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NO. 795

CONCEPTUAL FOUNDATION FOR HUMAN
RESOURCE ACCOUNTING

DISSERTATION

Presented to the Graduate Council of the
North Texas State University in Partial
Fulfillment of the Requirements

For the Degree of

DOCTOR OF PHILOSOPHY

By

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Denton, Texas

May, 1974

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1974

Flowers, Vincent S., Conceptual Foundation for Human Resource Accounting. Doctor of Philosophy (Accounting), May, 1974, 244 pp., 17 tables, 22 illustrations, bibliography, 27 titles.

With the current strain on the world's material resources and the increase in their cost, a constant pressure is building to increase the productivity of human resources. Adding to the strain is the increasing demand of society for a higher quality of life through more meaningful work.

Responding to both of these pressures requires decisions that simultaneously meet the goals of organizations and the needs and values of employees.

To make the kind of decisions demanded by this dual priority of human effectiveness and improved quality of life, information is needed to

1. Improve understanding of the nature and scope of human resource expenditures;
2. Improve selection, retention, and motivation of employees;
3. Allocate money spent on human resources;
4. Overhaul the approach to communication among managers, between managers and other employees, and between the organization as a whole and outside parties;

5. Expand the scope of internal and external reports to deal with social as well as financial accomplishments.

The ultimate objective of this research is to develop a human resource model and a heuristic for developing empirical support which can be useful to businessmen seeking to increase human effectiveness and improve the quality of life. The model merges several previously unrelated theories dealing with human resources and in the process contributes some new concepts.

Implicit in the construction of the model is the assumption that two national goals are emerging within the free enterprise system, i.e., the goal to increase output per man hour and the goal to increase the quality of life through meaningful work. It is further assumed that these two goals are not always incongruent but can be synergistic. With these conditions the assumption underlying the construction of the model can be stated as follows:

If society wants to maximize output per man hour and simultaneously improve the quality of life, then it must invest in its human resources in a way which meets both the needs and values of people and the goals of organizations.

In laying the foundation for a human resource model, certain key questions will be explored in this study.

1. What do employees "need"?
2. What are their "values"?

3. How do needs and values relate to the "work ethic"?
4. What are the attributes of employees (employee assets) that make them valuable to organizations?
5. How do needs, values, and assets relate to the money spent on employees?
6. Can needs, values, and employee assets be measured?
7. What dangers are involved?

The model presented in this study suggests new concepts and management strategies for increasing human effectiveness and improving the quality of life. It is also the first human resource model which explicitly recognizes the obvious fact that people have different values and stresses the importance of understanding these values.

The following is a list of significant contributions of this study.

1. A summary of previous work in the area of human resources including the fields of economics, psychology and accounting.
2. A detailed explanation of each component in the model.
3. Empirical insight into the disparate value systems of employees.
4. Some answers to the question of - "Why do employees stay with an organization?"

5. Some tentative suggestions on how to invest more effectively in the human organization given two goals - human effectiveness and improved quality of life. These suggestions include recommendations for measurement and reporting.
6. Finally, a list of unanswered questions which may lend direction to future research.

"There is an inevitable divergence, attributable to the imperfections of the human mind, between the world as it is and the world as men perceive it. As long as our perceptions are reasonably close to objective reality, it is possible for us to act upon our problems in a rational and appropriate manner. But when our perceptions fail to keep pace with events, when we refuse to believe something because it displeases us or frightens us, or because it is simply startlingly unfamiliar, then the gap between fact and perception becomes a chasm and action becomes irrelevant and irrational. . . ."

Senator William Fulbright

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CHAPTER I

INTRODUCTION

The Problem

With the current strain on the world's material resources and the increase in their cost, a constant pressure is building to increase the productivity of human resources. Adding to the strain is the increasing demand of society for a higher quality of life through more meaningful work.

Responding to both of these pressures requires decisions that simultaneously meet the goals of organizations and the needs and values of employees.

To make the kind of decisions demanded by this dual priority of human effectiveness and improved quality of life, information is needed to

- o improve understanding of the nature and scope of human resource expenditures;
- o improve selection, retention, and motivation of employees;
- o allocate money spent on human resources;
- o overhaul the approach to communication among managers, between managers and other employees,

and between the organization as a whole and outside parties;

- o expand the scope of internal and external reports to deal with social as well as financial accomplishments.

Since the end of World War II, there has been an increased awareness on the part of economists, psychologists, accountants and businessmen that "People are our most important resource." These professionals have always been aware of the effects of investments in human resources on earnings and productivity, yet prior to the mid-1950's this awareness was not used to develop major tools of analysis. Expenditures on human resources have been largely ignored in the discussions of economic growth, income determination and human behavior.

The economists have been concentrating on determining the "value" of human resources. Value, according to most economists, is based on the premise that the attribute determining whether and to what extent something possesses value, is the anticipated ability to render future economic utility, benefits or services. Consequently, their thrust is towards developing measurements of value that relate to an employee's future wage payments, future earnings of the firm, and/or the supply and demand of human resource services.

Accountants have concentrated on measuring the cost to the firm of acquiring and training human resources. Their

major thrust deals with the capitalization and amortization of investments in employees for balance sheet presentation and income determination.

Psychologists and behaviorists have focused on employee motivation and its effect on behavior, especially in terms of productivity and job satisfaction.

By and large, researchers in various disciplines have gone their separate ways in developing useful human resource models. However, human resources are properly the concern of many disciplines and a model designed to increase human effectiveness while simultaneously improving the quality of life needs to draw assistance from all available sources.

One common contribution of all these disciplines has been to sensitize organization leaders to the influence of human variables in determining the success of the organization. Though many attempts have been made to measure the cost or value of human resources, none has paid adequate attention to defining the attributes of human resources. The concept of humans as resources is not understood, and any attempt to measure something not fully understood is suspect.

A necessary first step in developing decision models and information systems for increasing human effectiveness and improving the quality of life is a better conceptualization of human resources. Thoroughly understanding the

nature and scope of the problem is an essential prerequisite for a solution. Shigeru Kobayashi points out:¹

"They (Western World Managers) seem to spend about 10% of the time understanding the nature and significance of a problem and about 90% of the time attempting to solve it."

The primary thrust of this study is to contribute to an ongoing effort to improve the understanding of the nature, scope, and significance of human resource accounting and management. A better conceptualization of the dimension of human resources will help improve organizational performance in connection with the selection, retention and motivation of employees, the allocation of money spent on human resources, communication techniques and reporting practices.

In laying the foundation for a human resource model, certain key questions will be explored in this study:

- o What do employees "need"?
- o What are their "values"?
- o How do needs and values relate to the "work ethic"?
- o What are the attributes of employees (employee assets) that make them valuable to organizations?
- o How do needs, values, and assets relate to the money spent on employees?

¹Personal interview with Shigeru Kobayashi, former managing director of Sony, Japan, during 1972 in Dallas, Texas.

- o Can needs, values, and employee assets be measured?
- o What dangers are involved?

Objective and Significance of the Study

The ultimate objective of this research is to develop a human resource model and a heuristic for developing empirical support which can be useful to businessmen seeking to increase human effectiveness and improve the quality of life. The model merges several, previously unrelated, theories dealing with human resources and in the process contributes some new concepts.

Implicit in the construction of the model is the assumption that two national goals are emerging within the free enterprise system, i.e., the goal to increase output per man hour and the goal to increase the quality of life through meaningful work. It is further assumed that these two goals are not always incongruent but can be synergistic. These assumed preconditions may be summarized as follows:

If society wants to maximize output per man hour and simultaneously improve the quality of life, then it must invest in its human resources in a way which meets both the needs and values of people and the goals of organizations.

The model presented in this study suggests new concepts and management strategies for increasing human effectiveness and improving the quality of life. It is also the first human resource model which explicitly recognizes the obvious

fact that people have different values and stresses the importance of understanding these values. The model is not simple or clear-cut, but neither are human resources. In fact, the model oversimplifies the real world to some extent.

The following is a list of significant contributions of this study.

- o A summary of previous work in the area of human resources, including the fields of economics, psychology and accounting.
- o A detailed explanation of each component in the model.
- o Empirical insight into the disparate value systems of employees.
- o Some answers to the question "Why do employees stay with an organization?"
- o Some tentative suggestions on how to invest more effectively in the human organization, given two goals - human effectiveness and improved quality of life. These suggestions include recommendations for measurement and reporting.
- o Finally, a list of unanswered questions which may lend direction to future research.

Definition of Key Terms and Phrases

Some of the terms and phrases used in this study are newly coined. Others are used in a very specific way. The following is a glossary to help clarify the meaning of these terms and phrases.

Employee Assets - A coined phrase meaning those attributes or dimensions of employees that make them valuable to an organization in attaining the organization's goals. As defined in this study, these attributes include job knowledge, job skills, health, availability and attitudes.

Availability - This attribute has a quantitative and qualitative meaning. The former relates to the degree an employee is physically available to an organization and can be measured using absenteeism, tardiness or termination data. The qualitative meaning refers to why employees remain in an organization. This latter definition is the most important in terms of this study.

Attitudes - As used in this study, an attitude is a dependent variable resulting from the interaction of objects and situations (independent variable) and values or preferences (intervening variable).

Human effectiveness - Refers to the degree that humans are utilized as resources in achieving organizational goals. Common performance measures include output per man hour, sales per employee and profit per employee.

Quality of life (Human Dignity) - As used in this study, these terms are related and refer only to the work place. In a general sense, dignity is a quality or state of being worthy, honored or esteemed. Quality of life relates to establishing a working environment that enhances an employee's opportunity to obtain dignity.

Mirror Management - The tendency for managers to adopt policies and theories of human motivation that appeal to their own individual value system under the assumption that all employees have values or preferences which are similar to the values of the manager.

Turn-ons - Are highly motivated employees who remain with an organization almost exclusively for reasons associated with the work itself.

Turn-offs - Are highly dissatisfied with their jobs and remain with the organization for reasons unrelated to the work itself.

Turn-overs - Are dissatisfied with their jobs, have few outside pressures to remain with an organization, and will leave at the first opportunity.

Turn-ons-plus - Are satisfied with their jobs and remain with an organization for reasons related both to the work itself and factors outside the work itself.

Waiters - Are somewhat dissatisfied with their jobs and are waiting to see if conditions improve.

Hopers - Are somewhat dissatisfied with their jobs, are "locked-in" because of reasons unrelated to the work itself and are hoping that conditions improve.

Inertia - The tendency of employees to remain with an organization until some force pulls or pushes them into a change.

CHAPTER II

APPROACHES TO THE HUMAN RESOURCE PROBLEM

One hundred years before Luca Pacioli fathered "double-entry bookkeeping," there appeared on the ledger of Francisco Dantini an asset labeled "Martha-our slave." Since slavery was fairly common in the mediterranean world during the 14th century, the balance on Dantini's ledger is not too surprising.

Nearly six hundred years have passed since "Martha-our slave" was considered a resource. Slavery, in America, has long since been abolished, yet "employees" are beginning once again to appear as assets on ledgers of modern-day firms. At least one company, R. G. Barry Co., has reported its investments in its "human resources" as an asset in its published financial reports.¹ On the other side of the academic fence, economists are proposing methods for quantifying the human capital theory, while psychologists and behavioral scientists are advocating new "intrinsic" investments in the human organization such as job enrichment, meaningful work and job enlargement.

¹R. G. Barry Corporation, Annual Report (Columbus, Ohio, 1970).

Each of these disciplines has always been aware of the effects of investments in human resources on earnings and productivity, yet, prior to the mid-1950's this awareness was not used to develop major tools of analysis. Expenditures on human resources had been largely ignored in the discussions on economic growth, income determination and human behavior.

Why this sudden revival of an apparently old concept? Why the high priority given the subject of human resources by all these professions? It seems several cross-currents have surfaced the issue. The economic necessity of maintaining a favorable output per man hour rate has caused businessmen to search for new quantitative methods to measure human productivity. Macroeconomic problems of increasing productivity rates, fighting poverty, and increasing equal opportunity have led to the emergence of manpower programs designed to develop the nation's human resources. A more subtle, but very real, cross-current is the changing values of society, especially among the young. On the strength of these financial, economic and psychological cross-currents, almost any meaningful attempt to measure the cost, value or benefits of human resource investments or make human resources more effective draws public attention.

Our society has become so anxious for measurement that we often force them in situations where we are presently

unable to measure. This seems to be the case in the proposed techniques to measure human resources. The concept of humans as resources is not understood fully, and any attempt to measure something not fully understood is suspect.

On the other hand, measurements are needed to select alternatives, evaluate results, and communicate more effectively. To use all the power of mathematics to improve planning and control of human resource expenditures, eventually metric measurement is needed.

This chapter briefly reviews several recent proposals for human resource measurement as it applies to formal organizations. Specific problems are highlighted as each proposal is discussed. However, to avoid "missing the forest for the trees," all the proposals are put into perspective towards the end of the chapter. This amalgamation clearly surfaces a basic question that none of these proposals has adequately answered.

Human Resource Approaches

Irving Fischer, one of the fathers of human capital theory, states:²

²Irving Fisher, The Theory of Interest, (A. M. Kelley, Reprint of Economic Classics, 1961), pp. 12-14.

Capital in the sense of capital value is simply future income discounted, in other words, capitalized But the basic problem of time valuation which nature sets us is that of translating the future into the present, that is, the problem of ascertaining the capital value of future income. The value of capital must be computed from the value of its estimated future net income, not vice versa.

Capital, according to this definition, is a source of an income stream, and its worth is the present value of future income discounted by a rate specific to the owner of the source. This is in accord with the economic principle that all theories of value are based explicitly or implicitly upon the premise that the attribute determining whether and to what extent something possesses value, is the anticipated ability to render future economic utility, benefits or services.

Fisher's definition does not distinguish between human and non-human capital. There is, however, an obvious distinction: the ownership of human capital is nontransferable (except in the case of "Martha-our slave"), while non-human capital can be traded in the market. In a world of certainty, this distinction is of no consequence. However, in the real world of uncertainty it presents some difficulties. These difficulties are partially responsible for the lack of systematic treatment of the subject in economics. However, economists have become aware of the serious consequences of

this omission, as Gary Becker notes:³

Recent years have witnessed intensive concern with and research on investment in human capital, much of it contributed or stimulated by T. W. Schultz. The main motivating factor has probably been a realization that the growth of physical capital, at least as conventionally measured, explained a relatively small part of the growth of income in most countries. The search for better explanation has led to improved measures of physical and to an interest in less tangible entities, such as technological change and human capital.

Consequently, several theories of human capital measurement have been developed and offered by economists.

Turning to the human resource problem from the accountant's point of view, the emphasis is on the "cost" to the organization of acquiring human capital.

William Pyle suggests that a crude estimate of the cost of a firm's human organization can be obtained by asking,⁴

Suppose that tomorrow morning your firm had all of its plants, offices, laboratories, warehouses, stores, and all of its equipment - everything, but no personnel except for one individual: namely the president. And assume that he had to start rebuilding the human organization back to its present level of effectiveness. How much would this task cost expressed in terms of payroll? Would it require one-half year's, one year's, two years', five years', or ten years' payroll?

³G. S. Becker, Human Capital, (Columbia University Press, National Bureau of Economic Research No. 80, 1964), p. 1.

⁴William Pyle, Ph.D., seminar (Human Resource Workshop), University of Michigan, (Ann Arbor), October, 1972.

The major thrust of the accountant's efforts in measuring human resources deals mainly with the capitalization and amortization of "investments" in employees for balance sheet presentation and income determination.

A third major profession, the behavioral scientists, have joined in the search for solutions to the human effectiveness problem. The work of psychologists such as McGregor, Herzberg, Likert and Maslow have focused on motivation and its effect on behavior, especially in terms of productivity.

Most recent proposals entering the broad arena known as "human capital" or "human resources" can therefore be classified as dealing with the "cost" or "value" of the human organization or with "social psychological" attributes of human resources. The cost proposals use either traditional historical cost or estimated replacement cost measures. The value proposals use present value calculations or supply and demand concepts. The social-psychological measures are primarily non-metric comparisons. The following is a brief description of these human resource proposals grouped in accordance with the above classification.

Cost Approaches

The approach used by the R. G. Barry Company involves concepts and techniques similar to those for measuring

investments in property, plant and equipment.⁵ Instead of freight, installation or purchase price, this proposal captures investments in recruiting, acquisition, on-the-job training and development. These investments are accumulated, and an amortization schedule is established which attempts to reflect the rate at which these investments will be consumed. In many respects this approach is compatible with generally accepted accounting principles. The net effect is to use existing accounting techniques to reflect more properly a firm's net income by capitalizing and subsequently charging to expense current investments made in employees.

This historical cost approach is especially inaccurate because the value of an employee changes during his business career causing an inaccurate return on investment measures. Further, the arbitrary allocation of current investments over future periods is of marginal value because it assumes that an employee is effective as long as he simply remains with the company. Also, the definition of "investment" used in this approach is much too narrow and includes only those very obvious costs of on-the-job training, recruiting, etc. As will be discussed later, organizations invest heavily in

⁵For example see William E. Pyle, "Human Resource Accounting," Financial Analysts Journal, Vol. No. XXVI (September-October, 1970), 69-78.

human resources in very subtle ways such as fringe benefit programs, recreation facilities, food services, and even well-lighted employee parking lots.

A more inclusive proposal carries the investment concept beyond those costs involved in getting employees "on-board" and trained.⁶ It suggests capturing those costs involved in getting employees working together in cooperative and synergistic work groups. Although these costs are difficult to measure and define, they do exist and therefore deserve some attention.

With rising prices playing such an important role in recent years, no quantitative approach to any business problem is complete without someone suggesting the use of current replacement values. The human capital problem is no exception. This proposal states that the "cost" of employees is the estimated cost to the firm of replacing them with others having the same knowledge, skills and experience.⁷ The obvious advantage of this proposal is that it adjusts historical costs for changes in prices. The disadvantage lies in the need for an exact definition of equivalent knowledge, skills and experience. Even if this barrier is overcome, how does a company realistically, yet cost effectively, go

⁶James S. Heikmean and Curtis H. Jones, "Put People on your Balance Sheet," Harvard Business Review, Vol. 45 (Jan.-Feb., 1967), 105-113.

⁷Ibid.

about finding out the replacement cost for each of its employees? Also, even though replacement cost is used by businessmen in many internal situations, it has not been generally accepted by accountants in income determination. For this reason, the replacement-cost approach is more applicable to internal reporting.

Present Value - Economic Approaches

Several proposals suggest measuring the value of the human organization in relation to an employee's future wage payments, future or past earnings of the firm and/or supply and demand for human resource services.

One proposal suggests capitalization of an employee's stream of future wage payments.⁸ Under this method, employees having the same stream of future wage payments have the same value regardless of their relative contributions to the firm. Employees receiving identical salaries rarely contribute the same "value" to the firm. This approach also carries with it all the traditional problems of present value calculations. For example, what discount rate is to be used? What stream of future salary payments should be considered? What salary rate should be used? Further,

⁸Roger H. Hermanson, "Accounting for Human Assets," Occasional Paper #14, University of Michigan, (1964).

there will most probably be pay rate increases in the future, yet the size and timing of these is unknown.

The same author offers another approach which suggests that the value of the human be measured by discounting the future earnings of the firm and then allocating a portion of the present value to the human organization based on its relative contribution.⁹ The assumption that a firm can determine the relative contribution of human and non-human resources is questionable. This approach further assumes that the owned tangible resources and human resources are the only elements which determine future earnings. It ignores the impact of factors like customers, markets, economic conditions, tax incentives and intangibles (patents, copyrights, etc.).

Still another proposal looks not at the entire stream of future earnings but only that portion in excess of the industry average.¹⁰ The present value of this excess is then allocated either to the human organization or between the human and non-human resources. This "goodwill" approach assumes the human organization has value only when the firm can generate earnings in excess of the industry average.

⁹Hermanson, op. cit.

¹⁰R. Lee Brummet, et al, "Human Resource Management - A Challenge for Accountants," The Accounting Review, Vol. XLII (April, 1968), 174-176.

This assumption is questionable because differences in size, quality and efficiency of owned assets often materially affect earnings. When one stops to consider each firm in an industry, this method doesn't make much sense, because mathematically about half the firms will have a value for their human resources and the other half will not.

A more elaborate proposal combines elements of the "capitalization of future wages" and the "goodwill" approaches.¹¹ The first step in this approach is to determine the present value of future wage payments over a five-year period. The computed present value is then adjusted based on the firm's efficiency ratio. This ratio is a mathematical formula which measures the firm's rate of return in relation to the rate of return of the industry. If the firm's rate of return has exceeded the industry's, the present value of future wage payments is adjusted upward. If the firm's rate of return has been lower, the adjustment is downward. By combining previous proposals, this method carries with it the problems and pitfalls of those proposals. Further, events that have nothing to do with the value of human resources can change its value. For example, the entry of "loss" firms into the industry drives down the industry average, which, in turn, increases other firms' efficiency ratios thereby increasing the value of their human resources.

¹¹Hermanson, op. cit.

One of the "pure" economic proposals relies on the "invisible hand," as Adam Smith called it, of the market place.¹² This approach suggests that the value of employees be determined by competitive bidding between investment center managers. Thus, this approach uses the opportunity-cost concept and is based on the law of supply and demand. The manager bidding the highest price for an employee wins his services, and the bid price is considered the value of the employee. Theoretically, this supply-and-demand approach is questionable, and its application in the real world is not feasible.

Social-Psychological Approach

Among the psychologists, work in human resource measurement is largely attributable to Rensis Likert.¹³ His conceptual model suggests two new dimensions of the human organization - "causal" variables and "intervening" variables.

These variables can be defined briefly as follows:

The causal variables are independent variables that can be directly or purposely altered or changed by the organization and its management and that, in turn, determine the course of developments within an organization and the results achieved by that organization. Causal variables include the structure of the organization and management's leadership strategies, skills, behavior, policies, and decisions.

¹²Hermanson, op. cit.

¹³Rensis Likert, The Human Organization (New York, 1967).

The intervening variables reflect the internal state, health, and performance capabilities of the organization: for example, the loyalties, attitudes, motivations, satisfactions, performance goals and perceptions of all members and their collective capability for communications, decision making, and effective action.¹⁴

The dependent variables in Likert's approach are called "end-result" variables and reflect financial and performance data. If meaningful relationships can be determined between changes in causal variables, and intervening variables resulting in changes in end-result variables, then trends in future earnings can also be determined.

Likert's proposal is highly desirable because it not only permits a determination of a dollar value for the human organization but more importantly directs attention to significant human variables within the firm. This proposal is not limited to measuring changes in the human organization but also offers concrete suggestions on how to influence these changes.

The main problem with the Likert human organization approach is that, by definition, it deals with groups of human resources. It is concerned with the behavior of the organization. It does not, therefore, add insight into the dimensions of the individual human resource.

About the same time as Likert published his work on the human organization, other psychologists were concentrating

¹⁴Likert, p. 29.

on human effectiveness. The theories which follow are not necessarily concerned with human resource measurement but more with defining key ingredients of organizational effectiveness.

Douglas McGregor's classic theory holds that a person's type of managing is a reflection of his assumptions about people.¹⁵ The "theory X" manager assumes that people need authority and force to motivate them. He assumes that most people tend to avoid work, must be carefully controlled, and will generally take advantage of freedom. The "theory Y" manager assumes that most people prefer self-direction and self-control as means of discipline. He assumes that people respond better to challenges than to authority, that people seek responsibility, and that under the right conditions they can enjoy their work.

Chris Argyris suggests that interpersonal and technical competence, along with internal commitment, are the keys to organizational effectiveness.¹⁶ Technical and interpersonal competence are fostered by authentic relationships, high but realistic expectations, meaningful work, freedom to act, accountability, and goal-oriented team action. These

¹⁵ Douglas McGregor, The Professional Manager (New York, 1967).

¹⁶ Chris Argyris, Organization and Innovation (Homewood, Illinois, 1965).

conditions, in turn, can be significantly influenced by organizational relationships and administrative control systems.

Warren Bennis defines conditions for human effectiveness in terms of the organization's governing systems.¹⁷ He holds that bureaucracy tends to inhibit initiative through its engulfing network of complex, inflexible and restrictive rules. Democracy, he states, is inevitable for the successful organization, as it enables people to give expression to their knowledge and skills.

As a final example of the psychologists' thrust, David McClelland has singled out achievement motivation as a primary expression of human effectiveness.¹⁸ People who have a high need for achievement thrive on freedom to pursue challenging goals, their primary reward being a job well done. People with a low achievement need are more concerned with other things such as security, money, and avoiding risks.

A Combining Approach

Erick Flamholtz, an accountant, offers a theory of human resource value which includes some of the concepts offered

¹⁷ Warren Bennis, Changing Organization (New York, 1966).

¹⁸ David McClelland, The Achieving Society (New York, 1961).

by the economists, accountants, and psychologists.¹⁹ He holds that a person's promotability, productivity and transferability, coupled with his probability of maintaining organizational membership, determine the individual's expected realizable value to a formal organization. His model includes such factors as individual skills and activation levels, rewards, and individual satisfaction.

Flamholtz's model is a good first attempt at combining several concepts into one model. Although he offers no measurement techniques, he does include both psychological and non-psychological dimensions of a human resource. A major criticism of his approach is that he ignores the fact that people have different needs and values and his model therefore assumes that most people are basically alike.

The Unresolved Issue

This overview of the cost, present-value, and social-psychological approaches to questions of human resources leaves the most significant issue yet to be raised. The key issue still remaining concerns what these proposals are trying to measure. Each is attempting to measure the cost or determine the value of the human resource, yet none adequately defines a human resource. The cost of recruiting, acquisition, on-the-job training, etc. are not human assets,

¹⁹Eric Flamholtz, "Towards a Theory of Human Resource Value in Formal Organization," The Accounting Review, Vol. XLVII (October, 1972), 666-678.

but simply means of acquiring human assets. The present-value approaches concentrate on the outputs of human resources. They measure end results, then bring these dollarized results into the present. Future wages or earnings are not human assets, but simply the result of their efforts in conjunction with other assets. The bidding method assumes that human assets exist but, again, does not define it.

From a practical point of view, if human assets are not adequately defined, how can one expect to define and measure the inputs, outputs or supply-and-demand? What is needed is a "Likert-type" model that applies to individual human resources which can then be integrated with a group model of the human organization.

The search for a definition of a human resource can begin with an examination of the inputs. Why does a company "invest" in on-the-job training, formal development, etc.? The purpose is primarily to enable employees to acquire job knowledge and job skills. Also, many companies require executives to undertake annual medical examinations, and nearly all companies require a medical examination for new employees. Why? The purpose obviously is to measure or maintain an employee's health. Clearly there are at least three unique dimensions of a human resource: knowledge, skills and health.

For a company to make use of these dimensions, one obvious condition must exist. The employee possessing the required job knowledge, job skills and health must be physically available. A fourth dimension therefore can be added to the model.

So far the added dimensions are psychophysical in nature. However, the one distinguishing feature between human resources and non-human resources is psychological, i.e., man's ability to think and have beliefs, needs and values. This psychological dimension can be broadly labeled as his attitude. The employee possessing all the required psychophysical assets may still be ineffective if his attitude is unfavorable. These five unique yet interrelated dimensions of a human resource are the central theme of the remainder of this study.

These five dimensions are non-additive. If any one is woefully lacking, the others are practically ineffective. Before deciding to invest in one dimension, consideration must be given to the level of the others. For example, it may not be cost effective to improve the knowledge of an employee when his attitude is poor. The first priority might be to improve his attitude.

Combining some earlier proposals with this model can establish meaningful relationships between the inputs (training, development, etc.) and changes in these five human

dimensions which affect output variables such as individual productivity, growth, and contribution to earnings.

There is a clear relationship between these five dimensions of human resources and the proposals in current literature on human resources. The "cost" approaches are inputs into the five dimensions and are designed to increase one or more of them. Unfortunately, now that the dimensions are defined, it is obvious that the definition of "investment" used in the literature is not very comprehensive. This study points out that investments in availability and attitudes (and, to some extent, health) have been mostly ignored.

The present-value methods measure the estimated results of the effective use of the five dimensions of human resources. The relationships between end results and the five dimensions are not yet understood, and much work in this area needs to be done.

In the supply-and-demand approach, the investment center manager bids on an employee because he possesses a favorable combination of the five human dimensions.

Most of the social-psychological approaches concentrate on the attitude dimension and all but ignore the other four dimensions.

