he requires of them, or not able to conform to the generally accepted standards of behaviour, he must produce specific details of some *ad hoc* failure on the part of that subordinate. This may give rise to a situation where a manager who has over a long period formed the conclusion that an immediate subordinate does not conform to these requirements, nevertheless discharges him on a more limited charge. In such a case, if the subordinate appeals he may be able to demonstrate that the facts put forward to support the *ad hoc* charge are not proven. His appeal will then be allowed, and he will remain in his post.

Situations of this kind often arise because a manager has not made clear to his subordinate his dissatisfaction with his performance or behaviour over a period of time. Where managers fail to do this, they can invariably expect to find themselves in difficulty.

Experience shows that cases of this sort frequently resolve themselves because the discussion and working through of relationships

which take place during successive hearings in the Appeals System results in the member concerned gaining greater insight into the executive behaviour required of him by his superior. Sometimes the manager concerned gains more knowledge of his subordinate's difficulties and as a result changes his opinion of that subordinate.

If, however, this desirable result does not arise, then the manager concerned, because he has attempted to discharge his subordinate upon incorrect grounds, or because he has failed to inform his subordinate of his dissatisfaction with him, must tolerate what he has experienced as an undesirable situation for a further period of time.

The length of this period will vary according to circumstances, but it must be at least of such duration as will give the subordinate member sufficient time to demonstrate to his manager whether or not he is capable of so changing his behaviour or the manner in which he discharges his executive job as to cause his manager to change his assessment.

Responsibilities of a Manager when hearing an Appeal

To base his judgement on the provisions and intentions of policy, whether or not these are in accord with his own views or those of his superiors or subordinates (H.2.1).

To adopt an encouraging and friendly attitude towards an appellant who might wish to take his case to a higher level (H.2.2).

To deal with appeals with the minimum possible delay (H.2.3).

To encourage the appellant to have present an officially elected representative as his adviser (H.2.4).

I have these provisos to add for the further guidance of managers:

(*a*) Open the appeal by making a statement about anything factual which you know of already, and by asking if, in the opinion of the parties to the appeal, your knowledge is accurate. If this is disputed make it clear that you will let your 'facts' be argued.

(*b*) Discover just what the grievance is by letting the appellant talk first.

(*c*) Sometimes the appellant's statement is not clear. Proceed no further until the position has been clarified. I have sometimes failed to do this, with most unfortunate results and a great waste of time. In my experience, every appeal is against the decision of some manager. I am very nearly certain that no other type of appeal is possible. Unless, therefore, the managerial decision

against which the appeal is made is clear, the manager hearing the appeal must 'dig' for it. If it cannot be discovered, it will be found that the appeal is not an appeal, but a challenge to some existing policy or a dispute with a colleague, in which case it can be dismissed as an appeal, and steered into some other appropriate channel.

(d) Insist that all concerned in the case talk to you, and not to each other. Their job is to convince *you* of their point of view. If you do this, you will prevent the development of wordy arguments that do not help you to come to a decision.

(e) The integrity of the whole Executive System is at stake in an appeal. Uphold its status and dignity in every possible way: e.g., avoid, as far as possible, all interruptions to the procedure; if an appellant or a lower manager casts a slur on, or challenges the integrity of the procedure, insist that such remarks are withdrawn before proceeding; if the appellant refuses, terminate the proceedings; if the defendant refuses, take disciplinary action after the proceedings.

(f) Two appeals in my recollection have given rise, during the proceedings, to statements by the appellant that, if he did not succeed in his appeal, he proposed to seek the support of others afterwards, to raise the matter with his union or committee, etc. In other words, there was a threat of subsequent action, unless the verdict was in his favour. It is the responsibility of the responsible manager in any such situation to point out that under no circumstances can the appeal be proceeded with under duress, and to insist on an unqualified withdrawal of such remarks in a manner that will satisfy him that it has been made with sincerity. Failing that, he should dismiss the appeal immediately and report the matter to his superior manager.

(g) In the law courts, people are allowed to make statements which outside the court would be actionable. It is quite otherwise in a factory.

In the light of this, the responsible manager must refrain from defamatory comment, and must prevent others present making damaging personal remarks about each other or, especially, about persons not present.

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I do not wish to leave the impression that people frequently indulge in such comment at appeals. But sometimes in the heat of the moment, somebody may be approaching such comment, and it is important that the responsible manager should be quick to 'nip it in the bud', or immediately insist on a withdrawal if it is in fact uttered.

(*h*) There is a strong tendency at appeals to quote hearsay in support of statements: e.g., one of the parties will say: 'Mr Y, who was this man's manager a year ago, had cause to criticize his work extensively.' The responsible manager must be careful not to accept such statements. They must be supported by the person alleged to have made them, if they are to be made use of.

(*i*) The extent to which evidence from witnesses can be obtained is limited by the fact that it is an executive not a legal procedure. Unsupported statements of what can reasonably be assumed to be the facts should be accepted, if the other party agrees them.

(*j*) Both parties must be given time to state their case in their own way. But it is the duty of the responsible manager to limit expenditure of time by disallowing argument and comment on aspects of the matter which do not assist him to reach a decision.

(*k*) Try and determine if there are any written standing orders or policy bearing on the matter, or policy arising out of established practice and custom, or precedents arising out of management's interpretation of policy, etc. If there is, the application of such policy to the appeal may immediately indicate the proper decision. If it does not, then the task of the responsible manager is to interpret what was the real intention of the policy in such a case. If a manager cannot decide the correct interpretation to place upon such existing policy or standing order, he must send the appeal to his immediate superior.

(*l*) If there is clearly no existing policy on the matter, the manager should exercise the greatest care, remembering that he is making policy by his decision. If the policy he thus has to make covers more than his own extended command, then he must send the case to a higher managerial level.

The Appellant's Adviser

The appellant shall have the right to request any member of the Factory, except managers in his line of command, to advise him (H.4.1).

The appellant, his chosen adviser, if any, and the supervisor or manager whose decision is the subject of appeal, shall all have the right to be present (H.4.2).

Witnesses may be called, but shall be present at the enquiry only long enough to give their testimony and to answer questions arising out of their testimony (H.4.3).

The appeal decision shall be given in the presence of both parties (H.4.4).

Although the policy refers to the appellant's *adviser*, in fact the representatives, who normally act in such a capacity, quite often do all the talking. The reason for this is, I think, that people who appeal are often not very articulate and are anxious about their ability to do credit to their own side of the argument. These 'advisers' become used to the procedure and do a good job on the whole.

Sometimes managers raise the criticism that the adviser will change the whole basis of argument in taking the appeal from one level to a higher level. This can waste time, because had he stated his case at the lower level in the manner subsequently used at the higher level, the decision might have gone in favour of the aggrieved person and saved a hearing. I cannot see how this can be avoided at times. Most of us in any sort of argument tend to shift our ground as we see how the discussion is going.

Advisers sometimes have to help people who have very weak cases, or people who have behaved very stupidly. On the whole, I am very impressed with advisers' conduct. They become skilled in argument and do their best for those they are helping, but not to the point of sacrificing their own integrity. Appeals are time-consuming and arduous, but they also produce a great deal of extremely honest behaviour. In the main they leave behind them a 'good taste'.

An Unresolved Difficulty

There have been two cases where appeals against loss of jobs

at a factory in Scotland have been disallowed by the General Manager, and the case has been appealed to the Managing Director. In each instance, this would have involved either the Managing Director making a special journey of 400 miles, or, as in fact happened, the retention of the members in a job for which they were not felt to be suitable, until one of his normal visits to the North. This difficult position has not arisen frequently but it is one to which we await a solution.

The Effect of Appeal Decisions on the Legislative System

The Policy Document has this to say on the matter:

Decisions by a manager which, in his opinion, involve important interpretations of policy shall be communicated to his extended command through executive channels. In the case of the Managing Director, a file of such interpretations shall be set up and shall be open to all members of the Company (H.5.2).

Important interpretations of policy tend, in effect, to be new policy. Hence, the necessity for committing them to paper, and their inclusion in the Standing Order Books. I have certainly heard many appeals that were based on these published interpretations, and some of the interpretations are constantly referred to by other managers. The form in which these interpretations are issued is rather lengthy, because it is necessary to describe the case leading up to the interpretation.

The work of the Appeals procedure has led, over the years, to a considerable amount of amendment both of Standing Orders and of the Policy Document. On the Sick Pay Standing Order, for example, numerous amendments have been moved at Council Meetings as a result of complexity and difficulty in its interpretation made evident during an appeal.

The Value in an Appeal Situation of Written Policy

An Appeals procedure seems to be concerned fundamentally with interpretation of our policies, standing orders, conventions, etc. All these are concerned with prescribing the manner in which it is agreed that the Company shall operate. Without an explicit Appeals procedure, the policy-making work of our

Factory Councils would not, I think, possess the status at present attaching to it. There must be means of ensuring that executive policy is implemented in accordance with its original intention. Conversely, an Appeals procedure can gain status and perform a decisive function in settling personal disputes only if there is an appropriate body of *written* policy.

I have always felt reasonably at ease in an appeal, when the job has involved the interpretation of a *written* standing order or *written* policy. When, on the other hand, I have had to listen to what are often contradictory accounts of what is, or is not, convention and practice, or to quote convention myself without the support of written records of its detail, I have invariably felt much less confidence in my competence to make wise decisions. I am sure that this has been the feeling of others who have been involved in such situations.

Some Added Values of an Appeals Procedure

Appeals are most time-consuming. I hear an average of about twelve per year. But I know that general managers have to deal with more than that. They have, by their nature, to be dealt with promptly, and it is often exceedingly difficult at short notice to fit them into a busy programme of duties. The subject-matter can at times seem trivial to a manager. It is too easy to dwell on the difficulties and overlook the benefits which arise from the existence of an explicit Appeals procedure. Here are a few samples of the benefits.

