



1960

A Study of Organizational Size and Its Effect on Employee Morale

John Joseph Finnegan
Loyola University Chicago

Recommended Citation

Finnegan, John Joseph, "A Study of Organizational Size and Its Effect on Employee Morale" (1960). *Master's Theses*. Paper 1570.
http://ecommons.luc.edu/luc_theses/1570

This Thesis is brought to you for free and open access by the Theses and Dissertations at Loyola eCommons. It has been accepted for inclusion in Master's Theses by an authorized administrator of Loyola eCommons. For more information, please contact ecommons@luc.edu.



This work is licensed under a [Creative Commons Attribution-Noncommercial-No Derivative Works 3.0 License](https://creativecommons.org/licenses/by-nc-nd/3.0/).
Copyright © 1960 John Joseph Finnegan

A STUDY OF ORGANIZATIONAL SIZE AND
ITS EFFECT ON EMPLOYEE MORALE

by

John Joseph Finnegan

A Thesis Submitted to the Faculty of the Institute of Social and
Industrial Relations of Loyola University in Partial
Fulfillment of the Requirements for the Degree of
Master of Social and Industrial Relations

June

1960

LIFE

John J. Finnegan was born in Chicago, Illinois, February 16, 1928.

He was graduated from St. Philip High School, Milwaukee, Wisconsin, June, 1946, and from the University of Illinois, June, 1955, with the degree of Bachelor of Science. He began his graduate studies at Loyola University in September, 1955.

PREFACE

This study was suggested as part of a continuing study of employee morale within the company from which it is taken. The author is grateful to the company for allowing him to use the data. He is especially indebted to Dr. Jon Bentz and Dr. Frank Smith for their direction and encouragement. He also wishes to thank Mrs. Helen Holz for her assistance with the statistics.

TABLE OF CONTENTS

Chapter		Page
I	INTRODUCTION.....	1
	Group size in relation to production, turnover, absenteeism and industrial relations—Status of research on organizational size and morale.	
II	ORGANIZATION AND PROCEDURES.....	6
	Divisions of the company—Classification of stores—Company policies—Function of the questionnaire—Subgroups explained—Statement of hypotheses.	
III	ORGANIZATIONAL SIZE IN RELATION TO MORALE.....	14
	Advantages and limitations of the study—Store size correlated with morale level—Store size correlated with subgroup's morale level—Size of subgroup correlated with its morale level.	
IV	CONCLUSIONS.....	67
	Hypotheses examined in relation to findings.	
	BIBLIOGRAPHY.....	71

LIST OF TABLES

Table	Page
I STORE SIZE CORRELATED WITH MORALE LEVEL TERRITORY "A".....	17
II STORE SIZE CORRELATED WITH MORALE LEVEL TERRITORY "B".....	18
III STORE SIZE CORRELATED WITH MORALE LEVEL TERRITORY "C".....	19
IV STORE SIZE CORRELATED WITH MORALE LEVEL TERRITORY "D".....	20
V PERCENTAGE OF CASES IN EACH CATEGORY.....	22
VI SIZE CATEGORY DISTRIBUTION COMPARED TO DISTRIBUTION WITHIN PERCENTILE GROUPING.....	23
VII STORE SIZE CORRELATED WITH SELLING GROUP MORALE LEVEL TERRITORY "A".....	25
VIII STORE SIZE CORRELATED WITH SELLING GROUP MORALE LEVEL TERRITORY "B".....	26
XI STORE SIZE CORRELATED WITH SELLING GROUP MORALE LEVEL TERRITORY "C".....	27
X STORE SIZE CORRELATED WITH SELLING GROUP MORALE LEVEL TERRITORY "D".....	28
XI STORE SIZE CORRELATED WITH SUPERVISORY GROUP MORALE LEVEL TERRITORY "A".....	29
XII STORE SIZE CORRELATED WITH SUPERVISORY GROUP MORALE LEVEL TERRITORY "B".....	30
XIII STORE SIZE CORRELATED WITH SUPERVISORY GROUP MORALE LEVEL TERRITORY "C".....	31
XIV STORE SIZE CORRELATED WITH SUPERVISORY GROUP MORALE LEVEL TERRITORY "D".....	32
XV STORE SIZE CORRELATED WITH OFFICE GROUP MORALE LEVEL TERRITORY "B".....	33
XVI STORE SIZE CORRELATED WITH OFFICE GROUP MORALE LEVEL TERRITORY "B".....	34

LIST OF TABLES (Continued)

Table	Page
XVII STORE SIZE CORRELATED WITH OFFICE GROUP MORALE LEVEL TERRITORY "C".....	35
XVIII STORE SIZE CORRELATED WITH OFFICE GROUP MORALE LEVEL TERRITORY "D".....	36
XIX STORE SIZE CORRELATED WITH OPERATING GROUP MORALE LEVEL TERRITORY "A".....	37
XX STORE SIZE CORRELATED WITH OPERATING GROUP MORALE LEVEL TERRITORY "B".....	38
XXI STORE SIZE CORRELATED WITH OPERATING GROUP MORALE LEVEL TERRITORY "C".....	39
XXII STORE SIZE CORRELATED WITH OPERATING GROUP MORALE LEVEL TERRITORY "D".....	40
XXIII STORE SIZE CORRELATED WITH WAREHOUSE GROUP MORALE LEVEL TERRITORY "A".....	41
XXIV STORE SIZE CORRELATED WITH WAREHOUSE GROUP MORALE LEVEL TERRITORY "B".....	42
XXV STORE SIZE CORRELATED WITH WAREHOUSE GROUP MORALE LEVEL TERRITORY "C".....	43
XXVI STORE SIZE CORRELATED WITH WAREHOUSE GROUP MORALE LEVEL TERRITORY "D".....	44
XXVII SELLING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL TERRITORY "A".....	46
XXVIII SELLING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL TERRITORY "B".....	47
XXIX SELLING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL TERRITORY "C".....	48
XXX SELLING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL TERRITORY "D".....	49
XXXI SUPERVISORY GROUP SIZE CORRELATED WITH ITS MORALE LEVEL TERRITORY "A"	50

CHAPTER I

INTRODUCTION

Employee morale has been studied from many viewpoints. Better lighting, communications, testing programs, counseling, etc., have all been examined to determine their effects upon morale. While these factors are important, it has been found that they are secondary to the influence of the group in which the employee works. Group norms are established and pressures are exerted by the group to conform to them. Research findings indicate that these pressures will vary with the type of group, with the member's identification to it and with the size of the group, which is an important factor in the effect of group influence because it is established that the smaller the group, the greater is the social pressure felt by each individual within it.¹

Group size can have an important bearing on productive output. A study of group incentive payments shows that as the size of the group increased, output decreased, knowledge of results decreased and the workers with no knowledge of result became progressively less satisfied with the payment system.² Another study conducted in two motor-car factories in England found a negative correlation between output and the size of the working group.

¹C. C. Balderston, Group Incentives (Philadelphia, 1930), p.11.

²H. Campbell, "Group Incentive Payment Schemes: The Effect of Lack of Understanding and of Group Size," Occupational Psychology, XXVI-1 (1952) 15-21.

The investigator attributes these findings to the effect of group size upon workers. He suggests that the inverse relationship between group size and productivity is the result of greater cohesion in small teams because the men know each other better, can see each other work and consequently are less suspicious and require less supervision.³

Industrial management practices suggest that the key to the formation of groups in the production process has been the degree to which the individuals can be mutually helpful. The composition of the group is affected by the community of interest of the individuals who compose it; by the length of the manufacturing process; and by the uniformity of work flow. Community of interest is probably the most important factor in the arrangement of the group.⁴ It is possible through the use of automatic conveyors and other transporting and reporting devices for workers, who cannot see or hear each other work to cooperate, for with such facilities any shirking will readily be detected through interruptions in the flow of work. In general, however, Dickinson, found that high output depends on mutual "policing" of the group members, which is ordinarily more effective when they are closely in touch with each other.⁵

Turnover and absenteeism are also influenced by the size of the group. A report on a metal fabrication factory showed that high turnover departments tend to be characterized by (a) many employees, (b) high degree of incentive

³R. Marriott, "Socio-Psychological Factors in Productivity," Occupational Psychology, XXV (1951) 15-24

⁴Balderston, p.31

⁵Z. Clark Dickinson, Compensating Industrial Effort (New York 1937) p.280

work and (c) little opportunity for conversation. The conclusion reached in the study was that large departments failed to provide as attractive long term goals for the average employee as do small departments.⁶ The loss of working time in another plant was also found to be related to the size of the work group. Small groups had less than half of the standard lost time for the factory as a whole.⁷

Industrial relations have been examined in relation to plant size in a study done in Trenton, New Jersey on 82 manufacturing plants. The primary sources of information for the study were personal interviews with the management of each of the plants. The author states that his conclusions are tentative and provisional in character because the study lacked a body of literature on which to build. The major findings of the study can be summarized as follows:

1. Plant size appears to be a significant factor with respect to susceptibility to unionization. In an area where the incident of union organization was very high, all of the unorganized plants were small.