Once organizations begin to measure and understand these five dimensions of human resources, they can begin searching actively for the "best" investments. At present, any

investment described in the literature is presumed to add value automatically to human resources. One contention in this study is that only those expenditures which improve one of the five dimensions of a human resource should be considered investments. Eventually we should be able to translate input investments into anticipated end results.

Although each of the five human-resource dimensions is difficult to define clearly, the most difficult is the attitude dimension. Yet it is this dimension that may be the key ingredient in human effectiveness. Implicit in the definition of an attitude is the assumption that people have needs and values. As a prerequisite to the development of a meaningful human-resource model, a more complete understanding of human needs and values is needed. Thus, before proceeding to an overview discussion of the five human-resource dimensions, these two factors need to be explored.

CHAPTER III

HUMAN NEEDS AND VALUES

Two significant theories are conspicuously absent from the previous chapter's presentation of important behavioral theories: Maslow's "Hierarchy of Needs" and Herzberg's "Two-Factor" theory of needs. A discussion of these theories is intentionally deferred to this chapter because the concepts developed by these men are an integral part of this research study. The literature contains a copious quantity of information on these theories, and the following represents only a thumbnail sketch of their innovative ideas and applications.

Human Needs

Abraham H. Maslow categorizes and ranks sets of human needs into a conceptual hierarchy, beginning with the most primitive and urgent human needs and ranging upward to "self-actualization," a rarely obtained state of perfect human achievement.¹ While there may be nuances and gradations within any given level of need, Maslow identifies the basic breakdown as follows:

¹Abraham Maslow, Motivation and Personality (New York, 1954).

- o Need for self-actualization
- o Need for esteem
- o Need for belongingness and love
- o Safety needs
- o Physiological needs.

The physiological needs refer to the bodily needs of food, water, sleep, warmth, shelter, etc.

The safety needs include actual physical safety and the feeling of being safe from physical and mental injury. Therefore, actually being free from illness and a feeling of freedom from illness are both included in this category.

The need for belongingness and love implies the need both to give and receive love. It is the need to be part of a group and the need for other people.

The need for esteem is dichotomized into the need for feeling a personal worth, adequacy, and competence and the need for respect, admiration, recognition, and status in the opinion of other humans.

The apex need of self-actualization is a most difficult concept to describe. Basically it means the process of making actual a human's perception of his "self."

Maslow suggests that a person is not concerned with a higher level need until the lower level needs are satisfied and that once a need is satisfied, it no longer motivates. Maslow's theory assumes that individuals can be characterized

as being primarily at an observable level at a given time or in a given set of circumstances. Therefore, human effectiveness and dignity could be defined as providing conditions and opportunities compatible with an individual's position in the "hierarchy of needs" enabling him or her to move towards self-actualization.

Five years after Maslow introduced his theory of human motivation, Herzberg, Mausner, and Snyderman reported research findings that indicated man has two sets of needs:²

1. The need to avoid pain (hygiene or maintenance needs).
2. The need to grow psychologically (motivation needs).

Their main point is that maintaining hygiene needs at acceptable levels will minimize dissatisfaction, but that satisfaction results only when motivation needs are met. Thus, satisfaction-dissatisfaction are not opposite ends of the same continuum. Instead, they represent two separate continua. Because the model postulates two separate kinds of variables, one set of factors that satisfy, and a second set of factors that dissatisfy, it is often called "Herzberg's Two-factor Theory."

Herzberg stresses that the factors which truly motivate are psychological growth factors manifested in a sense of

²Frederick Herzberg, Bernard Mausner and Barbara Snyderman, The Motivation to Work (New York, 1959).

personal achievement through the challenge of the job itself. "Real" motivation is seen as resulting from the employees' involvement in accomplishing a meaningful job and from the feeling of accomplishment alone, not from the environmental conditions surrounding the job. Clearly there is a connection here with Maslow's theory of self-actualization.

About the same time that Herzberg was conducting his research, a Dallas-based firm, Texas Instruments Incorporated, was also attempting to measure symptoms and causes of motivation and dissatisfaction among company workers. Results, unfortunately, were not translatable into meaningful action programs. But in 1960, TI management's interest was aroused by the research findings of Herzberg. Since Herzberg's findings presented a possible answer to the motivation question at TI, a major research project, headed by M. Scott Myers, was started to determine whether the two-factor theory could be validly applied to TI employees.

Although there were some differences among various job classifications, the TI research generally supported the hypothesis that the work itself is central to employee satisfaction and that sources of dissatisfaction are generally peripheral to the job.³

³M. Scott Myers, "Who are Your Motivated Workers," Harvard Business Review, Vol. 42 (January-February, 1964), 73-88.

The researchers at Texas Instruments classified the "satisfiers" and "dissatisfiers" according to which human need each represented, using an expanded version of Maslow's hierarchy of needs as their model. Factors essentially related to the job were labeled "motivation needs," and factors peripheral to the job were labeled "maintenance needs." They observed that, while it is necessary for the maintenance needs to be satisfied before motivation needs come into play, employees rarely mentioned the maintenance needs in connection with "real" motivation.

The conclusions of the six-year study at TI may be summarized by envisioning a "wheel." At the hub of the wheel is the work itself. The motivation needs most directly satisfied by the job are growth, achievement, responsibility and recognition. These "inner circle" needs take many forms and may be met in many ways, such as having access to information, freedom to act, problem solving, and goal setting.

"Inner circle" needs have three common characteristics:

1. They are individual needs.
2. They are job related.
3. They motivate.

The "outer circle" needs include physical, social, status, orientation, security, and economic considerations. They generally apply to group or organizational requirements,

relate to the background or environment of the job and, according to the two-factor theory, do not motivate.

All-Inclusive Definition of Human Needs

The TI Industrial Psychologist primarily responsible for coordinating the research project defined the maintenance and motivation needs as they relate to the business setting as follows.⁴

Economic needs.-These maintenance needs involve wages, salaries and supplemental benefits received almost automatically by virtue of simply being on the job. Economic maintenance needs do not include forms of compensation stemming from meritorious performance, i.e., merit pay.

Security needs.-These maintenance needs refer to feelings of people arising primarily from their perception of their supervisor as an impartial, consistent, reassuring, and friendly individual, and from the knowledge that they are protected by a just system in the work setting.

Orientation needs.-These maintenance needs require that the individual has knowledge about the company and the job. This information is often supplied by the supervisor, the printed media or through the "grapevine."

⁴M. Scott Myers, Every Employee a Manager, (New York, 1970), pp. 11-16.

Status needs.--These maintenance needs can generally be satisfied through job classifications, titles, furnishings, special privileges, and the company or product image. The process of acquiring status is related to motivation factors, but the possession of status or symbols of status is largely maintenance.

Social needs.--These maintenance needs can be met through formal or informal group activities in work groups, luncheon groups or after-hours recreational activities.

Physical needs.--These maintenance needs are generally satisfied by the work layout, parking facilities, air conditioning and other physical factors surrounding the job.

Growth needs.--In this context this motivation need refers to mental growth. One of the more effective preventatives to mental stagnation and skills obsolescence is a challenging job.

Achievement needs.--These motivation needs refer to the need for achievement that McClelland has shown to be a key motive when it can find expression.⁵ Individuals differ from each other in terms of their need for achievement, and a

⁵David McClelland, The Achieving Society, (New York, 1961).

given individual's level of achievement motivation will vary with the opportunity to find expression for it.

Responsibility needs.-These motivation needs mean the sense of commitment to a meaningful job and are strongly a function of the supervisor's style of leadership.

Recognition needs.-As a motivation need, recognition refers to earned recognition stemming from meritorious performance. Unearned recognition of friendliness, for example, meets an outer circle need. But, within the inner circle, recognition as positive feedback for a job well done is a reinforcement of motivated behavior.

Herzberg's Theory and the Major Criticism

M. Scott Myers made it clear that the effectiveness of any of the job factors as a satisfier or dissatisfier, is not completely a function of the nature of the factor itself. But, also, relates to the personality of the individual.⁶ Herzberg recognized this problem in his discussion of "motivation seekers" and "maintenance seekers." The former are people motivated primarily by the nature of the task and have high tolerance for unfavorable conditions peripheral to the job. The latter, on the other hand, are motivated primarily by the nature of their environment. For some unknown reason,

⁶Myers, "Who are Your Motivated Workers," 76.

most managers in organizations have chosen to ignore this warning about personality differences. It is a powerful qualification of the two-factor theory and for some psychologists it greatly weakens the oversimplified concept of two separate continua for any heterogenous population. For example, House and Wigdor reviewed several research studies based on methods other than that used by Herzberg and Myers and arrived at four conclusions.

1. A given factor can cause job satisfaction for one person and job dissatisfaction for another person, and vice versa.
2. A given factor can cause job satisfaction and dissatisfaction in the same sample.
3. Intrinsic job factors are more important to both satisfying and dissatisfying job events.
4. The two-factor theory is an oversimplification of the relationship between motivation and satisfaction, and the sources of job satisfaction and dissatisfaction.⁷

These researchers do not question the existence of human needs, only their potential to clearly act as satisfiers or dissatisfiers. The essence of the problem is simply

⁷Robert J. House and Lawrence A. Wigdor, "Herzberg's Dual-Factor Theory of Job Satisfaction and Motivation: a Review of Evidence and a Criticism," Personnel Psychology, XX (1967), 369-389.

that all people are not basically alike. The problem becomes clearly exposed when an organization attempts to satisfy one of the human needs. Consider, as an example, an attempt to satisfy the responsibility need, defined as the sense of commitment to a worthwhile job, and strongly a function of the style of supervision. This vague definition raises many more questions than it answers. What is a "worthwhile" job? What leadership style is preferred by employees? Does a worthwhile job mean one

- o which allows some free wheeling and dealing and pays off as long as employees get good results?
- o which pays well and keeps people off the employees' backs?
- o which shows no favoritism and where rules are strictly followed?
- o which allows the employees to develop friendly relationships with the supervisor and others in the group?
- o where the goals and problems are more important than the money, prestige or how it should be done?
- o which has steady work, fair play, and above all, a good boss?

Each of the above represents a legitimate viewpoint, but each reflects a different system of values. This kind of question cannot be answered by simply understanding the Herzberg theory. However, insight can come from an understanding of the disparate value systems present in today's organizations. The following sections, therefore, discuss the general nature of values and present a specific theory of values selected for inclusion in this study.

Human Values

One approach to an introduction to theories of human values is to summarize the current literature in terms of the following questions:

- o What is a value? How does it differ from an attitude?
- o Are values independent, intervening or dependent variables?
- o How are values acquired? Changed?
- o Are values an open or closed system?
- o Can values be classified? Should they be classified?
- o Can values be measured?

What is a value? How does it differ from an attitude?-

Adler outlines four approaches to the definition of values:

1. Values as absolutes, existing as "external ideas"

or as parts of the "mind of God": (To an agnostic and others this approach is invalid).

2. Values may be thought to inhere in objects, as the potential of those objects to satisfy needs or desires. (This is a moot argument.)
3. Values may be seen as present in man, as preferences held by people whether learned, innate or both.
4. Values may be conceptualized in terms of actions; i.e., equating values with behavior. (This avoids the question of why people behave as they do.)⁸

Kluckholm tends to agree with Adler's third approach in his definition, "A value is a conception explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means and ends to action."⁹

Scott speaks of personal values as "any individual's conception of an ideal relationship between people -- a state of affairs that he considers ultimately, absolutely, and universally good. A value is . . . identified, not by its content . . . , but by the attitude of a person toward it."¹⁰

⁸F. Adler, "The Value Concept in Sociology," American Journal of Sociology, Vol. XXL (1956), 272-279.

⁹C. Kluckholm, "Values and Value-orientations in the Theory of Actions," Toward a General Theory of Action, edited by T. Parsons and E. Shils (Cambridge, 1951), 388-433.

¹⁰W. A. Scott, Values and Organizations (Chicago, 1965), p. 168.

Kluckholm's and Scott's definitions are not identical. Kluckholm implies that values are central to the way an individual structures his world and defines himself. Scott, on the other hand, implies that a "relationship" must exist before a value can be conceptualized. Scott's definition confuses an "attitude" with a "value."

The problem of where attitude shades into value is not limited to Scott but is common among many social psychologists. Generally, a "value" has been thought of as more general, less situation-bound, an abstract frame of reference. An "attitude" is more specific, less enduring and more measurable. This kind of thinking can lead to three conclusions: first, attitude/values are opposite ends of the same continuum; or secondly, they represent two separate continua; or thirdly, an attitude is a specific case of a larger construct called a value.

This study rejects all three conclusions and offers a fourth. Specifically, an attitude is a dependent variable resulting from the interaction of objects and situations (independent variable) and values (intervening variables). This conclusion is supported by examining the generally accepted definition of an attitude and is shown graphically in Figure 1. If the mental and neural state of readiness is as central and pervasive as psychologists suggest, then the only short-term solution for changing an individual's

Definition of an attitude

A mental and neural state of readiness, organized through experience exerting a directive or dynamic influence upon the individual's response to all objects and situations.

Independent

- o all objects and situations

Intervening

- o a mental and neural state of readiness, organized through experience

Dependent

- o Individual's response

(Job conditions) → (Human Values) → (Job attitude)

Fig. 1--Definition of an attitude.

attitude is to change the "object or situation" in a direction more compatible with the individual's values. For example, if an employee prefers a boss who "tells me exactly what to do and how to do it and encourages me by doing it with me," but the company provides supervisors who "give employees access to the information they need and lets them do the job in their own way;" then the employee's attitude will probably be unfavorable. To correct this problem, in the short run, requires a change in the independent variable (supervisor style), not in the intervening variable (employee's values). Unfortunately, this is not accepted by many managers and they continue to insist that employees "really ought-a-wanna" boss who --- (manager completes sentence based on his own preference). In effect, managers are imposing their values on the employees when they refuse to accept the disparate value systems of employees.

Are values independent, intervening or dependent variables?-Figure 1 showed values to be an intervening variable. However, they can also be independent or dependent variables depending on the situation. Values are dependent variables because they are influenced by such factors as cultural conditioning, perceptions of opportunities and constraints in the environment, and neurological factors. On the other hand, if changing values influence behavior, then values

can be considered as independent variables. In most studies of organizational behavior or human performance, values will act as an intervening variable.

How are values acquired? Changed?-Several studies have measured changes in values caused by such factors as psychotherapy or college attendance indicating, at least, that values can and do change. Most psychologists would agree on two distinct variables which influence values -- man the organism and the environmental conditions under which he exists. More and more evidence is appearing in the literature suggesting that the man's brain is made up of a series of dynamic neurological systems, each anatomically different, each operating according to its own psychological principle. Outside the person are the social and environmental areas which act upon the individual. Some psychologists, B. F. Skinner for example, believe that it is this latter variable which has the most impact on values. He would suggest manipulating man's environment and reinforcing desired behavior which, in turn, would eventually change man's values. Some would disagree with Skinner on technical grounds. A more important question is whether one human has the right to change another's values irrespective of the how.

Values -- open or closed system?-Most psychologists would agree that values are part of an open system. The debate is over the degree of openness. Many longitudinal studies have indicated a change in an individual's values, thus suggesting the presence of some kind of open system. Business leaders are experiencing something they call "the changing work ethic," which, in essence, is a change in values. "What causes the change?" "Is it for the good of society?" and "Will it last?" are all open questions.

Can values be classified? Should they be classified?-As an intermediary step towards human understanding, there is little alternative but to classify. J. S. Bois, in his Exploration in Awareness, suggests five stages of human development:¹¹

- | | |
|----------------|----------------|
| 1. Sensing | 4. Postulating |
| 2. Relating | 5. Unifying |
| 3. Classifying | |

At this point, it appears that most psychologists have completed the sensing stage and are deeply involved in the second and third stages. In time, the next two stages may follow, and eventually a general theory of values may develop.

¹¹J. S. Bois, Exploration in Awareness (New York, 1957), pp. 100-106.

Can values be measured?—Anything can be subjectively measured. However, measurement, because it is carried out by means of a language tool or a symbol tool, is necessarily limited to the range of the tool itself. Therefore, the question is -- How reliable and how valid are the results? In general, tools used to measure values fall short on these two points. Many of the measurement instruments have not even been tested for validity or claim face validity. However, in defense of the researchers, validation tests used for "behavior" instruments may not be applicable to "value" instruments.

One of the more promising measurement techniques for measuring values is Osgood's semantic differential. This technique was designed to measure the meaning of an object or event to a person, rather than his attitude toward it.¹² Other techniques of some value are 1) Likert-type scales, 2) forced choice, 3) rank ordering, and 4) forced allocation of a fixed number of points.

It is important to recognize that serious measurement problems exist, and efforts should be made to find solutions. On the other hand, it would be dangerous to become so anxious for measurements that numbers are forced in situations where they really ought not to be because of deficient measuring tools.

¹²C. Osgood, P. Tannenbaum and G. Suci, The Measurement of Meaning, (Urbana, Illinois, 1957).

Levels of Psychological Existence

One value theory stands out as having the greatest potential for practical application. Dr. Clare W. Graves, Professor of Psychology, Union College, Schenectady, New York, has developed over a twenty-year period an exciting theory of man as an open-system type of organism who has been evolving into higher levels of psychological existence.¹³

This summary is based upon notes taken during a two-day meeting with Clare Graves, as well as on his published writings.

The theory basically states that the psychology of the mature human being or groups of mature human beings is an emergent process marked by the progressive subordination of older, lower-level value systems to newer, higher-level ones. The mature man tends normally to change his psychology as the conditions of his existence change. Each successive stage is a state of equilibrium through which people pass on the way to other states of equilibrium. On a particular level of existence a person has a psychology which is particular and peculiar to that level. His acts, feelings,

¹³Clare W. Graves, "Levels of Existence: An Open System of Values," Journal of Humanistic Psychology, Vol. 10 (Fall, 1970), 131-155.

motivations, ethics, values, and thoughts are behaviors he must manifest in order to solve his problems at that level.

A person does not automatically move up to another level of existence. He may not be genetically or constitutionally equipped to change in the normal upward direction if the conditions of his existence change. He may move, given certain conditions, through a hierarchically ordered series of behavior or value systems to some end, or he may stabilize and live out his life at any time at any one or a combination of levels in the hierarchy.

He may show the behavior of a level in a positive or negative manner, or he may, under certain circumstances, regress to a behavior or value system lower in the hierarchy. Thus, people live in a potentially open system of needs, values and aspirations. At any one level, they have only the behavioral degrees of freedom afforded at that level.

Men, as their societies develop, must subordinate old values and behaviors if ever they are to develop new values and behaviors appropriate to new levels of existence.

The following is intended as a brief introduction to six levels of human existence (levels 2 through 7) found in organizations. The single word label used for each level of existence inadequately describes the syndrome it represents, but is used for convenience of discussion. Graves' theory does not end at level 7. However, models for higher levels

are sufficiently scarce to make their definition difficult and, for the purpose of this study, unnecessary. Also, Level 1 applies to infants, people with serious brain deterioration, and certain psychopathic conditions. For the purpose of this study, this level is disregarded.

Level 2, Tribalistic.-This way of life has come into being without awareness, thought or purpose, for it is based on classical conditioning principles. Man at this level believes his tribalistic way is inherent in the nature of things. His form of existence is based on myth, tradition, spirits, magic and superstition. He has a strong need for stability and safety. He feels "one shall live according to the ways of one's elders."

On this level man is locked into the rigid traditions of his tribe and he cannot violate them. These traditions force him into a magical, superstitious, ritualistic way of life. A change in environment or anything unfamiliar will threaten people on this level to a great extent.

Because he is aware of little more than the problems of sustenance, illness, reproduction and disputes, his productive activities are usually limited to reacting to reduce the tensions of his imperative psychological needs.

Man solely on this second level of existence is rarely found in business or industrial institutions but may be a

tremendous load on Welfare Departments. Companies who are engaged in "hard core" employment programs may encounter man at this level of development. Productive effort is very limited because concepts, time, space, quantity and materiality are woefully wanting.

Level 3, Egocentric.-When man attains this level he has gained insight into his existence as an individual being for the first time. He is aware that he is separate and distinct from other men. It is the inhumane "eye for an eye, tooth for a tooth" variety of morality that manifests itself. As man awakens, new stimuli impinge on his consciousness. He is aware that he is alive, will die and this awareness precipitates his need to survive. He may intentionally manipulate the world to survive.

To survive, man at this level is often raw and self-assertive. To the victor belong the spoils, the right to exercise greed, envy, gluttony, pride and even sloth; anything goes in his effort to dominate and win. He interprets the reward or punishment as feedback fostering or not fostering his own survival. He perceives that many try, but few succeed.

Those who lose have a right only to the scraps he may toss their way. Might is right. The power ethic prevails. Man is concerned with "me" and "to hell with thee."

He is restless, aggressive, tough, ruthless and has little regard for the consequences of his behavior.

Level 4, Conformist.-As man moves to this level he develops a way of life based on the conviction that there must be a reason for it all: a reason why the "have" shall have so much in life yet be faced with death, and a reason why the "have not" has to live his life in a miserable existence. This conviction leads to the belief of directed design -- a design of the forces guiding man and his destiny. Thus, the saintly way of life, based on one of the world's great religions or great philosophies, came to be.

Man operates under a sacrificial system. He focuses his earthly existence not on the end, salvation, but on the means to that end, sacrifice of desire in the here and now. Salvation is the ultimate reward of living. Typical behavior is denial, deference, piety, modesty, self-sacrifice, harsh self-discipline and no self-indulgence.

He accepts his position and his role in life. Inequality is a fact of life. He believes the task of living is to strive for perfection regardless of how high or low his assigned role. What he wants or desires is not important. What is important is that he disciplines himself to the prescription of his world. He values his absolutistic moral laws and words like "should" and "ought." Life is a serious

business for him, only institutionalized pleasure is permitted. Rules are black and white. Only his authority has the proper word. His authority defines both virtue and sin.

Level 5, Manipulative.-At this level man again tries to conquer the world but not through raw, rugged brute force, but by learning its secrets. He develops objective, positive scientific methods. He needs to master the physical universe. He must express his independence from pre-determined fate. His end value is materialism and his means to the end is rational, objective positivism.

He values accomplishing and getting, having and possessing. Some important means values are achievement, gamesmanship, competition, the entrepreneurial attitude, efficiency, work simplification, the calculated risk, scheming and manipulation.

He sees to it that the loser gets more than just the scraps he throws his way, but never as much as he. On this level man creates wealth, and the techniques to gather that wealth.

Level 6, Sociocentric.-The individual at this level is concerned with the relation of his self to other selves. He is concerned with belonging, with being accepted, with not being rejected, with knowing the inner side of self and other

selves, so that human harmony can prevail. For the first time his subjectivity is dominant.

He values the authority of those contemporaries whom he holds in high esteem. His values are sociocentric because the peer group determines the means by which his end value, community with his valued others, is to be obtained. He sees getting along with as more important than getting ahead. He values goodwill over free enterprise, social approval over individual fame and cooperation over competition.

He will not classify people into types, as this threatens his sense of community. His religion must be socially oriented, not faith oriented, and be concerned about the welfare of others.

He values interpersonal penetration, communication, committeeism, majority rule, the tender, the subjective, manipulative persuasion, softness over cold rationality, sensitivity in preference to objectivity, taste over wealth, respectability over power, and personality more than things. He no longer believes that hard work is the measure of man. There are other means to living than hard work, and living "here and now" is a firm belief.

Level 7, Existential.-When man reaches this level, he has crossed the bridge from animalism to humanism, from

deficiency or deficit motivation to growth or abundance motivation, from subsistence level systems to a being level system.

He has resolved the basic human fears, and with this a marked change in his conception of existence arises. He is faced with the restoration of his world so that life can continue to be.

For the first time, he possesses values that do not come from selfish interests but from the recognition of the magnificence of existence. He shuns artificial things, values all human wants, but is not a slave to any of them.

He values spontaneity, simplicity and sense-making ethics. He does not value conventionality. Continuing to develop is more important than striving to become this or that. The doing itself is more important than the fame that comes therefrom.

Conditions Necessary for Movement from One Level to a New Level

The problems or needs that are appropriate to a particular level (system) must be solved or satisfied to the extent that excess energy is produced -- this puts the system in a state of readiness for change.

Dissonance or challenge then must enter into the field so as to precipitate the system toward a different kind of change. This dissonance arises usually in youth, but can

arise in certain minds at any time when they are not troubled by memories of the past. These are minds capable of newer and more lasting insights into the nature of man's being. Dissonance can also come from outsiders that disturb one's way of life. When dissonance occurs it does not immediately produce a movement to a higher state of being. Instead it tends to produce a regressive search through older ways before new insights come to be. This is the crises phase.

The next condition to be met is insight. The capable brains in any system must be able to produce new insights or be able to perceive the significance of different insights brought to the system's attention from outside sources.

Next, there must be a removal of barriers to the implementation of the insight -- a matter not easy to achieve, for a period of confrontation arises.

If the insight can be effectuated, through the removal of the barriers, the consolidating factors come into play, enabling the new steady state of being to be born.

Values for Working

Most individuals can be described in terms of one of the levels 2 through 7 or as a blend of two or more of these levels. However, Graves' descriptions apply to the general psychology of man, and an adaptation of his general theory to the industrial psychology of man is necessary for

practical application in the business setting. The following is a brief description of the six value systems as they relate to the world of work.¹³

Value System 2 Employees - Tribalistic.-Tribalistic employees prefer easy work, friendly people, fair play, and above all a good boss. A tribalistic individual ordinarily believes that he may not have the best job in the world, but that he does as well as others with jobs like his. He feels deeply that he has not had much of a chance to better himself; therefore, doing well simply means having a steady job where he can follow orders given by a good boss. The less responsibility he has the better he likes it. A tribalistic employee likes a boss who tells him exactly what to do and how to do it, and encourages him by doing it with him. Money is important to him because it pays for groceries, rent, and other things he needs to keep going. He counts on his base pay each day to help make ends meet. A merit increase is a lucky break and is usually obtained because one has a good boss.

Value System 3 Employees - Egocentric.-A system 3 employee wants to receive good pay and keep people off his back.

¹³These descriptions of value systems were compiled from "Values for Working," an unpublished questionnaire developed by M. Scott Myers and Susan Myers of Dallas, Texas.

He doesn't like any work that ties him down, but will do it to get some money. When he gets the money he needs, he will either quit or take off from work and do what he wants. Because of his raw, rugged nature, this employee needs a boss who is tough, but allows him to be tough too. Strong authoritarian supervision is required. Money is most important to the system 3 employee because it allows him to buy things like cars and clothes that make him feel important. Base pay is always too low and this shows how business firms take advantage of their employees. Merit pay is rarely worth the effort, and it usually goes to the boss' pet.

Value System 4 Employees - Conformist.-This type of employee likes a job that is secure and entails well defined rules that are always followed to preclude favoritism. He feels that he has worked hard for what he has and thinks he deserves some good breaks. Everyone should realize that it is one's duty to work hard and do as he is told. This is the way to get ahead. A good career means having a secure job which rewards him for loyalty, hard work, and honesty. He likes a boss who calls the shots, rarely changes his mind, and sees to it that everyone follows the rules. Money allows him to save for a rainy day, to aid the less fortunate, and to have a decent standard of living. He believes his base pay is fairly set by management. Saving and spending are

carefully planned. A merit pay increase says that he has done a good job and his boss has rewarded him fairly.

Value System 5 Employees - Manipulative.-The ideal job for a manipulative employee is full of variety, and allows some wheeling and dealing. Compensation should be based on results. He feels that he is responsible for his own success and is constantly on the lookout for new opportunities. He likes to play all the angles in his ceaseless effort for higher positions and greater financial rewards. Initiative should pay off, and there should be continuous opportunity for advancement. A good boss doesn't ask questions as long as the job gets done. This employee responds to hard bargaining and he respects mastery and power. Money signifies success and is the means of maintaining an attractive home, club memberships, and the respect of important people. Base pay is okay for meeting ongoing expenses, but he wants ample opportunity to earn extra money. Merit increases are an incentive to do good work and get results.

Value System 6 Employees - Sociocentric.-A job which allows for development of friendly relationships with supervisors and others in the workgroup appeals to a sociocentric employee. Doing what he likes to do, such as working with people towards a common goal, is more important than getting caught up in the materialistic rat race. A good career is

one that permits him to be a good person, to have many friends, and to contribute to society. A good boss gets people to work in close harmony by being a friendly person. Money enables him to enjoy many friendships and puts him into a position to support worthwhile causes. The problem with base pay is the injustice in permitting some people to make so much more money than others. The same goes for merit pay. It is okay for those who receive it, but it can cause hard feelings and destroy harmony.