One walks through a department and stops to look at some process. An operator seizes the opportunity to begin pouring out the detail of some deep-felt problem or grievance. In the absence of a clearly-defined Appeals procedure what can one say? But with a clearly-established procedure one's course is quite clear. The following type of discussion ensues:

> MANAGER: You are very worried about some personal issue, obviously. Have you raised the matter with your own manager?
> OPERATOR: Yes it is his decision that I am cribbing about.
> MANAGER: Have you appealed—No? Why not?
> OPERATOR (*variously*): What is the use?—I had not thought of that, etc.

MANAGER: Well, I am sorry you are so worried. But you have quite a simple means of redress if it is justified. If your problem is not felt by you to be sufficiently important for you to appeal, then I suggest you forget it. If, on the other hand, you are really troubled, then no doubt you will take the steps necessary to put the matter to the test.

I think it is not unkind to suggest that anybody who grouses but will not appeal is just somebody who enjoys his bit of grousing and can be left to do so. One cannot, however, as a manager, take up this comforting attitude unless an explicit outlet exists for the ventilation of really hard-felt grievances.

Anybody in a senior managerial position in industry is worried at the thought that the policy he has set for his subordinate managers may at times be interpreted harshly or erroneously by them. In the absence of a clearly understood channel of appeal, sub-standard decisions can be made by subordinate managers which produce a widespread sense of grievance. This can suddenly burst forth in the form of serious disturbance and conflict. If, however, the channels of appeal are simple and are kept open, it is unlikely that this will happen. An Appeals procedure is very like a safety valve of a steam boiler.

The existence of an explicit Appeals procedure influences all managers to make decisions with much greater care and precision, and to be more aware of the policies they must observe than would otherwise be the case. In this way, we are prevented from making many mistakes which would cause us far more trouble than that involved in the operation of the Appeals procedure itself.

I have already commented at length on the value and necessity of being an adaptable company. I have no doubt that the existence of an explicit Appeals procedure assists vitally to get people's co-operation in accepting change. Resistance to change is much concerned with anxiety as to what it holds for the individual: he is helped to overcome his fears if he can feel that, if any result of the change impinges unfairly upon him, it can be ventilated in an Appeals procedure if necessary.

Finally, in spite of its difficulties, I have derived great benefit

from participating in the operation of the Appeals procedure. It is one of the opportunities I get of keeping in touch with how things are going at the base of the Executive System. One comes face to face with some unexpected and sometimes unpleasant results of one's own policy, and comes to realize that it was too little considered before being introduced. This is always a salutary experience. Above all, one feels that within this procedure there are some real and worthwhile values. It is an essential executive means of attempting to promote natural justice and conscientious dealing within a factory community, and it makes a vital contribution to people's sense of security.

CHAPTER XIX

Some Unexplored Problems

LOOKING back over the years, it seems to me that growth in size of the Company was the most important single factor which helped to generate the need to explore organizational problems. Growth in organizations inevitably means adaptation, and if the necessary insight into social structure is absent, the process of adaptation is slow, painful and full of problems.

There is a wide variety of reasons for assuming that the current tendency for the size of individual industrial units to grow will continue in the future. (These are familiar and I shall not discuss them.) If this is true, then ever-growing pressure for work to be done towards the solution of industrial social problems will be felt. Managers, technicians, craftsmen, clerks and operatives will not be prepared to tolerate for ever the problems, inefficiency and anxieties caused by the present unbalance between the steady growth in the amount of technological research and the situation of near stagnation in the field of social research. The balance must be redressed if we are to avoid increase of trouble in the future.

The period during which this book has been written has, in a sense, been one of considerable frustration for me, and maybe for many others in the Company, because I have known what we have to do in the field of personnel and organizational work, and yet economic factors have prevented us from doing it. We need a Personnel Division, containing the same order of resources of people, brains and facilities as we have deployed in our Technical Division or in our Product Research and

Development Organization, in order to implement fully the findings already achieved, and to take the exploration further.

Unfortunately, the Company has, during the last few years, been forced in some things to pursue short-term policies, because it has been engaged in a more than usually virulent competitive fight for its markets.

The setting up of a technically-based division of adequate size, concerned with organization and manning, is a project which will yield great benefits in the long term, but is expensive in the short. The gross shortage of people who have both the experience of business, and an educational background suitable for work in this field, means that in order to man such a division we must, to a major extent, train and grow such staff for ourselves. It is this factor which makes the move an expensive one, and will cause our rate of progress in the future to be slower than I should like to see.

This economic difficulty, coupled with the many recognized psychological barriers to work on organizational problems, can build up too easily to the conclusion, 'We have done enough; let us stay further development here'. I want, in this final chapter, to try and inhibit such thinking, for I believe that no field of research offers richer rewards than this one. To this end, I will now try and set out some examples of the known problems which should be tackled, and some of the areas of work where we are apt to blunder along, because we lack explicit knowledge. These examples are not a survey of all the territory to be explored—it is impossible to give such a survey— but a mere indication of some of the known areas where conceptual material is lacking.

Selection of People for Roles

I believe that Dr Jaques' research on the 'measurement of responsibility' of work, and on the changing capacity, with age, of people to do work at varying levels of responsibility, is valid and extremely valuable. As yet, however, we have no means of measuring the innate potential capacity of the individual to do varying levels of work. In the absence of this, selection has to be

based on intuition, and consequently misfit appointments are numerous. The cost of these mistakes in terms of unhappiness for the individual, and inefficiency for the Company, is very serious.

The Split at the Bottom of the Executive System

I have referred to this problem at length in Chapter XIV. It manifests itself in a number of ways: e.g., many people occupy-ing roles at the base of the Executive System tend to dissociate themselves psychologically from their daily work, and to be-come identified with goals which are not centred on work; communication from the floor on executive matters tends to be through representatives rather than through executive chan-nels; relations between such people and their managers is of a different order from those that exist elsewhere in the hier-archy; morale tends to be regarded not as a function of creative work well done, but of the extent to which the effect of work on the individual can be ameliorated, and so on. Clearly, the problem has its roots in such areas as the history of the growth of our society, in class divisions of society, in economics, and elsewhere; but I am left with the feeling that lack of insight into organization, manning, selection and equitable methods of deciding the level of pay, play a big part in the general problem. The expenditure of time and effort better to understand exactly what takes place at shop-floor and office-floor level might make a substantial contribution towards solution of one of the major current problems of industry.

Assessment of Quantity of Work

Potentially, we are now able to measure both the level and amount of work in so-called manual jobs; but we are not able to measure the amount of work done by, say, a manager, a designer, a staff officer, because these men's work is largely mental. It is concerned with making decisions, giving instruc-tions, listening to the ideas of others, reading, co-ordinating the activity of others, assessing subordinates. Accordingly, we have to rely on intuition to guide us in answering such questions as:

'How many people ought he to have in his extended command to get through the work he has been given?' 'How much space or plant ought he to have?' 'How long ought he and his command to take to complete particular jobs?'

If we have two people satisfactorily carrying out the same level of work, we are not able to say that both should automatically be paid the same salary; for although the performance in each case may be satisfactory, the fact remains that one will be felt to be a faster worker than the other, and there may well be unquantifiable evidence that he gets through more work in the same time. If we were able to quantify the amount of work done by managers, specialists, accountants, salesmen, we should have made a considerable advance.

Production Organization Structure

We have greatly benefited from the organization of production into units, which are, as far as possible, responsible for a specific finished product, or group of products, rather than for a particular process.

There are often problems in such product delegation to do with the difficulty of duplicating, in each unit, expensive machinery which is required by all the products. Product splits of work sometimes seem to involve the setting up of some units that 'look' too large and others that 'look' too small. There is a case for organizing sections within a unit on a product basis. We do not know the answers to a large range of questions which arise around this subject, and more work might prove very rewarding.

Product Research and Development Organizational Structure

Research jobs vary very greatly in content; according to this content, they call for a differential degree of work to be done by persons of widely-different knowledge and training. For example, development job A may require to have a senior engineer put in charge of it; but he will require as subordinates a metallurgist and two designers. Job B may have a higher metallurgical content and be best placed in charge of a physicist

or a metallurgist, who will require the help of an engineer, a mathematician and some laboratory technicians. Because the tasks entrusted to our total Research and Development Organization are many and varied, both as regards content and the time they will take to achieve, there seems to be a need for continual regrouping of teams around the varying mix of work which has to be undertaken.

There is a tendency for the type of organizational structure that is appropriate for production to get transferred into product development, due to the lack of explicit concepts about product-development organizational structure. Analytic work done in this area might help to increase the efficiency of research and development work.

Sales Organization

A large amount of analysis has been carried out in this field in recent years, and the considerable changes arising out of it have proved beneficial. During the analysis, it became clear that sales work could be distinguished fairly readily from other types of operational work, by using certain simple criteria which I will not discuss here. Applying these criteria it became evident that there are a considerable number of roles which, though manifestly concerned with production control and other allied functions, are requisitely sales roles. Further research is required to establish just what work these roles contain, and how far it is appropriate to re-position them.

*The Establishment of More Realistic Control Procedures over
     Expenditure and Use of Resources*

This is a very large area, and it requires exploration and systematic analysis. It is known that many of the figures produced for purposes of control, within standard costing and budgetary control schemes, are poorly adapted to such purposes and, in some cases, useless. Thus a great deal of time is spent in producing data, some of which appears to be little used by managers. Growing up side by side with such conventional financial data are numerous other indices of daily hap-

penings. These have been brought into being by the need of managers for objective information which will give them a better picture of what is happening in their commands.

There appears to be need for a systematic examination of the whole subject, which will explore the realism of using financial data for such purposes, and the exact place of costing data in the whole field of managerial controls.

I hope that this brief list of areas where we have insufficient knowledge will serve as an indication of the much greater field which awaits exploration. Within it will be found the confusions of thinking and the false concepts that lie, I believe, at the root of many problems and troubles which we are now inclined to attribute to psychological causes and the shortcomings of people.

This is not to say that there are no such things as psychological problems in industry; they will abound—in terms of behaviour, relationships, communication, leadership—in any institution where people work together. In the last analysis, the roots of all problems in society lie in the make-up of people; but sociological factors are of great importance, and in my view they have been consistently under-assessed in their effects. This book has focused on such factors, not because I regard them as being of greater significance than psychological factors, but because they are not receiving the attention which is commensurate with their importance.