2. One of the major advantages of small size is the plant atmosphere it provides. Small plant size allows the intimate contact necessary to know one's workers and to provide them with a large variety of personal services.

3. A small plant is more likely to have a cohesive work force. The personal contact facilitated by the small plant helps to tie the work force

⁶Willard A. Kerr, George J. Koppelman and James J. Sullivan, "Absenteeism, Turnover and Morale in a Metal Fabrication Factory," Occupational Psychology, XXV (1951) 50-55

⁷David Hewitt and Jessie Parfit, "A Note on Working Morale and Size of Group," Occupational Psychology, XXVII (1953), 36-42

together.⁸

The present status of research on this subject is summarized in the following statement: "Available data suggest the need for management attention to the question of the size of the work unit. Considerations of the problem will involve not alone the question of number, but also the need for partitions and other surroundings which will help establish a 'small group atmosphere.' Management must be prepared not only to keep the work group small, but also to cast aside its predilection for "wide open spaces" in offices and factories and to provide physical settings which will contribute to the integration of small work groups into productive and satisfied social units."⁹

Production, turnover, absenteeism and industrial relations were found to be better in smaller groups. These findings suggest that morale, the worker's attitude toward his job, might be higher in a smaller group than in a larger group. One observer has suggested that this assumption is correct. "Our researches demonstrate that mere size is unquestionably one of the most important factors in determining the quality of employee relationships: the smaller the unit, the higher the morale and vice versa. It is clear that the closer contact between executives and rank and file prevailing in smaller organizations tend to result in friendlier, easier relationships."¹⁰

⁸Sherrill, Cillelland, Influence of Plant Size on Industrial Relations (Princeton, 1955), p.61-62

⁹Morris S. Viteles, Motivation and Morale in Industry (New York, 1953), p. 140.

¹⁰James C. Worthy, "Organization Structure and Employee Morale," American Sociological Review, XV, 2 (1950), 172-73

The identification of size as a factor in determining the employees' morale has important implications for future organizational planning. The concentration of a large number of employees in a unit may mean that the unit would require more attention and cause more administrative difficulties than another one with fewer employees, because of the relationship deterioration between management and the workers. The principle, that a larger unit entails more management attention and work, has validity from an administrative standpoint, but it has not been examined extensively from a morale viewpoint. Does a worker in a small unit have a better attitude toward his job than a worker in a larger unit? If the workers in small units have a better attitude toward their jobs, then they should score higher on a morale questionnaire than workers in larger units. Or stated another way, is there an inverse relationship between the unit size and the morale level of the unit than can be measured?

CHAPTER II

ORGANIZATION AND PROCEDURES

The main source of information for this study was a morale survey conducted by a large retail chain. The company has department stores throughout the country. It is over fifty years old. Since World War II, the company has gone through a decentralization program. It was divided into five territories each with its own vice president for operating purposes. The overall policy decisions and the merchandise procurement functions have remained centralized.

Stores are classified into categories on the basis of lines of merchandise carried. "A" stores are the largest and carry all lines. "B" stores carry selected lines of hard and soft goods. "C" stores are the smallest and concentrate on selected lines of hard goods. The dollar volume for each classification has the same relationship as the lines carried. Each store operates more or less autonomously within the general personnel and merchandising policies established by the company. The local management for a store provide checks or balances to the central office since they need not follow its recommendations but may vary them to suit local conditions.

A rather sustained effort has been made to achieve a very "flat" organization by limiting the administrative levels between the supervisory and the executive staff. Supervisors are judged primarily by their results not

on the details of the way they achieved them. The organization is deliberately planned to flout the "span of control theory" which holds that the number of subordinates reporting to a single individual should be severely limited to enable him to exercise detailed direction and control. A key executive is given so many subordinates that it is impossible for him to exercise close supervision. The individual executive under him is thrown largely on his own to succeed on the basis of his own ability and capacity. He cannot depend to more than a limited extent on those above him, and his superiors cannot too severely restrict his growth and development through detailed supervision and control.¹¹

For the ordinary employee formal training periods are held to a minimum. Usually an employee's indoctrination into the company is only a matter of a few hours before he is introduced into the actual job situation where he will work. The company does not abandon the new employee to fend for himself, usually some older employee is assigned to show him where to eat lunch, the smoking areas, etc., but the impression is made from the start that it is up to him to make his own way. For instance, the company has an excellent manual for the training program for department management and other related subjects but the employee must request the material for them. A regular series of courses on merchandise lines is available but again while it is well publicized, it is necessary for the employee to request the courses. The company leaves the impression that it is ready and able to help the employee in his efforts to learn more about his job and achieve a better position but the

¹¹Worthy, p. 178.

primary responsibility for his development rests with himself.

The company has engaged for twenty years in morale surveys of its units. As part of the company's personnel program, the morale survey's purpose is to maintain sound and satisfactory employee relationships. The company has placed great emphasis on the importance of these relationships, because it regards them as an essential condition for continued economic success. Since its inception, the survey program has covered over 200,000 employees working in hundreds of units across the country. Until last year, units were selected to be surveyed at given intervals so that the whole company would be done in a given period, e.g., five years. In 1959, a short form of the morale questionnaire was used so that all units could be surveyed within two months.

The function of the questionnaire is to determine the general attitude of the employees toward their jobs. It does not seek detailed information but tries to determine whether the general level of morale is high or low and to point out areas of stress. In other words, it attempts to locate problem departments and to identify the general nature of employee dissatisfaction by covering fourteen variables of the working environment: (1) job demands, (2) working conditions, (3) pay, (4) employee benefits, (5) friendliness and cooperation of fellow employees, (6) supervisor-employee interpersonal relations, (7) confidence in management, (8) technical competence of supervision, (9) effectiveness of administration, (10) adequacy of communication, (11) security of job and work relations, (12) status and recognition, (13) identification with the company, (14) opportunity for growth and advancement. Only within rather broad limits will the questionnaire tell why morale is low. The task of determining why falls to a team of carefully trained

interviewers. Since the questionnaire has already already indicated the general nature of the trouble, the interviewers are able to concentrate on those aspects that require special attention.

The questionnaire consisted of the following 34 statements which were marked by a yes, no or question mark.

EMPLOYEE INVENTORY (SHORT FORM)¹²

1. My boss gives us credit and praise for work well done.
2. In my opinion, the pay here is lower than in other companies.
3. Changes are made here with little regard for the welfare of employees.
4. Management here does everything it can to see that employees get a fair break on the job.
5. My boss sees that employees are properly trained for their jobs.
6. Sometimes I feel that my job counts for very little in this organization.
7. There are plenty of good jobs here for those who want to get ahead.
8. They expect too much work from us around here.
9. For my kind of job, the working conditions are okay.
10. I'm paid fairly compared with other employees.
11. A few of the people I work with think they run the place.
12. Management fails to give clear-cut orders and instructions.
13. My boss gets employees to work together as a team.
14. I have confidence in the fairness and honesty of management.
15. Management here is really interested in the welfare of employees.
16. The people I work with get along well together.
17. You can get fired around here without much cause.
18. I really feel part of this organization.
19. My boss ought to be friendlier toward employees.
20. The people who get promotions around here usually deserve them.
21. There is too much pressure on my job.
22. My boss lives up to his promises.
23. Some of the working conditions here are annoying.
24. My pay here is enough to live on comfortably.
25. The company's employe benefit program is okay.
26. My boss really tries to get our ideas about things.
27. This company operates efficiently and smoothly.
28. Management really knows its job.
29. They have a poor way of handling employee complaints here.
30. My boss has the work well organized.
31. You can say what you think around here.
32. You always know where you stand with this company.
33. When layoffs are necessary, they are handled fairly.
34. I am very much underpaid for the work that I do.

Also included in the questionnaire were the following five open end statements:

1. The best thing about working here is.....
2. My biggest complaints about my job are.....
3. I feel the management of this store is
4. The way I'm treated here.....
5. The things that would improve morale here more than anything else are.....

The questionnaire was sent to all units in four territories. The fifth territory had been reviewed a year earlier and was not included in the 1959 survey. The local management called a store meeting to give the questionnaire to the employees with a short explanation of its purpose. After the questionnaires, which were answered anonymously, were complete, they were collected by a committee of employees and they were mailed that day to the territorial personnel office. Because of the hours that a retail store is open, it was not always possible to have all employees at the store meeting, but in no instance was there less than fifty per cent present.