Value System 7 Employees - Existential.-An existential employee likes a job that entails goals and problems that are more important than the money and prestige. He prefers work of his own choosing that offers continuing challenge and requires imagination and initiative. A good career is one which allows him to be himself and to be involved in responsibilities that are important to him and to society. A good boss gives him access to the information he needs and lets him do the job in his own way. He believes that the task is to accomplish the goal, not to accomplish it in a predetermined or fixed way. Money is important because it can buy freedom and independence. Base pay is important and necessary, but the kind of work a man does is more important. A merit pay increase is personally satisfying, but only if he has truly done something to earn it.

Some Words of Caution

Two broad dimensions of man have been identified and discussed in this chapter:

<u>Human Needs</u>		<u>Human Values</u>
Growth	Economic	Tribalistic (2)
Achievement	Status	Egocentric (3)
Responsibility	Physical	Conformist (4)
Recognition	Orientation	Manipulative (5)
Social	Security	Sociocentric (6)
		Existential (7)

It may take only a few hours to chew Graves' ideas about value systems; it is likely to take many years to digest them. Exposure to his ideas is of considerable immediate benefit; it calls attention to the futility of trying to understand someone else's behavior and needs with our own value system. Graves' ideas also explain why it has been so difficult to make all of the people happy all of the time.

Stereotyping is one of the more important potential dangers in any effort to use Graves' model. Predicting an individual's behavior by tagging him with a particular value system is tricky. Most individuals span at least two and possibly all six value systems, even though one or two probably dominate their behavior on the job. Also, for a variety of reasons, value systems change over time. Ordinarily, an

individual's on-the-job behavior will be influenced by his work ethic; however, the way he is approached, his mood on a particular day, and countless other factors will also affect his actions.

Another potential pitfall in using Graves' model is that of becoming preoccupied with certain value systems to the exclusion of others. For example, a manager who hires professional employees and deals primarily with young college graduates could easily decide that value systems 6 and 7 are very widespread within his organization. A production supervisor may confront an entirely different situation -- perhaps value systems 2 and 3 dominate in his work force. Overreacting to an erroneous belief that certain value systems are dominant throughout an organization could lead to counterproductive actions.

Finally, merging Herzberg's "two-factor" theory of needs with Graves' theory of values offers a possible explanation for the attacks on Herzberg's theory. Herzberg's original sample population included accountants and engineers. It is doubtful that these professionals represented a mixture of all six value systems. Intuitively, one could speculate that the sample was biased towards conformist and/or manipulative values. This could mean that the dichotomy of needs into motivation and maintenance as described in this chapter

represents a "special case" applicable only to people with certain values. Another possibility is that each "need" has a different definition at each level of existence. For example, "achievement" at the manipulative level may mean "being promoted to a higher job position," but at the socio-centric level may mean "doing something which benefits society." Both these possibilities are explored throughout this study. Some of the concepts presented in later chapters assume that Herzberg's theory is valid. However, the validity of these concepts does not depend on the validity of Herzberg's theory.

Employees bring differing needs and values to their job, expecting that their needs will be met and that their values will not conflict with those of the organization. However, there is a human effectiveness side of the coin as well as a human dignity side. The organization also has needs and values. It needs productive resources to achieve its goals in order to survive in our increasingly competitive and complex world. The next chapter describes employee assets, contributive attributes of employees. This dimension of man will later be merged with human needs and human values into a single model.

CHAPTER IV

HUMAN RESOURCES

A major contribution of all of the theories and proposals discussed in the previous chapters has been to sensitize managers to the influence of human attributes in determining the success of the organization. Yet, none of the proposals adequately defines the human attributes.

The R. G. Barry approach of classifying expenditures into recruiting, acquisition, familiarization, etc. concentrates on the means of acquiring the contributive attributes of employees (Employee Assets) not the attributes themselves. On the other hand, the value concepts primarily reflect the end results of employee contributive attributes by concentrating on their ability to generate future profits.

In the behavioral sciences, Likert comes close by defining the human resource in terms of attitudes and behavior. The Flamholtz model perhaps comes the closest by including such attributes as skills, activation level and probability of remaining with the organization. But definitions and practical quantifiable measures of these and other human attributes are needed for converting human resource expenditures into human effectiveness and an improved quality of life.

Employee Assets

Reduced to its simplest elements, when an organization hires a person, it is hiring a set of skills. Human skills differ from machine skills in that humans are more capable of reasoning and self-direction. Though machines can be developed to duplicate many human skills, the organization must bear the cost of developing the machines, whereas humans come to the organization with many skills ready made; for example, inductive and deductive reasoning, numerical facility, verbal ability, eye-hand coordination and self-mobility. Being human can be a liability as well as an asset, as mis-directed skills can be counterproductive.

For constructive employment of a person's skills, he must meet minimal requirements in terms of four other attributes; namely, knowledge, health, availability and attitudes. From the organization's viewpoint, skills, knowledge, health, availability and attitude are human asset categories.

The individual's knowledge enables him to direct his skills, and his health enables him to apply them. He must be available when needed, and he must have the desire to apply his talents and energy toward productive effort. The five dimensions are factorial rather than additive -- if any one is lacking, the others are rendered correspondingly ineffective. Before deciding to improve one dimension, consideration must be given to the level of the others. For example,

it may not be cost effective to improve the knowledge of an employee if his health is poor. The first priority might be to improve his health.

This classification approach centers attention on what an organization should spend its money on. More effective investments in employees are possible by directly considering which of these attributes the organization needs and then determining the best way to get them.

Each of the five employee assets - knowledge, skills, health, availability and attitudes - will be discussed separately, recognizing that even though they can be mentally separated they work as a unit.

Knowledge

A person's knowledge should match the requirements of his job - ideally neither too low nor too high. Knowledge includes not only the specific technical knowledge required by the work the individual was hired to do, but it also includes his knowledge of the organization's policies, procedures and practices, and the relationship of his job to other jobs in the organization.

Each employee may be assessed in terms of a continuum. At one extreme, knowledge level almost perfectly matches job requirements. At the other extreme, knowledge level and the job requirements are almost completely mismatched as a result

of either lack of job knowledge, or having knowledge so in excess of job requirements that attitude is adversely affected. An approach to matching knowledge with job requirements will be detailed in a later chapter, Groundwork for Applications.

In consultation with the Training Director of Texas Instruments Incorporated, sources and costs of acquiring knowledge were identified. The following lists thirteen common media for acquiring knowledge:

1. Orientation by staff trainers.
2. On-the-job learning from peers.
3. On-the-job learning from supervision.
4. On-the-job learning from staff trainers.
5. Correspondence courses.
6. Classroom learning during work hours.
7. Classroom learning after work hours.
8. Programmed instruction.
9. Problem-solving conferences.
10. Policy and procedure manuals.
11. Public media - newspapers, radio, etc.
12. Books and periodicals.
13. Professional societies and trade associations.

Learning costs can be estimated by multiplying the down-time by the average hourly rate of the learner and adding the costs of training staff, space, equipment, tuition,

and supplies. However, in-house cost estimating can be simplified by standardized description of frequently used courses. The estimated cost per person could be based on average hourly rates of trainees plus cost of materials and supplies. As a further option, prorated overhead costs may be added.

Skills

A similar approach can be used for assessing individuals and groups in terms of skills.

Deficiencies in job skills can be dealt with in much the same way as knowledge shortcomings. A course catalog in the training department may be useful, as well as less standard approaches such as job rotation, special assignments and a toastmasters club. In practice, the development of skills is enhanced more by the act of delegation in a climate of freedom than by contrived and formalized programs. But, formally or informally acquired, skill development can be assessed and priced in terms of input costs, or in terms of the probability and cost of failures.

Health

The causes of bona fide health problems are not easily determined. Organizational job factors that often encourage health complaints and the misuse of sick leave plans further complicate an already difficult problem. Investments

associated with the maintenance and improvement of health include the costs of health centers, first aid services, safety equipment, physical examinations, health instruction, calisthenics and rest periods, corrective treatments and devices, nutritious meals and refreshments, surveillance of drug addiction and alcoholism, preventive medicine, sanitary safeguards, monitoring the environment in terms of noise, fumes, temperature and lighting, and the evaluation and reporting system required by the Occupational Safety and Health Act. Though not often thought of in connection with health conservation and promotion, investments in job enrichment, management systems, and leadership practices to reduce boredom and anxiety could lead to rich payoffs in terms of improved mental and physical health.

Recruiting and acquisition typically involve medical examinations and testing for aptitudes and skills. These procedures identify people who possess specified knowledge, skills, and health requirements.

After an employee is on board, an organization may continue its investment program through expenditures for familiarization and on-the-job training. Primarily, these investments provide specific job knowledge and specific skills to enable new employees to become more effective members of the organization. Professional seminars,

educational programs, and annual medical examinations also relate to knowledge, skills and health.

The relationship of knowledge, skills and health to job performance is so obvious that investing in them is instinctive. However, understanding "availability" and "attitude" and linking these attributes with knowledge, skills and health provides more insight into turnover, productivity and morale.

Availability

Loss of employee availability can be either temporary or permanent. The former refers to tardiness, absenteeism, or short-term, non-productive time off, and the latter refers to termination. The question of turnover rate looms large for management, and companies have traditionally focused considerable attention on why employees leave. However, the reasons employees stay are equally or more important to a company that seeks to maintain a motivated, productive work force. Many companies spend a great deal of time and money investigating the causes of employee turnover; for example, through programs of exit interviews. Usually the intent behind such studies is to find out why people leave -- the idea being that, if a company can identify the reasons for terminations, it can work to reduce turnover.

While a company may obtain very valuable information from exit interviews, this kind of approach has two signal

defects:

1. It looks at only one side of the coin - the termination side. If a company wants to keep its employees, then it should also study the reasons for retention and continuation. From the viewpoint of a company's policies on employment and turnover, the reasons people stay are just as important as the reasons they leave them. An obvious point in evidence is that one individual will stay in a job under conditions that would cause another to leave.

As an analogy, consider the divorce rate. If one were really interested in doing something about it, he would have to understand why some people get divorced and why others stay married - the reasons for the two are likely to be entirely different. Furthermore, the reasons for getting a divorce need not be "just the opposite" of the reasons for staying in wedlock. One would have to do some real investigation on both sides of the problem to get a complete picture of the divorce phenomenon. Equally, in the corporate setting, there are definite rationales for termination and definite (although sometimes unconscious) rationales for continuing.

2. Exit interviews also tend to assume a perfect correlation between job dissatisfaction and turnover. Many a company works for low turnover because it thinks a low rate implies that its employees are satisfied with their jobs, and therefore, productive. This is not necessarily true by

any means. A low rate may just be the effect of a tight job market. Or perhaps the company has put golden handcuffs on its employees through a compensation scheme that emphasizes deferred benefits. There are many factors involved.

In itself, the fact that an employee stays on a payroll is of little value; the company must also know why he stays there. In fact, some methods of maintaining a low turnover rate can be detrimental to the financial health of a company and the mental health of its employees.

To more clearly understand "availability" in the business setting, four hundred employees at Texas Instruments Incorporated were asked to complete a 60-item questionnaire on "Why do you stay at TI?". The details of the study are presented in a later chapter. However, the following describes the underlying concepts.

The brief answer to why employees stay is "inertia." Employees tend to remain with a company until some force causes them to leave. The concept here is very like the concept of inertia in the physical sciences: a body will remain as it is until acted on by a force.

There are two relevant factors within the company and two relevant factors outside the company that affect inertia.

First, within the company, there is the issue of job satisfaction. Second, there is the "company environment" and the degree of comfort an individual employee feels

within it. An employee's inertia is strengthened or weakened by the degree of compatibility between his own work ethic and the organization's goals, objectives, and values. The employee's work ethic derives from his own values and the actual conditions he encounters on the job. The company's values are derived from societal norms, formal decisions by the board of directors, and the policies and procedures of the managing group. A widening gap between these two vantages weakens inertia; a narrowing gap strengthens it.

Outside the company, one must consider an employee's perceived job opportunities in other institutions. An employee's perceptions of his outside job opportunities are influenced by real changes in the job market and by self-imposed restrictions and personal criteria. Some employees refuse to consider work in other locations because "I like the schools" or "I like my neighborhood." These reasons not only strengthen inertia to stay with their present organization, but also strengthen inertia to stay with any organization within the same school district or neighborhood. However, if schools lose their appeal because of drug problems or neighborhoods become run down or polluted, the inertia to stay in the area is weakened, and consequently, outside opportunities become relatively more attractive and more numerous.

Also, outside the company, there are non-work factors such as financial responsibilities, family ties, friendships, and community relations that affect an employee's inertia. The findings suggest that the strength of these factors has previously been underestimated. Some workers responded, for example, that they would never leave their company because they were born and reared in their present locale.

Others said they stayed because they had children in local schools, could not afford to quit, or had good friends at work. Many of these employees also reported low job satisfaction -- and yet they stay. Does it matter whether an employee stays for job satisfaction or for environmental reasons? Yes, because it makes a significant difference to the company whether an employee "wants to" stay or "has to" stay.

A company might improve retention by reinforcing the "right" reasons for staying. "Right," here, means a combination of job satisfaction and environmental reasons that are supportive of goals of the company and the employee. Wrong reasons mean any combination of reasons for staying that are beneficial neither to the company nor the employees. Companies can reinforce the "right" reasons by providing conditions compatible with employees' values for working and living.

If management concentrate on understanding why employees stay, then they can act to reinforce the right reasons and stop reinforcing the wrong reasons. In other words, they can take a positive approach to managing retention, which will be more effective over the long run than the ordinary, negative approach of simply reducing turnover.

This study offers four profiles of employees that are particularly useful in thinking through the twin problems of employee retention and employee turnover. The two important variables here are the employee's satisfaction with his job and the environmental factors, inside and outside his company, that affect his decision to continue or terminate.

Reasons relating to job satisfaction (motivation needs) are assumed to include achievement, recognition, responsibility, growth, all associated with the motivation of the individual in his job. Environmental factors inside the company (maintenance needs) include work rules, facilities, coffee breaks, benefits, wages, and the like. Environmental factors outside the company include outside job opportunities, community relations, financial obligations, family ties, and such other factors. Figure 2 shows the relationship between job satisfaction and environmental factors for four types of employees, and also explains why each type stays.

The turn-overs are dissatisfied with their job, have few environmental pressures to keep them in the company, and

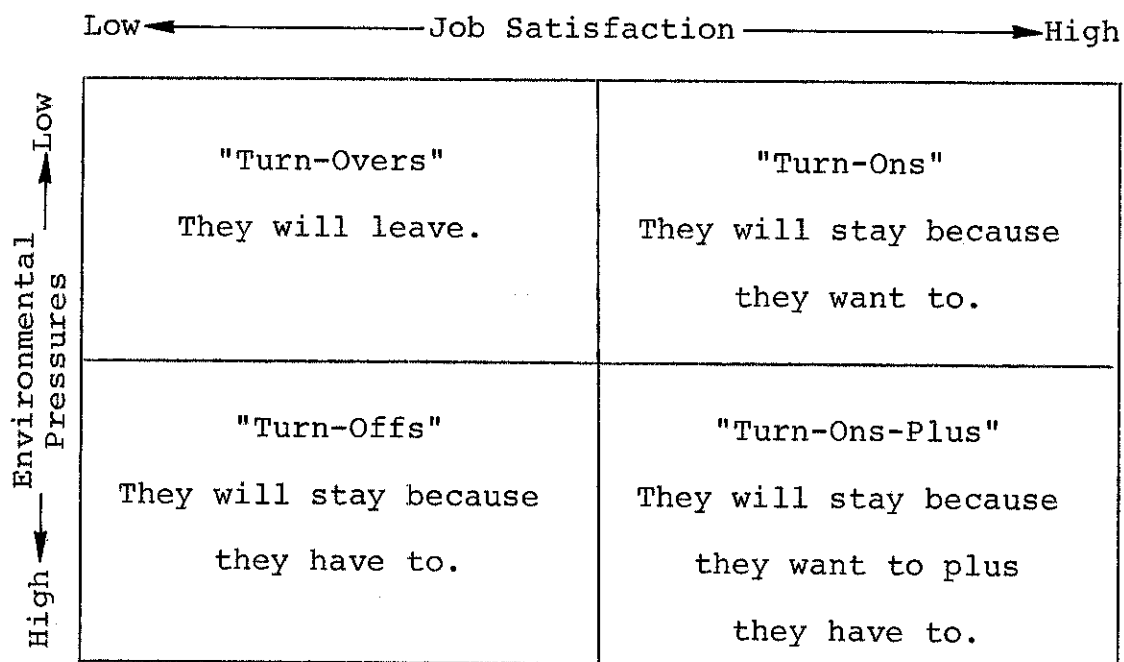


Fig. 2--Relationship between job satisfaction and environmental factors as they affect retention.

will leave at the first opportunity. While employees seldom start out in this category, they often end up here, having experienced a gradual erosion of their inertia. Consider, for example, an employee who a few years ago was highly motivated, had three children in college, and was close to being vested in the company retirement plan. Today, his children are graduated, he is vested, and he has lost interest in his job. His inertia to stay has been greatly weakened, and he may shortly become a turnover statistic.

The turn-offs are prime candidates for radical activities; they can easily generate employee-relations and productivity problems, and conceivably industrial espionage or sabotage. These employees are highly dissatisfied with their jobs and stay for mainly environmental reasons. For example, they may feel they are too old to start over again, or that they are financially dependent on the company benefit programs; or they may believe they can't get a job on the outside. Employees trapped in this category have two alternatives: 1) they can look for outside help (for example, from unions or the EEOC); and 2) they can change their behavior and either "do exactly what they are told and no more" (tribalistic) or decide to "get even with the company" (egocentric).

The turn-ons are highly motivated and remain with the company almost exclusively for reasons associated with the

work itself. This is most desirable from the company's viewpoint because these employees really want to stay and are not locked in by the outside environment. However, if managerial actions reduce job satisfaction (even temporarily), turnover may rise dramatically. Since the inertia of the turn-ons is not strengthened by environmental factors, it is therefore not strong enough to make them stay without continual job satisfaction.

The turn-ons-plus are the most likely to stay with the company in the long run. These employees stay for job satisfaction plus environmental reasons. Even if job satisfaction temporarily declines, they will probably stay. The word "temporarily" is a key one, for if job satisfaction drops permanently, these employees become turn-offs. Their transformation will not raise the turnover statistics, but it will increase frustrations and affect work performance.

Obviously, all employees do not fall neatly into one of the four classifications. Many employees fall somewhere between the extremes of job satisfaction and environmental pressures. These intermediate categories can be called the "waiters" or the "hoppers." The "waiters" still have some degree of freedom to leave and are waiting to see if job conditions will improve. If conditions do improve, these employees become turn-ons. If conditions worsen, they become turn-overs. The "hoppers" are more locked-in by

environmental pressures and are hoping that conditions improve. These employees become turn-offs or turn-ons-plus depending on which direction the job situation moves.

The traditional approach to measuring and understanding termination has focused on the turn-overs. These employees generally represent a relatively small percentage of the total employee population, and hence emphasizing them exclusively tends to ignore the much more important majority who stay. It also ignores the dynamic processes by which an employee moves from one classification into another.

Consider a young engineer who originally joins the company because he really wants to work there. He moves into a new city where he has very few ties with the community. As he develops his career, he begins to build some meaningful work relationships -- he becomes a turn-on. The longer he remains in the locale, the more likely he is to become a turn-on-plus.

But suppose a time comes when his motivation is low. Will he leave? If benefit programs have created a financial dependency, if he has stock options that are not exercisable for two or three years, if he has children who are in good schools, if he has just purchased his dream house -- then he probably will not become a turnover statistic. Nonetheless, he may become psychologically absent -- a turn-off. The

consequences may show up in alcoholism, chronic physical or psychological illness, divorce, low productivity and motivation.

Suppose, instead, that this same engineer has continued to find job satisfaction. He may still stay for some environmental reasons, and the combination of reasons will probably be "right" -- both he and the company find his employment meaningful.

In neither case has he become a turnover casualty, but there may be a dramatic difference between the two situations in terms of morale and productivity. One management observer has phrased it this way: "We have too many people in our organization who are no longer with us."

One purpose of this study is to understand better the balance between job satisfaction and environmental reasons as it affects employee retention and to gain insight into ways to influence that balance.

Although all the implications are not clear at this point, the results of the study suggest that managers, in deciding on policies and philosophy, in reality have been talking to themselves about themselves. That is, they tend to adopt policies and theories of human motivation that appeal to their own individual value systems, under the assumption that all employees have similar values. For example, many a manipulative manager presumes that money and

large, status-laden offices motivate other people in the same way they drove him to his present level of success. He may have climbed the corporate ladder, but as the results of this study show, for many employees the ladder does not even exist.

Because managers have habitually concerned themselves with turnover, it will be hard to break the habit. Nonetheless, managers must stop the rituals of finding out why people leave and start investing resources in a positive approach to the management of retention. If managers reinforce the right reasons for employees staying and avoid reinforcing the wrong reasons, they can not only improve traditional turnover statistics, but set goals for retention. However, they must begin to understand and respect employees as individuals with values that often differ from their own.

As a prerequisite to the development of a program to manage retention, certain difficult questions should be explored:

- o Why do employees stay?
- o What are their values for work and living?
- o What is their age, sex, marital status, and so on?
- o What are the right and wrong reasons for employees staying in their jobs?
- o How dissatisfied is dissatisfied?

Some quantitative insight into the first three questions were obtained during this study, but the last two may not be quantifiable. What is "right" or "wrong" and how far an employee can be pushed before he is forced to leave involves a milieu of moral questions. Value judgments rather than hard facts will form the basis for most of these questions.

Ideally, it seems that the goal of managing retention would be to create conditions compatible to the turn-ons-plus, that is, some balance between job satisfaction and environmental reasons. This raises some questions. For example, if employees who do not like their jobs stay because of the "locked-in" features of benefit programs, should managers not consider implementing benefit programs that will reduce inertia?

To begin with, managers might make pensions highly portable, a measure that would tend to reduce inertia but ostensibly raise costs. On balance, it might then be necessary to improve the conditions for job satisfaction so that people stay because they want to, not because they have to.

Another influence on inertia is the location of a company. For example, a corporation that locates a new factory, offices, or laboratories in towns that are not highly attractive or requires the relocation of many employees has weakened inertia; thus employees are more likely to leave when

they become dissatisfied with their work. Some compensatory maneuver may be called for. Again, corporations which locate plants in small towns, and draw primarily from the people who were born and reared in those communities, are building in inertia that tends to increase retention and decrease turnover -- perhaps too much so.

For another aspect, consider corporations with headquarters in New York City. They may find their employees have very low inertia because it is easy for people to simply get off the subway at a different stop, or even get off the elevator at a different floor, and find themselves in a different corporation. That is, they can change jobs without changing their outside environment. In this case, inertia to stay with the present employer may be very weak, even though there is strong inertia to stay in the same general locale. Naturally, in working toward this balance, companies will have to devote some careful thought to the question, "How dissatisfied is dissatisfied?". Suppose one sets up a scale of job satisfaction from +10 (very satisfied) to -10 (very dissatisfied), will an employee leave when the level is -5? Perhaps he will; but the answer depends on the strength of inertia.

For example, if the "golden handcuffs" are in the form of stock options which are exercisable at some distant point in the future, then inertia is strengthened -- that is,

until the options are exercisable. At the date of exercise, his inertia will drop to a very low point, other things being equal; and even if his level of job dissatisfaction has remained constant, it may now be strong enough to break the present inertia level. Once inertia to stay has been broken and the person is in motion on his way out of the company, it will take great force to counteract his momentum to leave.

One can also find examples where an employee has stayed with a company well beyond a point where he has a sense of achievement and meaning in his work and is waiting only for early retirement. He has probably become a problem to the organization, to himself, and to his family. Lucrative early retirement programs (sometimes known as late discharge programs) have become increasingly popular as a way to break inertia, often to the benefit of both parties.

This raises some social issues. For example, an employer may decide that it is economically more efficient to terminate turned-off employees rather than to make expenditures to convert them to turn-ons or turn-ons-plus. Firms that adopt policies that turn-off employees, leave them with health problems and negative attitudes, and then hand the problem over to someone else, are ignoring external costs. These employers are polluting their environment just as much as if they were to pollute the air or water. Perhaps the

satisfaction of employees' needs should be a goal in itself, not only a means of improving economic performance.

The effects of inertia, of course, are not limited to the employee, but also extend to his or her spouse. It is not uncommon to find a professional returning to his original part of the country because his wife is dissatisfied with the present locale.

In seeking balance, then, it would be useful for a company to review all benefit, pay, location, and other environmental factors, as well as job satisfaction, to determine whether people are staying for the right or wrong combinations of reasons -- always keeping in mind that what is right and wrong to management may not have the same degree of rightness and wrongness to the employee.

Ultimately, rightness and wrongness, whatever their specific definitions, will require the provision of a work environment that is broadly compatible with employees' personal goals and their values for work and living. Managers need to recognize that the "average employee" is only a concept, and develop personnel programs, policies, and procedures that are responsive to the heterogeneous values of employees. Only then is it possible to develop strategies and reinforcements for employees to stay for reasons that are right for both the organization and the individual.

Attitudes

Of the five assets, attitudes have the greatest potential for directing the other four assets toward productive or counterproductive effort. Attitudes, which include personal values and job attitudes, constitute a readiness to respond to various life situations and, as such, give direction to knowledge, skills, health and availability.

The employee brings a set of values to the work place when he is employed. These values act as filters or processors of the various inputs to which the individual is subjected. One of these inputs consists of direct company investments in knowledge, skills, health, work systems and company maintenance factors. Another consists of the outside maintenance factors such as home, family, schools, etc., which in turn are influenced indirectly by company taxes, donations, civic involvement and so forth. In addition, attitudes are influenced by outside opportunities for advancement, responsibilities, adventure and other factors that might be attractive. The net effects of all these factors combine to render an employee a turn-off, turn-over, turn-on, turn-on-plus, waiter, or hopper.

The interrelationships among knowledge, skills, health, availability and attitudes are too complex to detail in a single chapter. At best, only a few limited aspects can be

described. The purpose of this chapter was to broadly discuss a third dimension of man, i.e., employee assets. At this point, the following conclusions are possible:

1. Availability is the most misunderstood and neglected human asset.
2. Attitude is the most potent asset because it interacts frequently and strongly with the other four.
3. Although some attention to knowledge, skills, and health is instinctive, efforts to manage and understand these assets are well below what is needed for maximum effectiveness.

The next chapter merges the theories of human needs, human values and employee assets into a single model.

CHAPTER V

MANAGING HUMAN RESOURCE EXPENDITURES WITH CONCERN FOR BOTH HUMAN EFFECTIVENESS AND HUMAN DIGNITY

The following summarizes the three broad dimensions of man identified and discussed in previous chapters:

NEEDS		VALUES	ASSETS
Growth	Security	Tribalistic (2)	Knowledge
Achievement	Orientation	Egocentric (3)	Skills
Responsibility	Status	Conformist (4)	Health
Recognition	Physical	Manipulative (5)	Availability
Economic	Social	Sociocentric (6)	Attitude
		Existential (7)	

The ultimate objective of this research is to develop and empirically test a human resource model which businessmen can use to increase the potential for achieving both human effectiveness and human dignity. Implicit in the construction of the model is the belief that two national goals are emerging within the free enterprise system, i.e., the goal to increase output per man hour and the goal to increase the quality of life through meaningful work. Further it is assumed that these two goals are not incongruent and may

even be synergistic. Thus, the most significant assumption underlying the construction of the model presented in this chapter can be stated as follows:

If society wants to maximize output per man hour and simultaneously improve the quality of life, then it must invest in its human resources in a way which meets both the needs and values of people and the goals of organizations.

Thrust for Human Effectiveness and Improved Quality of Life

A key to the validity of the model is the validity of the underlying assumption of a dual concern for employee alienation and the output per man hour.

With the nation's solvency at stake in an increasingly competitive world, businessmen and legislators have intensified their search for better methods for increasing and measuring human productivity. One of the underlying causes of employee alienation is the changing work ethic - particularly among the younger members of work forces. The Horatio Alger pursuit of success is giving way to the quest for self-actualization through a more meaningful life. So urgent is the problem of alienation and its effect on productivity

that a bill has been introduced in Congress to provide resources for coping with it.¹

The introduction of Bill S. 736, coupled with the increased interest in job enrichment, job enlargement, goal setting, work simplification, etc., is convincing evidence of a dual concern for human dignity and effectiveness which tends to support the underlying assumption of the model. This evidence can be tested empirically. However, there is also a psychological basis for the emergence of this dual concern.