APPENDICES

Glossary of Technical Terms[1]

ACCOUNTABILITY: As it is used both in the Company, and in this book, this term can be looked on as synonymous with 'responsibility' (see below). It is interesting to note that while the *Oxford Dictionary* defines the term as synonymous with 'responsibility', 'accountability' also suggests the meaning of 'liable to be called to account', which is precisely what a subordinate is liable for in relation to his manager. He is required to give an account of the way in which he has used the resources put at his disposal. In this way the term does, to some extent, illuminate an important aspect of the manager-subordinate relationship.

ADMINISTRATION: The process of interpreting policy and translating it into executive action. (Pol. Doc.)

ADVICE: This term is not defined either in our Policy Document or in this book. It is normally used, however, in its current sense to mean 'opinion given or offered as to action'. Three executive meanings of the term are distinguished in the present book as follows (see also Chapter III, p. 46):

> *Instructional Advice.*—This is used to refer to the 'advice' given by a manager to a subordinate. In the strict sense it is really incorrectly used, since the subordinate has no choice but to heed the 'advice' given, whether or not he actually carries out the action recommended.
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> *Responsible Advice.*—This is used to refer to the advice given by a subordinate to a manager; or by someone occupying an executive role to someone else in the organization occupying an executive role, where the former is responsible for giving the advice. In

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[1] The abbreviation, Pol. Doc., appearing after a definition indicates that it is as given in the Company Policy Document.

In some cases the definitions given in this glossary concern concepts which are the subject of extensive description and elaboration in the main part of the book, and in these cases references to the text are given.

these circumstances, while it remains the responsibility of the advisee to decide whether or not he will heed the advice given, the adviser must retain some responsibility for the quality of the advice he gives, and can be called to account if it proves later to have been ill-founded.

Irresponsible Advice.—This is used to refer to advice given by one member of the organization to another, where the former is not executively responsible for giving such advice. In such a case, both the seeking and the giving of advice is an entirely personal matter, outside formal executive relationships altogether.

ANALYSIS: The dictionary definition of this word is 'the resolution of anything complex into its simple elements; the exact determination of its components'. Four kinds of analysis are referred to in the present book (see also Chapter I, p. 6):

Analysis of Work.—The resolution of work into its components. (It should be noted that while this can be achieved in accordance with any categorization found to be convenient, one of the recently developed methods of work analysis in the Company, and the meaning normally given to the term in this book, concerns the resolution of work into its prescribed and discretionary components together with the mechanisms used to review the way in which discretion is exercised.)

Executive Analysis (of work or of organization).—This occurs when an employee member of the Company carries out an analysis of work, and the way in which it is distributed between various roles.

Independent Analysis (of work or of organization).—This takes place when the person carrying out the analysis is not an employee member, and has no executive relationship with anyone in the Company. It involves (*a*) complete confidentiality of all communications to the independent analyst unless specific permission is given to make them public; (*b*) the undertaking of analysis of work only at the request of those individuals, managers or groups, responsible for that work.

Organizational Analysis.—Analysis of work which is allocated to various roles and the way in which the roles are interrelated, whether such roles are established or not.

APPEAL: The process whereby a member causes the decision of another member to be reviewed by the latter's executive superior or the Company Appeal Tribunal. (Pol. Doc.) (See also Chapter XVIII.)

APPEALS PROCEDURE: The mechanism through which any employed member (or group of members) may question the appro-

priateness of a manager's decision, as it affects him, in front of a higher manager. (See also Chapter XVIII.)

APPELLANT: The member or group of members making an appeal. In the course of a case the identity of the appellant may vary at successive stages in the Executive System when a judgement is reversed. (Pol. Doc.)

ATTACHMENT: See Role, Specialist.

AUTHORITY: The property attaching to the role which enables its occupant to undertake his activities (utilize resources, etc.). The degree of authority must be consistent with the degree of responsibility. (Pol. Doc.)

> *Delegate Authority.*—The authority given to an elected representative by his constituents to act on their behalf in accordance with a specific mandate from which he must not depart without reference to them. (Because of the unanimity rule, the concept of delegate has a special connotation. It will be noted that when there is disagreement between delegates, it becomes their responsibility to discover either a new solution or a compromise solution, and to refer the solution arrived at back to their constituent groups for consideration and, if seen fit, ratification.) (Pol. Doc.)
>
> *Representative Authority.*—The authority of an elected representative to judge for himself what he considers to be in the best interests of his constituents, and so to vote, without a specific mandate. (Pol. Doc.)

CENTRALIZATION: This is used in the present book to refer to the situation in which a manager sets a policy which applies to levels lower than his immediate subordinates, i.e., a policy which deprives his immediate subordinates of their use of discretion in the matter.

> *Decentralization.*—By contrast, this is used to refer to the situation in which a manager sets a policy leaving use of discretion to his immediate subordinates. (See also Chapter VI, p. 81.)

COLLATERAL:

> *Collateral Relationship.*—The relationship which obtains between colleagues when their work is inter-dependent.

COMMAND:

> *The extended command* of a manager comprises all the members under his control. (Pol. Doc.)
>
> *The immediate command* of a manager is that group of members which he makes *immediately* accountable to him. (Pol. Doc.)

COMMITTEE: A body composed of all the elected representatives from a given constituency or electoral unit. (Pol. Doc.)

COMPANY: The legal entity comprising Shareholders and the Board of Directors. (Pol. Doc.)

CONJOINT:

Conjoint Relationship.—The relationship which obtains between specialists responsible to the same manager.

CONSTITUENCY: A body within an electoral unit whose members have the right to be represented by a common representative or representatives. (Pol. Doc.)

Constituent.—Any member of a constituency. (Pol. Doc.)

CONTRACTION: The situation that obtains where the executive chain is contracted, i.e., where a manager makes contact with a member of his extended command who is not his own immediate subordinate. It can occur either in individual instances, as for example when a General Manager telephones a shop clerk to get information, or where a manager contracts the whole of his extended command, as when he speaks to all of them together. (See also Chapter VIII, p. 109.)

COUNCIL: A body composed of one manager and representatives of all electoral units within his extended command which desire to elect representatives. (Pol. Doc.)

Higher Council.—One Council can be said to be higher than another only where the extended command governed by it contains the extended command governed by the other. (Pol. Doc.)

Part Council.—A body composed of one manager and representatives of some, but not all, the electoral units within his extended command. (Pol. Doc.)

CROSS-OVER POINT: In relation to any two or more roles, the cross-over point is the most junior manager whose command comprises these roles.

DELEGATION: The process of allocating work to a subordinate role.

DIRECTIVE: Written instructions given by the Managing Director to his immediate subordinates which will have long-term standing. (See also Chapter IX, p. 124.)

DISCRETION—DISCRETIONARY: The term 'discretion' as used in this book refers to the authority to decide or act according to one's own judgement. It is not used in the sense of the quality of being discreet, i.e. proper, in one's behaviour. (See also Chapter II, p. 21.)

DIVISION: The non-operational commands of the Company, i.e., specialist commands, are referred to as 'divisions'. There are three such commands, Personnel, Programming, and Technical.

ELECTOR: A member of a constituency who has the right to vote. (Pol. Doc.)

ELECTORAL UNIT: A body of members entitled to representation on a legislative body, either directly or through representative committee. (Pol. Doc.)

EXECUTIVE SYSTEM: See System, Executive. (See also Chapter III, p. 32.)

INSTRUCTION: Any communication from a superior to one or more of his subordinates when they are in their executive roles. This definition includes not only orders, but also requests for information, advice or assistance, the passing of information, etc., which always contain, either explicitly or implicitly, an instruction. (Pol. Doc.) (See also Chapter XV, p. 197.)

> *Policy Instruction.*—A communication from a manager to any or all of his subordinates, stating the policies which they must observe. It should be noted that policy statements define the boundaries within which a subordinate will be expected to exercise his own judgement and the aims to which he must orient his decisions.

> *Task and Task Instructions.*—A task is a specific job of work, and a task instruction a communication from a manager to a subordinate giving him that specific job of work to do. Task instructions may thus range from 'Post this letter' to 'Place the order for a million pounds' worth of new plant'. Such task instructions are always by definition given within a framework of policy already set.

> *Staff Instructions.*—A staff instruction is an instruction given by a staff officer within his own manager's policy to any other of that manager's immediate subordinates.

> *Technical Instructions.*—Instructions given by a staff officer to another staff officer attached by him to one of his manager's subordinates. Such technical instructions are confined to communicating the techniques which the subordinate staff officer is required to use when performing tasks for his own operational manager.

JOB SPECIFICATION: In this book the word 'job' is used as equivalent to the work content of an executive role. A job specification refers to the description of a role, both so far as its work content is concerned (i.e. prescribed limits and objectives, the discretion which must be used in achieving these, and review mechanisms), and also so far as working conditions, social and career considerations, etc., are concerned. (See also Chapter IV, p. 65.)

LEGISLATION: The process of deciding the policy within which executive action will take place. (Pol. Doc.)

LEGISLATIVE SYSTEM: See System, Legislative. (See also Chapter XVII, p. 225.)

MANAGER—MANAGERIAL ROLE: A member who has subordinate to him authorized roles into which he can appoint members and determine their work: he is accountable for his subordinates' work in these roles. (Pol. Doc.)

> *Managerial Authority.*—The term used in this book to refer to the minimal authority attached to a managerial role which has to do with control of work by subordinates, i.e., that a manager must have subordinate roles into which he can appoint members, from which he can remove them, and within which he can set terms of reference and determine differential rewards.

The terms given below are also used in this book to describe specific categories of managerial roles in the Company:

> *Section Manager.*—The lowest level of managerial role such as that directly in charge of operatives on the shop floor.
>
> *Unit Manager.*—The manager in charge of a unit of up to about 400 total strength, with section managers subordinate to him.
>
> *General Manager.*—A manager responsible to the Managing Director for the conduct of one of the Company's general operational commands, e.g., a manufacturing factory, the Research and Development Organization or the Sales Organization.
>
> *Divisional Manager.*—A manager responsible to the Managing Director and in charge of one of the Company's Specialist Divisions, i.e., Programming, Technical or Personnel.
>
> *Co-Manager.*—Attached specialists are responsible both to a Technical Manager and to an Operational Manager, each of whom may be referred to as one of the Specialist's Co-Managers.