Since the morale survey attempted to identify the areas of satisfaction or dissatisfaction among the employee groups of the store, each employee was asked on the questionnaire to place himself in one of the five categories which cover the principal functions of the store. The five categories are defined as follows: (1) Selling Group - these employees deal mainly with the customer. They are responsible for the displaying of the merchandise and its sale. (2) Supervisory Group - these employees are the departmental heads in the store. They supervise the employees in their department, order the goods for the department and have a considerable amount of customer contact. (3) Office Group - these employees are the secretaries and the clerical personnel needed in the auditing, merchandise control and credit

functions. Some of these employees have a great deal of customer contact, e.g., credit department, and some have very little e.g., auditing department. (4) Operating group - these employees work in the marking and receiving room, stockrooms, maintenance and shipping department. Their work is usually repetitive and systemized. (5) Warehouse group - these employees do work similar to the receiving and shipping department. They are distinguished from the operating group because they are usually located in another building and function as a separate department. A sixth group was used for the smaller stores which lumped all of the employees not engaged in sales into a non-selling group. It was not used in this study because of its miscellaneous and non-distinguishable character. All stores did not have all groups. Especially with regard to the warehouse group the larger stores are close to one another use a central distribution warehouse and these warehouses were not included in the study.

The questionnaire used for this survey is a short form of the Science Research Associates Employee Inventory. The full inventory was developed at the University of Chicago's Industrial Relations Center and has become accepted as one of the standard instruments in this field.¹³ In the construction of a shortened version of the SRA Inventory, items were selected from each of the 14 categories. Criterion for inclusion was based upon the discriminating power of the item, along with its descriptive generality for the category under consideration. Though the short form instrument was not

¹³Robert K. Burns, Melany E. Baehr, David G. Moore and L. L. Thurstone, General Manual For The SRA Employee Inventory (Chicago, 1952), p. 23-27

scored in terms of morale categories, items representing a wide range of traditional morale areas were included so that this shortened form might be considered as a general measure of morale.

The uncorrected split-half reliability of the short-form questionnaire was .90 which indicates a reasonably high level of reliability. Correlations were computed between morale levels derived from the short form instrument and the morale levels as they had been measured by the full SRA inventory. The resulting correlation (N = 289) was .50. This correlation was reported on the relationship between morale level of units surveyed in 1956, 1957, and 1958 and the short form administered in January, 1959. The correlations between the short form and each year's administration were as follows:

CORRELATIONS OF SURVEYS CONDUCTED IN 1956, 1957 AND 1958
WITH 1959 SHORT-FORM SURVEY

	Correlation with 1959 Morale Levels
1956	.54*
1957	.45*
1958	.53*
1956, 1957, 1958 Combined	.50*

*1% level of confidence

Taking into consideration the fact that an extended period of time had elapsed between the administration of the two questionnaires this degree of relationship indicates that the short-form questionnaire was measuring the same phenomenon as was the longer SRA instrument. Thus the short-form questionnaire may be considered to be both a reliable and valid instrument.

In order to find the general morale level for a group or store, the raw scores were converted to percentile scores based on conversion tables established from the company's experience with the full inventory. The median percentile rank was selected as the morale level for the group or store. The level of morale is the most generalized statement of results for a given survey. It is the median point that divides the scores in halves. The morale level (or median point on the profile) when converted to numerical values for computational purposes is a percentile score. Because of this, the percentile score, expressing the comparative level of morale, or the most general index of the state of morale in a given unit, was utilized for computational purposes in this research.

In this study, it was assumed that as the size of the unit increased that the level of morale would decrease because of the increased difficulty in adequate communications, loss of identification with the group due to more specialization of function, more impersonal, institutionalized relationships and a more complex social structure. To test this hypothesis, the size of the unit i.e., number of employees, was correlated with the morale level achieved by this unit on the survey questionnaire. Two other hypotheses were also examined through the same method: (1) As the size of the total organization increases the morale of the subgroup will decrease. (2) As the size of the subgroups within the organization increases the morale of the subgroup will decrease.

CHAPTER III

ORGANIZATIONAL SIZE IN RELATION TO MORALE

The size of the stores in the survey ranged from less than thirty-five to more than five hundred employees. The results of the company's program for a "flat organization" was demonstrated by the large number of stores in the range from less than thirty-five to one hundred and forty employees. There were 395 stores in this group out of the total 538 stores considered. The company is regarded as large because it employs more than a hundred thousand persons, but its size comes from multiplying units and not from the concentration of employees in a few units. Apparently it feels that it can have many of the economic and technical advantages of large size without sacrificing too many of the benefits of small size.

The examination of only this one company for the testing of the hypothesis had some definite advantages. First, the units examined were all from the same industry. It would be difficult to compare the morale level of plants from different industries and be certain of the comparison's validity. Second, the employees were familiar with the survey technique and were more likely to give "truthful" answers than a group surveyed for the first time that might have been suspicious of management's motives. Third, the units operated under the same overall personnel policy and benefit program so that this significant variable was controlled.

The study had limitations such as the small number of units with over five hundred employees which is the usual reporting and administrative criterion for a large plant used by the Bureau of Labor Statistics. But is is an administrative criterion and it is not too clear that this criterion should be applied to morale. Second, because the company had to be accepted as it was, a greater number of units employing less than 150 workers were surveyed than would be the case in a strictly representative statistical sample. Third, the company is regarded within the industry as having a progressive outlook on the personnel policies and social responsibilities toward its employees. Many employees may have a dislike for the local management, but the questionnaire had a number of questions that dealt with the employee's satisfaction with the company in general, so that it is difficult to estimate how much this would influence morale scores or how typical these results would be if applied to another company.

The first set of tables (I-IV) is concerned with its correlation of the total store size, the total number of employees, with the percentile ranking achieved on the morale questionnaire. The resulting correlations for these tables and for all subsequent tables are derived from the same formula, which is given below:

$$r = \frac{N\sum xy - \sum x \sum y}{\sqrt{N\sum x^2 - (\sum x)^2} \sqrt{N\sum y^2 - (\sum y)^2}} \quad 14$$

The results are reported by territories into which the company is divided because of the probability of masking differences between employe groups due

¹⁴N refers to the number of stores or groups considered. Y refers to the distribution of stores or group by morale level achieved. X refers to the distribution by size category.

to other factors. It has been suggested that employees recruited from metropolitan areas and particularly from strong ethnic communities within these areas are more likely to have lower morale than employees recruited from small towns and rural communities. Whether this is correct is a matter for further research, but since one of the territories had considerably more large cities than two others, the results have not been combined.

TABLE I
 STORE SIZE CORRELATED WITH MORALE LEVEL
 TERRITORY "A"

Morale level	Number of Employees															Number of stores	
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525		526560
93-99																	0
86-92		1															1
79-85	4																4
72-78	4	7															11
65-71	4	3	1	2		1			1								12
58-64	5	6	3	1	2			1		2							20
51-57	6	7	3	1	2		4					1	1	1		1	27
44-50	4	10	6	5	2	1	2		2								32
37-43	9	12	6	3	1	1	1	1	1	1		1					37
30-36	6	7	2	1	1			1	1	1		1					21
23-29	1	3	4	1													9
16-22	3	4	2								1						10
9-15	2	3	1														6
3--8																	0
Number of stores:	48	63	28	14	8	3	7	3	5	4	1	3	1	1	0	1	190

$$r = -.0181$$

TABLE II
STORE SIZE CORRELATED WITH MORALE LEVEL
TERRITORY "B"

Morale level	Number of Employees																Number of stores fy
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99	1																1
86-92	2	1															3
79-85	3					1											4
72-78	3	1	3														7
65-71	7	7		1					1								16
58-64	5	4	3	1		2				2				1			16
51-57	5	7	5	1	3	1	1		2								25
44-50	7	7	2	3		3	2	1		2				1			28
37-43	6	10	4	6		1	2						1				30
30-36	9	7		1	2		1	1		1	1		1	1			22
23-29	5	4	2		1						2		1				15
16-22	3	3				1											7
9-15	1																1
3--8	2																2
Number of stores	59	48	19	13	6	9	6	2	3	3	3	0	3	3	0	0	177

r = -.1213

TABLE III
 STORE SIZE CORRELATED WITH MORALE LEVEL
 TERRITORY "C"

Morale level	Number of Employees																Number of stores fy
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99																	0
86-92		1															1
79-85	3	1															4
72-78		1			3			1									5
65-71		2	4	2							1						9
58-64		1	1	5	1		1	1					1				11
51-57		3		1	1	2	4				1		1			1	14
44-50	2	2	3	3	1	1	1			1	2						15
37-43	1	2		1		1	1	2	1						1		10
30-36			1			1											2
23-29																	0
16-22																	0
9-15																	0
3--8																	0
Number of stores fx	6	13	9	12	6	5	6	4	1	1	4	0	0	2	1	1	71

$$r = -.2396$$

TABLE IV
 STORE SIZE CORRELATED WITH MORALE LEVEL
 TERRITORY "D"

Morale level	Number of Employees																Number of stores
	6 35	36 70	71 105	106 140	141 175	176 210	211 245	246 280	281 315	316 350	351 385	386 420	421 455	456 490	491 525	526 560	
93-99	1	1															2
86-92	3																3
79-85	4	1	1														6
72-78	4	2	1	1	1	1											10
65-71	3	2	2	1	3	1	1					1	1			1	15
58-64	3	4	4		1	1	2	1	1	1							19
51-57	4	4	1	4	3	1	1			1	1	1					20
44-50	1	3	1			1	2	2			1	2			1		14
37-43		2	1							1							4
30-36	1					1				2							4
23-29																	0
16-22	2		1														3
9-15																	0
3--8																	0
Number of stores	26	19	12	6	8	5	4	5	1	4	3	3	1	1	1	1	100

r = -.2326

The correlations for each of the territories indicate a tendency toward decreasing morale with increasing size, but they are not significant at the 5% level of confidence. A close examination of the data shows that territories "A" and "B" have a large number of cases in the middle area of the morale range which suggests that certain groups, particularly in the larger stores might be balancing each other out with the result that average morale is shown for the total store.