The free enterprise system, primarily created and perpetuated by manipulative and conformist philosophies, places priority on human effectiveness. It appears that this view of man's purpose has caused dissonance for a segment of American society. And, according to Graves' theory, this dissonance will eventually cause a movement to the socio-centric level. Thus, the dual concern for human effectiveness (level 5) and human dignity (level 6) begins to emerge. However, these two concerns represent opposing forces. Each value system perceives the situations as a win-lose proposition and totally rejects the other's views. The existential level merges these opposing forces into a concern for both human effectiveness and dignity.

¹Worker Alienation Research and Technical Assistance Act of 1973, 93rd Congress, 1st Session, SB. 736 (Washington, February 1, 1973).

Therefore, the assumption underlying the construct of the model presented in this chapter is not a compromise between manipulative and sociocentric views, but a merger of these two concerns into a unified view of man's purpose.

The Model

Figure 3 is a model showing the conversion of human resource investments into behavior on the job. The model can be broken down into five components:

1. Human Resource Investments
2. Outside Maintenance Factors
3. Outside opportunities
4. Employee values
5. Job Attitudes and Behavior.

The model suggests that organizations invest directly and indirectly in its employees. The direct investments are all within the domain of the organization's responsibility and control and are aimed at

- o increasing job related knowledge
- o improving skills
- o maintaining employee health
- o meeting employee motivation needs through work itself
- o meeting employee maintenance needs.

The indirect investments in human resources are not generally considered as such by businessmen. However, this

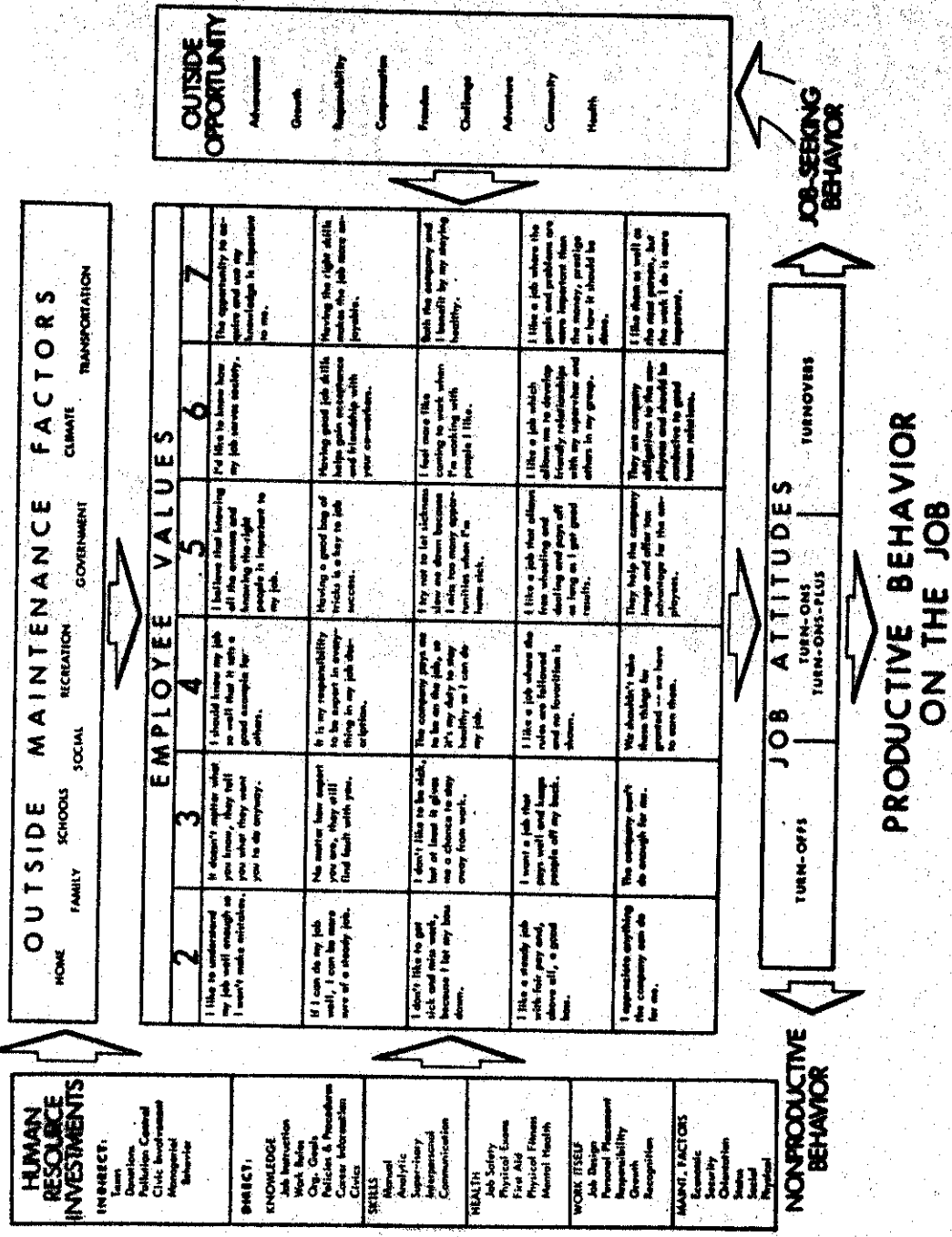


Fig. 3--Conversion of human resource investments into behavior on the job.

model suggests that investments in the community, for example, indirectly affect an employee's decision whether or not to come to or stay with an organization.

The inclusion of outside maintenance factors in the model extends Herzberg's two-factor theory beyond the company environment. In view of Herzberg's claim that employee dissatisfaction grows from neglect of their maintenance needs, this model suggests a similar result from their dissatisfaction with factors outside the organization. For example, such conditions as drug problems in local schools, crime-rate increases, and unchecked pollution weaken inertia; and the organization will find itself spending relatively greater amounts attempting to meet motivation and maintenance needs of employees. Expenditures to counteract and improve these conditions are both social investments in the community and indirect investments in the organization's own human resources.

Also included under "outside maintenance factors" are other considerations such as age, apathy towards changing one's environment, financial responsibilities and family ties. Depending on the individual and his culture, these factors can play an extremely important role in an employee's decision to remain with an organization.

For some individuals, outside maintenance factors strongly affect perceived outside opportunities. Although this component of the model has been traditionally related only to job market changes, self-imposed restrictions and personal criteria also play an important role. For example, some employees would refuse employment in other locations because their children are enrolled in excellent schools or they themselves are deeply involved in local government activities. These conditions not only increase the probability that the employees will stay with their present organization but also increase the probability of rejecting job offers outside their school district or community. However, if the schools lose their appeal for any reason, or the community government becomes corrupt, inertia for remaining in the area is weakened, and consequently, outside opportunities become relatively more attractive.

These three families of factors, human resource investments, outside maintenance factors, and outside opportunities, all feed into the value systems of employees and are finally reflected in each individual's job attitude, rendering him or her a productive employee, a non-productive employee, or a turnover statistic.

Although the methods in which management satisfies the knowledge, skill and health requirements of employees have a

telling impact on attitude and behavior, the most powerful way to increase human effectiveness and improve the quality of life is through balanced investments in the work itself and maintenance factors.

More effective investments in these two areas are possible if an organization develops a clear and understandable set of human resource goals and strategies that recognizes the disparate needs of employees and their underlying values for working as well as the needs and values of the organization. The framework presented in the next section is offered as one possible approach towards achieving this goal.

Shaping Human Resource Strategies to Disparate Value Systems

All organizations have goals, whether implicit in the culture or explicit in a management by objectives system. These goals are generally limited to financial, manufacturing, marketing and product development functions. In the human resource function, guidance usually comes from philosophical notions perpetuated by habit rather than specific goals to be attained. On the other hand, some organizations have found it practical to identify both quantitative and qualitative goals regarding employees and their effectiveness. If properly designed, such goals enhance the possibility that all members of the organization at all levels (both hierarchical and psychological) will be able to

realize their potential in contributing to the organization's objectives and in attaining their own personal objectives in life, or at least in the working aspects of life. This does not imply that the goals of the organization and the goals of employees need be identical, nor does it imply that employees must be fully committed to the goals of the organization. It does imply, however, that the goals cannot be incompatible. For example, an organization's goal may be to double profits, and an employee's goal may be to make enough money to support his family. If the employee perceives the organization's goal as enhancing the possibility of increased security and financial rewards, then the two goals are not incompatible. To the organization, doubling profits is an end-result. However, to the employee, doubling profits is a means of attaining his end-result of security and increased pay.

The following outlines seven human resource goals and strategies, using Herzberg's two-factor theory of motivation as a structure. These goals are not intended as a prescription, but rather a description of one possible combination of human resource goals and strategies, specifically:

- o Employee communications,
- o Job design,
- o Management systems and procedures,
- o Growth opportunity,

- o Pay and benefits,
- o Equal employment opportunities, and
- o Facilities.

The goal of employee communications is to structure communication networks which will permit employees at all levels to communicate naturally and candidly with one another. The strategy is to increase employee understanding of the organization, his job, and its relationship to organization goals by accomodating messages and media to meet individual needs and values.

The job design and content for each employee should be modified to match individual needs. Employees at all levels should have an opportunity to plan and control their own work and understand how their individual and group efforts affect organization goals. The strategic approach must include not only classic human engineering, but also psychological engineering so that the needs of employees can find expression through what they consider meaningful work in such a way that organizational goal attainment is enhanced, not blocked.

Management systems and procedures must be made sensitive to the needs and values of those who are influenced by them, and when feasible the organization should provide opportunities for individuals at all levels to influence the development, design, and administration of all management systems and procedures. The strategy lies in the involvement

of employees in the design of systems and procedures, with particular concern for assuring that they are compatible with the individual's need for data and that they are structured in a framework consistent with the employee's values for working.

Growth opportunity is to give all employees the opportunity to realize their potential capabilities as human resources and express themselves as human beings. The strategy involves clarifying career paths and providing education and training resources, internal opportunities, and an environment for each individual to find meaningful work.

The goal of pay and benefits is to provide competitive compensation in terms of both internal equity and external comparisons with like organizations and communities. The strategic approach is especially critical, because money and fringe benefits mean different things to different people. Therefore, the strategy must increase the opportunity for individuals to select pay and benefit plans best suited to their individual needs and values.

The equal employment opportunity goal goes beyond simple compliance with the Civil Rights Act, Title VII, and other federal and state regulations. When minority rights, women's liberation, and other such concerns are viewed in a broad perspective within an organization, the goal is, very simply, to accept the difference in values among groups of people.

The strategy is to remove institutional and environmental barriers to equal opportunity, especially those that are unwritten and unspoken.

The facilities goal is to create a work environment that is perceived as supportive of the needs and values of the employees. The strategy must take into account the fact that the work environment is not a substitute for meaningful work. Whenever feasible, employees should be involved in facility decisions affecting their work area.

Developing these kinds of goal and strategy descriptions is the least difficult part of a human resource function. The difficult task is converting these concepts into action programs perceived by employees as consistent with the stated goals and strategies. It is not uncommon for an organization to carefully develop a set of human resource objectives and rigorously detailed action programs only to receive feedback from the employees that "what they hear and what they see are two different things." In effect, the employees perceive an inconsistency between the "ivory tower" goals and the actions of managers charged with the responsibility of translating the goals into practice.

When this situation occurs it might be easy to jump to the conclusion that the inconsistency is the result of managers not really giving a damn about the employees but simply wanting to jump on the human relations bandwagon or

impress their boss. In some cases this may be absolutely true. But in many others it's not. Managers are not people-eating monsters. They are generally sincere, hard working, human beings doing what they believe to be right.

The inconsistency is often caused by what could be termed "mirror management." In the business setting, mirror management can be described as the tendency of managers to adopt policies and theories of human motivation that appeal to their own individual value system, under the assumption that all employees have values which "mirror" the values of the managers.

This is not meant as a criticism of managerial value systems, but as a description of reality. One can expect leaders, whatever their values, to adopt policies which appeal to their own values for working and living. Managers make a decision based on what they believe is "right." What is "right" depends on their values.

To put the matter another way, most managers are following the Golden Rule, "Do unto others as you would have them do unto you." Assuming that all people have the same values, then what is "right" for the manager is "right" for the employees. However, since values of people are not identical, what is "right" to the manager is often "wrong" for the employees. A Platinum Rule, which says, "Do unto

others as they would have you do unto them" is more appropriate in an organization comprised of people with differing value systems.

To apply the Platinum Rule to the seven human resource goals and strategies and to avoid mirror management requires an understanding of how employees with each value system perceive the purpose of each goal and strategy.

In each cell of the matrix shown in Figure 4 is the language of each value system, that is, an interpretation of how employees in each value system would word their reactions to the seven goals and strategies.

Mirror human resource management is simply selecting the elements of the matrix which appeal to the values of a manager and disregarding the rest of the elements. Effective human resource management involves consideration of all the reactions listed both vertically and horizontally in the matrix.

To illustrate the symptoms of mirror management, assume that a corporate manager is given responsibility for the implementation of each strategy and that his values reflect those primarily at the manipulative (level 5) state of existence. In an interview with the manager concerning his proposed action programs, if asked his opinion on the importance of employee communication, he might respond, "What's the payoff? Show me the figures and the facts and how this

MOTIVATION STRATEGIES				MAINTENANCE STRATEGIES			
LEVEL	COMMUNICA-TION	JOB DESIGN	MANAGEMENT SYSTEMS and PROCEDURES	GROWTH OPPORTUNITY	PAY AND BENEFITS	EQUAL EMPLOYMENT OPPORTUNITY	FACILITIES
Tribalistic 2	I would like to hear that things are getting better for people like me.	I'll put up with any job as long as I have a good boss.	I want my boss to make sure we know the rules.	I want to do as well as most people with jobs like mine.	Pay helps me to meet my bills and benefits to protect me in my old age.	I don't think we should have to work with people we don't want to.	Nice working conditions show us that management cares about us.
Egocentric 3	You gotta show me what's in it for me!	I really don't care as long as I get my money and people keep off my back.	They have rules for everything; I make my own.	There's a lot of things I could do if they would let me.	Whatever it is, it's theirs; they give you only what they have to.	Equal opportunity-- hell! I'll take care of myself.	One more management trick to get more work out of me.
Conformist 4	I need to know what should be done.	It's everyone's duty to do his job exactly as described by management.	People shouldn't be allowed to bend rules and should do exactly what the procedures call for.	I have faith that the company will put me where I'm needed most.	Should be based on faithful and loyal service and in most cases are fairly set by management.	Like it or not, we should obey the established rules.	Good working conditions are nice to have and even if they're not good, everyone should do the best they can.
Manipulative 5	What's the payoff? Show me the figures.	Needs to be flexible to allow for some wheeling and dealing.	They're O.K. but you got to learn to beat the system occasionally.	I'm responsible for my own success and am constantly on the lookout for new opportunities.	It's the name of the game; the guy who plays all the angles reaps the rewards.	If they can cut it within our system, more power to them.	Are a measure of my success; the higher positions should get the best working conditions.
Socio-centric 6	What's it going to do for the employees and how does it help people?	Jobs should be set up to promote harmony among our fellow employees.	They are often too impersonal and sometimes cause conflict.	Promotions are fine, but sometimes cause hard feelings and create a "dog-eat-dog" world.	It is an injustice when some individuals get so much more than others do.	It would be easy if we all accepted each other as human beings.	Should be arranged to improve interpersonal relations.
Existential 7	How does it fit with the broad perspective of where society is heading?	The goals of my work and the organization must be meaningful to me and to society.	Should serve only as guidelines and permit flexibility and innovation.	I need work of my own choosing that offers challenging challenge.	Money is important but what I do is more important. It should not create a financial dependency.	Laws cannot create equality, only a change in people's values.	Working conditions aren't important when I'm involved in my work.

Fig. 4--Six value system reactions to seven personnel strategies.

is going to help my career and the company's profits." On the question of job design he would probably say, "You must have room for some wheeling and dealing - that's what working's all about." Concerning management systems and procedures, he might observe that "They're okay, but you have got to learn to beat the system occasionally." As for growth opportunity, he might comment, "Each employee is responsible for his own success and should always be on the lookout for new and financially better opportunities."

For this manager, pay and benefits are "the name of the game, and the guy who learns to play all the angles is the one who is going to reap the rewards." When the subject of equal employment opportunity comes up, one would likely get a very pointed answer: "If they can cut it within our system, more power to them" Facilities are a measure of success to the system's individual, so this manager thinks it is reasonable that the higher positions get the best working conditions and a specially engraved key to the men's washroom.

This illustration obviously represents an extreme case of mirror management. Ironically, this manager could appear to be effective if all his employees were at psychological levels below the manipulative level. If he were considered the "chieftain" by tribalistic employees, they might do whatever they were told to do. If this manager were "tough" in

carrying out his action programs, the egocentric might even respond favorably. The conformist employee, with his high degree of loyalty, would probably tolerate the rules set down by the manager. However, the sociocentric and existential employees would most likely reject the manager's purely manipulative action programs. Even employees at the manipulative level might find it difficult to accept the manager's ideas because they would rather determine their own destiny.

Assume that most of the employees in the organization were primarily at the tribalistic level and that the manipulative manager decided to poll a typical employee for reactions to the seven goals and strategies. When asked about the communication strategy, the tribalistic response might be, "I would like to hear that things are getting better for people like me." The kind of work a tribalistic employee does makes little difference to him; he will put up with any job as long as he has a "good" boss who will show him what to do and how to do it. When it comes to systems and procedures, he expects his boss to make sure that his work group knows the rules. Growth is a word he seldom associates with his work; rather, "I want to do as well as most people with jobs like mine." Pay is important because it helps him meet his bills; and he needs the benefit programs to protect him in his old age. His response to the question of equal employment opportunity is once again very

tribalistic: "I don't think we should have to work with people we don't want to" - that is, people who are not members of his tribe. When management provides "nice" working conditions, it means to the tribalistic employee that management cares and is taking care of him.

Successfully designing human resource strategies compatible with tribalistic values requires spelling out the work, pay system, and especially the role of the immediate supervisor. In a telephone conversation with Clare Graves, he defined the conditions: work groups of about ten people and the boss acting as the total management system with control over hiring, firing and pay decisions. Pay techniques must be simple, with an easily understood rationale. Jobs should have short-cycle, rhythmic operations and be free of unfamiliar or frequent changes. To the tribalistic employee, his boss is all-important and represents management and human resource programs and policies through his words and actions.

Based on the foregoing discussion, one can observe that moving across the matrix there is a consistent value pattern and moving down the matrix there are differences.

During this research project, the matrix has been presented to many personnel managers and operating managers throughout the United States, and all too often their response has been something like:

"You're putting me on! Our employees simply aren't like that. I'm positive we don't hire 'tribalistic' people, and I'm damn sure we would fire an 'egocentric.' I know we don't have many 'conformists' because we have a written procedure that tells all our employees that they ought to decide for themselves how to get ahead in the organization. And, obviously, the 'sociocentric' and 'existential' wouldn't fit in any organization except maybe the Peace Corps. And, by the way, 'manipulative' is a hell of a bad description of hardworking, aggressive, intelligent and energetic people."

This mirror management thinking, by those who can least afford it, can only perpetuate the conflict between management and labor.

It is fruitless to argue which value systems are "right" and which are "wrong" because it always ends up as a moot point. The fact is that each value system exists and can be found in most organizations. The challenge, therefore, is to design human resource strategies that will increase the probability that each individual's value system can find expression within the organization.

This challenge would be relatively simple if there were only one value system to be considered, but since there are several, the task is complex. A description of the multiple ways a single human resource strategy like growth opportunity might be designed will illustrate the complexity.

Growth opportunity, often expressed as "career development programs," is a subject of continuing interest within organizations. One reason for a continuing debate is the meaning of "growth" to people with different value systems. To a System 2 it is the supervisor that helps him choose his next job. Growth in terms of a career over a long time period has little meaning to a System 2 employee; and he needs guidance and careful assistance if he should want to move to a better job. To a System 3, he probably does not intend to make a career with the organization, but he is likely to move from job to job in his pursuit of going his own way and will likely resist what he would perceive as interference if the supervisor wanted to discuss his career plans. Most career development programs present in industry today are designed for System 4 employees. They are well structured, predetermined career paths laid out by management, which places emphasis upon loyal service and seniority. In such programs, System 4 employees respond favorably to replacement charts and tables, career planning and appraisal interviews and all the other paraphernalia of a typical personnel program for career development. All the System 5 needs to know for career development is the information on where the promotional opportunities exist, and he will find his own path with little assistance from anyone else (as he has done throughout his entire career). A career, therefore,

means something quite different to a System 2 employee than it does to a System 4 or 5 employee. To a System 6 or 7 employee, it again takes on a different meaning.

To a Value System 6 employee, harmony and mutual compatibility with peers are more important than standing out as an individual or advancing up the ladder and losing contact and personal relationships. Perhaps a form of career development that might be feasible to a System 6 employee is based upon team growth. To a System 7, growth is not related to status in an organizational hierarchy but is related to the development and growth of himself as a human being in his pursuit of meaningful work. Growth does not necessarily mean climbing the organizational ladder, but may mean lateral or even downward movement in the hierarchy just as long as the assigned task meets his personal needs for job satisfaction.

In order to implement a growth opportunity strategy, it will be necessary to make a few key changes in the traditional approach. First, a new term for "career," with all its implications of upward movement only, is needed to avoid the cultural stigma of lateral or downward movement which under some conditions would be appropriate for some employees. Second, an individual should be permitted to determine whether or not he needs to use a formal career planning system. And third, the requirement that career planning must include the supervisor in each and every case should be

avoided. For Systems 2, 4 and 6, it appears that a well-structured program is needed. What might be appropriate is extensive supervisor involvement for the System 2, a clear procedural approach for the System 4, and a consideration of the group process for the System 6. On the other hand, for Systems 3, 5 and 7, the basic career development approach would be to provide the information necessary and permit the individual to seek his own path, but without any implication that all movement must be up the hierarchy.

As another illustration of the complexity of designing and implementing human resource goals and strategies, consider the multivalued requirements of a retirement program. The first step is to understand each value system's perception of pay and benefits in general.

The System 2 employee's pay helps him meet his bills, and benefits protect him in his old age. To a System 3 employee, his suspicious nature comes through and he believes that whatever pay is, it is never enough and "they only give you what they have to." To the System 4 employee, pay and benefits should be based on faithful and loyal service and in most cases are fairly set by management. To the System 5 employee, money really is what it is all about, and he believes that those who compete most successfully should get the rewards. System 6 truly believes it is an injustice when some individuals get so much more pay and benefits than

others. To System 7, money is important, but what he does in his work is even more important; and he has concerns about becoming financially dependent upon the organization, which would restrict his ability to do those things which are most meaningful to him.

The next step is to translate these general perceptions about pay and benefits into specific ways a retirement program would be best received by each value system.

System 2 primarily needs to be sure that he is protected in his old age and will have enough to live on. System 3 would rather have the money now and is suspicious of deferred payoff programs. System 4 will accept any reasonable and fair program so long as it is well administered, does not discriminate, and rewards long, continuous service. System 5 would like opportunities to choose investments, select alternatives, contribute his own personal funds to his retirement program, and generally control his own retirement income destiny. System 6 would like to have all employees participate equally in the plan as much as possible regardless of pay or status in the job hierarchy. A System 7 employee must avoid "golden handcuffs" which make him dependent financially upon the organization.

Typical pension programs seem to be better designed for Systems 2, 4 and 6, in that they do protect the employee, are generally reasonable and fair according to competitive

surveys, reward seniority and do generally treat employees, at least of a single classification, much alike. It further appears that the needs of Value Systems 3, 5 and 7 have not been as well met by industry in the usual retirement program. To meet the needs of the System 3 employee would require the choice of withdrawal of the funds in cash on a short term basis. A System 5 employee would have to have opportunities for self-administration of his investment in the pension trust fund. And for System 7, the portability of the retirement package needs to be increased.

A multivalued thought process that considers disparate value systems would be useful in designing any human resource program. In many cases, six uniquely different programs will not be necessary. Commonality among the value systems will exist with respect to some programs. In other cases, only one or two alternatives might be appropriate because the majority of the employees may fit primarily into one or two value systems. The number of approaches necessary will depend upon the mix and proportion of value systems within the organization and therefore, an approach may be effective in one organization and completely ineffective in another.

As a final example of a mirror management strategy, consider what is called "job enrichment." The concept of job enrichment grew out of Herzberg's two-factor theory of motivation. The primary purpose of job enrichment programs

is to introduce satisfiers to an individual's work in order to make the task as personally meaningful and rewarding as possible. By restructuring the job to include achievement, growth, responsibility and recognition, meaningful incentives are created that inspire increased productivity, improved quality, and overall operational efficiency. This definition of job enrichment implies that, if an individual's motivational needs are met, he will respond by increasing his effectiveness.

Job enrichment, at least in theory, is an excellent illustration of the existential assumption that quality of life and human effectiveness are not incompatible. However, in practice, the concern for human effectiveness dominates. This should not be too surprising considering that the implementation of job enrichment programs is often carried out by manipulative managers. For example, during a "meaningful work" workshop held in Dallas, Texas, it was determined that of the forty personnel managers in attendance, all had attempted to implement some form of job enrichment program within their organization. Using a "Values for working" questionnaire, it was further determined that most of the workshop participants were at the manipulative level. When asked how they measured the effectiveness of their programs, each offered some system of "productivity" measurement, yet

only two participants had additionally administered an "attitude" survey to measure changes in employee motivation.

Inappropriate implementation by manipulative managers undoubtedly accounts for some of the criticism aimed at job enrichment programs. However, there may be a more important cause for the criticism, specifically, that the satisfiers of growth, achievement, recognition and responsibility may not apply to each of the six value systems. What satisfies at one level of psychological existence might dissatisfy, or not even apply, at another level of psychological existence.

Without more empirical evidence the foregoing analysis remains somewhat speculative. However, the implications are far too important to remain unexplored. Therefore, as an initial subjective test, a role-playing experiment was conducted with Dr. Charles Hughes, Organization Psychologist at Texas Instruments Incorporated. The purpose of this joint experiment was to determine, through role playing, which of the ten motivation/maintenance needs (described in Chapter III) might satisfy, dissatisfy or not be applicable for each of the six operative value systems. The partial results of this joint effort are shown in Figure 5.

Included in the figure are only those needs believed to satisfy for each value system. The needs not shown as satisfiers are believed to be dissatisfiers or not applicable, and this dichotomy was too difficult to clearly

	Value System					
	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
Motivation Needs						
o achievement				x		x
o recognition				x		x
o growth				x	x	x
o responsibility				x		x
Maintenance Needs						
o economic	x	x	x	x		
o security		x	x		x	
o orientation	x		x			
o status		x	x	x		
o social					x	
o physical	x		x			

x = Believed to act as "satisfiers" based on role playing experiment.

Fig. 5--"Satisfiers" based on value system.

establish without a more elaborate experiment. However, because job enrichment is aimed at the satisfiers, the partial results shown in the figure are nonetheless useful.

The conclusions reached in this experiment do not completely negate the two-factor theory, but suggest a reclassification of motivation/maintenance needs for each level of psychological existence.

As an overview, the figure shows that those needs generally thought of as satisfiers relate almost exclusively to the manipulative and existential levels, with only mental growth applicable to the sociocentric level and none applicable to levels 2, 3 or 4. This suggests that Herzberg's theory and research is a "special case" and may not apply in the same way to all value systems.

The tribalistic, egocentric, conformist and sociocentric levels appear to be the "maintenance seekers." However, if these maintenance needs motivate, then, for people holding these values, maintenance needs act as satisfiers.

This hypothesis and analysis points out serious mirror management problems with job enrichment. The theory itself is a mirror theory because of its assumption that most people are basically alike. The implementation is often mirror managed because the manager in charge of the program is reluctant to accept the fact that people are not like

himself. Therefore, both the theory and its practical application in organizations need a major overhaul in order to make job enrichment a meaningful approach to human resource development.

Implementation of the Model

The figure showing the conversion of human resource investments into behavior on the job oversimplifies reality, but to a lesser degree than what has been written about human resource management in recent years. On balance, it is much more complex than previous models because of the inclusion of disparate value systems, differing human needs, and factorial employee assets. For these reasons it has potential for providing better information to those responsible for human resource decisions. Implementation is the key to realizing this potential, and implementation will not only take time but it will require measurement.