MANNING: The process of filling roles in an organization, both in the long and the short term.

MEMBER: Legally, members of the Company refers to shareholders. For the purpose of the Policy Document, however, the term 'member' is used to refer to employees, and the term 'shareholders' used whenever shareholders are referred to. (Pol. Doc.)

OPERATING ORGANIZATIONS: Comprise all the business and trading commands of the Company. (Pol. Doc.)

OPERATIONAL—OPERATIONAL WORK—OPERATIONAL ACTIVITY: The term 'operational activity' is used to refer to those Com-

pany activities which it is the concern of the Company to carry out. Thus, the Glacier Metal Co. Ltd was established to make, develop and sell bearings and other products at a profit. If it did not make them, did not sell them and (considering the nature of the market) did not develop them, then it would no longer be fulfilling the purpose for which it was established. In this way we can distinguish operational activities from others such as personnel work, production engineering, inspection, etc., which it is not the purpose of the Company to carry out, though their effective prosecution may be essential for the operational activities themselves to be conducted. This distinction is important, since it leads to the necessity to make a distinction organizationally between the two kinds of authority appropriate to these two kinds of activity. It should be noted that in more common parlance 'operational activities' are sometimes referred to as 'line' activities, and specialist work as 'functional'.

OPINION SURVEY: Reference of an issue to all those within a constituency so that each member may have the opportunity to state his views individually, but without the results being binding upon the elected representatives. (Pol. Doc.)

ORDER: For the general definition of this word, see Instruction.

> *Standing Orders.*—This term is used in the Company to refer to instructions from the Managing Director applicable in certain defined circumstances to all members of the Company and hence formally sanctioned by Council.

ORGANIZATION:

> *Executive Organization.*—This is used synonymously with the term 'Executive System' (see System, Executive).
>
> *Manifest Organization.*—The situation as formally described and displayed.
>
> *Assumed Organization.*—The situation as it is assumed to be by the individuals concerned, and there may or may not be consistency between the assumed and the manifest situation.
>
> *Extant Organization.*—The situation as revealed by systematic exploration and analysis (it can never be completely known).
>
> *Requisite Organization.*—The situation as it would have to be to accord with the real properties of the field in which it exists.
>
> *Operating Organizations.*—Comprise all the business and trading commands of the Company. (Pol. Doc.)

PERSONAL ASSISTANT: One whose responsibility is to assist his manager in whatever sphere his manager may decide. The Personal Assistant can convey instructions on his manager's behalf, but does not carry any personal authority to issue instructions. (Pol. Doc.)

POLICY: As the term is used in this book, it refers to the prescribed part of a role or group of roles. On the one hand, it sets what would normally be felt as limitations to discretion, e.g., by prescribing the kind of methods that are to be used, etc., and on the other hand, it sets out the aims, objectives or targets which it is prescribed shall be achieved. In this sense Company Policy refers to the policy circumscribing the whole Company (in the sense of the extended command of the Managing Director), and Definitive Policy that which circumscribes the activities of the Board of Directors. (See also Chapter VI, p. 79.)

POWER: An attribute of an individual or group: the term defines the strength or intensity of influence that a given body or individual is potentially capable of exerting at any given time, regardless either of the role assumed or authority carried.

PRESCRIPTION: The means of achieving a desired result as specified by a member who is executively responsible for giving such specifications to other members not in the same line of command. (Pol. Doc.)[1]

REFERENDUM: Reference of an issue to the electoral unit by ballot. The result of the ballot is binding upon those who have decided to conduct the referendum. (Pol. Doc.)

REPRESENTATIVE: See Role, Representative.
    Representative System.—See System, Representative.
    Representative Authority.—See Authority, Representative.
    Representative Committee.—See Committee, Representative.

RESPONSIBILITY: This is the obligation a person takes on to do the work allocated to him. (Pol. Doc.)

ROLE: A position in a system which is filled by specified means (e.g. election, appointment): every role carries specified responsibility and authority which are taken on by the member assuming the role. (Pol. Doc.)

    Executive Role.—A position in the Executive System which a member takes up by entering into an employment contract; in his executive role he has to discharge specified responsibilities and carry specified authority. (Pol. Doc.)
    Role Relationships.—The relationships defining the behaviour

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[1] It should be noted that this term was originally developed and appears in our Policy Document as a means of defining a certain kind of relationship between a specialist and another member not in the same line of command. It is still used as such in the Company but, used in this sense, its meaning should be kept distinct from the term 'prescribed', where reference is made to that part of the work content of a role about which the occupant has no authorized choice.

required between the occupants of any roles in any of the systems of the Operating Organizations. (Pol. Doc.)

Executive Role Relationships.—The relationships obtaining between positions in the Executive System. (These include such relationships as superior-subordinate, collateral, staff, etc.) (Pol. Doc.)

Representative Role.—Any role in the Representative System, which a member takes up by election and in which he acts on behalf of the constituency or electoral unit which elected him. (Pol. Doc.)

Specialist Role.—A role in which the occupant is accountable for assisting a manager through the discharge of one or more responsibilities. (As detailed in the Policy Document.) (See also Chapter XIII, p. 191.)

Supervisory Role.—See Supervisor.

Managerial Role.—See Manager.

SERVICE: Is an activity carried out by one member at the request of another, not in the same line of command, which it is his executive responsibility to perform for others. (Pol. Doc.)

SPECIALIST: See Role, Specialist.

STAFF WORK: The work carried out by a specialist with staff responsibility.

STRUCTURE—SOCIAL STRUCTURE: The Social Structure of a Company is the more or less recognizable organizational pattern made up of what is variously referred to as 'the authority chart', 'the hierarchy of positions' or 'the managerial tree'. It includes also the consultative or representative system, various grouping systems and other types of stratification; structure in this sense is made up of a network of positions which can be occupied by individuals, i.e., roles.

SUPERVISOR: A member who assists his manager by assigning appropriate work to those members of his manager's immediate command allocated to him, and seeing that this work gets done. (Pol. Doc.) (See also Chapter XIV, p. 184.)

SYSTEM:

Executive System.—Comprises the network of positions to which the Company's work is assigned. It is made up of positions which shall be called 'Executive Roles'. The Executive System includes all members of the Operating Organizations, a member being in his Executive Role while he is carrying out his job responsibility. (Pol. Doc.) (See also Chapter III, p. 32.)

Representative System.—Comprises constituents, elected representatives and elected committees, electoral units and constituencies. (Pol. Doc.) (See also Chapter XVI, p. 202.)

Legislative System.—Comprises Councils and Part Councils, in which the Executive and Representative Systems meet, and by means of which every member can participate in formulating policy, and in assessing the results of the implementation of that policy. (Pol. Doc.) (See also Chapter XVII, p. 225.)

TECHNIQUE: This term is used in the Company to denote the method or methods by which any particular task is carried out.

TIME-SPAN OF DISCRETION: The maximum period of time that a subordinate may continuously use sub-standard discretion in carrying out his work before this fact becomes apparent to his manager.

WORK: The totality of discretion which a member is expected to exercise, and the prescribed acts he must discharge, in carrying out the responsibilities of the role which he occupies.

Discretionary Act.—An act or course of action adopted by a member in doing his work, where the policy set for him left alternative courses of action from among which he had to choose.

Prescribed Act.—An act or course performed by a member in doing his work, where the policy set for him allowed him no choice. (Pol. Doc.) (See also Chapter III, p. 41.)

Company Policy Document

(Policy controlling the Operating Organizations of the Glacier Metal Co. Ltd. and its Subsidiary Companies drawn up March 1956)

A.[1] PREAMBLE
C. ACHIEVEMENT OF THE PURPOSE OF THE COMPANY
D. STRUCTURE OF THE OPERATING ORGANIZATIONS
E. THE EXECUTIVE SYSTEM
F. THE REPRESENTATIVE SYSTEM
G. THE LEGISLATIVE SYSTEM
H. THE APPEALS SYSTEM

A. PREAMBLE

. 1 The broad purposes and legal constitution of the Company are laid down in the Memorandum and Articles of Association which govern the activities of the Shareholders and the Board of Directors.

.. 2 This document sets out the policy within which the Board of Directors, in consonance with Works Councils, directs that the Operating Organizations of the Company shall be governed.

.. 3 This policy assumes that shareholders and members[2] individually and collectively want to go to the very limit in trying to work out policies which are in the best interests of the Company and its members as a whole, and that they are willing to tolerate some shortcomings in policy in order to achieve this end. These assumptions are embodied in the principle that Councils shall pursue their deliberations until they reach unanimous agreement.

Section B of the Policy Document in its current form is a list of definitions; ll of these, plus many more established in this book, appear in the Glossary. See Glossary, 'Member'.

A. 4 It is realized that when, after a serious attempt to reach unanimous agreement has been made, differences of viewpoint prove irreconcilable, action may be forced by the section which has the most power. The use of power in this way shall be regarded not as a normal alternative to the methods of legislation laid down in this document, but as the inevitable consequence of a breakdown in these methods.

A. 5 The desired interaction between the Executive and Representative Systems does not impair the scope either of managers or of representatives. Indeed, great responsibility and authority will have to be accepted by managers for the leadership of their subordinates: and elected representatives will have to occupy fully their elected roles in the sense of knowing policy, of being able to speak responsibly on behalf of their constituents, and of being able to integrate their views with those of representatives of other groups.

A. 6 It is the responsibility of members to keep themselves informed about those aspects of policy which are likely to affect them. They are expected to interpret the provisions of this policy reasonably and intelligently, with due regard to the interests of the Company, bearing in mind that it is not possible to provide for every eventuality.