Before examining this possibility, the present data suggest another analysis. If the number of stores for each size category for the four territories is related to the total number of stores tested, each category will be a percentage of the total. By dividing the percentile rankings into three groups of low (36 percentile or below), medium (37 to 64 percentile), and high (65 percentile and above) and the store size groups into small (under 105 employees), medium (106 to 200 employees), and larger (201 and above), the percentage of cases in each of these divisions can be compared with the percentages for the same divisions obtained when the size categories were related to the total number of cases. Then it can be determined if the percentage relationship has been maintained within each division. The analysis is presented in Table V and Table VI.

The correlations for each of the territories indicate a tendency toward decreasing morale with increasing size, but they are not significant at the 5% level of confidence. A close examination of the data shows that territories "A" and "B" have a large number of cases in the middle area of the morale range which suggests that certain groups, particularly in the larger stores might be balancing each other out with the result that average morale is shown for the total store.

Before examining this possibility, the present data suggest another analysis. If the number of stores for each size category for the four territories is related to the total number of stores tested, each category will be a percentage of the total. By dividing the percentile rankings into three groups of low (36 percentile or below), medium (37 to 64 percentile), and high (65 percentile and above) and the store size groups into small (under 105 employees), medium (106 to 200 employees), and larger (201 and above), the percentage of cases in each of these divisions can be compared with the percentages for the same divisions obtained when the size categories were related to the total number of cases. Then it can be determined if the percentage relationship has been maintained within each division. The analysis is presented in Table V and Table VI.

TABLE V
PERCENTAGE OF CASES IN EACH SIZE CATEGORY

<u>Size Category</u>	<u>Number of Cases</u>	<u>Percentage of Total</u>
6--35	139	25.83
36--70	143	26.53
71-105	<u>68</u>	<u>12.63</u>
	350	64.99
106-140	45	8.36
141-175	28	5.20
176-210	22	4.09
211-245	23	4.27
246-280	<u>14</u>	<u>2.60</u>
	132	24.52
281-315	10	1.85
316-350	12	2.23
351-385	11	2.04
386-420	6	1.11
421-455	7	1.30
456-490	5	0.92
491-525	2	0.37
526-560	<u>3</u>	<u>0.55</u>
	56	10.37
Total	536	99.88

TABLE VI
 SIZE CATEGORY DISTRIBUTION COMPARED TO DISTRIBUTION
 WITHIN PERCENTILE GROUPING OF TABLE V

Morale Percentile Group	Group Size	Cases in Percentile Group	Cases in Size Group	Percentage of Cases in Size Group to Total in Percentile Group	Percentage of Cases in Group From Table V	Difference
Below 36	6-105	102	76	74.51	64.99	+ 9.52
Below 36	106-280	102	13	12.74	24.52	- 11.78
Below 36	281-560	102	13	12.74	10.37	+ 2.47
37-64	6-105	322	185	57.45	64.99	- 7.54
37-64	106-280	322	100	31.05	24.52	+ 6.53
37-64	281-560	322	37	11.47	10.37	+ 1.10
65-99	6-105	114	89	78.07	64.99	+ 13.08
65-99	106-280	114	19	16.66	24.52	- 7.86
65-99	281-560	114	6	5.26	10.37	- 5.11

The above analysis indicates that in the low and the high percentile groupings, the small size group (6 - 105) has a disproportionate percentage when compared with the percentages obtained in Table V for this group. The larger size groups (106 - 280 and 281 - 560) in the high and low percentile divisions, except in one case, are less than the percentages reported in Table V for these groups. The small size groups in this study have a tendency to have high or low morale more often than the larger groups.

The occurrence of a great number of cases in the middle percentile bracket, as mentioned previously, lead to the suspicion that certain groups within the stores might be balancing each other and resulting in average morale for the total unit. Certain groups, such as the operating groups which has highly repetitive duties, might have consistently poorer morale than the sales group which has more diversified work. The morale level of each subgroup in relation to the total number of employees should reveal if any group was distorting the results recorded in the first set of correlations. The subgroups correlations for each territory are presented on tables VII-XXVII.

TABLE VII
 STORE SIZE CORRELATED WITH SELLING GROUP MORALE LEVEL
 TERRITORY "A"

Morale Level	Number of Employees																Number of Stores fy
	6 35	36 70	71 105	106 140	141 175	176 210	211 245	246 280	281 315	316 350	351 385	386 420	421 455	456 490	491 525	525 560	
93-99																	0
86-92	2	2															4
79-85	4	3	1														8
72-78	2	5	2		1	1				1							12
65-71	3			2	1		1	1									8
58-64	5	12	3	1	1		1		1			1				1	26
51-57	7	3	4	1	2		1			1			1				21
44-50	4	11	2	4	1	1	4		2			1		1			31
37-43	8	9	5	4	2		1	1	1	1							32
30-36	4	4	4	1						1		1					15
23-29	6	4	2					1	1			1					15
16-22		6	1	1													8
9-15	1	2	3														6
3--8	2	1															3
Number of Stores fx	48	62	28	14	8	3	7	3	5	4	1	3	1	1	0	1	189

$$r = .017$$

TABLE VIII

STORE SIZE CORRELATED WITH SELLING GROUP MORALE LEVEL

TERRITORY "B"

Morale Level	Number of Employees																Number of Stores
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99	3																3
86-92	2	3															5
79-85	4	1				1											6
72-78	5	2	2														9
65-71	4	5	1	1	1	2			1								15
58-64	5	4	6	2	1	1			1					1			21
51-57	5	5				1	2	1	1	2							17
44-50	4	10	5	3	1	2	2						1	1			29
37-43	6	6	2	4	2	1		1					1	1			24
30-36	7	3	1	3			1						1				16
23-29	6	6	1			1	1			1	1		2				19
16-22	5	2	1		1												9
9-15		1															1
3--8	3																3
Number of Stores	59	48	19	13	6	9	6	2	3	3	3	0	3	3	0	0	177

$$r = -.087$$

TABLE IX
 STORE SIZE CORRELATED WITH SELLING GROUP MORALE LEVEL
 TERRITORY "C"

Morale Level	Number of Employees																Number of Stores
	635	3670	71105	106110	111175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	520560	
93-99																	0
86-92		1			2												3
79-85	2	1	2		1												6
72-78		2		1				1					1				5
65-71		3	1	2			1	1					1				9
58-64		2	2	4	2	2	1						1				14
51-57	1	1	1	1	1	1	1										7
44-50		2	1	3		1	2	1					1		1		13
37-43		1	1				1		1	1						1	7
30-36	2		1	1		1		1									6
23-29			1														1
16-22																	0
9-15																	0
3--8																	0
Number of Stores	5	13	10	12	6	5	6	4	1	1	4	0	2	0	1	1	

r = -.206

TABLE X
 STORE SIZE CORRELATED WITH SELLING GROUP MORALE LEVEL
 TERRITORY "D"

Morale Level	Number of Employees																Number of Stores
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99	5	1															6
86-92	1																1
79-85	7	2	3		1	1											14
72-78	2	4	1		3		1										12
65-71	1		4	1	1		2	1			1			1			12
58-64	4	6	1	3	2	1		2	1	2	1	1					24
51-57	1	1		1	1	1	1	1				2					8
44-50	3	2		1	1	1	1										9
37-43		1	2			1		1		2							7
30-36		2								1							3
23-29			1														1
16-22	2																2
9-15																	0
3--8																	0
Number of Stores	26	19	12	6	8	5	5	5	1	4	3	3	2	1	0	1	100

r = -.324

TABLE XI

STORE SIZE CORRELATED WITH SUPERVISORY GROUP MORALE LEVEL

TERRITORY "A"

Morale Level	Number of Employees																Number of Stores
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99																	0
86-92						1				1				1			4
79-85				1	4		3			1							9
72-78				2			2	2									6
65-71		1	3	2			2	1				1					10
58-64			4	1		1		1	1	1		1					10
51-57			3		1			1	1				1				6
44-50			1	3	2			1	1			1					8
37-43		1		4	1			1		1							8
30-36			4	1		1					1						7
23-29			1														1
16-22																	0
9-15			1														1
3--8																	0
Number of Stores	0	2	17	14	8	3	7	3	5	4	1	3	1	1	0	1	70

r = .323*

*Significant at the 5% level of confidence.