Yankelovich describes some of the risks involved in any measurement process by summarizing what he calls the "McNamara Fallacy" as follows:

The first step is to measure whatever can be easily measured. This is okay as far as it goes. The second step is to disregard that which can't be easily measured or give it an arbitrary quantitative value. This is artificial and misleading. The third step is to presume what can't be measured easily really isn't important. This is blindness. The

fourth step is to say that what can't be easily measured really doesn't exist. This is suicide.²

Obviously, the syndrome described by Yankelovich must be avoided. Nonetheless, measurements are needed to select alternatives, evaluate results and communicate more effectively. To use all the known power of mathematics to improve the planning, control and accounting of human resource expenditures eventually requires metric measurements. As a first step, however, the next chapter describes some experimental measurements and instruments using qualitative, non-metric comparisons.

²Daniel Yankelovich as quoted by Sethi, S. Prakash, "Getting a Handle on the Social Audit," Business and Society Review/Innovation, (Winter, 1972-73), 37.

CHAPTER VI

GROUNDWORK FOR APPLICATION OF THE MODEL

Businessmen have become quite comfortable using such economic measures as cash flow, return on investment and earnings per share. Widespread usage of these economic measures has led to their general acceptance by business organizations, financial institutions, and the general investing public, and in one sense these measurements have become habitual. This chapter does not try to break the habit of reporting economic data but tries to start a new habit: reporting human resource oriented data.

New measuring tools are required to gain insight into the three human dimensions of needs, values, and employee assets. Each of the qualitative, non-metric comparisons offered in this chapter are rudimentary and will need time and usage to mature. They may not be seen immediately by managers as standard measures, but common usage could make them so, just as managers learned to attach significance to the traditional economic measures. If included in the criteria of the standard quarterly review, annual plan and other reports to top management, they would soon assume the importance accorded to them by these business leaders.

Specifically, the measuring instruments presented in this chapter designed to provide insight into employee needs, values and assets are

- o Employee asset checklists
 - o Knowledge
 - o Skills
 - o Health
 - o Availability (tardiness, absenteeism)
- o Employee attitude survey
- o Employee inertia survey
- o Values for working questionnaire

The Employee Asset Checklists are constructed to measure an employee's knowledge, skills, health, and availability relative to two descriptors - the present job and more desirable jobs. An attitude survey measures the extent to which employee motivation and maintenance needs are being met. An inertia survey not only measures employee job attitudes but also attitudes about factors outside the organization affecting their propensity to remain with the organization. The results of an inertia survey are used to differentiate between turn-ons, turn-ons-plus, turn-overs, and turn-offs. Finally, the values for working questionnaire is a standardized device for determining the extent to which the six value systems are represented in an organization.

Only an overview of each instrument will be presented, along with simplified illustrations of their applicability, because one of the important purposes of this study is to give birth to these measurement tools and concepts, not to nurture them to maturity.

Employee Asset Checklists

Each employee in an organization should possess that degree of knowledge, skills, health, and availability that matches the requirements of his job, ideally neither too high nor too low, to maximize human effectiveness. The most favorable extreme would be an employee who is well versed in the technical aspects of the job as well as organization policies, procedures and practices, is capable of meeting all practical applications required by the job, rarely has health problems that impair effectiveness, and is always available when needed.

The most unfavorable extreme would be an employee who meets none of the knowledge requirements, is incapable of meeting minimal practical applications required by the job, has severe or failing health which blocks effectiveness, and is seldom available when needed. Obviously, most employees have levels of knowledge, skills, health, and availability that lie somewhere between these two extremes.

Some individuals' contributive attributes may lean towards the unfavorable extreme in relation to the requirements

of their present job but may meet most of the requirements for more desirable jobs within the organization. Therefore, each employee should be assessed in terms of two descriptors: his present job and more desirable jobs. The term "more desirable" must consider both the company's and employee's needs and goals.

Figure 6 is a simplified checklist that matches five categories of job knowledge to the two descriptors. It lists the two knowledge extremes just mentioned, two intermediate descriptions, and an unknown job knowledge category.

The knowledge assessment illustrated in Figure 6 might represent an unemployed engineer driving a taxi. He meets the minimal knowledge requirements of driving a taxi, but meets all the knowledge requirements of an engineering job.

Completion of the individual assessment process is a basis for group assessment. Table I shows, as a hypothetical illustration, that in an organization of 4,000 members, 1040 (26%) were poorly matched in terms of having job knowledge falling in categories 1 and 2, and 200 employees (5%) were in category 0 because their knowledge level had not been assessed. Fifty-seven per cent met most knowledge requirements, and twelve per cent met all knowledge requirements, giving a combined total of 69%.

Of the 2,760 employees (69%) who met all or most knowledge requirements, 1,240 also met knowledge requirements

	<u>For present Job</u>	<u>For more desirable Job</u>
4 Meets all knowledge requirements	()	(X)
3 Meets most knowledge requirements	()	()
2 Meets minimal knowledge requirements	(X)	()
1 Does not meet knowledge requirements	()	()
0 Knowledge level unknown	()	()

Fig. 6--Job knowledge checklist

TABLE I
 KNOWLEDGE ASSESSMENT FOR 4000-MEMBER WORK FORCE

	Present job		More Desirable Job				Total		
	n	%	3,4	1,2	0	n	%	n	%
3,4 Meet all or most knowledge requirements	2760	69	1240	960	560	2760	100	2760	100
1,2 Meet minimal or no knowledge requirements	1040	26	200	120	720	1040	100	1040	100
0 Knowledge levels unknown	200	5	-	-	200	200	100	200	100
Totals	4000	100	1440	1080	1480	4000	100	4000	100

for more desirable jobs. Thus, a total of 2,280 need either to acquire additional job knowledge (1,040 employees), or are mismatched in terms of having more knowledge than is required by their job (1,240 employees). Further analysis indicates that 200 of those having knowledge for more desirable jobs are lacking in knowledge required by the job they are now doing. In terms of remedial action, of the 1,040 who fail to meet knowledge standards for their present job, 200 of them might more appropriately be candidates for promotion or other forms of reassignment.

In consultation with the training director of this organization, sources and costs of acquiring the needed knowledge could be identified. The key to this assessment approach is that knowledge needs are identified prior to knowledge acquisition. All too often, training courses are created, and then training directors search frantically for participants.

This same approach can be used to alert managers to needed improvements in skills, health, tardiness, and absenteeism, beginning with checklists, as illustrated in Figure 7. The results of these individual assessments can be summarized and utilized by managers in making resource allocation trade-offs.

There are potential pitfalls in this assessment process. For example, completion of the checklists involves some

<u>Job Skills</u>		<u>For Present Job</u>	<u>For More Desirable Job</u>
4	Capable of meeting all practical applications requirements of the job.	()	()
3	Some practical application competence lacking, but does not seriously impair job effectiveness.	()	()
2	Practical application competence limited, impairing job effectiveness.	()	()
1	Incapable of meeting minimal practical applications requirements of the job.	()	()
0	Skill level unknown.	()	()
<u>Health</u>			
4	Job effectiveness rarely impaired by health problems.	()	()
3	Health problems occasionally impair job effectiveness.	()	()
2	Continual health problems, or periodic lapses, significantly reduces effectiveness.	()	()
1	Severe or failing health makes job effectiveness impossible.	()	()
0	Health level unknown.	()	()
<u>Availability (absenteeism, tardiness, etc.)</u>			
4	Is always available when needed.	()	()
3	Is occasionally not available when needed.	()	()
2	Frequent unavailability seriously impairs effectiveness.	()	()
1	Seldom available, making effective performance impossible.	()	()
0	Insufficient information.	()	()

Fig. 7--Skills, health and availability checklists

degree of subjective judgment. This problem can be minimized if the requirements of the job are carefully defined and by having the employee and the supervisor mutually agree to the assessment. There are other minor problems with the assessment process which need to be solved, but one towering barrier overshadows them all - mirror management.

A mirror manager can completely destroy the intent of the assessment process. The assessment process and subsequent remedial actions are human processes, and dehumanizing them can lead to ineffective expenditures. As the model in the previous chapter demonstrates, expenditures for improving knowledge, skills and health should take into consideration the needs of the organization and the needs and values of the employees.

Employees have different perceptions about the significance and role of their contributive attributes depending on their level of psychological existence. The manipulative employee, for example, might look at a skills training program as an opportunity to add to his "bag of tricks," which to him is the key to job success. On the other hand, the sociocentric employee might see skills training as a way to gain peer acceptance and enjoy friendships with co-workers. Individual programmed instruction might appeal to the manipulative employee, while group training sessions might be more appealing to the sociocentric employee.

The success of the assessment process and subsequent action programs is therefore very dependent upon a better understanding and acceptance of the differing values of employees.

The following two personal experiences are offered as illustrations of the danger of mirror management action programs designed to "improve" employees' knowledge and skills.

The first illustration involves the erroneous perceptions of a manipulative manager towards his subordinates. In this case, the company had recently adopted a college tuition refund program for "qualified" business coursework. The manager, seeing this as an opportunity to add to his "credentials" and thus be better equipped to climb the corporate ladder, was among the first to sign up for the program. In fact, he signed up for the same course his supervisor had planned to attend. Perhaps a coincidence, perhaps not. However, to the manager's complete amazement and frustration, none of his subordinates registered for coursework. In a conversation with this manager, his opinion that his subordinates were basically apathetic and lazy became apparent. Here was an opportunity to get ahead in the organization, and his "ungrateful wretches" would not take advantage of the situation. The fact of the matter was that the employees were not lazy or apathetic but were sociocentric and existential, and simply "getting ahead" was

not among their priorities. Had the "qualified" courses included liberal arts, for example, the results may have been different. Unfortunately, this manager, seeing no other alternative, "informally" made participation in the business program a condition of continued employment in his department. The mirror management strategy of "you will get knowledge, and you will enjoy it" defeats the purpose of the assessment process and will not benefit the organization or the employees.

The second illustration differs from the first in that it involved many more employees, cost the company a large sum of money and was, in fact, compulsory. In this case, the top management was "sold" a "management development" program. Without any attempt at assessment, the top management decided that all managers needed this kind of training. The signal defect in this approach is the attempt to force "management development" down the throats of managers. Some participants in the program needed medical assistance during the sessions because of their apparent psychological inability to handle the course material and the physical strain of the sixteen hour-long sessions. In reality, these kinds of programs are not designed to impart knowledge and skills, but are directed at changing values. Had the top management carefully assessed the mental and physical aspects of this program and permitted voluntary attendance, many of the

unfortunate incidents could have been avoided. In many cases, managers really did not need this kind of program, and in many more cases, managers held values which were in direct conflict with the implicit philosophy of the program. This illustration is an excellent example of a power structure attempting to "force" what they believe are the "right" values upon other members of the organization.

There are many other examples which could be used to demonstrate the ineffectiveness of mirror management attempts to improve employee assets. Each example might differ in the details, but all have a common denominator, i.e., the decision maker's refusal to accept the fact that people are different.

In summary, the employee asset checklists can be useful in matching employees with jobs and in detecting the need for training, education and health programs. Also, a better understanding and acceptance of employee values can help in deciding the most effective approach in improving employee assets. However, expenditures on these employee dimensions might result in money down the drain without some understanding of the job attitudes of the employees. It might be ineffective to spend large sums of resources on training and development in an organization comprised of many "turned-off" employees. The first priority might be to provide conditions that will "turn-on" the employees. The next section,

therefore, presents a job-attitude measuring instrument with an illustration of one way an organization might "dollarize" attitudes.

Employee Attitude Survey

Assuming an employee's job attitude has the greatest potential for directing knowledge, skills and health, a reliable and quantitative measure of job attitude is perhaps the best single measure of how well employee assets are being utilized.

Figure 8 is a twenty-item attitude questionnaire, developed at Texas Instruments Incorporated, abbreviated by statistical factor analysis from a 95-item attitude survey form. The longer form was designed to measure job motivation and company environmental factors in accordance with Herzberg's theory. The abbreviated form was refined to have the same predictive value with fewer items.

Traditional attitude surveys may yield misleading results when responses are indiscriminately lumped together. For example, a plant manager whose attitudes can permeate the entire organization obviously has a more influential attitude than the bench worker whose attitudes have a relatively narrow sphere of influence. Moreover, the 10-year employee's attitude is a more valid reflection of the long-term or real impact of the organization than that of the

	<u>Agree</u>	<u>?</u>	<u>Disagree</u>
1. My work is satisfying to me.	()	()	()
2. There is not enough cooperation between my work group and others we work with.	()	()	()
3. There are opportunities here for those who want to get ahead.	()	()	()
4. For my kind of job, working conditions are O.K.	()	()	()
5. We don't get enough information about how well our work group is doing.	()	()	()
6. People in my work group work together as a team.	()	()	()
7. I don't understand the objectives of my department.	()	()	()
8. I can be sure of a job here as long as I do good work.	()	()	()
9. There are too many unnecessary rules to follow here.	()	()	()
10. I have as much freedom as I need to plan my own work.	()	()	()
11. I feel free to tell my supervisor what I think.	()	()	()
12. I'm proud to work for this company.	()	()	()
13. I am paid fairly for the kind of work I do.	()	()	()
14. During the past six months I have seriously considered leaving the company for another job.	()	()	()
15. Favoritism is a problem in my area.	()	()	()
16. Most people here are in jobs that make good use of their abilities.	()	()	()
17. My job seems to be leading to the kind of future I want.	()	()	()
18. They expect too much from us around here.	()	()	()
19. I have clear-cut objectives on which to base my work goals.	()	()	()
20. Compared with other companies, our benefits are good.	()	()	()

Years with the company: () 0-2 () 3-5 () 6-10 () 11-20
() 21+

My job grade: _____

Fig. 8--Abbreviated attitude questionnaire

one-year employee, whose attitudes may still be reflecting previous employment experience.

Figure 9 illustrates one possible method for overcoming these problems by weighting attitude scores based on differences in job grade level and company tenure. It shows, for example, that a newly hired employee in job grade A (lowest responsibility level) has a weight of 1 applied to his attitude score, while one of his co-workers in the same job grade with 12 years of service with the company has a weight of 4. These employees' supervisor (job grade D) with four years' tenure has an attitude weight of 5, the plant superintendent (job grade E) with 18 years' tenure has a weight of 8, and the plant manager (job grade G), with 12 years' tenure, a weight of 10.

The administration of attitude questionnaires to large numbers of employees can provide the basis for establishing normative data for differentiating between "turn-offs" and "turn-ons." For ease in interpreting and reporting results, the scoring system for the unweighted attitude survey responses can be adjusted so that 1.00 becomes the dividing line between "turn-offs" and "turn-ons." Unweighted scores significantly lower than 1.00 are potential "turn-offs" or "turn-overs," and unweighted scores above 1.00 are more likely to be "turn-ons" or "turn-ons-plus."

WEIGHTS BY JOB GRADE AND TENURE

Job Grade	Years Tenure				
	0-2	3-5	6-10	11-20	21+
G (Highest)	7	8	9	10	11
F	6	7	8	9	10
E	5	6	7	8	9
D	4	5	6	7	8
C	3	4	5	6	7
B	2	3	4	5	6
A (Lowest)	1	2	3	4	5

Fig. 9--Weighting scheme for construction of attitude index

On the assumption that salaries are money invested by the organization to purchase productive skills, the attitude score becomes a meaningful indicator of the extent to which applied skills represent an adequate return on this investment in salaries. Figure 10 presents the details of a formula for converting attitude scores into financial returns on payroll investment expressed in terms of gain, break-even, or deficit for a hypothetical department. The job grade and tenure would be keypunched along with responses to the attitude survey. A department manager might receive an Attitude Index for his department which he could multiply by his annual payroll to determine his gain or deficit.

Figures 11 and 12 show the same department, but in one case with very favorable attitudes (attitude index = 1.60, and gain per person = \$6,600), and the other with very unfavorable attitudes (attitude index = .64, and deficit per person = \$3,960). Although the attitude index and gain (or deficit) per person may eventually have meaning standing alone, the greatest value of these indices comes from an understanding of their changes over time and in interdepartmental comparisons.

In addition to the overall attitude index for the entire work force, subgroups based on job grade (foreman, clerical, etc.), or length of service may be studied to pinpoint and

Individual	Annual Salary	Job Grade	Tenure	Attitude Weight	Attitude Score	Weighted Attitude Score
1. John Doe	\$14,000	C	5	5	1.05	5.25
2. Mary Brown	7,000	B	11	5	1.12	5.60
3. Harry Smith	9,000	C	22	7	1.21	8.47
4. Bill Jones	6,500	B	3	3	1.26	3.78
5. Jim Johnson	18,500	E	4	6	1.15	6.90
	\$55,000			26		30.00

$$\text{Attitude Index} = \frac{(\text{weighted A-Score})}{(\text{Attitude Weight})} = \frac{30.00}{26} = \boxed{1.15}$$

Dollarized Attitudes = Attitude Index (Annual Payroll) = 1.15(\$55,000) = \$63,250

$$\text{Gain} = \$63,250 - \$55,000 = \$8,250 \quad \text{Gain Per Person} = \frac{\$8,250}{5} = \boxed{\$1,650}$$

Fig. 10--Dollarized attitudes (average)

<u>Individual</u>	<u>Annual Salary</u>	<u>Job Grade</u>	<u>Tenure</u>	<u>Attitude Weight</u>	<u>Attitude Score</u>	<u>Weighted Attitude Score</u>
1. John Doe	\$14,000	D	5	5	.51	2.55
2. Mary Brown	7,000	B	11	5	.73	3.65
3. Harry Smith	9,000	C	22	7	.65	4.55
4. Bill Jones	6,500	B	3	3	.45	1.35
5. Jim Johnson	<u>18,500</u>	E	4	<u>6</u>	<u>.75</u>	<u>4.50</u>
	\$55,000			26		16.60

$$\text{Attitude Index} = \frac{16.60}{26} = \boxed{.64}$$

Dollarized Attitudes = .64 (\$55,000 = \$35,200

Deficit = \$19,800 Deficit Per Person = \$3,960

Fig. 11--Dollarized attitudes (very unfavorable)

Individual	Annual Salary	Job Grade	Tenure	Attitude Weight	Attitude Score	Weighted Attitude Score
1. John Doe	\$14,000	D	5	5	1.50	7.50
2. Mary Brown	7,000	B	11	5	1.45	7.25
3. Harry Smith	9,000	C	22	7	1.68	11.76
4. Bill Jones	6,500	B	3	3	1.55	4.65
5. Jim Johnson	18,500	E	4	6	1.72	10.32
	\$55,000			26		41.48

Attitude Index = $\frac{41.48}{26} = 1.60$

Dollarized Attitudes = 1.60 (\$55,000) = \$88,000

Gain = \$33,000 Gain Per Person = \$6,600

Fig. 12--Dollarized attitudes (very favorable)

evaluate problems. Moreover, individual items on the questionnaire may be studied separately to diagnose the causes of attitude index abnormalities.

Since attitudes are perhaps the best predictor of employee behavior, attitude survey results represent a barometer of human effectiveness. Survey results reflecting inadequate return on payroll investment signal the need for diagnosis of causal factors. Dollarizing attitudes, as presented here, is only one of many possible techniques, but it has the advantage of capturing the attention of dollar-conscious managers. Further, the approach represents a beginning, and improvements are more likely to evolve if there is an active attempt to deal with the matter.

Primary causal factors for most employees relate to the direct human resources investments, particularly through strategies for improving work itself and for enhancing the knowledge, skill and health requirements of employees. Moreover, the diagnostic process for improving job attitudes is more valid and translatable when it involves panels or task forces of individuals whose attitudes are most in need of improving. Further, this task-force approach can be of great assistance in avoiding mirror management interpretations of survey results.

Some managers may try initially through trial and error to improve attitudes through traditional strategies of fear,

persuasion, bribery and manipulation. Finally, they must learn that attitude improvement can result only through the acceptance of differing employee values. Only when managers can see the relationship between managerial practice and organizational effectiveness will managers' attitudes and talents be directed towards changing their own managerial strategies rather than changing employee values. And, when managers come to perceive attitude indices as indicators of performance that are at least as important as direct financial criteria, they will accord attitude measurement the same attention and effort.

Employee Inertia Survey

As described in Chapter V, inertia relates to both job attitudes and factors outside the organization. For this reason, an inertia survey has greater potential as a managerial tool than the attitude survey just described or other forms of attitude measurement. The literature offers many variations of attitude questionnaires but is void of any instrument designed to measure inertia, i.e., why employees stay. Therefore, one of the major contributions of this study is the development and empirical testing of an inertia survey. A copy of the questionnaire is contained in the appendix.

The questionnaire contains sixty statements, twenty of which are similar to those illustrated in the previous section on measuring attitudes. Eleven of these twenty relate to motivation needs, and the remaining nine relate to maintenance needs, in accordance with Herzberg's two-factor theory definitions.

The remaining forty statements relate to factors outside the company and were arrived at through informal discussions with approximately 75 employees of Texas Instruments ranging from electronic assemblers to senior vice presidents. Subsequent statistical factor analysis suggested that the number of questions could be somewhat reduced without losing significant predictive value. However, abbreviation, validation and tests of reliability are outside the scope of this study.

The purpose of an inertia survey is to gain insight into those factors which most influence an employee's decision to remain in an organization. The results can be used to identify and understand the differences between "turn-ons," "turn-ons-plus," "turn-offs," and "turn-overs." Once the primary data has been collected, several approaches for quantifying and reporting the results are possible. The following briefly describes the method used in this study.

The reporting method selected for this study calculates the reasons for staying cited most frequently by members of

a specific employee group and assigns the reasons to three categories:

1. Motivation factors in the company environment.
2. Maintenance factors in the company environment.
3. Factors external to the company environment.

Table II illustrates this reporting technique for two departments within an organization using the ten most frequently cited reasons for staying.

This comparative analysis shows that employees in Department A most frequently cited six reasons relating to on-the-job motivation, three relating to job maintenance and only one relating to factors outside the organization. By contrast, Department B employees most frequently cited nine reasons relating to factors other than on-the-job motivation. This suggests that employees in Department A fall more in the "turn-on" or "turn-on-plus" categories, while Department B employees tend towards the "turn-off" or "turn-over" categories.

To illustrate the dynamic process by which employees move from one classification into another, assume that the results shown for Department A are actually the results of Department B computed one year earlier. Further, assume that the traditional turnover measures indicate a current turnover rate of 5%, down from 15% the previous year. Without the

TABLE II
COMPARISON OF TOP TEN REASONS FOR STAYING
DEPT. A VERSUS DEPT. B

<u>Dept. A Top Ten Reasons</u>	Freq. Cited	Mot.*	Maint.	Ext.
1. I enjoy my job.	86%	x		
2. I like the freedom to plan my work.	76%	x		
3. I'm allowed to make good use of my abilities.	72%	x		
4. I'm paid fairly.	69%	x		
5. I like the working conditions.	68%		x	
6. I feel free to tell my supervisor what I think.	63%		x	
7. I'm proud to work here.	59%		x	
8. I like to live in this area.	58%			x
9. I have a good opportunity to get ahead.	57%	x		
10. My job is leading to the kind of future I want.	57%	x		
TOTALS		<u>6</u>	<u>3</u>	<u>1</u>
<u>Dept. B Top Ten Reasons</u>				
1. I like the benefits.	72%		x	
2. I'm paid fairly.	67%	x		
3. I wouldn't want to rebuild my benefits.	66%			x
4. I'm proud to work here.	61%		x	
5. I like the working conditions.	60%		x	
6. I have family responsibilities.	60%			x
7. I don't believe in company jumping.	59%			x
8. I can be sure of a job here.	55%		x	
9. I feel free to tell my supervisor what I think.	52%		x	
10. I'm too old to start over.	50%			x
TOTALS		<u>1</u>	<u>5</u>	<u>4</u>

*Mot. = Motivational Factor in the Company environment.

Maint. = Maintenance Factor in the Company environment.

Ext. = Factor in the external environment.

visibility provided by the inertia survey, it might be easy to conclude that job conditions have improved, as evidenced by the favorable turnover trend. However, a comparative analysis of the results of the inertia surveys discloses an unfavorable trend. During the prior year, the department employees were relatively satisfied, as evidenced by the cited frequency of motivation factors among their top ten reasons for staying. The current year's results show that motivation factors as reasons for staying have been replaced by maintenance factors and external pressures. Changes in individual item responses could be analyzed to pinpoint possible causes of shifts in the significant factors influencing inertia. This kind of analysis can be a leading indicator of the need for remedial action while there is still time to act.

Gathering, manipulating and reporting inertia data is an important and vital step in gaining understanding of the reasons employees stay. However, the key to success is how an organization reacts to the reported data. Some organizations may choose to structure themselves to permit all employees to maximize their effectiveness in contributing to the financial success of the organization and in attaining their own personal goals. Other organizations may concern themselves with employee needs and values only as a means of enhancing

achievement of financial success. In either case, a measuring instrument that helps in identifying and understanding the differences between "turn-ons," "turn-offs," "turn-ons-plus," and "turn-overs" will enhance the possibility of achieving organizational goals.

Permeating the discussions on employee assets, job attitudes and inertia is the question of employee values. One safeguard against mirror management interpretations of the data collected by employee asset checklists, attitude surveys and inertia surveys is to make disparate value systems of members of the organization visible. Seeing in Graves' theory a possible explanation for many organizational problems, two Dallas-based psychologists, Dr. M. Scott Myers and Ms. Susan Myers, developed and standardized a questionnaire for measuring disparate value systems as they apply to the business setting.

Values for Working Questionnaire

During the early stages of this study it became obvious that a model which would convert human resource investments into human effectiveness and improved quality of life must comprehend the different values of employees. Also during the early stages, Dr. M. Scott Myers acted as a non-academic advisor, lending his experience and expertise in the psychological aspects of the research. During this same time

period, Dr. and Ms. Myers were experimenting with the Graves theory using a questionnaire they developed called "Values for Living." Assuming that life experiences and perceptions would serve as a media for expression of values, they developed questions relating to 25 topics such as religion, sex, money, health and politics. It was suggested that this questionnaire be used in the empirical portion of this study; however, several questions contained in "Values for Living" were inappropriate to the business setting. Therefore, Dr. and Ms. Myers graciously consented to develop a "Values for Working" questionnaire for use in this study. Based on the data collected during this study, the questionnaire was refined and abbreviated to 18 questions. The original version used in this study is contained in the appendix.

For each of the original 23 questions, respondents are requested to indicate how much they agree with each of six responses by assigning numbers to them. The more they agree, the higher the number.

The respondents may assign the numbers in any manner they choose, but they must total 12 in each case. For example, if they agree equally with all six responses they may assign 2 points each. Others may assign all 12 points to one response.

The six responses were selected and written so that each response would correlate most significantly with the

value system it was intended to represent. For example, in the following item about money, these relationships are expressed as correlation coefficients in Table III.

The responses are scored by totaling all points assigned to the 23 statements by value system. The maximum points which can be assigned to any one value system is 276 (23 statements times 12 points). It is unlikely that all the points will ever be assigned exclusively to one value system. For example, the actual ranges computed during the empirical portion of this study were

	<u>Minimum</u>	<u>Maximum</u>
Tribalistic	0	104
Egocentric	0	78
Conformist	6	155
Manipulative	12	143
Sociocentric	4	82
Existential	8	197

The method of reporting the results of the values for working questionnaire used in this study can be illustrated using the scores of a female production worker shown below:

TABLE III
CORRELATION COEFFICIENTS OF SAMPLE QUESTION

	Correlation Coefficients					
	<u>T</u>	<u>E</u>	<u>C</u>	<u>M</u>	<u>S</u>	<u>X</u>
Money is important to me because						
a - it enables me to enjoy many friendships and to support humanitarian causes. (Sociocentric)	05	01	-02	-29	<u>20</u>	-30
b - it buys freedom and the opportunity to be myself; enough but not a lot is necessary, but just having it does not mean anything. (Existential)	-35	-10	-51	-16	21	<u>45</u>
c - it allows me to buy the things I need, such as a sharp car and clothes, and makes me feel like somebody. (Egocentric)	18	<u>29</u>	13	14	-18	-33
d - it allows me to save for a rainy day, to aid the less fortunate, and to have a decent standard of living. (Conformist)	-02	-16	<u>41</u>	00	-19	-23
e - it pays for groceries, the rent, and other things I need to keep going, and because it will help me get out of my way of life. (Tribalistic)	<u>16</u>	-01	07	08	-09	-20
f - it says I have "arrived," and I wish to maintain an attractive home, club memberships, and enjoy the respect of important people. (Manipulative)	09	-02	02	<u>30</u>	-15	-19

<u>Value System</u>	<u>Total Points Assigned</u>
Existential	45
Sociocentric	46
Manipulative	39
Conformist	75
Egocentric	14
Tribalistic	<u>57</u>
Total Points Available	276

These raw scores are used to prepare a value profile using normative data as illustrated below.