A. 7 In carrying out their work members shall conform to the policy as set out in this document.

C. ACHIEVEMENT OF THE PURPOSE OF THE COMPANY

C. 1   The purpose of the members employed by the Company is the continuity of a working community, the conditions of which will promote the physical and mental well-being of members and, taking into account all circumstances, will provide them with the highest possible return for work done. The purpose of the members in this respect is consistent with the legal purpose of the Company as set out in the Memorandum of Association dated the 6th December, 1935, in that both will best be achieved by:

C. 1.1 Ensuring that the Company is able to maintain a high position in the competitive market by reason of its standards of price, quality and service to customers. This involves research, development and achievement of high technical and organizational efficiency.

C. 1.2 Providing such dividends for its shareholders as will

represent a reasonable and fair return for their capital investment.

C. 1.3 Ensuring that every member is paid at a level consistent with the role into which he contracted, and that he gets a level of work consistent with his capacity, if such work is available.

C. 1.4 Providing reserves sufficient to safeguard the Company and all who work within it.

C. 1.5 Providing the maximum practicable facilities for the health, safety and well-being of all members employed by the Company.

D. STRUCTURE OF THE OPERATING ORGANIZATIONS

. 1 The Operating Organizations contain the Executive System, the Representative System, the Legislative System and the Appeals System.

The purpose of defining these systems is:

(a) To ensure that clear responsibility and equivalent authority are carried by individuals, committees and Councils,

(b) To provide a means whereby a manager can achieve such understanding with both his own manager and his subordinates as to make him free to act with decision,

(c) To assure to members the right to take part in formulating the policies within which authority over them will be carried by their managers; and, conversely, to place the responsibility for policy-making on all members, whether or not this right is exercised,

(d) To ensure that no changes in legislated policy are made without a unanimous vote in favour of them by the appropriate Council Meeting,

(e) To provide means whereby the implementation of policy may be subjected to scrutiny, and, where necessary, policy modified,

(f) To provide a sanctioned system of arbitration to which disputes between individuals on the interpretation of policy may be referred.

). 2 *Executive System:* There shall be an Executive System through which the day-to-day business of the Company shall be carried out. Within this System, each role will carry responsibilities for which the member occupying the role shall be personally accountable to his manager. Each role shall be vested with that authority necessary for the member to carry out his work.

D. 3 *Representative System:* There shall be a Representative System by means of which members may express their views through their elected representatives.

D. 4 *Legislative System:* There shall be a Legislative System to determine by unanimous agreement at Council Meetings legislative policies which best meet the requirements of the Company and of the members of the Operating Organizations. A Council shall only be formed where the members of a given command feel the need for their own policy-making body.

D. 5 *Appeals System:* There shall be an Appeals System to allow a member or members to cause to be reviewed by a higher authority any acts of their executive superior which they feel to be inconsistent with or outside the spirit of agreed policy.

E. THE EXECUTIVE SYSTEM

General Responsibilities

E. 1.1 Notwithstanding any responsibilities laid down in this policy, every member of the Operating Organizations shall:

(*a*) refuse to carry out instructions or to provide services which appear to be unlawful,

(*b*) take action in an emergency to ensure people's safety and protect the Company's interests and property, and notify the appropriate manager of his action,

(*c*) refuse services or otherwise attempt to prevent another member performing or continuing to perform an act which he considers to be seriously damaging, dangerous or unlawful.

General Executive Accountability

E. 2.1 A member shall be accountable for the results of all his executive activities to his own immediate manager.

E. 2.2 A member shall question any instructions which he does not feel able to carry out within the policy set and with the facilities available to him. In the absence of any such query, his manager may take it that the member has accepted the instruction as being reasonable.

E. 2.3 A member shall decide whether to raise with his manager points not clear in or not governed by policy or Standing Orders.

E. 2.4 When a member raises a question with his manager, his manager shall try to give him an immediate decision. If he cannot give an immediate decision, he must commit himself to give a decision by a specified time.

Assignment and Assessment of Work

E. 3 A manager shall be accountable for the work assigned to him, including the work which he assigns to members under his command. In assigning work, a manager shall determine the extent to which he requires his subordinates to make reference to him before making their own decisions.

E. 4 A manager shall appoint, train and maintain as his immediate command a team of subordinates who are competent to carry out the work he requires of them, and who conform to the generally-accepted standards of conduct. He shall assign and display an order of seniority among a sufficient number of his subordinates to ensure that his work is done in his absence.

E. 4.1 He shall set standards of executive performance and attainment for his immediate subordinates, and shall make these standards clear to them.

E. 4.2 He shall assign work to each of his immediate subordinates at a level consistent with the standards he has set.

E. 4.3 He shall judge the executive performance of each of his subordinates in relation to the standards he has set, and their conduct in relation to the standards accepted in the Company.

(*a*) He shall ensure that each subordinate is rewarded at a level appropriate to the work of his executive role.

(*b*) In the event of a subordinate performing below the standards he has set or contrary to the generally accepted standards of conduct, he shall acquaint him of this fact, and in the event of continued inadequacy, he shall decide whether to retain him in his command.

E. 4.4 A manager shall limit his immediate command to the number of people he can effectively control, and amongst whom he can maintain co-operation.

E. 4.5 The above clauses shall not necessarily apply to a manager on probation or in training, the extent of whose responsibilities his immediate manager shall decide.

(Assistance in the interpretation of Assignment and Assessment of Work as set out in sections E.3 and E.4 may be obtained by reference to the Guidance Notes [on p. 313].)

Supervision of Work

E. 5.1 A supervisor shall apportion and assign work to those of his manager's subordinates allocated to him.

E. 5.2 A supervisor shall judge whether his manager's subordinates are performing executively at a satisfactory level and conforming to general conduct requirements. When in his estimation they are not doing so, he shall inform them of this fact, and shall give them the necessary instructions to ensure that the required results are achieved.

E. 5.3 A supervisor shall report to his manager his assessment of the quality of the work and conduct of his manager's subordinates, recommending advancement or discipline whenever he considers this to be appropriate.

Contraction of Executive Lines

E. 6 A manager shall, when he feels such action to be necessary, contract the executive lines in his command; i.e., make executive contact with any member or members of his extended command, either directly, or indirectly through the intermediate subordinates.

E. 6.1 When he makes such contact in the absence of the intermediate members, he must recognize that he has removed responsibilities from his subordinates down to and including the manager of the member with whom he is making contact. He must, therefore (except where he judges that his instruction does not interfere with the existing executive relationship between a member and his immediate superior): (*a*) cause the intermediate subordinates to be informed of his action with the least possible delay, (*b*) arrange for the member to return to the command of his manager when he has completed the designated task, or by other means restore in due course the responsibilities he has removed from the intermediate subordinates.

E. 6.2 When the contraction includes the intermediate members, no such special subsequent action is necessary.

Seeking Prescriptions and Services

E. 7 A manager shall inform the members of his immediate command to what extent they are authorized to seek services and prescriptions from others.

8 . A member shall seek from an appropriate member those prescriptions and services which he is authorized to obtain, and which are required to carry out his work.

E. 8.1   A member shall be accountable for deciding whether to implement or reject any prescription received.

E. 8.2   A member who considers that his manager has failed to provide adequate facilities for him to obtain prescriptions or services, shall decide whether this endangers the discharge of his responsibilities and whether to approach his manager. If he does make such an approach, he will state the nature of the service required, in order that his manager, if he agrees the service to be inadequate, may either:

(a) refer the matter to higher executive level,
(b) alter the responsibilities, or
(c) arrange to provide the required service.

E. 8.3   A member who is authorized to request another member for a prescription or service, is entitled to comment directly to that member on the quality of the prescription or service provided. This applies even when the work involved in providing the service is executed by a subordinate of the service-providing member.

E. 8.4   A member receiving a prescription or service shall be accountable for providing all reasonable information on the results of the prescription or service, if requested to do so by the prescribing member.

oviding Prescriptions and Services

9   A manager shall set terms of reference to each member of his immediate command in regard to responsibilities the member carries for providing prescriptions and services.

10   A servicing or prescribing member shall:

E.10.1 Give prescriptions or services within his terms of reference at the request of an authorized member.

E.10.2 Offer to provide prescriptions or services when he feels these would be of benefit.

E.10.3 Be accountable for the quality of any prescription or service rendered.

E.10.4 Use his best endeavours to get his prescriptions or services accepted, but shall recognize that the member requesting the service is accountable to his own

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manager for the results of either accepting or rejecting a prescription, and therefore must make his own decision on the matter.

E.10.5 Use his best endeavours to dissuade a member from seeking a service which he feels is inappropriate, but shall recognize that a member who requests a service is entitled, if he insists, to receive any service which the servicing or prescribing member is authorized to give.

E.10.6 Be accountable for obtaining any available information which he feels to be necessary on the results of his services and prescriptions.

Communications and Fact-finding

E.11 In communicating with his immediate superior, a manager shall give his own assessment, and any reservations he may have, taking into account the views of his subordinates. In communicating with his immediate subordinates, a manager shall give his own instructions, taking into account in so doing the requirements of his immediate superior.

E.11.1 A manager shall give his immediate command all necessary information and explanation, indicating that which is confidential.

E.11.2 A manager shall ensure that his immediate subordinates have such access to him as is reasonably necessary to enable them to carry out their work.

E.11.3 A manager may contract the whole or part of his extended command whenever he is dealing with a matter which applies equally to the whole or part of his extended command.

E.11.4 A manager shall decide when, for the purpose of making decisions or assisting his own manager to do so, he shall ascertain facts and feelings from his subordinates, specialist services or outside sources of information he is authorized to use.

E.11.5 A manager shall from time to time inspect the work of his subordinates and, in the light of this inspection, review his instructions to ensure that they are achieving the desired results.

Reporting on the Executive Activities of Members

E.12.1 A manager shall report to his own immediate subordinates his assessment of their activities.

E.12.2 A member may discuss any of his subordinates without their

knowledge with any other member superior to that sub-ordinate and in the same line of command.

12.3 A manager shall not ask a subordinate to report on any members except those within that subordinate's extended command.

ocedure for Dealing with Disagreements

neral Responsibilities of Managers with Respect to Disagreements

13.1 A manager is accountable, where there is a conflict which affects the efficiency between one of his subordinates and another member, for ensuring that his subordinate takes the matter up with the other member with a view to resolving the conflict.