TABLE XII
 STORE SIZE CORRELATED WITH SUPERVISORY GROUP MORALE LEVEL.
 TERRITORY "B"

Morale Level	Number of Employees																Number of Stores	
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560		
93-99																	0	
86-92		1				2			2								5	
79-85		1	2	1			1		1		1		1	1			9	
72-78		1	3	1		1								1			7	
65-71						1	1	1									3	
58-64		1	3	2	2	3	2			1							14	
51-57			2	2	2	1	1			1			1				10	
44-50			2	2	2												4	
37-43			2	2							1			1			6	
30-36				2		1		1			2						6	
23-29		1			1		1						1				4	
16-22			1	1													2	
9-15			1		1												2	
3--8																	0	
Number of Stores	ix	0	5	16	13	6	9	6	2	3	2	4	0	3	3	0	0	72

r = .672

TABLE XIII
 STORE SIZE CORRELATED WITH SUPERVISORY GROUP MORALE LEVEL
 TERRITORY "C"

Morale Level	Number of Employees																Number of Stores
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99																	0
86-92			1	1	2						1		1				6
79-85		1	1	1	1			1			2						7
72-78			2	3		2		1		1							9
65-71			1	2				1		1			1			1	7
58-64		1	1	1	2	1	3	1	1			1					12
51-57		1		1			2								1		5
44-50				3	1	1											5
37-43			1														1
30-36																	0
23-29						1											1
16-22																	0
9-15																	0
3--8																	0
Number of Stores	0	3	7	12	6	5	6	4	1	1	4	0	2	0	1	1	53

$$r = .098$$

TABLE XIV
 STORE SIZE CORRELATED WITH SUPERVISORY GROUP MORALE LEVEL
 TERRITORY "D".

Morale Level	Number of Employees																Number of Stores
	635	3670	71105	106140	141175	176210	211245	246280	218315	316350	351385	396420	421455	456490	490525	526560	
93-99						1											1
86-92				1	1		1		1	1							1
79-85			1	1	3	1	1	4			1	1					13
72-78			2	2	1	1					1		1	1			9
65-71			2		1	1					1						5
58-64			1			1	1	1		2		1					7
51-57						2											2
44-50												1					1
37-43				1			1										2
30-36			1							1							2
23-29																	0
16-22																	0
9-15			1														1
3-8																	
Number of Stores	0	0	8	5	8	5	4	5	1	4	3	3	1	1	0	1	49

$$r = .140$$

TABLE XV
 STORE SIZE CORRELATED WITH OFFICE GROUP MORALE LEVEL
 TERRITORY "A"

Morale Level	Number of Employees																Number of Stores
	6 35	36 70	71 105	106 140	141 175	176 210	211 245	246 280	281 315	316 350	351 385	386 420	421 455	456 490	491 525	526 560	
93-99																	0
86-92																	0
79-85								1									1
72-78				1	1												2
65-71			1														1
58-64				3	1		1										5
51-57			2	1					1								4
44-50			6	1	2		2	1	1	1		1			1	1	16
37-43			1	2		2	2	1	2	1		2		1			13
30-36			3	3		1	3		1	1							12
23-29		1		2	4			1									8
16-22		1	2								1	1					4
9-15		1	2														3
3--8																	0
Number of Stores	0	2	17	13	8	3	7	3	5	4	1	3	1	1	0	1	69

r = .053

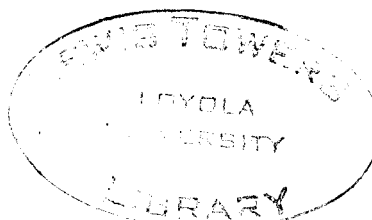


TABLE XVI
 STORE SIZE CORRELATED WITH OFFICE GROUP MORALE LEVEL
 TERRITORY "H"

Morale Level	Number of Employees																Number of Stores fy
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99																	0
86-92																	0
79-85			1						1								2
72-78		1				1											2
65-71		2	4	1										1			8
58-64		1	2	2	1	1											7
51-57			1	2													3
44-50			2	1			1						1				5
37-43				5	2	2	1		1	1				1			13
30-36		1	7	2	1	2	1	1	1		1			1			18
23-29						1	2	1		2				1			7
16-22		1	1		1	2	1				2			1			9
9-15					1												1
3--8			1														1
Number of Storesfx	0	6	19	13	6	9	6	2	3	3	3	0	3	3	0	0	76

$r = -.145$

TABLE XVII
 STORE SIZE CORRELATED WITH OFFICE GROUP MORALE LEVEL
 TERRITORY "C"

Morale Level	Number of Employees																Number of Stores fy
	635	8670	105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99																	0
86-92																	0
79-85					1												1
72-78				1													1
65-71			1	2	1		1										5
58-64			3	3	1	1					1						9
51-57								1								1	2
44-50			2	2	2		1					1					8
37-43		1			1	1	3	1	1	1	1						11
30-36				2		1					2				1		6
23-29			1			1	1	1									4
16-22		1		2		1		1									5
9-15																	0
3--8																	0
Number of Stores fx	0	2	7	12	6	5	6	4	1	1	4	0	2	0	1	1	52

$$r = -.1672$$

TABLE XVIII
 STORE SIZE CORRELATED WITH OFFICE GROUP MORALE LEVEL
 TERRITORY "D"

Morale Level	Number of Employees																Number of Stores fy
	6 35	36 70	71 105	106 140	141 175	176 210	211 245	246 280	281 315	316 350	351 385	386 420	421 455	456 490	491 525	526 560	
93-99																	0
86-92																	0
79-85				1													1
72-78			1			1											2
65-71			2	1	1		1					1					6
58-64				1	2			1						1		1	6
51-57			1			2		1		2		1					7
44-50					4		1	3			1		1				10
37-43				1	1		2		1	1	1	1					8
30-36			1	1		1				1							3
23-29										1							1
16-22			2			1				1							4
9-15			1														1
3--8																	0
Number of Stores fx	0	0	8	5	8	5	4	5	1	5	2	3	1	1	0	1	49

$$r = .025$$

TABLE XIX
 STORE SIZE CORRELATED WITH OPERATING GROUP MORALE LEVEL
 TERRITORY "A"

Morale Level	Number of Employees																Number of Stores fy
	6 35	36 70	71 105	106 140	141 175	176 210	211 245	246 280	281 315	316 350	351 385	386 420	421 455	456 490	491 525	526 560	
93-99				1													1
86-92																	0
79-85																	0
72-78																	0
65-71					1				1	1							3
58-64				2	1	1	1						1				6
51-57			1							1							2
44-50		1	3	4			2	1		1				1			13
37-43			3		2	1		1	1								9
30-36			3	5	2	1	2										13
23-29			4	2	1		1		1			1					10
16-22			2		1			1	2		1	1					8
9-15			1				1			1		1					4
3--8																	0
Number of Stores fx	0	1	17	14	8	3	7	3	5	4	1	3	1	1	0	1	69

$$r = -.040$$

TABLE XX

STORE SIZE CORRELATED WITH OPERATING GROUP MORALE LEVEL

TERRITORY "B"

Morale Level	Number of Employees																Number of Stores
	6 35	36 70	71 105	106 140	141 175	176 210	211 245	246 280	281 315	316 350	351 385	386 420	421 455	456 490	491 525	526 560	
93-99																	0
86-92																	0
79-85			1														1
72-78					1	1											2
65-71			1	2													3
58-64			1		1	2	1										5
51-57		1	2		1	1	1	2					1				8
44-50			1		1	1	2	1		1			1				8
37-43			3	1		1	1	1		1	1						8
30-36		1	1	1	1	2	1	1	1								9
23-29		1	6	5		1	1		1		2		1	1			18
16-22		1	1	1	1	1		1					1				7
9-15				1										1			2
3--8				1													1
Number of Stores	0	4	17	12	6	9	7	2	3	3	3	0	2	4	0	0	72

$$r = -.065$$

TABLE XXI
 STORE SIZE CORRELATED WITH OPERATING GROUP LEVEL
 TERRITORY "C"

Morale Level	Number of Employees																Number of Stores
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99																	0
86-92																	0
79-85			1	1													2
72-78				1	2	1											4
65-71				2	1		1				1						5
58-64			2		1			1									4
51-57	1			3				1			2		2				9
44-50			2					1									3
37-43	1		1	3			1	1								1	8
30-36				1	1		2				1				1		6
23-29				1	1	2											4
16-22						1		1	1								3
9-15	1																1
3-8																	0
Number of Stores	0	3	6	12	6	5	4	4	1	0	4	0	2	0	1	1	49