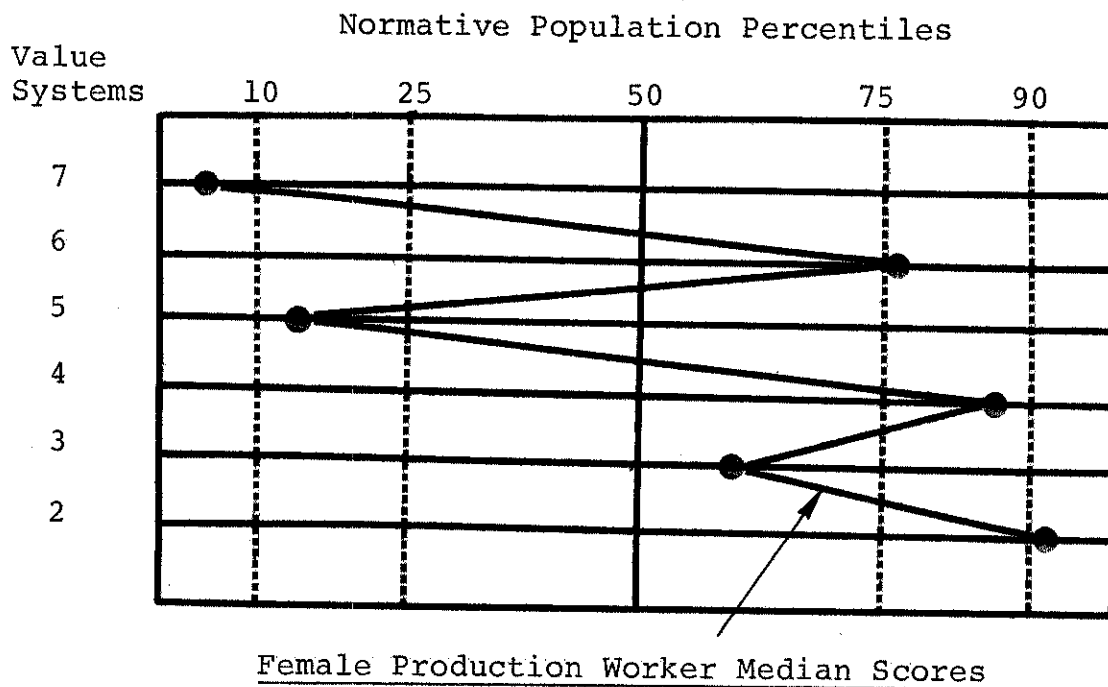


Fig. 13--Value profile, female production worker vs. normative data.

This profile suggests that this employee is relatively more tribalistic, conformist and sociocentric than the normative population. Though the higher-than-average egocentric score of this employee reflects self-centered opportunism, it is strongly counterbalanced by high scores at levels 2, 4 and 6. In all probability this person needs to protect her self-esteem by following a strong and respected leader, clearly defined rules and group acceptance rather than take the risk of running the corporate image on her own.

Understanding this particular mix of values is especially important when an employee initially enters the work group. If the supervisor is not immediately perceived as being strong and respected, rules are too vague, and the employee is not carefully introduced into the work group; then it is likely the employee will experience a period of anxiety and frustration. Some managers might translate this anxiety as a sign of incompetency, when it might be more appropriate to translate the anxiety and frustration as the result of mirror management.

Values profiles and the values for working questionnaire may eventually become unnecessary if humans acquire the ability to cognitively recognize and accept different value systems. However, until that time arrives, they can serve as meaningful management tools.

A value profile is intended as an individual representation of values, and aggregation should be avoided. Realistically, this is not always possible. For example, all the profiles presented in the next chapter represent the aggregation of value scores of selected employee groups. However, small group profiles are still better than none. A manipulative manager, for example, who understands that a significant portion of his work group has relatively high conformist values should be able to make better decisions than he would if he assumed that the work group mirrored his manipulative values. Still, he will have to use personal judgement to match employees with compatible jobs, and this automatically entails risk of stereotyping, mirror management, and other errors. If the manager is willing and able to accept the differences in the needs and values of employees, these risks can be minimized.

The measurement techniques, practical applications, and implications offered in this chapter are the crude beginnings of a human effectiveness and improved quality of life measuring and reporting system. "Crude beginnings" is not used to deprecate this work, but to emphasize the need for additional work.

The next section illustrates an annual planning format that reflects balanced concern for the end-result criteria of sales, costs and profits and the intervening variables

of employee needs, values and assets. These human intervening variables are the bridge which leads the manager back to causal factors concentrated mostly in the direct human resource investments categories of knowledge, skills, health, work itself and maintenance factors.

Annual Planning Data

The partial summary of annual planning data shown in Table IV reflects both people and asset effectiveness information for the current and prior years and planned data for the coming year. Concentrating exclusively on the traditional economic criteria of sales, costs, and profits can yield a misleading representation of what is really going on. For example, Table IV shows that 1973 department profit substantially increased compared to 1972, return on non-human investment increased from 8.3% to 12.9%, and turnover was reduced from 25% to 12%. And the 1974 planned data indicate that these favorable trends should continue. Using only these kinds of measurements leads to the conclusion that this manager has been and will continue to be "successful." He should have little trouble winning financial and management support because, under the neo-classical economic assumption, profit making is considered the best evidence of efficient and effective resource allocation.

TABLE IV
 PEOPLE AND ASSET EFFECTIVENESS STATEMENT, DEPT. 128

	Actual		Plan 1974
	1972	1973	
Sales	\$1,500,000	\$2,000,000	\$2,200,000
Cost of sales	800,000	1,000,000	1,050,000
Gross margin	\$ 700,000	\$1,000,000	\$1,150,000
% Sales	47.0%	50.0%	52.2%
Other department costs	\$ 319,000	\$ 334,000	\$ 350,000
Department profit	\$ 381,000	\$ 666,000	\$ 800,000
% Sales	25.4%	33.3%	36.4%
Asset effectiveness measures			
Total assets	\$4,500,000	\$4,800,000	\$5,000,000
Sales/Assets	33.3%	41.7%	44.4%
Profit/Assets	8.3%	13.9%	16.0%
People effectiveness measures			
Number of people	80	75	86
Attitude index	1.21	.91	1.10
Total payroll	\$ 640,000	\$ 600,000	\$ 700,000
Turnover %	25%	12%	10%
Sales/Person	\$ 18,500	\$ 26,667	\$ 25,581
Profit/Person	\$ 4,762	\$ 8,890	\$ 9,302
Attitude gain/person	\$ 1,680	\$ < 720 >	\$ 895

However, incorporating a measure of employee attitudes into the reported data suggests that, although the manager may be winning the people-effectiveness battle, he may be on the verge of losing the war. The department attitude index dropped from 1.21 in 1972 to .91 in 1973, resulting in an attitude loss per person of \$2,400. Coupling the unfavorable trend in attitudes with the so-called favorable trend in turnover suggests that the employees may be moving from the "turn-on" or "turn-on-plus" categories to the "turn-over" or "turn-off" categories.

Understanding changes in the department attitude index and determining why employees stay in the department, instead of relying only on turnover and economic figures, could alert this manager to the need for human resource investments before a crisis occurs. This department manager may be able to skimp on expenditures for motivation and morale with little or no immediate unfavorable effect on the traditional turnover or economic measures. However, if this kind of economy converts a significant portion of his workforce from "turn-ons-plus" to "turn-offs," this is like walking up to the edge of a cliff. The ground is still solid, but you now have a better chance to fall off. This department could unknowingly be on the verge of a "Lordstown incident." Investments for motivation and morale may be cheap insurance against a potential disaster.

The use or misuse of economic criteria obviously has implications for the economic process of resource allocation. Perhaps a more important use or misuse of economic criteria is that it serves as the basis for rewarding managerial behavior. The economic results of Department 128 indicate that the manager's behavior has been "good" and he will probably be financially rewarded accordingly. The financial reward will act as a positive reinforcer for continuing his present management style.

However, if his present management style tends to "turn-off" employees, then, in a longer time span and broader context of human effectiveness and improved quality of life, his behavior is not as "good" as originally perceived. Favorably rewarding this manager based only on economic criteria may only serve to reinforce a behavioral pattern that will perpetuate or worsen an undesirable situation.

The unfavorable attitude trend illustrated in Table IV could serve as a triggering device for a search into causal factors. Data collected from employee asset checklists, an inertia survey and/or "values for working" could serve as valuable inputs to the manager in determining remedial actions and investment trade-offs.

The near-term prospects of developing a common denominator that will permit precise calculation of the many and complex tradeoffs managers must deal with are dim. At this

point, cost/benefit analysis would require a highly subjective input about such things as the relative importance of maintaining or improving attitudes.

However, if enough people will experiment with this approach and contribute their expertise to improve these measurement techniques and to learn how to use them effectively, there is reason for optimism concerning the development of human resource decision models and information systems. In some areas it will probably be necessary to use non-metric scales-developing methods of comparison and qualitative measurements like those in "Values for working" and the inertia survey.

It is important to recognize the measurement problems and to seek solutions for them. At the same time, it would be disastrous to become so anxious for measurements that they are forced in situations where it is impossible to measure using present techniques. Finally, ignoring important factors just because they cannot be measured should be avoided. Measurement is better than intuition, but the intuition of an experienced and enlightened manager is better than either flipping coins or using pseudo-measurements.

The next chapter contains the empirical portion of this study and represents a first attempt to measure and compare disparate value systems and the factors influencing inertia in the business setting.

CHAPTER VII

A HEURISTIC FOR DEVELOPING EMPIRICAL SUPPORT AND ADDITIONAL INSIGHTS

For many research projects the key thrust is the collection and organization of empirical data aimed at testing a hypothesis. However, to develop a testable hypothesis requires the following prerequisites:

1. Development of mental concepts,
2. Modification of existing concepts,
3. Testing to establish if concepts are applicable to the real world,
4. Identification of relationships among concepts,
5. Confirming these relationships,
6. Isolation of testable hypothesis,
7. Testing hypothesis.

Previous chapters in this study were aimed at exploring steps 1, 2 and 4 as they apply to the development of a human resource model to increase human effectiveness and improve the quality of life. This chapter is a heuristic for developing empirical support and additional insights under steps 3 and 5 above.

The concepts presented in this study and their relationships are much too numerous to examine in one study.

Therefore, this chapter concentrates on only two elements of the model: values for working and the factors influencing inertia.

This pilot project attempts to gain insight into and understand implications of three basic questions:

1. Do employees actually have different value systems?
2. Do employees actually stay with an organization for different combinations of reasons?
3. Are there any relationships among demographic similarities, values and reasons for staying?

The findings presented in this chapter suggest an affirmative answer to all three questions. However, no claim is made that the results of this pilot project can be generalized beyond the employee groups in the sample. On the other hand, the instruments used should generate useful, even if different, information about other workgroups.

Background of the Pilot Project

Managers at Texas Instruments Incorporated expressed interest in this pilot project, and during the summer of 1972 donated both counsel and financial support for the collection and organization of empirical data. The pilot study involved more than 400 employees as sources for data collection.

Texas Instruments Incorporated is a well known company, and information on its size and scope of operations is

readily available. In general, it is a billion-dollar sales company manufacturing electronic and related products and providing geophysical exploration services. It has plants throughout the free world and employs in excess of 60,000 workers. The entire research project was undertaken at the company's largest plant site, located in Dallas, Texas.

The 406 employees used in the data collection process represented four key functions within the company: manufacturing (N=154), quality control (N=101), research (N=106), and personnel (N=45). It was impractical to randomly select from the nearly 20,000 employees located at the Dallas plant site. Therefore, the Director of Personnel suggested the inclusion of entire cost centers representing these four functions.

The study was conducted so as to preclude subsequent identification of the employees selected. Each employee completed three instruments (see Appendix):

1. Employee data checklist.
2. Values for working questionnaire.
3. Reasons for staying questionnaire.

The data collected from these instruments were linked by assigning a common identification number to all three documents.

Two methods were used in the data-gathering process. For the manufacturing and quality control employees, it was

practical to arrange mass meetings where employees could supply the required information. This approach was not practical for the research or personnel employees. Thus, the questionnaires were mailed directly to each employee's work location with a request to complete the questionnaires and return them, unsigned, to a predetermined mail station. The completed questionnaires received exceeded 90% of the total mailed. Over one-half of those employees not responding were on vacation and returned to work after the cutoff date. Therefore, it appears that the small percentage of "no replies" does not present any serious limitation on drawing conclusions from the data collected.

The input data were reviewed for completeness and entered into three computer data bases, one for each questionnaire. Using the common identification number it was possible to link the responses contained in all three instruments. For example, all male employees could be selected from the demographic data base and linked with the values for working data base to determine the values for working of male employees. Reversing the process, the highest value scores could be selected from the values for working data base and linked to the demographic data base to establish demographic information about employees with certain values. The following are a few examples of questions which would be answered using this technique:

- o Do managers stay for reasons different from those of non-managers?
- o Are the values for working of younger employees different from those of older employees?
- o What kind of employee (male, female, exempt, non-exempt, and so on) stay because they like their job?
- o What are the values for working of those employees who stay because they like their job?
- o Why do managers over 40, who have not had a promotion in 5 years and don't like their job, stay with the company?

The following summarizes some pertinent demographic information about the sample population. More complete and detailed data are contained throughout this chapter.

The sample population included 248 females (61%) and 158 males (39%). All female employees were paid hourly with the exception of two. In addition, 65 male employees were paid hourly, giving a total of 311 hourly (nonexempt), or 77%, and 95 salaried (exempt) employees.

In the manufacturing function, all but eight out of 154 employees were hourly workers, primarily female. In the quality control function, 82% of the employees were hourly, once again mostly females. Employees in the research and personnel functions were more evenly split between hourly

and salaried employees, approximately 55% hourly and 45% salaried.

Primarily two races were represented. Caucasian, approximating 85%, and Negro, approximating 12% of the total. In the Caucasian classification, 44% were male, and 56% were female. In the Negro classification, all but one were female.

A wide range of educational levels were represented. In summary, 24% had college degrees, 27% had received some college education, and 41% had only completed high school. The remaining 9% lacked a formal high school diploma. Of the 94 employees who were college graduates, 89% were male.

The majority (85%) were married, with the remaining 15% divided evenly between single or divorced employees. Approximately 80% of the employees owned their own home.

The average length of service was slightly under ten years. This was higher than expected. However, during the year preceding the data collection, Texas Instruments experienced the effects of a slight business recession, and hiring was restricted. In addition, many short-tenured employees voluntarily or involuntarily terminated employment. These events account for the greater proportion of long-tenured employees in the sample and also the higher-than-expected average age of 38.5 years. Only 15% were under 30

years old, with approximately the same percentage over 49 years old.

With this brief introduction to the sample population, the following section presents data concerning the comparative values for working of selected employee groups and some generalized implications of the findings.

Comparative Employee Values for Working

Values are relative just as tallness is relative. For example, to determine whether six feet is tall, one needs to determine some "norm." A six-foot individual on a midget basketball team is relatively tall. The same individual on a professional basketball team would be considered short. Similarly, when the raw scores are computed for the values for working questionnaire, they should be compared to some "norm" to determine whether the employee is, for example, relatively tribalistic or relatively existential.

Accordingly the value profiles of employees in this section are always presented in relationship to scores of some other employee group, the latter serving as a substitute for a norm. To develop "norms" for values for working would require inputs from a large cross-section of employees. This was impractical in this study; therefore, the comparisons and the implications thereof presented in this chapter are only suggestive and by no means conclusive.

Further, only group profiles are presented, and consequently some statistical clarifications are necessary to support the mechanics of constructing the value profiles. Briefly, the median score of one employee group is computed for each value system and then compared to the entire range of scores of another employee group. To illustrate, consider comparing the values of hourly employees and salaried employees. Assume that the median tribalistic score of the hourly group is 36. This raw score is then compared to the entire range of tribalistic scores of the salaried group to determine the appropriate percentile score. If the raw score of 36 fell at the 90th percentile of salaried employees it would be plotted at the appropriate position on the standardized value profiles used in this section.

The following comparisons represent seven of the more thought-provoking and useful comparisons disclosed by manipulating the data.

In sequence of presentation, the seven comparisons are

- o 248 female employees vs. 158 male employees
- o 94 college graduates vs. 312 non-college graduates
- o 146 hourly employees vs. 95 salaried employees
- o 60 non-white hourly employees vs. 86 white hourly employees
- o 60 non-white hourly employees vs. 95 salaried employees
- o 21 personnel managers vs. 95 salaried employees
- o 114 relatively "turned-off" employees vs. 292 relatively "turned-on" employees

Female vs. Male Employees

The central theme of the women's liberation movement is equal opportunity for all women. To gain more insight into the perpetual battle of the sexes, the values of 248 female workers were compared to those of 158 male workers. As the value profile shows, men and women are not equal.

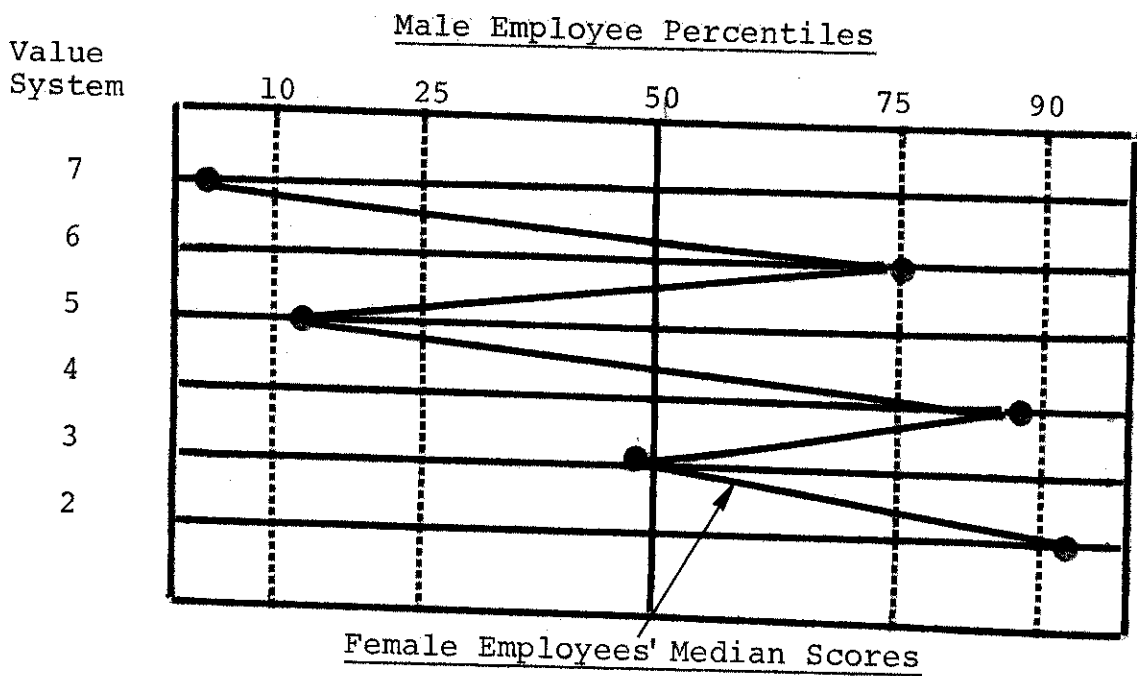


Fig. 14.--Value profile, male employees vs. female employees.

Psychologically not equal, that is. The high tribalistic and conformist scores of the women suggest the need for jobs where rules are carefully laid out by a strong, respected leader and where no favoritism is shown. It would be psychologically difficult for most women in this study to assume a management position where they would be required to run the corporate maze. Under the existing conditions in our free enterprise system, a manager must operate predominantly at the manipulative and existential levels of existence with strong traces of the conformist level in order to survive.

The value difference shown above between the sexes is not a "natural" law of psychological existence. Graves presents no evidence to suggest that women are not genetically or constitutionally equipped to move in the normal upward direction if the conditions of their existence change. The differences probably evolved through cultural conditioning and the existence of cultural barriers.

Prior to the recent women's liberation movement, a woman's role in life was generally subordinated to that of the man and restricted to the home. Their duties were to prepare meals, clean the house, take care of the children and do other such domestic chores. The tribalistic and conformist value systems fitted most comfortably with this culturally assigned role. Women could find peace and security and avoid decision making by adopting the husband

as their "tribal chieftain" and by following the clearly established rules of a religion. Equally, in the business setting, women can find peace and security by adopting the supervisor as their tribal chieftain and by following closely the "oughts," "shoulds" and "should nots" of bureaucratic rules and regulations. This kind of existence, while it might not appeal to most males, is for many females the only comfortable behavior. And, according to Graves, as long as dissonance or challenge does not enter the field and cultural barriers are not removed, women could remain at these levels of existence forever.

The barriers, however, are slowly being removed, and apparently dissonance and challenge is beginning to occur. If enough unrest is created, businessmen can expect a "new breed" of woman to enter the corporate doors. Not only will they be more educated, but also more manipulative, socio-centric and existential. Nonetheless, until this evolution becomes a reality, it might be wise for the leaders of the women's liberation movement not to push the equality theme into situations where it could put women at a psychological disadvantage.

College Graduates vs.
Non-college-graduates

Education is a key thrust in today's society. What the long-run effect of increased exposure to knowledge will be

on values remains an open question. It appears on the surface that education coupled with affluence has permitted some of today's youth to adopt sociocentric and existential values - at least while they're in the university setting. Carefully developed longitudinal studies are necessary to gain understanding of the effects of education on values. However, a snapshot comparison, as illustrated in the following profile, can provide some limited insight.

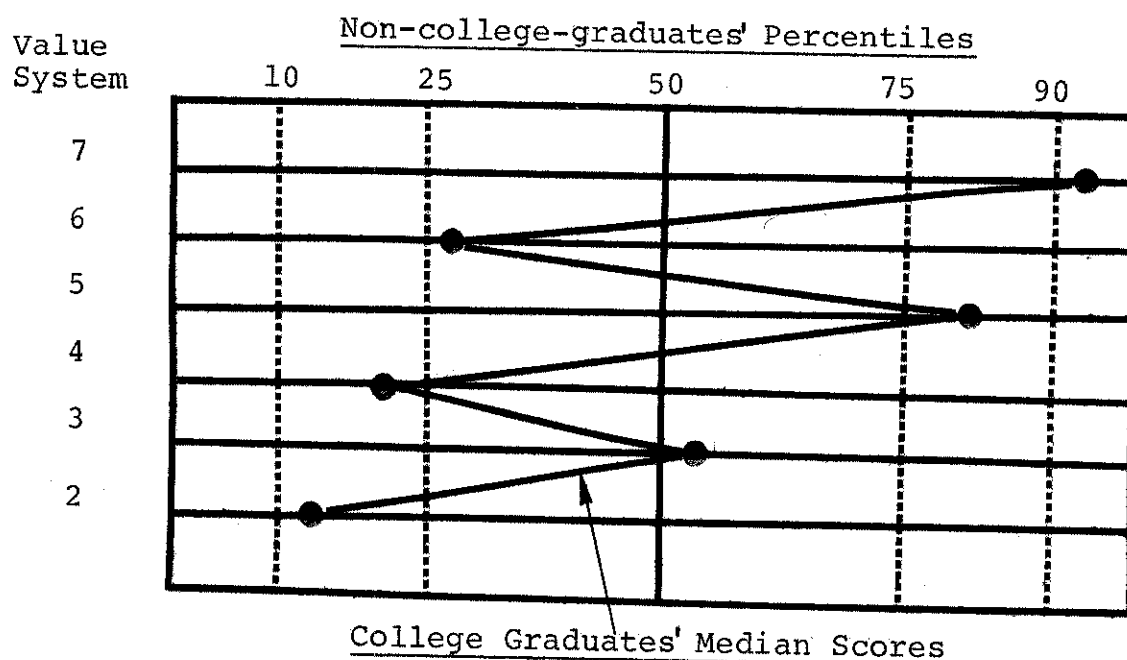


Fig. 15--Value profile, college graduates vs. non-college graduates.

This profile compares the values of 94 employees with college education to those of 312 non-college employees. Regrettably, there are some limitations on drawing any clear-cut conclusions from this profile. For example, all but ten of the college graduates were white males, and the vast majority of non-college-graduates were females. Thus it is difficult to clearly establish whether education or the culturally-assigned sex roles account for the difference in values. Intuition suggests that it is a combination of both factors.

However, without much controversy, it can be assumed that the awareness obtained from increased knowledge can act as a catalyst for the creation of dissonance and the removal of environmental and cultural barriers. This could put the value systems of those being educated in a state of readiness for change. If values do change in the normal upward direction suggested by Graves, then the thrust for education presents some hidden short-run problems for managers.

For example, the modus operandi of many organizations includes many simple repetitive tasks. Many other jobs require little tolerance for ambiguity and have rigidly-defined constraints. These jobs are not restricted to blue collar occupations but include some positions in accounting, engineering, nursing, systems and procedures, and other such disciplined occupations. The value systems best suited for

these kinds of jobs are probably tribalistic, conformist or some appropriate combination of these levels.

The question top management will eventually face is, "Who will fill these tribalistic and conformist jobs when there are few individuals who possess relatively high tribalistic or conformist values?" Automation or changing the job content are two possible solutions presently being tested in many organizations.

Investment in the education of employees, therefore, acts as a double-edged sword. The increased knowledge can be used to direct employee skills more effectively, but at the same time it may produce a gap between the values required by the job and the changed values of the employees. If organizations stand ready to provide educational programs to their employees, they must also stand ready to change the content of many existing jobs.

Hourly vs. Salaried Workers

Most conflicts that arise in the business setting seem to involve the management/labor split. To better understand the syndrome suggested by these labels, the values of 146 hourly manufacturing employees were compared to those of 95 salaried employees, as illustrated in Figure 16.

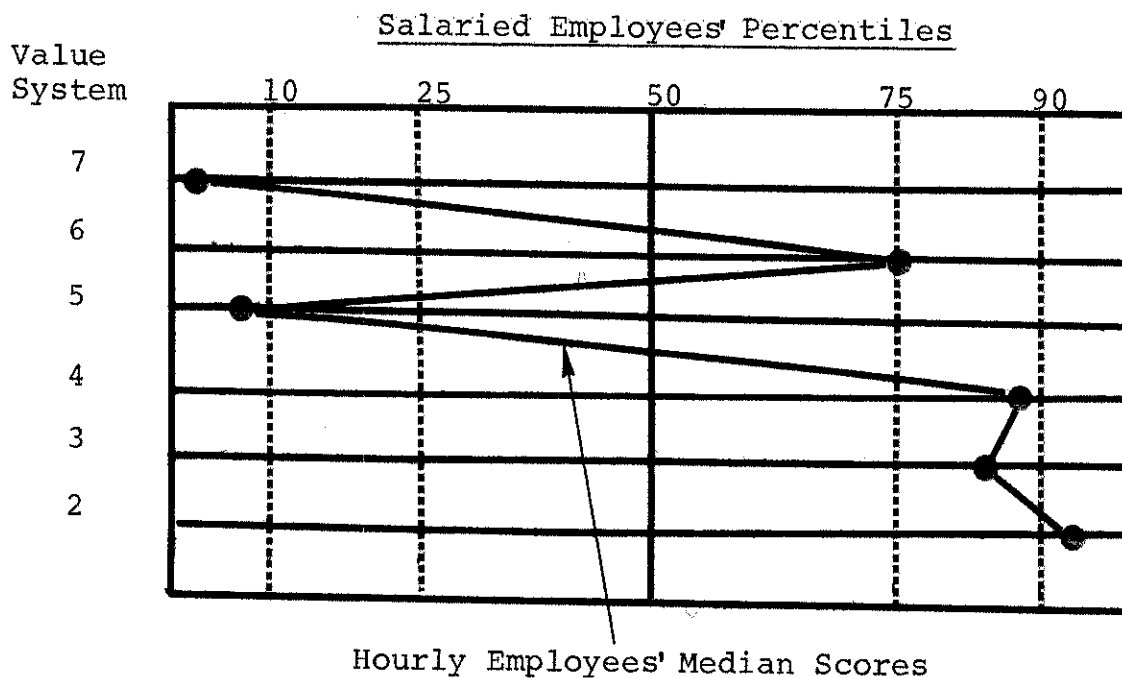


Fig. 16--Value profile, hourly employees vs. salaried employees.