13.2 A manager shall discuss with the individuals concerned personal conflicts between members of his immediate command, which in his opinion they have failed to resolve and which reduce his command efficiency.

14 A manager is accountable for encouraging his own immediate subordinates to state to him their opinions, whether or not they are in accord with his own. A subordinate should, whenever he feels strongly about the matter, state his differences of opinion with his manager to that manager.

E.14.1 In the case of a difference of opinion between him-self and a member or members of his immediate command, a manager shall manifest his readiness to submit such a difference to his own manager, should the subordinate so desire.

E.14.2 A manager shall draw the attention of members to their right to use the appeals procedure.

isagreements on Interpretation of Policy

15 Where there is a disagreement between two members with respect to the interpretation of policy, the following pro-cedure shall be adopted.

E.15.1 In the case of two members in the same line of com-mand, they shall take the matter up with the next higher manager.

E.15.2 In the case of two colleagues, they shall take the matter up with their manager.

E.15.3 In the case of any other two members, they shall take the matter up with either of their managers.

.16 In all three cases above, the manager approached shall first of all determine whether the policy in question is his.

E.16.1 Where the policy is his, he shall give an interpretation.

E.16.2 Where the policy is not his, he shall give an interpretation where he feels in a position to do so, or where he knows that a previously authorized interpretation exists.

E.16.3 Where he does not consider himself to be authorized to give an interpretation of policy, the matter shall be referred higher up the executive line to the point where an interpretation can be given; this interpretation shall then be communicated to the members concerned.

E.17.1 Where any of the members concerned consider the interpretation of policy which they receive to be inconsistent with legislated policy, the manager giving the interpretation shall then (if he has not already done so) cause an interpretation to be obtained executively from the management member of the legislating Council, and will communicate it to the members concerned. If these members are still dissatisfied, they should seek to have the matter raised with the legislating Council.

E.17.2 Where either party or the manager who has heard an appeal feels that his decision is a correct interpretation of existing policy, but that the existing policy is unsatisfactory, then he must petition either his manager or the body through which he is represented to table an amendment before the appropriate Council. If the amendment is adopted, it shall not affect previous judgements given, unless the amending Council so decides.

E.17.3 Decisions given by a manager on matters relating to the interpretation of policy shall, unless challenged, have the standing of interpretations of policy governing his extended command. They shall be communicated to his manager, after which they shall be communicated to his extended command through executive channels. In the case of the Managing Director, a file of such interpretations shall be maintained and shall be open to all members of the Company.

Manning of the Operating Organizations

E.18.1 The Managing Director shall be the only person having executive authority in all the Operating Organizations of the Company. Members of the Board shall have no direct

executive authority unless employed as managers, when they shall have the authority appropriate to their executive roles.

E.18.2 The appointment of General and Divisional Managers shall be made by the Managing Director, assisted by a Selection Board comprising the Personnel Division Manager and such other members as are felt by the Managing Director to be necessary.

E.18.3 All appointments shall be in accordance with the appropriate policy, taking into account the following broad principles:

(a) Selection procedures shall be designed to find people whose mental and physical calibre is properly suited to the work involved and to the Company's potential requirements. Due regard shall be had for the colleagues and subordinates (if any) of the role to be filled, and the selection methods used shall include any appropriate scientific procedures.

(b) Provided suitable candidates are available, vacancies within the Operating Organizations shall be filled by existing members according to agreed procedure.

(c) The excellence of a member's performance in his existing job, or the absence of a suitable replacement for him, shall not be a valid reason for refusing him transfer to the post for which he has been selected, or for delaying his transfer unduly.

E.18.4 A manager shall have the right to dismiss a subordinate from his own immediate command. When taking such action he shall—in the following order—

(a) inform his own manager,

(b) inform the member so that he may seek alternative employment in the Operating Organizations,

(c) inform Personnel Department.

The dismissal is subject to appeal. If the appeal is not upheld, or if the subordinate is unable to find alternative employment in the Operating Organizations within the period of notice, the manager's notice of dismissal shall be taken as dismissal from the Company.

E.18.5 A manager may, in the case of gross misconduct, dismiss a subordinate from the Company, subject to appeal, without delay or prior reference to the Personnel Department.

Conditions of Service

E.19 The Conditions of Service of all members employed by the Company shall conform to the following general principles:

E.19.1   The minimum standards of service shall not be lower than such minimum standards as are the subject of Agreements between Trades Unions and Management, or National Agreements between Trades Unions and Association of Employers.

E.19.2   The Conditions of Service of all members of the Operating Organizations shall be reviewed from time to time, to ensure that a reasonable balance is maintained between individuals and between groups.

E.19.3   Any member or groups of members shall have the right to bring to the notice of Management, through the Executive or Representative System, cases where adjustment of Conditions of Service appears necessary.

Special Arrangements outside Conditions of Service

E.20   Where a manager decides to arrange for a subordinate to receive special treatment outside Conditions of Service (which include wages and salary), he shall take into account all or any of the following factors:

(a) the value or potential value to the Company of qualifications, experience and skill,

(b) service rendered to members through any of the Company's institutions,

(c) past service or length of service of notable value to the Company,

(d) special qualifications or attributes which enable the individual to command a high valuation of his services in the Glacier community,

(e) degree of danger, inconvenience or special hardship entailed in the job by irregular hours, uncomfortable working conditions, absence from home, or other reasons.

Legislative Responsibilities

E.21.1   A manager's executive action shall be within the terms of the agreed policy, or, where there is no agreed policy, in line with precedent or custom in his extended command. (See footnote.) Where he finds it necessary to make a decision

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Note: It must be clear that there is a difference between policy and actions implementing policy. Managers carry responsibility for making decisions in the implementation of policy, and must make such decisions as seem appropriate to them, whether or not they have the full support of their subordinates.

which he feels is not covered by existing policy or precedent, he shall decide whether or not it is sufficiently important to report to his manager or to bring before the appropriate Council.

E.21.2 A manager, when getting a workable policy agreed by means of the Legislative System, shall take into account:

(a) the effect on his executive subordinates,

(b) the policy of his manager,

(c) whether there is any likelihood of a given decision having effects outside his extended command.

E.21.3 A manager shall review his executive decisions where these are questioned by representatives, and shall ensure that they are in line with policy or precedent.

E.21.4 A manager shall report newly-agreed local policies to his manager.

E.21.5 A manager shall report to his Extended Command Council all important matters of policy on which decisions have been made by Councils within his extended command.

E.21.6 A manager shall, when requested to meet with representative committees or representatives, do so as soon as reasonably possible.

E.21.7 A manager shall, if necessary, clarify his terms of reference with his manager in advance of meeting with representatives, so as to determine the limits of the discretion he has on the subject under discussion.

E.21.8 A manager shall recognize that the views put forward by a representative are views he is expressing for his constituents, and may or may not be the same as those that the representative would express in his executive role. A manager shall not use his executive authority to influence other members with regard to their representative activities.

E.21.9 When a manager makes contact with a member whom he knows to occupy a representative role, he shall inform him whether he is being contacted in his representative role or in his executive role.

E.21.10 A manager shall provide such means and safeguards as will enable representatives and representative committees to carry their representative responsibilities.

E.21.11 The management member of a Council shall arrange for the provision of the services (minutes, information, etc.) necessary to the Council to get its work done.

F. THE REPRESENTATIVE SYSTEM

Conditions governing the Election of Representatives

F. 1   Each member who is eligible to vote shall vote only for those members standing for election in his own constituency or electoral unit.

> F. 1.1   Each factory shall be divided into electoral units, and each electoral unit shall have a representative committee. The boundaries of the electoral units of a factory shall be defined or approved by the Works Council of that factory.
>
> F. 1.2   Each electoral unit may be divided into constituencies according to administrative convenience, for the purpose of electing representatives to the representative committee. The boundaries of any constituency shall be defined by the representative committee of the electoral unit within which the constituency is created.
>
> F. 1.3   Where constituencies are sufficiently large, they may be divided into sub-constituencies, each of which will elect representatives to a constituency representative committee.
>
> F. 1.4   Any sector of the Operating Organizations not below unit status may have its own legislative body. The definition of electoral units and constituencies shall be a matter for decision by the members of the sector.

F. 2   The members of each electoral unit shall have the right to determine the conditions of franchise in the constituencies comprising the electoral unit, subject to the following conditions:

> F. 2.1   Conditions governing the franchise shall be determined by a referendum of all those within the electoral unit who are eligible to vote, provided that not less than two-thirds of the valid votes are in favour of the conditions.
>
> F. 2.2   No member shall be disfranchised unless he has a reasonable opportunity to enfranchise himself should he wish to do so.
>
> F. 2.3   Where a constituency contains disfranchised members, the elected representatives of that unit shall, in acting for the constituency, act also on behalf of the disfranchised members.

F. 2.4 Because the structure of representative committees is of vital importance to the efficient running of the Operating Organizations, any proposal for the amendment of conditions of election or constitution of a representative body should, wherever possible, be the subject of discussion between the responsible manager and the representative body.

Rights and Responsibilities of Constituents

F. 3   Each in his role as constituent:

F. 3.1 Has rights to participate in the election of his representatives in accordance with the regulations laid down in each electoral unit.

F. 3.2 Should co-operate with his representative and the other members of his constituency in deciding the general lines to be followed by his representative when discussing policy.

F. 3.3 Should, as far as possible, vest representative authority in his elected representative.

F. 3.4 Must accept the consequences of not keeping himself informed about those aspects of policy which are likely to affect him.

F. 3.5 Must accept the executive actions arising out of and consistent with the policies which his representative agrees on his behalf.

F. 3.6 Should pass to his representative any information which will enable his representative to be aware of the main interests of his constituents, including special interests such as Trade Union interests where these exist.

F. 3.7 May seek advice on an executive matter from his representative at any time, but may only seek action through his representative if he has first taken the matter up with the member concerned and has been unable, after a reasonable time, to obtain satisfaction.