$r = -.126$

TABLE XXII
 STORE SIZE CORRELATED WITH OPERATING GROUP MORALE LEVEL
 TERRITORY "D"

Morale Level	Number of Employees																Number of Stores
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99																	0
86-92																	0
79-85					1												1
72-78												1				1	2
65-71			1	2	1	1											5
58-64			1	1	3		1		1					1			8
51-57																	0
44-50			3		1	2		2		2	1						11
37-43				1			2										3
30-36				1	2			1		1	1	2					8
23-29			2			2		2		1	1						8
16-22			1				1					1					3
9-15																	0
3--8																	0
Number of Stores	0	0	8	5	8	5	4	5	1	4	3	3	1	1	0	1	49

$$r = -.044$$

TABLE XXIII

STORE SIZE CORRELATED WITH WAREHOUSE GROUP MORALE LEVEL

TERRITORY "A"

Morale Level	Number of Employees																Number of Stores fy
	6 35	36 70	71 105	106 140	141 175	176 210	211 245	246 280	281 315	316 350	351 385	386 420	421 455	456 490	491 525	526 560	
93-99			1	1													2
86-92																	0
79-85						1											1
72-78				1													1
65-71				1	1	1		1									4
58-64			1	1	1		1										4
51-57				1												1	2
44-50				1			2		2	1							6
37-43				1	1												2
30-36			2	1	2	1						1					7
23-29			1														1
16-22			2	2	1		2				1	1					9
9-15				1				1									2
3-8			1		1												2
Number of fx Stores	0	0	8	11	7	3	5	2	2	1	1	2	0	0	0	1	43

$$r = -.041$$

TABLE XXIV
STORE SIZE CORRELATED WITH WAREHOUSE GROUP MORALE LEVEL
TERRITORY "B"

Morale Level	Number of Employees																Number of Stores
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525	526560	
93-99				1		1											2
86-92						1											1
79-85			1														1
72-78				1				1									2
65-71			1		1												2
58-64		1		1													2
51-57			2	1	1				1	2							7
44-50				1		1	1										3
37-43						2	1				1						4
30-36					1			1					1				3
23-29			1	1		1				1							4
16-22						1											1
9-15							1					1					2
3-8		1				2					1			1			5
Number of Stores	0	2	5	6	3	9	4	1	1	3	3	0	1	1	0	0	39

$$r = -.358^*$$

*Significant at the 5% level of confidence.

TABLE XXV
 STORE SIZE CORRELATED WITH WAREHOUSE GROUP MORALE LEVEL
 TERRITORY "C"

Morale Level	Number of Employees															Number of Stores	
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525		526560
93-99		1	1	1													3
86-92			1		1												2
79-85		1		1				1			1		1				5
72-78							2										2
65-71			2	3		1											6
58-64			1	2	1	1		2									8
51-57				1		1		1									8
44-50				1	1	1	1	1	1		1					1	8
37-43					2	1											3
30-36				1				1									2
23-29				1													1
16-22				1		1											2
9-15																	0
3--8																	0
Number of Stores	0	2	5	12	5	5	5	5	1	0	2	0	1	0	0	1	44

$$r = .216$$

TABLE XXVI
 STORE SIZE CORRELATED WITH WAREHOUSE GROUP MORALE LEVEL
 TERRITORY "D"

Morale Level	Number of Employees															Number of Stores fy	
	635	3670	71105	106140	141175	176210	211245	246280	281315	316350	351385	386420	421455	456490	491525		526560
93-99					1												1
86-92																	0
79-85					2												2
72-78					1								1				2
65-71			1			1											2
58-64				1		1										1	3
51-57					1	1			1	1							4
44-50				1	1	1	2	1		1			1				8
37-43			1		1		1	1					1				5
30-36																	0
23-29			1							1							2
16-22						1	1			1	1						4
9-15				1						1							2
3-8																	0
Number of Stores	0	0	3	3	7	5	4	3	1	4	1	2	1	0	0	1	35

r = -.142

The results of these correlations for the subgroups indicate that the non-significant results for the store size correlated with store morale were not due to two or more subgroups within the organization balancing each other and resulting in average morale for the store. Except for two groups, the subgroup correlations were not significant at the 5% level of confidence. Eleven of the subgroups had negative correlations with one that was significant. All the supervisory groups had positive correlations which shows a tendency for their morale to improve as the organization grows larger. In reviewing the supervisor's duties, it appeared that in the larger store he had less diversified duties than in a smaller store. There were other departments, e.g., Display Department which aided him in the functioning of his department, while in the smaller store, many of these duties were left more to the supervisor himself.

Since the data were divided into subgroups and each group had a percentile score, it was possible to examine each of these groups independently from the total store morale level. Each group morale level was correlated with the size of the group to test the proposition that as the group grows larger the morale level of the group decreases. The results of these correlation are given on Tables XXVII-XLVI.

TABLE XXVII
 SELLING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "A"

Morale Level	Number of Employees																Number of Stores fy
	5 18	19 32	33 46	47 60	61 74	75 88	89 102	103 116	117 130	131 144	145 158	159 172	173 186	187 200	201 214	215 228	
93-99																	0
86-92	1	2	1														4
79-85	5	3															8
72-78	1	7	1	1	2												12
65-71	3	1		1	1		1						1				8
58-64	4	13	5	1		1			1			1	1				27
51-57	6	4	5		4					1	1						21
44-50	5	10	7	1	2	2	2		1								31
37-43	5	17	6	1	1	1			1								32
30-36	4	7	2			1				1							15
23-29	5	6	1			1			1								15
16-22	1	4	3						1								8
9-15	1	3	1														5
3--8	2		1														3
Number of Stores fx	43	77	33	5	10	6	3	1	4	2	1	1	2	0	0	0	189

$$r = .0461$$

TABLE XXVIII
 SELLING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "B"

Morale Level	Number of Employees																Number of Stores
	5 18	19 32	33 46	47 60	61 74	75 88	89 102	103 116	117 130	131 144	145 158	159 172	173 186	187 200	201 214	215 228	
92-99	3																3
86-92	3	2															5
79-85	4	1			1												6
72-78	4	1	3	1													9
65-71	4	6	2			1		1									14
58-64	5	7	4	2		1			1					1			21
51-57	3	6	2	2	1	1	1	1	1								18
44-50	5	12	5	1	3		1	1					1	1			30
37-43	5	11	1	1	2	2	1					1					24
30-36	6	5	2				1			1							15
23-29	5	8		1			1	1	2		1						19
16-22	5	4		1													10
9-15																	0
3--8	3																3
Number of Stores	55	63	19	9	7	5	5	4	4	1	1	1	1	2	0	0	177

$$r = -.0596$$

TABLE XXIX
 SELLING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "C"

Morale Level	Number of Employees																Number of Stores fy
	5 18	19 32	33 46	47 60	61 74	75 88	89 102	103 116	117 130	131 144	145 158	159 172	173 186	187 200	201 214	215 228	
93-99																	0
86-92		1	1					1									3
79-85	1	4	1														6
72-78		2	1					1		1							5
65-71		3	2	2		1	1										9
58-64	1	4	3	2	1	1	1		1								14
51-57	1	3	3	3									1	2			7
44-50		2	3	1	2	1	1										13
37-43		1	1	1		2			2								7
30-36	2	1	1	1		1											6
23-29			1														1
16-22																	0
9-15																	0
3--8																	0
Number of Stores fy	5	21	14	10	3	6	4	1	1	3	0	1	2	0	0	0	71

r = -.1753

TABLE XXX
 SELLING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "D"

Morale Level	Number of Employees																Number of Stores fy
	5 18	19 32	33 46	47 60	61 74	75 88	89 102	103 116	117 130	131 144	145 158	159 172	173 186	187 200	201 214	215 228	
93-99	5	1															6
86-92	1																1
79-85	7	3	3			1											14
72-78	2	1	4	2	1	1									1		12
65-71		3	4		2		1		2								12
58-64	3	7	2	6	1		1	1	1		2	1					25
51-57	1	1		2			1	1				1					7
44-50	2	2	3	1		1		1	1								10
37-43		1	2		1			1	2								7
30-36		3							1								3
23-29		1															1
16-22	2																2
9-15																	0
3--8																	0
Number of Stores	23 fx	22	18	11	5	3	3	2	3	5	0	2	2	0	1	0	100

r = -.2029

TABLE XXXI
SUPERVISORY GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
TERRITORY "A"

Morale Level	Number of Employees																Number of Stores
	1-5	6-10	11-15	16-20	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	71-75	76-80	
83-99																	0
86-92							2		1		1						4
79-85			1	2	2		2				1						9
72-78					3		2										6
65-71			1	1	3	2	1	2									10
58-64				2	2	1		2	1		1						9
51-57				2	1	1		2					1				7
44-50			1		3	1	1	1		1							8
37-43				1	1	4	1		1								8
30-36			1	2	1			1		1							6
23-29					1												1
16-22																	0
9-15		1															1
3-8																	0
Number of Stores	0	1	4	10	17	9	7	13	3	2	2	0	1	0	0	0	69

$$r = .1769$$

TABLE XXII
 SUPERVISORY GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "B"