The underlying source of conflict between these two employee groups is clearly shown in the value profile. The manufacturing hourly employees exist primarily at levels 2, 3 and 4, and the salaried employees at levels 5 and 7. This dichotomy of values is one reason that mirror management strategies to improve employee performance are so ineffective. If managers hope to improve performance of employees they must learn to communicate in terms of the employees' level; not level of intelligence, but level of psychological existence.

Non-White vs. White Hourly Employees

Although the overall value profile of the manufacturing hourly employees was about as expected, two specific features were disturbing. The median egocentric score was somewhat higher, and the median conformist score was somewhat lower than intuitively expected. This led to the speculation that there might be a sub-group within the manufacturing hourly employee group that tended to raise the median egocentric score and lower the median conformist score. The one sub-group comparison that shed some light on this matter was between the Caucasian and non-Caucasian races, as shown below.

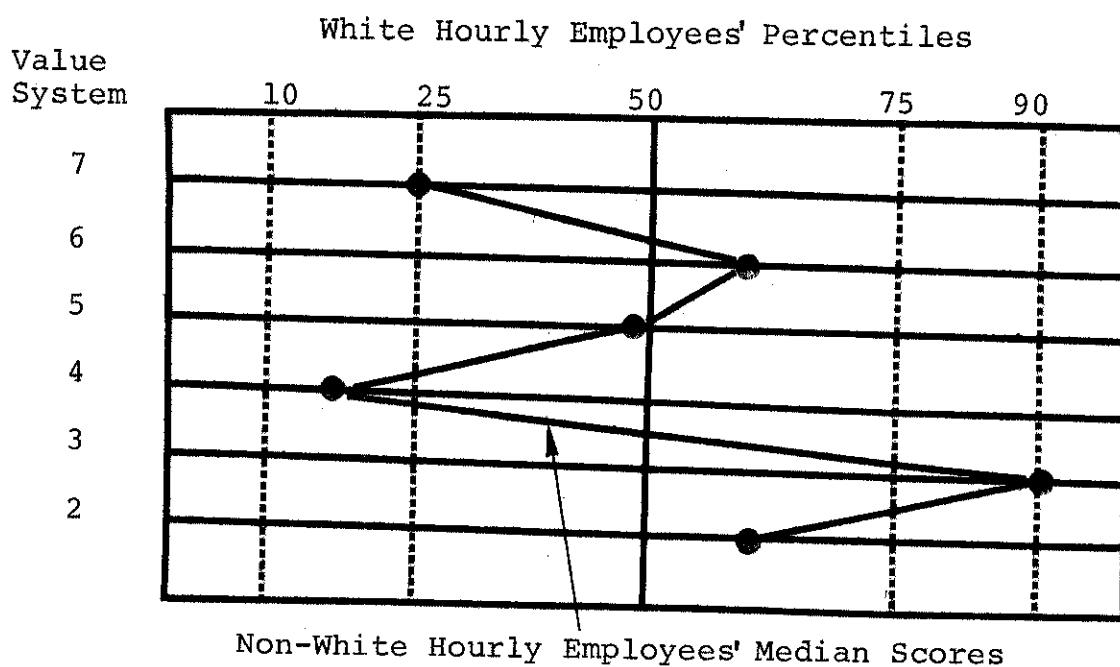


Fig. 17--Value profile, non-white hourly employees vs. white hourly employees

As the value profile shows, the egocentric scores for the non-white manufacturing hourly employees were relatively higher than those of their Caucasian peers. On the other hand, the conformist scores were lower. Again Graves presents no evidence to suggest that skin color influences an individual's level of psychological existence: the differences must be attributable to cultural conditions and racial barriers existing in our society.

Few people would deny that the minority races in America have been culturally and educationally disadvantaged during the past several hundred years. During the years of their enslavement by white tribal chieftains, they could survive only with the behavior manifested at the tribalistic level. Given the recent emphasis placed on equal opportunity coupled with an understanding of the Graves theory, it is not surprising to witness the emergence of egocentric values among the minority groups.

Non-White Hourly vs. Salaried Employees

The changing work ethic among the culturally disadvantaged (regardless of skin color) presents a significant challenge to modern business organizations. The challenge becomes obvious when the values of non-white manufacturing employees are compared to those of white salaried employees as shown in the following value profile.

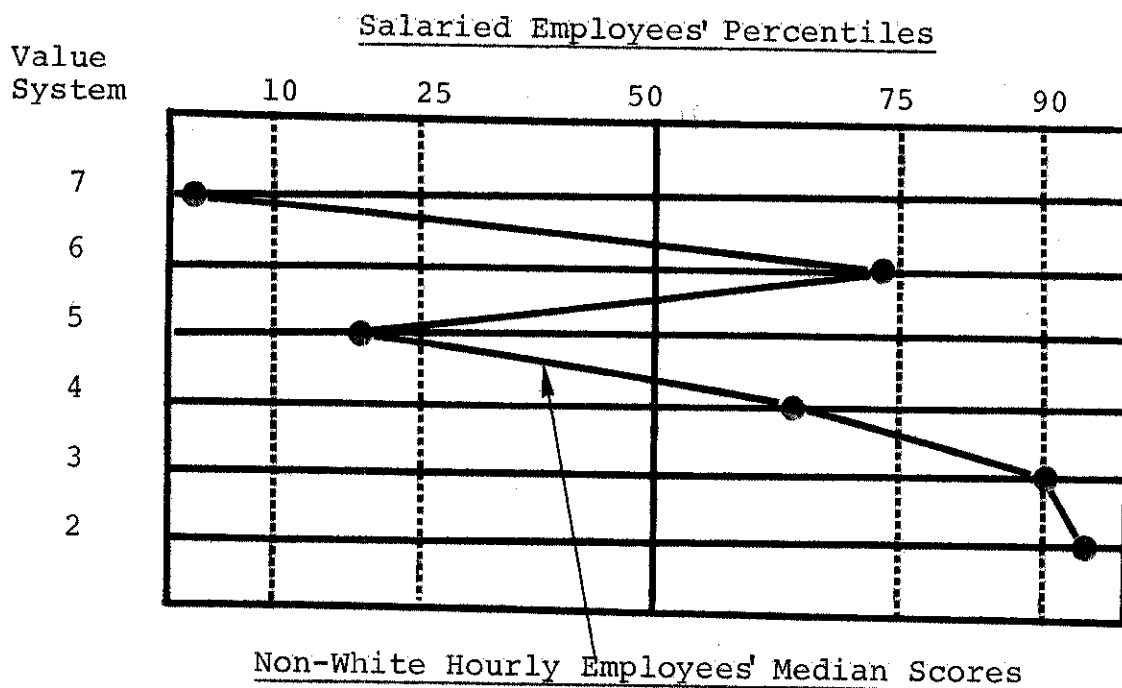


Fig. 18--Value profile, non-white hourly employees vs. salaried employees

Here the source of conflict is between managers' manipulative and existential value systems and the tribalistic and egocentric value systems of non-white manufacturing employees.

Exposure to this profile of culturally disadvantaged minorities also presents a challenge to the advocates of equal opportunity employment. It might be unfair to force minorities into job situations requiring levels 4, 5, 6 or 7 values and behavior if minorities are primarily at levels 2 and 3. The value mismatch might be too great to overcome,

rendering the employee both ineffective and alienated. This applies to any mismatch of job requirements and individual values and is not limited to minorities.

Personnel Managers vs.
Salaried Employees

In most organizations the challenge to improve human effectiveness and quality of life will fall initially on the shoulders of the personnel people. For this reason, it was useful to compare the values of the 21 personnel managers included in this study to those of other salaried employees.

Intuition might suggest that personnel people would have relatively higher sociocentric values than other salaried employees and probably were attracted to the function because they "like people." However, the following value profile refutes this notion in this case.

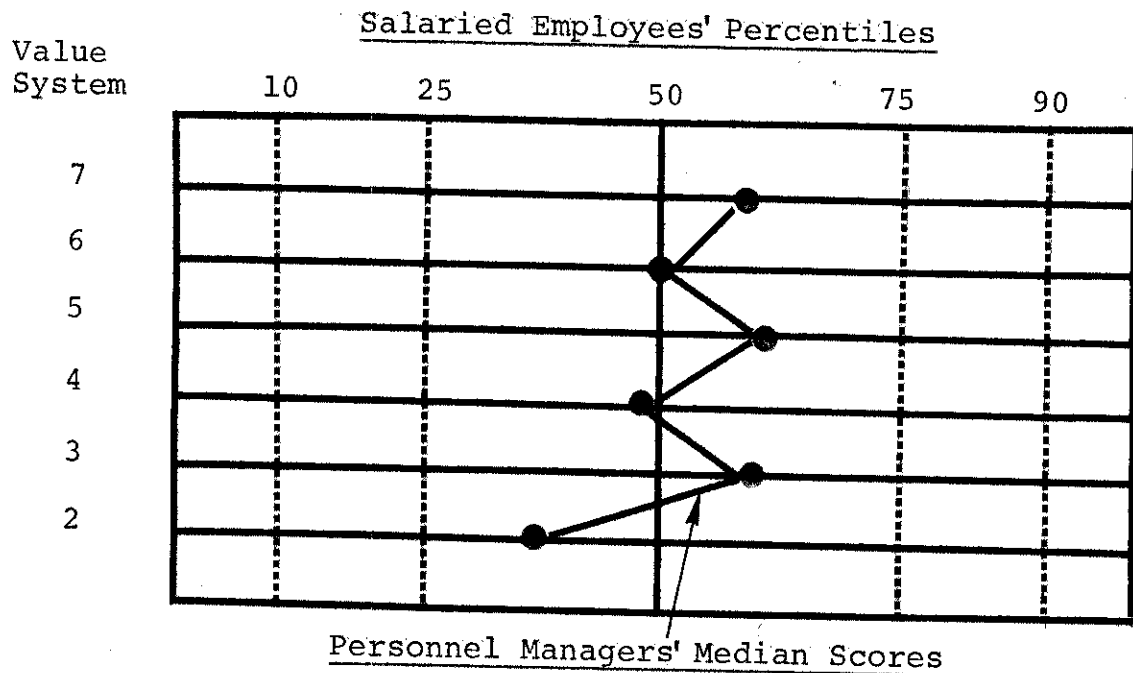


Fig. 19--Value profile, personnel managers vs. salaried employees.

The value profile of the personnel managers was almost identical to that of other salaried employees. Thus, given a propensity for mirror management, the design of personnel policies, procedures and practices is likely to be suited to the value systems of salaried employees, rather than to those of the majority of the employees whom the programs govern.

Turned-off vs. Turned-on Employees

As described previously, data were gathered relating to why employees stay. Among other questions, the 406 employees

were asked whether or not they liked their job and whether or not their jobs were among their reasons for staying with the company. The responses can be divided into three groups:

1. I like my job and it's a reason I stay here. 72%
2. I like my job but it's not a reason I stay here. } 28%
3. I don't like my job.

Employees in group one are the "turn-ons" or "turn-ons-plus." Employees in group two are close to the edge of becoming "turn-offs" or "turn-overs," and those in group three have already fallen over the edge.

The following value profile compares the values of the "turn-ons" or "turn-ons-plus" to those of employees in groups two and three.

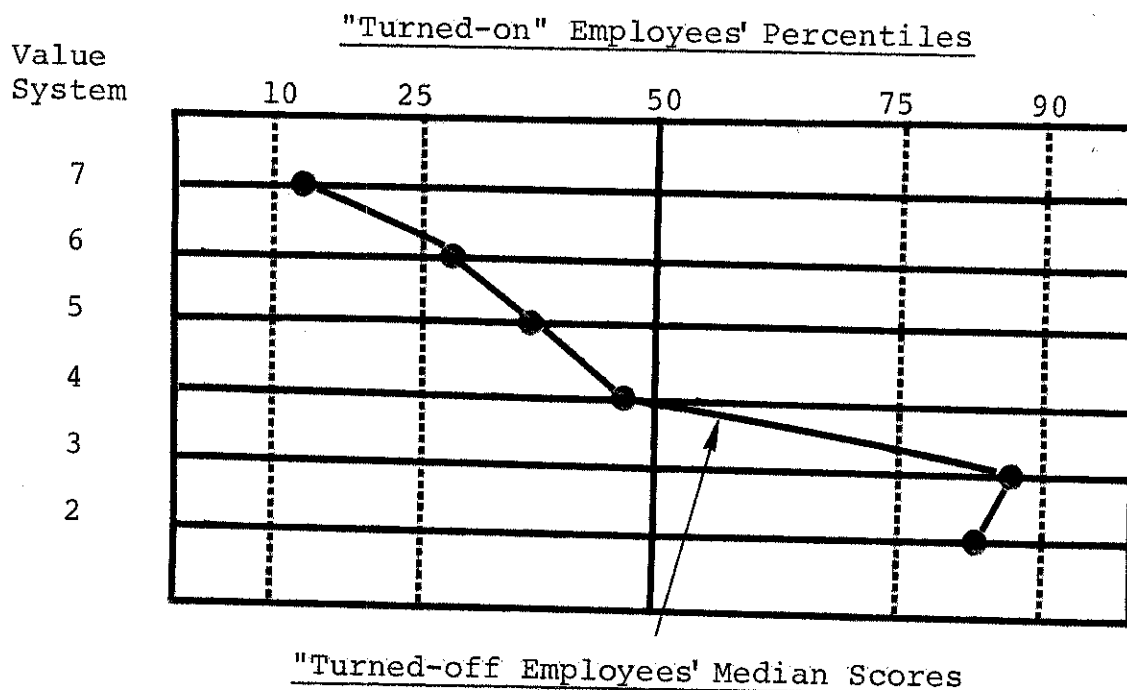


Fig. 20--Value profile, relatively "turned-off" employees vs. relatively "turned-on" employees

As the illustration highlights, the "turn-offs" or "turn-overs" had relatively high tribalistic and egocentric values. There are several possible explanations for this result. It is possible that these employees are moving through a normal upward progression of value systems and that their present job content is not compatible with tribalistic or egocentric values. It is also possible that these employees are in the "crises" stage described by Graves and are in a regressive search for older ways prior to their movement to a higher

state of being. Finally, it is possible that these employees are "locked-in" and have regressed to the egocentric and tribalistic level in order to survive in the corporate jungle. Whatever the reason(s), ways must be found to detect and eliminate these situations if managers want to maximize human effectiveness and improve the quality of life.

This kind of analysis adds a new dimension to the "blue collar blues." It is not the color of an employee's shirt that is the underlying source of conflict; it is the difference in values between those wearing the different colored shirts. It is a psychological, not a demographic, distinction.

The preceding seven profiles is keyed on the range of values for selected employee groups. The following section reverses the emphasis and presents a demographic profile of employees, scoring the highest (90th percentile or greater) in each value system.

Values and Demographic Data

Table V presents demographic information for those employees most closely representing each value system. Although 21 different kinds of demographic factors were analyzed, only the five shown in the figure were significant. Based on these data, employees scoring relatively high in each value system can be described as follows:

TABLE V

DEMOGRAPHIC INFORMATION BASED ON VALUE SYSTEMS

	Total Sample	Value System						
		2 %	3 %	4 %	5 %	6 %	7 %	
SEX:								
Male	39%	7*	15*	17*	79*	26*	81*	
Female	61%	93*	85*	83*	21*	74*	19*	
FUNCTION:								
Manufacturing	38%	70*	75*	55*	10*	55*	5*	
Q.A.	25%	20	10*	28	29	12*	12*	
Personnel	11%	0	5	7	19	10	22*	
Research	26%	10*	10*	10*	42*	23	61*	
JOB STATUS:								
Exempt	23%	0*	8*	0*	68*	7*	72*	
Nonexempt	77%	100*	92*	100*	32*	93*	28*	
EDUCATION:								
Non-High School Grad	9%	10	18*	15	0*	2	0*	
High School	41%	68*	35	58*	16*	69*	7*	
Some College	27%	22	38	25	20	25	19	
Bachelor's	9%	0	5	3	20*	2	14	
Master's	5%	0	0	0	16*	2	14*	
Ph.D.	10%	0	5	0	28*	0	43*	
RACE:								
White	85%	75	53*	79	93*	76	100*	
Non-white	15%	25	47*	21	7*	24	0*	
Number of Employees	406	40	40	41	40	43	41	

* = Significantly different from total

Sample percentage. (P= >.05, two tail test)

- o Tribalistic - An hourly female working in manufacturing with a high school diploma
- o Egocentric - A non-white hourly female working in manufacturing
- o Conformist - An hourly female working in manufacturing with a high school diploma
- o Manipulative- A white, salaried male working in personnel or research and having at least a bachelor's degree
- o Sociocentric- An hourly female working in manufacturing with a high school diploma
- o Existential - A white, salaried male working in personnel or research having at least a master's degree.

The net effect of the data presented thus far simply confirms something that most perceptive managers already recognize but at times are reluctant to admit: people are not basically alike. The important distinction however, is not related to skin color, sex or job responsibility, but relates to the differences in human values. It is easy to pass a law providing equal opportunity for minorities or females, but until the underlying value systems of these groups are understood and accepted, coerced human effectiveness without concern for dignity will prevail. Likewise, it is easy for organizations to adopt policies stating that

males with long hair are acceptable. However, until the values of the man wearing the long hair are understood and accepted, the policy is simply a linear string of symbols printed on a sheet of paper.

Laws can "force" or financially coerce management to accept any demographic distinction between employees, whether it be skin color, long hair or sex, but laws cannot "force" or financially coerce management to accept people for what they are instead of what managers believe they ought to be. This acceptance only comes from within people.

At this point, one interesting question might be, "If the values of hourly employees differ significantly from those of managers, and the tribalistic and egocentric employees being primarily hourly workers are 'turned-off,' why don't they leave?" The next section reverses the question and offers some insight into why they stay.

Why Employees Stay

This section offers an overview of the reasons different employee groups stay at Texas Instruments. Some of the detailed quantitative data, sensitive and deemed confidential by Texas Instruments, is not included in this section. Although the withheld details are interesting, they are not crucial for understanding the key points revealed.

Three basic employee groupings and their reasons for staying are presented in this section. The first groupings are based on demographic similarities among members of the group, such as race and education. The second groupings are based on similarities in the level of job satisfaction among members of the group. Employees who indicated that they enjoyed their jobs are compared to those who indicated they did not enjoy their jobs. The third groupings are based on similarities in values for working among employees. All employees scoring at or above the 90th percentile in each value system are grouped to determine their reasons for staying.

Regardless of whether the analysis is based on demographic, level of job satisfaction or values for working criteria, the respondents gave many reasons for staying. The reasons have been broken down into those relating to the environment outside the company, the external environment, and reasons relating to the work environment itself, the internal environment. Further, the reasons relating to the internal environment have been divided into (a) motivational factors, and (b) maintenance factors, in accordance with the two-factor theory of motivation as described in Chapter III. Each of the two bar charts presented in this section represents these two breakdowns. Each bar in the figure is divided into three parts:

1. Motivational factors in the company environment.
2. Maintenance factors in the company environment.
3. Factors in the external environment.

To prepare each bar chart, the ten reasons for staying cited most frequently by the members of a specific employee group were calculated and assigned to the three categories just listed. For example, employees with college degrees most frequently cited six relating to on-the-job motivation, three relating to job maintenance, and one relating to the environment external to the company.

The following presents reasons for staying of employee groups based on

- o Demographic Similarities
 - o skill level
 - o pay status
 - o race
 - o tenure
 - o education
- o Level of job satisfaction
- o Values for working
 - o Tribalistic
 - o Egocentric
 - o Conformist
 - o Manipulative
 - o Sociocentric
 - o Existential

Demographic Similarities

Figure 21 is an overview of the number of motivation, maintenance, and environmental reasons for staying, among ten employee classifications. The following five subsections disclose the differences in reasons for staying based on skill level, pay status, race, tenure, and education.

Skill level.-Table VI indicates that low-skill manufacturing employees stay primarily for maintenance or environmental reasons, many relating to the non-work environment. The seven reasons for staying that relate to the external environment were,

- o I wouldn't want to rebuild the benefits I now have.
- o I have family responsibilities.
- o It might be difficult to find a job outside the company.
- o I'm working to make ends meet.
- o I have good personal friends here.
- o I don't believe in jumping from company to company.
- o I wouldn't like to look for another job.

As the rank-ordered list shows, these employees will not remain on the payroll because of job satisfaction. To them, factors outside the company such as family and financial responsibilities, friendships and lack of perceived outside opportunities are more important reasons for

TABLE VI

COMPARISON OF TOP TEN REASONS FOR STAYING
 LOW-SKILLED MANUFACTURING (N=146) VS.
 MANAGERS AND PROFESSIONALS (N=95)

<u>Low-Skilled Manufacturing Top Ten Reasons</u>	<u>Freq. Cited</u>	<u>Mot.*</u>	<u>Maint.</u>	<u>Ext.</u>
1. I wouldn't want to rebuild the benefits I now have.	72%			x
2. I have family responsibilities.	69%			x
3. I like the benefits.	69%		x	
4. I can be sure of a job.	61%		x	
5. It might be difficult to find a job outside.	58%			x
6. I'm working to make ends meet.	57%			x
7. I have good personal friends here.	57%			x
8. I'm proud to work here.	57%		x	
9. I don't believe in jumping from company to company.	57%			x
10. I wouldn't like to look for a job.	52%			x
TOTALS		<u>0</u>	<u>3</u>	<u>7</u>
<u>Managers and Professionals Top Ten Reasons</u>				
1. I enjoy my job.	86%	x		
2. I like the freedom I have to plan my work.	76%	x		
3. I'm allowed to make good use of my abilities.	72%	x		
4. I'm paid fairly.	69%	x		
5. I like the working conditions.	68%		x	
6. I feel free to tell my supervisor what I think.	63%		x	
7. I'm proud to work here.	59%		x	
8. I like to live in this area.	58%			x
9. I have a good opportunity to get ahead.	58%	x		
10. My job is leading to the kind of future I want.	58%	x		
TOTALS		<u>6</u>	<u>3</u>	<u>1</u>

*Mot. = Motivational Factor in the Company environment.

Maint. = Maintenance Factor in the Company environment.

Ext. = Factor in the external environment.

staying. The three reasons cited most frequently by these low-skilled workers which related to the internal environment were,

- o I like the benefits.
- o I can be sure of a job.
- o I'm proud to work here.

These three maintenance reasons reflect the relative importance of the economic, security and status needs of this group of employees.

The reasons managers and professionals have for staying were significantly different. As Table VI shows, managers and professional employees stay primarily for reasons related to the work environment; six of the top ten reasons they cited for staying were related to motivation factors, specifically,

- o I enjoy my job.
- o I have the freedom to plan my own work.
- o I'm allowed to make good use of my abilities.
- o I'm paid fairly.
- o I have a good opportunity to get ahead.
- o My job is leading to the kind of future I want.

This rank-ordered list indicates that the growth, achievement, recognition, and responsibility needs of this employee group are being met. The three maintenance reasons cited most frequently by managers and professionals were,

- o I like the working conditions.
- o I feel free to tell my supervisor what I think.
- o I'm proud to work here.

The statement "I like to live in this area" was the only reason among the top ten of managers and professionals that related to the external environment. In comparison, this statement ranked twenty-seventh for low-skill workers.

These data suggest that the managers and professionals are more likely to be turn-ons, or turn-ons-plus, while low-skill manufacturing people are very likely to be turn-offs, locked in by environmental pressures. To illustrate the power of environmental pressure consider the following comparisons:

- o 72% of the low-skill workers but only 26% of the managers indicated that they stayed because they didn't want to rebuild the benefits they then had.
- o 57% of the low-skilled workers indicated that they stayed because they were working to make ends meet. This compares with 8% of the managers who cited this as a reason for staying.
- o Although both employee groups indicated that it might be difficult to find a job outside TI, 52% of the low-skill workers indicated that they wouldn't like to look for a job, as compared with only 13% of the managers who had a similar opinion.

- o The difference in the median age of these two employee groups was less than three years, yet 46% of the low-skill employees indicated they were too old to start over as compared with 14% of the managers who had this perception.

Pay status.-Table VII shows a difference in the reasons for staying between salaried and hourly employees. The vast majority of salaried employees were also managers or professionals; thus their reasons for staying are essentially the same as those just cited. The hourly group includes not only the low-skilled employees but also moderate skilled, technical and clerical employees. Further, the salaried employees were primarily males, and the vast majority of hourly workers were female, and therefore a male/female comparison is comparable to a salaried/hourly comparison.

The two most frequently cited motivational reasons for staying by the 311 hourly employees were, "I enjoy my job" and, "I'm paid fairly for the kind of work I do." The five maintenance reasons appearing among their top ten were,

- o I like the benefits.
- o I'm proud to work here.
- o I like the working conditions.
- o I can be sure of a job.
- o I feel free to tell my supervisor what I think.

TABLE VII
 COMPARISON OF TOP TEN REASONS FOR STAYING
 HOURLY (N=311) VS. SALARIED
 (N=95) EMPLOYEES

<u>Hourly Employees Top Ten Reasons</u>		<u>Freq. Cited</u>	<u>Mot.*</u>	<u>Maint.</u>	<u>Ext.</u>
1.	I like the benefits.	72%		x	
2.	I enjoy my job.	67%	x		
3.	I wouldn't want to rebuild the benefits I now have.	66%			x
4.	I'm proud to work here.	61%		x	
5.	I like the working conditions.	60%		x	
6.	I have family responsibilities.	60%			x
7.	I don't believe in jumping from company to company.	59%			x
8.	I can be sure of a job here.	55%		x	
9.	I feel free to tell my supervisor what I think.	52%		x	
10.	I'm paid fairly.	50%	x		
TOTALS			<u>2</u>	<u>5</u>	<u>3</u>
<u>Salaried Employees Top Ten Reasons</u>					
1.	I enjoy my job.	86%	x		
2.	I like the freedom I have to plan my work.	76%	x		
3.	I'm allowed to make good use of my abilities.	72%	x		
4.	I'm paid fairly.	69%	x		
5.	I like the working conditions.	68%		x	
6.	I feel free to tell my supervisor what I think.	63%		x	
7.	I'm proud to work here.	59%		x	
8.	I like to live in this area.	58%			x
9.	I have a good opportunity to get ahead.	58%	x		
10.	My job is leading to the kind of future I want.	58%	x		
TOTALS			<u>6</u>	<u>3</u>	<u>1</u>

*Mot. = Motivational Factor in the Company environment.

Maint. = Maintenance Factor in the Company environment.

Ext. = Factor in the external environment.

The external pressures which seem to lock in these hourly workers are the reluctance to rebuild the benefits they now have, family responsibilities, and the belief that an employee should not jump from company to company.

Race.-In the interest of assessing equal opportunity, the reasons for staying of whites and non-whites among hourly manufacturing employees were compared, as shown in Table VIII. Non-white minorities cited maintenance and environmental reasons for staying more frequently, without mentioning a single motivation factor among their top ten reasons. Caucasians also tend to stay because of maintenance and environmental reasons; although for this group, the motivational item "I enjoy my job" ranked eighth as a reason for staying as compared with seventeenth for non-whites.

External pressures for both groups were somewhat similar. However, the non-whites cited more frequently, "I'm working to make ends meet and don't want to take the risks in a new job," while the whites cited more frequently, "The company's been good to me and I don't believe in jumping from company to company."

Tenure.-People with less than five years of company service were compared with those with five or more, as shown in Table IX. Employees with shorter service stay for internal reasons, their inertia being strengthened by a

TABLE VIII

COMPARISON OF TOP TEN REASONS FOR STAYING
WHITE (N=86) VS. NON-WHITE (N=60)
HOURLY MANUFACTURING EMPLOYEES

White Manufacturing Hourly Top Ten Reasons	Freq. Cited	Mot.*	Maint.	Ext.
1. I like the benefits.	74%		x	
2. I wouldn't like to rebuild the benefits I now have.	73%			x
3. I have family responsibilities.	67%			x
4. I'm proud to work here.	67%		x	
5. I can be sure of a job here.	64%		x	
6. I don't believe in jumping from company to company.	63%			x
7. I have good personal friends here.	62%			x
8. I enjoy my job.	60%	x		
9. It might be difficult to find a job outside.	60%			x
10. I feel free to tell my supervisor what I think.	57%			
TOTALS		<u>1</u>	<u>4</u>	<u>5</u>
Non-White Manufacturing Hourly Top Ten Reasons				
1. I have family responsibilities.	76%			x
2. I wouldn't want to rebuild the benefits I now have.	64%			x
3. I'm working to make ends meet.	60%			x
4. I like the benefits.	60%		x	
5. It might be difficult to find a job outside.	56%			x
6. I have good personal friends here.	52%			x
7. I can be sure of a job here.	50%		x	
8. I wouldn't like to look for a job.	48%			x
9. I'm working to save some money.	48%			x
10. I feel free to tell my supervisor what I think.	40%			
TOTALS		<u>0</u>	<u>3</u>	<u>7</u>

*Mot. = Motivational Factor in the Company environment.