Responsibilities of Elected Representatives

F. 4   A representative is accountable to that constituent group or electoral unit which elects him; and it is his responsibility:

F. 4.1 To make himself aware of the main interests of all in his constituency.

F. 4.2 To represent the point of view of his constituents in committees and Councils, even where this may mean presenting a point of view contrary to his own personal opinion or his view in his executive role.

F. 4.3 To allow Councils or committees to work with the greatest possible realism by judging when to state any views held by minorities within his constituency or committee.

F. 4.4 To judge when reference to constituents is necessary, and when to accept responsibility for acting without such reference.

F. 4.5 To initiate proposals for change which would be in the best interests of his constituents.

F. 4.6 To take appropriate steps when in his judgement executive actions or the actions of his constituents are inconsistent with policy.

F. 4.7 To assist his constituents to understand the executive implications of the agreements he has accepted on their behalf.

F. 4.8 To familiarize himself with the Constitution and Standing Orders of those bodies of which he is a member and with established rules of procedure.

F. 4.9 To know policy, and in particular to understand those aspects of policy which are of most immediate concern to his constituents.

F.4.10 To ensure, before taking up an appeal with and on behalf of a constituent, that the constituent has in the first instance taken the matter up with the manager concerned.

F.4.11 To act as adviser to any of his constituents in cases of appeal when requested to do so.

Responsibilities of Committees

F. 5.1 To serve the best interests of their constituents by arriving at conclusions which take account of the facts of the case and possible implications for the future.

F. 5.2 To decide when reference to their constituents is necessary, and the means by which this reference should be made.

F. 5.3 To meet as soon as reasonably possible at the request of their constituents or of the manager accountable for their constituents.

F. 5.4 To determine, when questioning Management's implementation of policy or when taking up some difference of view-

point, whether they are questioning the manner in which the policy is being interpreted or the policy itself.

ᴳ. 5.5 To frame constitutions for regulating their conduct.

G. THE LEGISLATIVE SYSTEM

General

G. 1.1 Legislated Policy governing all the Operating Organizations shall be decided by agreement between the Chief Executive of the Company and the representative members of the appropriate Factory Councils, and shall be built up from:

(*a*) the decisions of the Legislative System,

(*b*) policy arising out of established practice and custom, until amended by the Legislative System,

(*c*) precedents arising out of Management's interpretation of policy (unless challenged) until amended by the Legislative System.

G. 1.2 Legislated Policy governing any sector of the Operating Organizations (e.g., Factory Policy, Unit Policy, Section Policy) shall be built up as above, but shall be decided between the chief executive of that sector and the representatives of the members of his command.

G. 1.3 Any member employed by the Company shall have the right to propose amendments to existing policy, through either the Executive or Representative System.

G. 1.4 Part Councils shall be for exploratory discussion only, and shall submit any proposals on policy to the Extended Command Council for decision.

Responsibilities of Councils

G. 2.1 To find policies which, by unanimous agreement, best meet the requirements of the Company and of the members of the Operating Organizations.

G. 2.2 To accept, pending a unanimous decision, either

(*a*) the continuation of existing policy, or

(*b*) such immediate decisions as the manager concerned thinks fit, where the matter under consideration is not covered by existing policy, and where the interests of the Company demand that action be taken. Such acceptance shall be without prejudice to the final decision of the appropriate Council or Councils,

and to make every effort to reach a unanimous decision without delay.

G. 2.3   To attempt to discover either new or compromise solutions when difficulties arise in getting unanimous adoption of a proposal on which there is no existing policy.

G. 2.4   To review such policy decisions as are called into doubt.

G. 2.5   To ensure that it has adequate knowledge of the views within the extended command for which it legislates, using such methods as opinion surveys or referenda when it unanimously agrees them to be necessary.

G. 2.6   To refuse to accept the result of a ballot in any of the electoral units which it governs, should there be adequate evidence that improper practices have been used.

G. 2.7   To take the necessary action in the event of failure to agree a proposal of policy, should any member or members of the Council exercise their right to require that the matter be referred to the next higher Council through either the Executive or the Representative System.

G. 2.8   To determine whether policies arrived at could cover a wider sphere of influence, and where this is the case to pass the matter higher up the Executive or Representative System for consideration by a higher Council.

G. 2.9   To arrange where possible sufficient advance notice of agendas to allow managers and representatives to establish their terms of reference.

G.2.10   To ensure that the business of each Council meeting is conducted within the terms of policy.

G.2.11   To ensure that Minutes are kept of all decisions taken.

G.2.12   To convene extraordinary meetings at any time at the request of the responsible manager or any of the constituent bodies.

G.2.13   If the highest Council in any one of the Company's factories is unable to reach agreement on a major principle after a serious attempt to work through the difficulties, then the matter shall be referred to a joint meeting of delegates from all the Factory Councils and the Managing Director.

H. THE APPEALS SYSTEM

Grounds for Appeal

H. 1   Every member of the Company shall have the right to appeal against any executive decision or action of an executive superior which affects him and which he considers to be unfair or unjust; inconsistent with either the provisions or the spirit of agreed or normally accepted policy, or not covered

by such policy; or contrary to the best interests of the Company.

H. 1.1 A representative shall have the right of appeal on any matter which he considers affects his constituency. The result of such an appeal shall not necessarily affect decisions already made regarding the particular case whose circumstances may have actuated the representative to appeal on behalf of his constituency.

Responsibilities of a Manager when hearing Appeals

H. 2.1 To base his judgement on the provisions and intentions of policy, whether or not these are in accord with his own views or those of his superiors or subordinates.

H. 2.2 To adopt an encouraging and friendly attitude towards an appellant who might wish to take his case to a higher level.

H. 2.3 To deal with appeals with the minimum possible delay.

H. 2.4 To encourage the appellant to have present an officially elected representative as his adviser.

General Procedure

H. 3 The member wishing to appeal shall adopt the following procedure:

H. 3.1 The member shall first appeal to the immediate superior of the supervisor or manager whose action or decision is being appealed against. The appellant and the supervisor or manager whose decision is the subject of appeal both have the right to appeal against the decision of the judging manager and take the appeal to the next higher manager.

H. 3.2 If the appeal reaches the Managing Director and the decision is still not acceptable to both parties, and National Arbitration Procedures do not apply, it can, with the approval of a body set up by the appropriate Works Council, be referred to a Company Appeal Tribunal.

H. 3.3 The Company Appeal Tribunal shall consist of:

One member appointed by the Managing Director;
One member appointed by the appropriate Works or Staff Committee;
One independent chairman appointed from outside the Company by the Chairman of the relevant Works Council.

The majority decision of this Tribunal shall be final and binding within the Company.

H. 3.4 Before an appeal reaches the level of Divisional or General Manager, it may be referred by either party to a Personnel Officer. Should his recommendations not be acceptable to both parties, the Personnel Officer may, with the agreement of the intermediate managers concerned, refer the appeal to any level in the Executive System not higher than Divisional or General Manager. All such intermediate managers shall be entitled to attend the hearing and submit their views.

H. 3.5 When, at any stage in an appeal, a member has not given notice of appeal by the beginning of the third working day or night following the working day or night within which the decision was made, then it shall be at the discretion of the responsible manager whether or not an appeal shall be permitted.

Procedure at Hearings

H. 4   At all hearings of any appeal:

H. 4.1 The appellant shall have the right to request any member of the factory, except managers in his line of command, to advise him.

H. 4.2 The appellant, his chosen adviser, if any, and the supervisor or manager whose decision is the subject of appeal, shall all have the right to be present.

H. 4.3 Witnesses may be called, but shall be present at the enquiry only long enough to give their testimony and to answer questions arising out of their testimony.

H. 4.4 The appeal decision shall be given in the presence of both parties.

H. 4.5 When it is in the interests of the Company that an appeal be heard, and the appellant fails to attend or appoint an adviser to act for him, the manager hearing the appeal may request the officers of the appellant's elected committee to appoint a person to act for the appellant, and the appeal shall proceed.

H. 4.6 The original appellant and his adviser shall have the right to be present at all hearings.

Definition of Policy resulting from Appeals

H. 5.1 Appeal decisions given by a manager on matters relating to

the interpretation of policy shall, unless challenged, have the standing of interpretations of policy governing his extended command.

H. 5.2 Decisions by a manager which, in his opinion, involve important interpretations of policy shall be communicated to his extended command through executive channels. In the case of the Managing Director, a file of such interpretations shall be set up and shall be open to all members of the Company.

H. 5.3 Decisions given by managers which are not challenged, and which appear to them to be important interpretations of policy, shall be communicated to the management group of which they form part.

H. 5.4 Where either party feels that the decision in an appeal is a correct interpretation of existing policy but that the existing policy is unsatisfactory, then he must petition either his manager or the body through which he is represented to table an amendment before the appropriate Council. Such amendments, if agreed by the appropriate bodies, shall not affect previous judgements given.

Guidance Notes on Assignment and Assessment of Work—Sections E.3 and E.4.

(1) The requirements of this section shall not be construed as disallowing Scottish Precision Castings Limited from continuance of its existing practices in regard to the award of merit rates.

(2) No manager is given unlimited discretion, because delegation is always within the terms of some policy. A manager shall set such policies for his subordinates as he deems appropriate, within the policies to which he himself is subject. For instance, decisions about pay and salary increases are always made by managers within Company and Factory Policy, and conditioned by such further guidance in principle as may be given by a manager to his subordinate managers. The policy states that, given that framework, the manager immediately in command of a group of members shall make the decisions as to whether a member shall be given a pay increase, and how much.

(3) This policy means that a manager is responsible for ensuring that all decisions about penalties and rewards made by others within his extended command are within the policy set. This being so, then a manager who is unable to set his subordinate managers a policy which he feels gives sufficiently clear guidance, would be entitled to

instruct his subordinate managers to discuss their ideas with him before making decisions. Such an instruction might be necessary, for instance, in order to ensure that individual managers were made aware of the possible effect of their decisions about awards or penalties outside their own commands before making them (see also E.3).