Morale Level	Number of Employees																Number of Stores fy
	1 5	6 10	11 15	16 20	21 25	26 30	31 35	36 40	41 45	46 50	51 55	56 60	61 65	66 70	71 75	76 80	
93-99								1									1
86-92		1				1		1	1								4
79-85		3					3		1			1					8
72-78		1		1	2	2			2								8
65-71							2	1									3
58-64		1		2	1	3	2	3	2								14
51-57			1	1	2	2		3					1				10
44-50				1	2		2										5
37-43		1	2		1	1		1									6
30-36			1		1	1	1			1	1						6
23-29		1		2		1											4
16-22		1	1			1											3
9-15	1																1
3--8																	0
Number of Stores	1 fx	9	5	7	9	12	10	10	6	1	1	1	1	0	0	0	73

$$r = .2544$$

TABLE XXXIII
 SUPERVISORY GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "C"

Morale Level	Number of Employees																Number of Stores fy
	1 5	6 10	11 15	16 20	21 25	26 30	31 35	36 40	41 45	46 50	51 55	56 60	61 65	66 70	71 75	76 80	
93-99																	0
86-92					1	1	2	1	1	1							7
79-85			1			1	1		1	1	1		1				6
72-78			1		2	2		2	1	1							9
65-71				2	1		1	1					2				7
58-64	1						5	2	4								12
51-57		1				2		1		1							5
44-50				1	1	1		1	1								5
37-43			1														1
30-36																	0
23-29				1													1
16-22																	0
9-15																	0
3--8																	0
Number of Stores	1	1	3	4	5	7	9	8	7	4	1	0	3	0	0	0	53

$$r = .2356$$

TABLE XXIV
 SUPERVISORY GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "D"

Morale Level	Number of Stores																Number of Stores
	1 5	6 10	11 15	16 20	21 25	26 30	31 35	36 40	41 45	46 50	51 55	56 60	61 65	66 70	71 75	76 80	
93-99									1								1
86-92				2		3	1										6
79-85					2	2	2	3	2	1	1						13
72-78				1	1	1	3	1			2						9
65-71				1	1		1	1		1							5
58-64					3			1	1	1		1					7
51-57				1			1						1				2
44-50								1									1
37-43					1			1									2
30-36			1							1							2
23-29																	0
16-22																	0
9-15			1														1
3--8																	0
Number of Stores	0	0	2	5	8	6	8	8	4	4	3	1	0	0	0	0	49

$r = .1447$

TABLE XXXV
OFFICE GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
TERRITORY "A"

Morale Level	Number of Employees															Number of stores fy
	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	
93-99																0
86-92																0
79-85								1								1
72-78				1	1											2
65-71		1														1
58-64			2	1	1			1								6
51-57		1	2						1							4
44-50		4	2	3		1	2	1	1	1		1				15
37-43			4	2	1	1	2	1		1	1					14
30-36			2	2	2	2	1		1							12
23-29		1	1	3	2		1									8
16-22			1	1				1		1						4
9-15			1	2												3
3--8																0
Number of Stores	0	9	15	15	7	4	5	5	4	2	2	2	0	0	0	70

$$r = -.013$$

TABLE XXVI
 OFFICE GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "B"

Morale Level	Number of Stores																Number of Stores														
	18	17	18	26	27	35	36	44	45	53	54	62	63	71	72	80		81	89	90	98	99	107	108	116	117	125	126	134	135	143
93-99																															0
86-92																															0
79-85																															2
72-78																															2
65-71	3																														8
58-64																															7
51-57																															3
44-50																															5
37-43																															14
30-36																															18
23-29																															7
16-22																															8
9-15																															1
3-8																															1
Number of Stores	3	23	22	9	3	5	3	3	3	2	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	76	

r = -.230

TABLE XXXVII
OFFICE GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
TERRITORY "C"

Morale Level	Number of Employees																Number of Stores fy
	18	17	18	27	36	45	54	63	72	81	90	99	108	117	126	135	
	8	17	26	35	44	53	62	71	80	89	98	107	116	125	134	143	
93-99																	0
86-92																	0
79-85			1														1
72-78			1														1
65-71			2	1		2											5
58-64			7	1				1									9
51-57					1			1					1				3
44-50		1	2	1	3									1			8
37-43			3		4	1	1	1			1						11
30-36			2		1			1		1	1						6
23-29		1		1	1	1				1							4
16-22		1				1											2
9-15				2	1												3
3--8																	0
Number of Stores	0	3	18	6	11	5	1	4	0	1	2	0	1	1	0	0	53

$$r = -.112$$

TABLE XXXVIII
 OFFICE GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "D"

Morale Level	Number of Employees															Number of Stores fy	
	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32		
93-99																0	
86-92			1													1	
79-85																0	
72-78			1		1											2	
65-71		2	3					1								6	
58-64			3	1	1					1						6	
51-57		1		3				1		1		1				7	
44-50			2	2	1	2	1		1		1					10	
37-43			1	1	2		1	2			1					8	
30-36		1	1		1											3	
23-29							1									1	
16-22		1	1		1				1							4	
9-15			1													1	
3-8																0	
Number of Stores	0	5	14	7	7	2	2	4	2	2	2	1	0	0	0	0	49

$$r = -.118$$

TABLE XXXIX
 OPERATING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "A"

Morale Level	Number of Employees																Number of Stores fy
	6 14	15 23	24 32	33 41	42 50	51 59	60 68	69 77	78 86	87 95	96 104	105 113	114 122	123 131	132 140	141 149	
93-99	1																1
86-92																	0
79-85																	0
72-78																	0
65-71	1		1	1													3
58-64	1	2	1	1		1											6
51-57		1				1											2
44-50	3	5	1		3		1										13
37-43	2		3		1	2			1								9
30-36	3	6	2		1	1											13
23-29	3	3	3									1					10
16-22	1	3		1				1	1								7
9-15	2			3													5
3--8																	0
Number of Stores fx	17	20	11	6	5	5	1	1	0	2	0	0	1	0	0	0	69

$$r = -.0759$$

TABLE XL
 OPERATING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "B"

Morale Level	Number of Employees																Number of Stores
	6 14	15 23	24 32	33 41	42 50	51 59	60 68	69 77	78 86	87 95	96 104	105 113	114 122	123 131	132 140	141 149	
93-99																	0
86-92																	0
79-85	1																1
72-78	1				1												2
65-71	1	1	2														4
58-64	1	1	1														3
51-57	2	2	3	1			1										9
44-50	1	2	3			1		1									8
37-43	3	2	2		1												8
30-36	3		3	2		1											9
23-29	11	2		2	1	1	1	1									18
16-22	2	1	2		1				1								7
9-15			1		1												2
3--8	1																1
Number of Stores	27	11	17	5	5	3	2	1	0	1	0	0	0	0	0	0	72

$r = -.051$

TABLE XLI
 OPERATING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "C"

Morale Level	Number of Employees														Number of Stores Y	
	6 14	15 23	24 32	33 41	42 50	51 59	60 68	69 77	78 86	87 95	96 104	105 113	114 122	123 131		132 140
93-99																0
86-92																0
79-85	2															2
72-78	3	1														4
65-71	2			2				1								5
58-64	2	1	1						1							5
51-57	2	2	1	1			1				1					8
44-50	1	2														3
37-43	4	2	1	1												8
30-36	1	1			2											6
23-29	2			2												4
16-22		1	1		1											3
9-15	1															1
3--8																0
Number of Stores fx	20	10	4	8	3	0	1	1	1	0	1	0	0	0	0	49

$$r = -.043$$

TABLE XLIII
 OPERATING GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "D"

Morale Level	Number of Employees																Number of Stores
	6 14	15 23	24 32	33 41	42 50	51 59	60 68	69 77	78 86	87 95	96 104	105 113	114 122	123 131	132 140	141 149	
93-99																	0
86-92																	0
79-85			1														1
72-78								1							1		2
65-71		3	1	1													5
58-64	1	2	2	1	2												8
51-57																	0
44-50	1	1	3	5		1	1										11
37-43		1	1	1													3
30-36		1	1	1	3	1	1	1									8
23-29	1	3	2					1									8
16-22		1	1					1									3
9-15																	0
3--8																	0
Number of Store fx	3	12	12	10	3	2	4	0	2	0	0	0	0	0	1	0	49

$$r = .0982$$

TABLE XLIII

WAREHOUSE GROUP SIZE CORRELATED WITH ITS MORALE LEVEL

TERRITORY "A"

Morale Level	Number of Employees																Number of Stores
	1 5	6 10	11 15	16 20	21 25	26 30	31 35	36 40	41 45	46 50	51 55	56 60	61 65	66 70	71 75	76 80	
93-99	2																2
86-92																	0
79-85		1															1
72-78		1															1
65-71		3	1														4
58-64		2	1														3
51-57		2	1														3
44-50	1		2	2				1									6
37-43		1			1												2
30-36	1	4		1	1												7
23-29		1															1
16-22	4	2	2	1													9
9-15		2															2
3--8		1	1														2
Number of Stores	8	20	8	4	2	0	0	0	1	0	0	0	0	0	0	0	43

r = -.017

TABLE XLIV
 WAREHOUSE GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "B"

Morale Level	Number of Employees																Number of Stores
	1 5	6 10	11 15	16 20	21 25	26 30	31 35	36 40	41 45	46 50	51 55	56 60	61 65	66 70	71 75	76 80	
93-99	1	1															2
86-92		1															1
79-85	1																1
72-78		2															2
65-71	1	1															2
58-64		2															2
51-57	1	3	1	1	1												7
44-50		2	1														3
37-43		2	2														4
30-36		1	1	1													3
34-39	1	2															3
16-22		1															1
9-15		1		1													2
3-8	1	1	1		1												4
Number of Stores	6	20	6	3	2	0	0	0	0	0	0	0	0	0	0	0	37

$$r = -.250$$

TABLE XLV

WAREHOUSE GROUP SIZE CORRELATED WITH ITS MORALE LEVEL

TERRITORY "C"

Morale Level	Number of Employees																	Number of Stores
	1 5	6 10	11 15	16 20	21 25	26 30	31 35	36 40	41 45	46 50	51 55	56 60	61 65	66 70	71 75	76 80	81 85	
93-99	1	2																3
86-92		1	1															2
79-85	1		1		1			2										5
72-78			1			1												2
65-71	1	2	1	1		1												6
58-64		2	1		3	1		1										8
51-57			1	1														2
44-50			1	2		1	1	1		1							1	8
37-43		1			1			1										3
30-36			1						1									2
23-29				1														1
16-22		1	1															2
9-15																		0
3--8																		0
Number of Stores	3	9	9	5	5	4	1	5	1	1	0	0	0	0	0	0	1	44

r = -.250

TABLE XLVI
 WAREHOUSE GROUP SIZE CORRELATED WITH ITS MORALE LEVEL
 TERRITORY "D"

Morale Level	Number of Employees																Number of Stores fy	
	15	610	1115	1620	2125	2630	3135	3640	4145	4650	5155	5660	6165	6670	7175	7680		
93-99			1														1	
86-92																	0	
79-85			2														2	
72-78									1								1	
65-71		1	2														3	
58-64		1	1										1				3	
51-57		1	1					1		1							4	
44-50	1	1	1	1	1	1	1				1						8	
37-43		2	1	1	1												5	
30-36																	0	
23-29		1							1								2	
16-21	1					3											4	
9-15	1		1														2	
3-8																	0	
Number of Stores	3	7	10	2	2	4	1	1	2	1	1	0	0	1	0	0	0	35

$$r = .043$$

The results of the size of the subgroup correlated with its own morale level are not significant except in one case. Fourteen of the statistics are negative and six are positive. The supervisory groups again have all positive correlations which shows the same tendency found when the store size was correlated with the morale of these groups. The groups' size in these tables was considerably smaller than when the correlations were done with the total unit size. The size range of the groups is under two hundred, but the percentile scores continue to show a wide range of scores in the smaller groups with a leveling toward the middle percentile range as the groups grow larger. This same pattern has been observed in each set of tables.

CHAPTER IV

CONCLUSIONS

Organizational size as one factor among many that may influence employee morale is difficult to isolate. Since the subject has not been greatly explored this study did not have a body of literature on which to build. Therefore, any conclusions will be tentative and provisional in character.

The most striking pattern in the study was the wide range of percentile scores in the groups of less than one hundred employees. There was a wide distribution of scores in the smaller groups and then a general leveling off scores in the middle range between the 40th and the 60th percentile as the groups grew larger. The small groups were more likely than the larger groups to have scores in either the high ranges or low ranges. In examining the factors that might have caused this pattern, one seemed to be most prominent. The smaller groups had more intimate contact with the executive management of the store. The organization operated on a face to face relationship of its members. The management was not remote, but individuals who were to be liked or disliked on the basis of personal acquaintance. Close contact between the executive and workers may cause morale to be high or it may lead to the deterioration of the morale, depending on the relationships established. As the units grew larger, personal relationship with the executive management was reduced and its influence on the employees' morale was mitigated.

The second pattern that emerged was the consistently positive correlations for the supervisory groups. Their morale showed a tendency to improve as the

store grew larger. As explained previously, this appeared to be caused by the complexity of the supervisor's duties in the smaller store. His job included too many facets for him effectively to deal with all of them and since there was a limited amount of specialized assistance available to him, his morale was not as high as the supervisor in a larger store. The company has made a concerted effort to examine this policy to determine if this group is required to focus attention on too many areas.

The policy of the company has been to avoid over-specialization and over-functionalization within the organization which has reduced the steps of decision-making authority and kept the units size relatively small. In a store the supervisors reported directly to an executive staff member to obtain a decision depending on the problem to be solved. The reduced lines of authority were an important factor in determining the quality of the employee relationship because the source of the decision was clearly evident. In a more complex organization with more levels of hierarchy, the source of a decision would be more obscure and would probably result in a different relationship between management and the employee. The small size of the units also had an important effect on the employee relationship, because the work was less minutely subdivided and the employee could readily see its relation and importance to other functions and to the organization as a whole. It is difficult to assess the weight of these factors for any generalization that might be applied to other organizations, but it is clear from the correlations of the store size to the store morale level that in this study the hypothesis, that morale decreases as the size of the organ-

ization increases must be rejected.

The two additional hypotheses, namely, that as the size of the total organization increases, the morale of the subgroups will decrease and second, as the size of the subgroups increases, the morale of the subgroups will decrease, must be rejected on the basis of the correlations between total unit size and subgroup morale level and between subgroups size and its own morale level.

While in this study the above hypotheses were not substantiated, the special circumstances within the company, the distribution of the observations and the relatively small size of the units may have operated to alleviate the factors that would have verified them. The size of the units in this study was small as a result of company policy which also effected their distribution. In future studies, the size of the units could be expanded to include plants of at least a thousand or more employees. While there was a certain leveling of morale in this study between two hundred and five hundred employees, there were too few cases in the range over four hundred employees. With units that were distributed from this level to a thousand or more employees, a simplified organizational structure would not suffice and more impersonal, institutionalized relationships would result that would have an effect on the employee morale. The work probably would have greater subdivision and, the subgroups would be greater in size and would be set up as distinct entities to achieve greater efficiency. Each subgroup would tend to operate in terms of its own system, with its own prerogatives and ways of protecting itself against the pressures and encroachment of other departments. These are some of the factors that would warrant investigation

of larger and different types of organizations in other studies.

BIBLIOGRAPHY

- Balderston, C.C. Group Incentives. Philadelphia, 1930.
- Burn, Robert K., Baehr, Melany E., Moore, David G., Thurstone, L.L., General Manual for SRA Employee Inventory., Chicago, 1952
- Cleland, Sherrill, Influence of Plant Size on Industrial Relations, Princeton, 1955.
- Campbell, H. "Group Incentive Payment Schemes: The Effects of Lack of Understanding and of Group Size", Occupational Psychology, XXVI-1 (February 1952), 15-21
- Dickinson, E. Clark. Compensating Industrial Effort. New York, 1937.
- Handyside, J. D. "An Estimate of the Size of Primary Working Groups in British Industry", Occupational Psychology, XXVI-2 (September 1952) 106-7
- Hewitt, David and Paffit, Jessie. "A Note on Working Morale and Size of Group", Occupational Psychology, XXVII-1 (February 1953) 38-42
- Katz, David. "Morale and Motivation in Industry", Current Trends in Industrial Psychology, (May 1949) 145-71.
- Kerr, Willard., Koppelman, George J. and Sullivan, James J. "Absenteeism Turnover and Morale in a Metal Fabrication Factory", Occupational Psychology, XXV-2 (September 1951) 50-55
- Marriott, R. "Socio-Psychological Factors in Productivity", Occupational Psychology, XXV-1 (February 1951) 15-24.
- Vitales, Morris S. Motivation and Morale in Industry. New York, 1953.
- Worthy, James C. "Organizational Structure and Employee Morale", American Sociological Review, XV-2 (August 1950) 169-179.

APPROVAL SHEET

The thesis submitted by John Joseph Finnegan has been read and approved by three members of the faculty of the Institute of Social and Industrial Relations.

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the thesis is now given final approval with reference to content, form, and mechanical accuracy.

The thesis is therefore accepted in partial fulfillment of the requirements for the Degree of Master of Social and Industrial Relations.

June 1, 1960

Date

John M. Heneghan
Signature of Advisor