(4) It may be difficult for managers to grasp the implications of the policy contained in E.4. Guidance is therefore given as follows:

Cases may arise where a manager believes that in order to discharge from his immediate command subordinates who are proving not competent to carry out the work he requires of them, or not able to conform to the generally accepted standards of behaviour, he must produce specific details of some *ad hoc* failure on the part of that subordinate. This may give rise to a situation where a manager who has over a long period formed the conclusion that an immediate subordinate does not conform to these requirements, nevertheless discharges him on a more limited charge.

In such a case, if the subordinate appeals he may be able to demonstrate that the facts put forward to support the *ad hoc* charge are not proven. His appeal will then be allowed, and he will remain in his post.

Situations of this kind often arise because a manager has not made clear to his subordinate his dissatisfaction with his performance or behaviour over a period of time. Where managers fail to do this, they can invariably expect to find themselves in difficulty.

Experience shows that cases of this sort frequently resolve themselves because the discussion and working through of relationships which take place during successive hearings in the Appeals System result in the member concerned gaining greater insight into the executive behaviour required of him by his superior. Sometimes the manager concerned gains more knowledge of his subordinate's difficulties and as a result changes his opinion of that subordinate.

If, however, this desirable result does not arise, then the manager concerned, because he has attempted to discharge his subordinate upon incorrect grounds, or because he has failed to inform his subordinate of his dissatisfaction with him, must tolerate what he has experienced as an undesirable situation for a further period of time.

The length of this period will ary according to circumstances, but it must be at least of such duration as will give the subordinate member sufficient time to demonstrate to his manager whether or not he is capable of so changing his behaviour or the manner in which he discharges his executive job as to cause his manager to change his assessment.

Managerial Policy Governing Implementation of Organizational Concepts

AA. DEFINITIONS

AA.1 *Specialist Role:* A role in which the occupant is accountable for assisting a Manager through the discharge of one or more of the following responsibilities:

(a) *Advisory responsibility*—for giving technical advice and assistance to his Manager (or Operational Co-Manager).

(b) *Service-providing responsibility*—that of providing services or prescriptions.

(c) *Staff responsibility*—that of assisting a Manager in the co-ordination of the work of that Manager's immediate subordinates in a particular field by exercising authority and issuing instructions on his behalf.

(d) *Technical co-ordination responsibility*—that of operating one or more of the following mechanisms (as instructed) for the co-ordination of the technical aspects of specialist work:

(i) *Technical Guidance:* Where a specialist is accountable for giving advice and guidance to other specified members.

(ii) *Inspection:* Where a member is instructed to review, assess and report upon the effectiveness of work which is in his specialist field but which is not directly under his executive control.

(iii) *Attachment or Secondment: Attachment*—the process of deploying a specialist from a Specialist Division to an established position under a Manager. *Secondment*—the temporary deployment of a specialist to a position under a Manager.

AA.2 *Specialist Division:* Part of the structure of the Company into which specialist roles are grouped and from which they may be attached or seconded to an Operational Co-Manager.

AA.3 *Specialist Manager:* A Manager carrying responsibilities which facilitate the achievement of the Company's operational activities.

AA.4 *Specialist Co-Manager:* The part-managerial role which a Specialist Manager takes up in relation to a specialist whom he has attached to an Operational Manager.

AA.5 *Specialist Subordinate:* The part-subordinate role which an attached or seconded specialist takes up in relation to his Specialist Co-Manager.

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AA.6   *Operational Manager:* A Manager in charge of the whole or part of the Company's product developing, manufacturing or selling activities.

AA.7   *Operational Co-Manager:* The part-managerial role which an Operational Manager takes up in relation to a specialist attached to him.

AA.8   *Attached (or Seconded Subordinate):* The part-subordinate role which an attached specialist takes up in relation to his Operational Co-Manager.[1]

AA.9   *Manager:* A member who has authorized roles subordinate to him, into which he can appoint members and determine their work; he is accountable for his subordinates' work in those roles.

BB. POLICY GOVERNING ADVISORY RESPONSIBILITY

BB.1.1   A specialist is accountable for making such recommendations in his own field to his Manager (or Operational Co-Manager) as he considers will facilitate the discharge of that Manager's responsibilities.

BB.1.2   Where a Manager accepts the recommendations of one of his specialists, then the recommendation itself and any implementation become his responsibility, and he is personally accountable for the results.

CC. POLICY GOVERNING STAFF RESPONSIBILITY AND AUTHORITY

Responsibilities of a Manager assigning Staff Responsibility

CC.1   A Manager assigning staff responsibility and authority to a specialist shall ensure that he has set and made known to his other subordinates the terms of reference within which he is instructing his specialist to act.

     CC.1.1   Where he has more than one specialist to whom he has given staff responsibility and authority, a Manager shall be accountable for ensuring that the policies he sets are sufficiently consistent to obviate

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[1]*Note:* An attached or seconded specialist is accountable to two members, each of whom performs a part of the functions of his manager. Thus, an operational co-manager and a specialist co-manager between them exercise in relation to that specialist the full rounded authority of his manager. It is impossible to consider giving a specialist two managers unless there is a clear delineation stating which part of the function of manager with respect to him, each exercises. This delineation is set out in part 'D' of this directive.

a situation where his subordinates are asked to work inconsistent policies in different specialist fields.

Responsibilities of a Specialist exercising Staff Authority

CC.2 A specialist with staff responsibility shall have the authority to make decisions and issue instructions on behalf of his Operational Manager to his Manager's immediate subordinates within the field for which he is accountable, and within the terms of reference set by that Manager. A Specialist Manager may, in agreement with his operational colleagues, formulate terms of reference within which (*a*) his subordinates may issue instructions on his behalf, (*b*) he may issue instructions for his operational colleagues to their specialist subordinates.

CC.2.1 Specialists with staff authority shall carry responsibility for integrating their work one with the other in order to avoid inconsistent detailed instructions being given to their Manager's immediate subordinates.

CC.2.2 Where, in the judgement of a specialist with staff responsibility, legislated policies or his Manager's instructions are not being effectively implemented, he cannot be considered to have discharged his responsibility until he has so informed the subordinate concerned, and, failing a change, reported back to his Manager.

CC.2.3 In judging whether his Manager's instructions are being effectively implemented, a specialist with staff authority who is also a Specialist Manager attaching specialists to his Manager's subordinates, must judge whether the attached personnel are giving the necessary technical assistance. Where, in the judgement of the Specialist Manager, adequate technical assistance is not being given, he shall take such steps as are necessary to train the attached subordinate, or jointly to decide with the Operational Manager to make a replacement.

Responsibilities of Members subject to Staff Authority

CC.3.1 Where a member requires direction in a field for which his Manager has assigned responsibility to a specialist, he shall consult with that specialist.

CC.3.2 Where a member receives from one of his Manager's specialists carrying staff authority an instruction which he does not find acceptable, he will normally consult with that specialist, but may take the matter direct to his Manager.

CC.3.3 In the event of a member receiving inconsistent instructions from two members with staff authority, he shall inform them of the fact to enable them to integrate, and, failing integration, shall inform his Manager so that he may co-ordinate; the member shall take such action as is necessary during the interim according to his discretion.

DD. POLICY GOVERNING THE MECHANISMS FOR CO-ORDINATING SPECIALIST WORK AT DIFFERENT LEVELS

Technical Guidance

DD.1.1 A Manager assigning technical guidance responsibility to a specialist shall ensure that all of his subordinates concerned are informed of his instruction.

DD.1.2 Where a specialist is assigned technical guidance responsibility, he shall make contact with the members concerned in order to discover whether there is any assistance that he can give and to present any technical information which he considers might be of value in their work.

Inspection

DD.2.1 Where a Manager wishes one of his specialists to carry out an inspection, he shall instruct him to do so, and shall inform those of his subordinates concerned of this instruction.

DD.2.2 Before reporting back to the Manager concerned, the inspecting member shall discuss his report with the appropriate Manager in the same immediate command as himself.

Attachment

DD.3 Managerial authority and accountability with regard to attached specialists shall be shared between the Operational Co-Manager and the Specialist Co-Manager in the following manner:

DD.3.1 The two Co-Managers shall be jointly accountable for the selection of the attached specialist and for his merit assessment.

DD.3.2 Only the Operational Co-Manager shall assign operational responsibilities to attached specialists, and he shall be accountable for—

(*a*) informing the Specialist Co-Manager of any major changes he introduces in the operational use of the attached specialist;

(*b*) the type of responsibility he assigns; and

(*c*) the discipline of the attached specialist in the discharge of these responsibilities.

DD.3.3 The Specialist Co-Manager shall set the terms of reference governing the techniques which an attached specialist uses in the discharge of his responsibilities, and he shall be accountable for—

(*a*) informing the Operational Co-Manager of any major changes which he makes in the technical terms of reference which he sets;

(*b*) ensuring his specialist subordinates are technically equipped to carry out the requirements of the roles which they occupy; and

(*c*) the technical discipline of specialist subordinates.

DD.4 In the case of appeals being taken up a line of command which includes co-management, the following procedure shall obtain when an appeal reaches the level of Co-Managers:

(*a*) if the appeal is on a purely operational matter, it shall be taken through the operational line of command;

(*b*) if it is on a purely technical matter, it shall be taken through the specialist line of command;

(*c*) if the appeal is against a decision on a matter involving the total sphere of a member's work, he shall appeal to his Co-Managers at the next level and upwards to the Managing Director.

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Index[1]

[1] This Index refers readers to the text of the book itself, but it does not cover the Glossary of Terms (p. 283) which in itself is arranged in alphabetical order, nor does it index the Company Policy Document which is set out in a form which allows easy reference by the reader.

OUR PURPOSE

The Global Organization Design Society is a not-for-profit corporation registered in Ontario, Canada to promote the following objective:

The establishment and operation of a world-wide society of academics, business users and consultants interested in science-based management to improve organizational effectiveness for the purposes of:

Promoting among existing users increased awareness, understanding and skilled knowledge in applying concepts of Levels of Work Complexity, Levels of Human Capability, Accountability, and other concepts included in Requisite Organization and/or Stratified Systems Theory.

Promoting among potential users of the methods, appreciation of the variety of uses and benefits of science-based management, and access to resources.

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