Maint. = Maintenance Factor in the Company environment.

Ext. = Factor in the external environment.

TABLE IX

COMPARISON OF TOP TEN REASONS FOR STAYING
LESS THAN FIVE YEARS (N=64) VS. MORE
THAN FIVE YEARS TENURE (N=342)

Employees with less than five years service	Freq. Cited	Mot.*	Maint.	Ext.
1. I enjoy my job.	86%	x		
2. I like the working conditions.	75%		x	
3. I enjoy working with my supervisor.	61%		x	
4. I'm allowed to make good use of my abilities.	59%	x		
5. I like the freedom I have to plan my work.	59%	x		
6. I'm proud to work here.	58%		x	
7. I feel free to tell my supervisor what I think.	56%		x	
8. I'm paid fairly.	55%	x		
9. I have a good opportunity to get ahead.	52%	x		
10. I like the benefits.	52%		x	
TOTALS		<u>5</u>	<u>5</u>	<u>0</u>
Employees with more than five years service				
1. I enjoy my job.	70%	x		
2. I like the benefits.	70%		x	
3. I wouldn't like to rebuild the bene- fits I now have.	63%			x
4. I have family responsibilities.	60%			x
5. I'm proud to work here.	60%		x	
6. I like the working conditions.	59%		x	
7. I don't believe in jumping from company to company.	58%			x
8. I'm paid fairly.	54%	x		
9. I feel free to tell my supervisor what I think.	54%		x	
10. I can be sure of a job here.	52%		x	
TOTALS		<u>2</u>	<u>5</u>	<u>3</u>

*Mot. = Motivational Factor in the Company environment

Maint. = Maintenance Factor in the Company environment.

Ext. = Factor in the external environment.

combination of job satisfaction and the job setting. However, after five years of service, environmental reasons begin to appear, while internal reasons tend to slip in relative importance. Some of the external reasons which begin to appear more frequently after five years are related to personal friendships, family responsibilities, difficulty in finding another job, being too old to start over, and rebuilding of benefits. In other words, most employees join a company because they want to. However, as they build family and economic responsibilities, these may displace internal reasons for staying.

Education.-Table X shows a similar relationship in educational levels. People with a bachelor's (or higher) degree stay because of motivation and maintenance reasons; whereas people without a college degree tend to stay for maintenance and environmental reasons. For the employees without degrees, the outstanding external reasons for staying relate to family responsibilities, financial pressures and personal friendships.

These comparisons based on skill level, pay status, race, tenure and education level, although meaningful in themselves, really suggest one significant dichotomy: the managing group versus the managed group. In other words, the higher paid, better educated male managers versus the

TABLE X

COMPARISON OF TOP TEN REASONS FOR STAYING
COLLEGE DEGREEED (N=94) VS. NON-COLLEGE
DEGREEED (N=312) EMPLOYEES

College Degreeed Employees Top Ten Reasons	Freq. Cited	Mot.*	Maint.	Ext.
1. I enjoy my job.	86%	x		
2. I like the freedom I have to plan my work.	71%	x		
3. I like the working conditions.	70		x	
4. I'm paid fairly.	69%	x		
5. I'm allowed to make good use of my abilities.	67%	x		
6. I like to live in the area.	58%			x
7. I feel free to tell my supervisor what I think	58%		x	
8. I'm proud to work here.	54%		x	
9. I have a good opportunity to get ahead.	51%	x		
10. My job is leading to the kind of future I want.	51%	x		
TOTALS		<u>6</u>	<u>3</u>	<u>1</u>
Non-College Degreeed Employees Top Ten Reasons				
1. I like the benefits.	72%		x	
2. I enjoy my job.	67%	x		
3. I wouldn't want to rebuild the benefits I now have.	65%			x
4. I'm proud to work here.	63%		x	
5. I like the working conditions.	60%		x	
6. I have family responsibilities.	60%			x
7. I don't believe in jumping from company to company.	59%			x
8. I can be sure of a job.	54%		x	
9. I feel free to tell my supervisor what I think.	53%		x	
10. I'm paid fairly.	50%	x		
TOTALS		<u>2</u>	<u>5</u>	<u>3</u>

*Mot. = Motivational Factor in the Company environment.

Maint. = Maintenance Factor in the Company environment.

Ext. = Factor in the external environment.

lower paid, less educated hourly (primarily female) employees. These data show that it is the managing group that tends to be "turned-on" by their job and that the managed group tends more towards the "turned-off" or "turn-over" classifications.

Historically, this locked-in, turned-off condition has been considered characteristic of manufacturing or unskilled labor categories, so the finding of this study should not be too surprising. However, recent reports of increased union interest at the managerial level in some U.S. firms suggests that it is occurring at higher levels within the organization. One study shows that alienation is not limited to the hourly ranks, but may occur at any level of an organization.¹

We live in a free society, where theoretically employee alienation cannot exist in the long run, because, to use an old management cliché, "If you don't like the job, you are free to leave." The next section tests this cliché and proves that it is about as naive as telling a monkey in a zoo that if he doesn't like his bananas, he should go back to the jungle.

Level of Job Satisfaction

Table XI shows the number of motivation, maintenance, and environmental reasons for staying among two employee

¹Alfred T. DeMaria, Dale Tarnowieski, and Richard Gurman, Manager Unions?, (New York, 1972).

TABLE XI

COMPARISON OF TOP TEN REASONS FOR STAYING
TURN-ONS VS. TURN-OFFS
(N= cannot be disclosed)

<u>Turned-on Employees Top Ten Reasons</u>	<u>Freq. Cited</u>	<u>Mot.*</u>	<u>Maint.</u>	<u>Ext.</u>
1. I enjoy my job.	100%	x		
2. I like the working conditions	78%		x	
3. I'm allowed to make good use of my abilities.	73%	x		
4. I'm proud to work here.	71%		x	
5. I like the benefits.	67%		x	
6. I'm paid fairly.	64%	x		
7. I feel free to tell my supervisor what I think.	61%		x	
8. I like the freedom I have to plan my work.	60%	x		
9. I enjoy working with my supervisor.	60%		x	
10. I don't believe in jumping from company to company.	58%			x
TOTALS		<u>4</u>	<u>5</u>	<u>1</u>
<u>Turned-off Employees Top Ten Reasons</u>				
1. I wouldn't like to rebuild the bene- fits I now have.	76%			x
2. I have family responsibilities.	76%			x
3. It might be difficult to find a job outside.	59%			x
4. I'm working to make ends meet.	59%			x
5. I like the benefits.	53%		x	
6. I'm too old to start over again.	41%			x
7. I can be sure of a job here.	41%		x	
8. I'm working to save some money.	35%			x
9. I wouldn't like to look for a job.	35%			x
10. I wouldn't like to relearn the policies of another company.	35%			x
TOTALS		<u>0</u>	<u>2</u>	<u>8</u>

*Mot. = Motivational Factor in the Company environment.

Maint. = Maintenance Factor in the Company environment.

Ext. = Factor in the external environment.

groups based on how they responded to the statement, "I enjoy my job here." The first group indicated that they enjoyed their job and that it was an important reason for staying (turn-ons). The second group of employees indicated that they did not enjoy their job (turn-offs). As the table shows, the turn-ons' top ten list included four motivation reasons, five maintenance reasons and only one external reason. On the other hand, the top ten reasons cited by those employees who indicated that they did not like their job included no motivation, two maintenance and eight external reasons. Each of these turned-off employees also indicated that he was not allowed to make good use of his abilities and that his job was not leading to the kind of future he wanted.

It is impossible to determine the influence of external pressures on the inertia of these turned-off employees or how far they can be pushed before they are forced to leave without additional information. However, by reviewing the reasons most frequently cited by these "turn-offs" shown in Table XI, coupled with a little imagination, some inferences can be drawn. In reality, the turn-offs are inmates in a corporate prison. For many organizations, this employee group may be few in number, but in an enlightened society a single member in this group may be one too many.

The reasons shown in Table XI for turn-offs are self-defeating and hardly could be considered the "right" reasons

for staying. These turn-offs have not yet affected turnover statistics, but still they may be having just as severe, or even a more severe, effect on the company. These employees see themselves as so locked in by the environment that they have little alternative but to stay; and therefore, the possibility of reduced productivity or behavior antagonistic to the organization is great.

It might be concluded at this point that level in the organization, race, tenure, education, and degree of job satisfaction determine why employees stay. Although these variables are obviously important, there is a factor more potent than any of these, namely the work ethic of the people involved in the study.

Values for Working

Figure 22 tabulates the top ten reasons employees stay, based on their psychological level of existence. Each row in the figure represents the reasons for staying of those employees scoring at or above the 90th percentile on the values for working questionnaire in each of the six value systems, that is, those employees who fit most clearly into each value system. Tables XII through XVII, following the bar chart, present details of the top ten reasons for each of the six value systems.

The figure shows a startling dichotomy. Employees possessing relatively high tribalistic or egocentric values

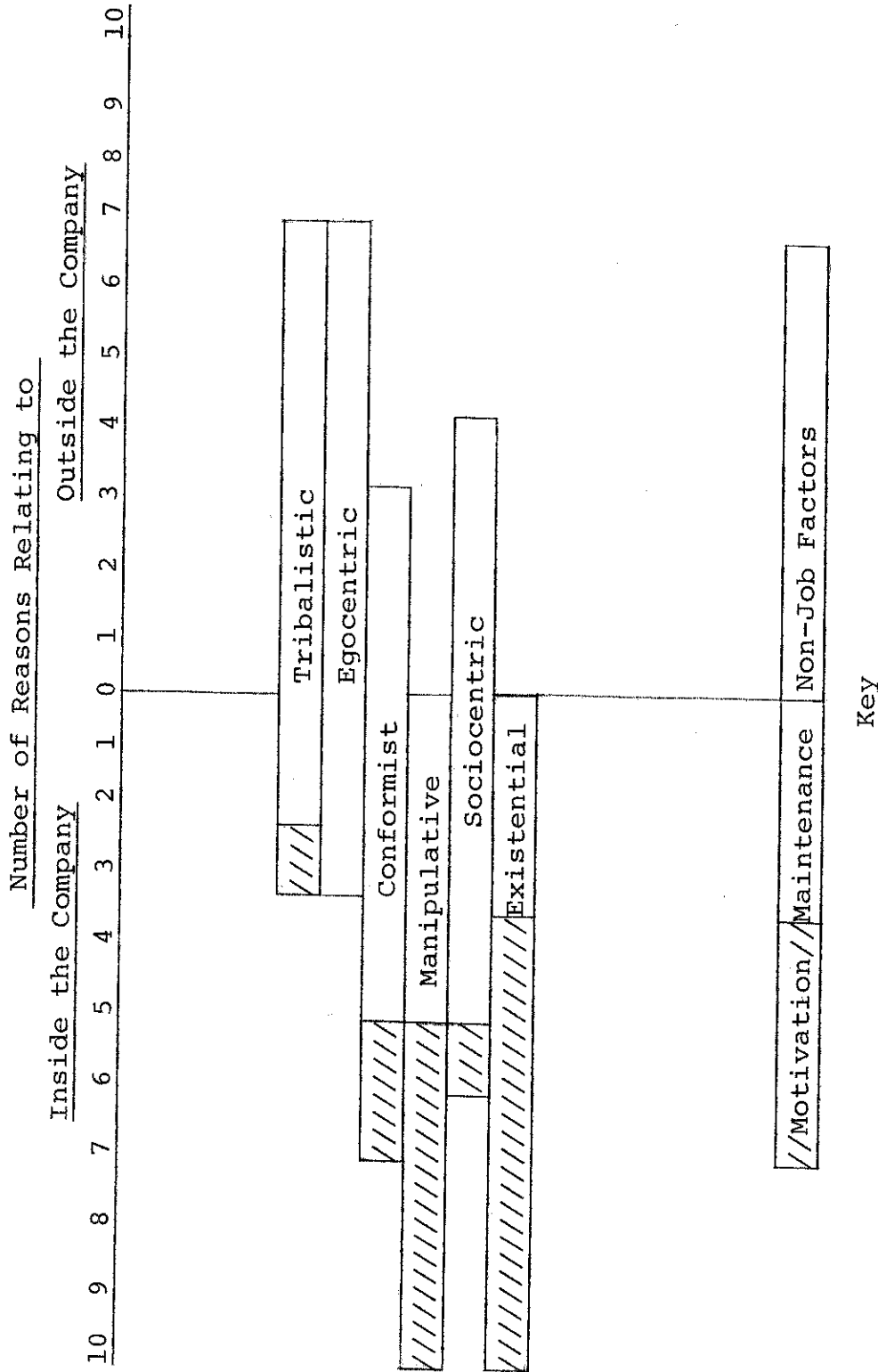


Fig. 22--Reasons for staying by value system.

TABLE XII
 TOP TEN REASONS FOR STAYING
 Employees with Highest Tribalistic Scores
 (N=40)

<u>Reasons for Staying</u>	<u>Frequency Cited</u>	<u>*Mot.</u>	<u>Maint.</u>	<u>Ext.</u>
1. I have family responsibilities.	72%			x
2. I like the benefits.	70%		x	
3. I wouldn't want to rebuild the benefits I now have.	67%			x
4. I'm working to make ends meet.	67%			x
5. I enjoy my job.	52%	x		
6. I'm proud to work here.	52%		x	
7. I have good personal friends here.	50			x
8. I wouldn't like to relearn the policies of a new company.	47%			x
9. I don't believe in jumping from company to company.	47%			x
10. I'm too old to start over again.	45%			x
		<u>1</u>	<u>2</u>	<u>7</u>

*Mot. = Motivational Factor in the Company environment.
 Maint. = Maintenance Factor in the Company environment.
 Ext. = Factor in the external environment.

TABLE XIII
 TOP TEN REASONS FOR STAYING
 Employees with Highest Egocentric Scores
 (N=40)

<u>Reasons for Staying</u>	<u>Frequency Cited</u>	<u>*Mot.</u>	<u>Maint.</u>	<u>Ext.</u>
1. I have family responsibilities.	65%			x
2. I wouldn't want to rebuild the benefits. I now have.	63%			x
3. I like the benefits.	63%		x	
4. I'm working to make ends meet.	52%			x
5. I have good personal friends here.	52%			x
6. It might be difficult to find a job outside.	47%			x
7. I'm working to save some money.	47%			x
8. I can be sure of a job here.	42%		x	
9. I'm proud to work here	42%		x	
10. I wouldn't like relearning the policies of a new company.	38%			x
		0	3	7

*Mot. = Motivational Factor in the Company environment.
 Maint. = Maintenance Factor in the Company environment.
 Ext. = Factor in the external environment.

TABLE XIV
TOP TEN REASONS FOR STAYING

Employees with Highest Conformist Scores
(N=41)

<u>Reasons for Staying</u>	<u>Frequency Cited</u>	<u>*Mot.</u>	<u>Maint.</u>	<u>Ext.</u>
1. I like the benefits.	78%		x	
2. I enjoy my job.	76%	x		
3. I don't believe in jumping from company to company.	71			x
4. I like the working conditions.	68%		x	
5. I'm proud to work here.	68%		x	
6. I feel free to tell my supervisor what I think.	66%		x	
7. I wouldn't want to rebuild the benefits I now have.	61%			x
8. I have family responsibilities.	59%			x
9. I can be sure of a job here.	59%		x	
10. I'm paid fairly.	59%	x		
		2	5	3

*Mot. = Motivational Factor in the Company environment.

Maint. = Maintenance Factor in the Company environment.

Ext. = Factor in the external environment.

TABLE XV
 TOP TEN REASONS FOR STAYING
 Employees with Highest Manipulative Scores
 (N=40)

<u>Reasons for Staying</u>	<u>Frequency Cited</u>	<u>*Mot.</u>	<u>Maint.</u>	<u>Ext.</u>
1. I enjoy my job.	79%	x		
2. I'm paid fairly.	63%	x		
3. I'm allowed to make good use of my abilities.	63%	x		
4. I like the working conditions.	62%		x	
5. I like the freedom I have to plan my work.	55%	x		
6. I feel free to tell my supervisor what I think.	55%		x	
7. I like the amount of teamwork here.	50%	x		
8. I'm proud to work here.	50%		x	
9. I enjoy working with my supervisor.	49%		x	
10. I like the benefits.	47%		x	
		5	5	0

*Mot. = Motivational Factor in the Company environment.
 Maint. = Maintenance Factor in the Company environment.
 Ext. = Factor in the external environment.

TABLE XVI
 TOP TEN REASONS FOR STAYING
 Employees with Highest Sociocentric Scores
 (N=43)

<u>Reasons for Staying</u>	<u>Frequency Cited</u>	<u>*Mot.</u>	<u>Maint.</u>	<u>Ext.</u>
1. I can be sure of a job.	74%		x	
2. I enjoy my job.	70%	x		
3. I wouldn't want to rebuild the benefits I now have.	70%			x
4. I like the working conditions.	70%		x	
5. I like the benefits.	65%		x	
6. I feel free to tell my supervisor what I think.	63%		x	
7. I have family responsibilities.	60%			x
8. I have good personal friends here.	58%			x
9. I'm proud to work here.	58%		x	
10. I don't believe in jumping from company to company.	58%			x
		<u>1</u>	<u>5</u>	<u>4</u>

*Mot. = Motivational Factor in the Company environment.
 Maint. = Maintenance Factor in the Company environment.
 Ext. = Factor in the external environment.

TABLE XVII
 TOP TEN REASONS FOR STAYING
 Employees with Highest Existential Scores
 (N=41)

<u>Reasons for Staying</u>	<u>Frequency Cited</u>	<u>*Mot.</u>	<u>Maint.</u>	<u>Ext.</u>
1. I enjoy my job.	90%	x		
2. I like the freedom I have to plan my work.	78%	x		
3. I'm paid fairly.	68%	x		
4. I'm allowed to make good use of my abilities.	68%	x	x	
5. I like the working conditions.	61%			
6. I feel free to tell my supervisor what I think.	61%		x	
7. I have clear work goal objectives.	59%	x		
8. My job is leading to the kind of future I want.	57%	x		
9. I'm proud to work here.	54%		x	
10. I have a good opportunity to get ahead.	51%	x		
		<u>7</u>	<u>3</u>	<u>0</u>

*Mot. = Motivational Factor in the Company environment.
 Maint. = Maintenance Factor in the Company environment.
 Ext. = Factor in the external environment.

stay mainly because of environmental reasons, whereas employees with relatively high manipulative or existential values stay primarily for inside-the-company reasons, many of which are motivational. As shown earlier in this chapter, the tribalistic or egocentric employees were located primarily in the low-skill, manufacturing functions and that manipulative or existential employees were located primarily in management, research, or professional positions.

These data once again illustrate the ego bias of managers in deciding on policies and philosophies of human motivation. By adopting theories of human motivation that appeal to their own individual value system, managers in reality are simply turning themselves on rather than turning on the majority of employees at whom the policies are directed.

Whereas age, length of service, type of work and skill level, race and education describe who stays, and for what reasons, the underlying value system offers some insight into why.

Summary

The data presented in this chapter highlight the need for managers to gain a greater understanding and appreciation of employees with differing values and reasons for staying. In seeking this understanding, it would be useful for a company to review all benefit, pay, location, and other

environmental factors as well as job satisfaction to determine whether people are staying for the right or wrong combinations of reasons, always keeping in mind that what is right or wrong to management may not have the same degree of rightness or wrongness to the employee.

The model for converting human resource investments into human effectiveness and improved quality of life is a human model. It was created by humans about humans and will be implemented by humans. We must be careful not to let empirical data manipulation destroy the human elements of the model, rendering it cold and unsympathetic to human emotion. We must also avoid giving cosmic validity to empirical data and using statistical results as a crutch to replace human judgment, responsibility and decision making. We sometimes get so caught up in statistical magic that we miss the forest for the trees.

The data presented in this chapter should be viewed as an exploration in awareness of the differences among people. Employees were grouped together out of necessity, not choice. In the real world, the ultimate grouping in terms of understanding people is none at all.

Converting human resource investments into human effectiveness and improved quality of life, therefore, requires the development of existentially managed organizations that truly accept and respect people with differing values. Only

then is it possible to develop strategies and reinforcements for employees to stay for reasons that are right for the individual, the organization and the society.

CHAPTER VIII

CLOSING COMMENTS

The overall objective of this exploration was to develop a human resource model and a heuristic for finding empirical support for this model to help businessmen increase human effectiveness and improve the quality of life. These two goals can be achieved if organizations provide conditions and opportunities that

1. meet employees' needs,
2. are compatible with employees' values, and
3. allow employees to gain the appropriate knowledge, skills and health requirements.

If the model approximates reality, organizations should find that employees are more likely to realize their potential, in terms of knowledge, skills, and health, as members of the organization when they are "turned-on" or "turned-on-plus."

Recapitulation

The model developed in this study related human resource investments and other factors to behavior on the job. The model contained five components:

1. Human Resource Investments
2. Factors Outside the Company
3. Outside Job Opportunities
4. Employee Values
5. Job Attitudes and Behavior

The model suggests that organizations invest directly and indirectly in their employees. The direct investments are aimed at

- o increasing job related knowledge
- o improving skills
- o maintaining employee health
- o meeting employee needs through work itself
- o meeting employee needs through factors surrounding the work itself.

This study touched lightly on investments in knowledge, skills and health and emphasized investments in work itself and the work environment.

It is easy to overlook the significance of indirect investments in human resources. However, the model suggests that investments in the community, for example, often have indirect effects on an employee's decision to remain an employee. The instrument called "Why Employees Stay" should help better to understand the influence of these factors on an employee's decision to remain with an organization.

Also, one must consider an employee's perceived outside job opportunities. An employee's perceptions of these opportunities are influenced by real changes in the job market and by self-imposed restrictions and personal criteria.

The study attempted to provide a better understanding of the power of this component by including statements in the "Why People Stay" questionnaire relating to perceived outside opportunities.

Where company investments, factors outside the company and outside job opportunities describe "What is," employee values determine what "ought to be." Not all people bring the same expectation to a job or want the same rewards. What satisfies some, turns off others. To be effective, a human resource model must, therefore, recognize the disparate value systems of employees. There are many value theories available. The one selected for use in this study is based on the work of Clare Graves. The dissertation explained his concept of values and presented empirical data that was collected using the questionnaire called "Values for Working."

The model described job attitude and behavior in terms of "Why Employees Stay." One cornerstone of the model is that employees stay with an organization because of inertia, i.e., the tendency to remain with an organization until some force pulls or pushes them into a change. The amount of

force required depends on the strength of inertia, which, in turn, is influenced by

- o Conditions inside the Company
 - o Work itself
 - o Work environment
- o Conditions outside the Company
 - o Outside job opportunities
 - o Outside maintenance factors.

The concept of inertia was analyzed and its practical implications were explored. Relevant empirical data was collected through the research instruments - "Why Employees Stay" and "Values for Working."

This study suggested new concepts and management strategies for increasing human effectiveness and improved quality of life. It emphasized the obvious fact that people have different values and stressed the importance of understanding these values. Although the study answered some questions, it raised many more than it answered.

New Questions for Organization Leaders

A better understanding of the components of the model, especially employee value systems, suggests a new line of questions for organization leaders and new opportunities for researchers in the fields of accounting, personnel, industrial psychology and economics. In the research area, it

will be necessary to conduct longitudinal studies to determine causal factors, obtain data from large numbers of people to establish norms, and use modern-day measurement techniques such as non-parametric, multidimensional scaling. Also, more refined measurement instruments need to be developed through validation and reliability testing. The following is a partial list of specific questions which, at present, are not fully explored and may lend direction to future research projects.

Employee Communications

Are present techniques and styles of communication geared to encompass all values of employees? Can a multi-value technique be developed that will reach all value systems simultaneously? Are leaders communicating to themselves about themselves rather than to employees in a way that really reaches them so they will respond positively?

Job Design

In terms of value systems, what jobs are organizations presently offering? Is a particular occupation best suited for a tribalistic, conformist employee, or some combination of values? In employment interviews, are value systems and jobs being matched?

Does job enrichment mean the same thing to all value systems? Is it feasible to permit all employees to plan and

control their own work? For example, do tribalistic employees really want to plan and control their own work, and are they capable of it?

Are people with certain values attracted to the job, or does the job content change the value system of the individual?

If the values of newer and younger employees are shifting toward existential and sociocentric levels, who in the future will fill the tribalistic and conformist jobs?

Management Systems and Procedures

What value system(s) is(are) implicit in most policies and procedures? If a management by objectives system is assumed to mirror the manipulative system philosophy, how can it be refined to work effectively with employees who have other value systems? Does a rigorous quantitative control system demanded by Systems 4 and 5 turn off Systems 6 or 7 employees?

Are present management systems changing the values of employees? Should they change the values of employees, or will that produce employee frustration and attitude problems?

What kind of supervision is best for each value system? What happens if a conformist supervises highly tribalistic people? Or if a sociocentric is in charge of an egocentric? What are the most effective combinations?

If younger people truly have value systems that differ markedly from those of a majority of older, more experienced employees, will the younger ones adapt to the values of the organization? Or will they produce an internal revolution if the organization does not adapt to theirs?

If there is a conflict between the value system of an employee and that expressed through the personnel management programs, how much does it affect his personal life? Or shouldn't the organization care?

Will organizations and their managers have to give up some materialistic corporate autonomy in the interest of the well-being of their employees in order to survive?

Growth Opportunity

What does "growth opportunity" mean to each value system? Towards which value system is the typical promotion and advancement system slanted? When performance of employees is appraised and reviewed, are tribalistic employees being forced to respond to manipulative patterns?

Are conformists who do outstanding work in a conformist job promoted to existential positions or vice versa, without regard for the possible impact of value conflicts?

When career development programs are designed, are they really designed for managers, under the assumption that all employees share the manager's views on advancement?

Pay and Benefits

Should flexible compensation programs be designed so each employee's values can be reflected in the reward system? Does the present retirement-plan concept work for all values, or is it primarily geared to tribalistic and conformist employees? Is it possible that pay is a motivator to people with certain value systems and a maintenance factor to others?

Equal Employment Opportunity

Is equal employment opportunity as described under the Civil Rights Act and affirmative action programs psychologically fair, or are people with tribalistic or egocentric values being put in jobs that require a manipulative value system?

What does "equal" mean to each value system? Since it is illegal to select employees except on the basis of their ability to do the job, how does one handle the possibility of failure because of differences between the values of the individual and the values of the organization?

If organizations decide that education is the solution to the culturally disadvantaged problem, will the organization be capable of handling the potential change in employee values?

Facilities

What are the expectations about working conditions of employees with the various value systems?

If an employee is highly sociocentric, should efforts be made to avoid isolating him from his peers with walls and partitions?

Does an employee's value system affect the way he reacts to the equipment he uses on his job? For example, what are the psychological effects of automation and assembly lines on sociocentric workers?

The foregoing questions and many others urgently need answers. A mirror manager could easily answer such questions without leaving his office. But, as stated before, he would simply be talking to himself about himself. The answers to many of these questions lie somewhere in the minds of the workers. Several techniques for eliciting these answers already exist - for example, work simplification meetings, participative management techniques, goal setting and problem solving sessions, brain-storming, or simply department meetings. Depending on the circumstances, any or all these techniques, or countless others, could be effective. However, regardless of the method selected, mirror management must be avoided. A manager must step through the looking glass and be capable of accepting people for what they are.

Otherwise, he will act as a filter for employee communications and find himself accepting only those answers which best fit his own value system.

Through-the-looking-glass Management

The classic fairytale of Alice tells us that she was able to step through a looking glass into a magical world. Managers must search for ways to duplicate this feat in the wonderful, or not so wonderful, world of work. In the fairytale, it may have represented an escape from reality. In the business world it represents a step towards reality.

Although Alice's kind of fantasy is not available to managers, there are tools that can help them duplicate Alice's feat. One of the most powerful is transactional analysis. The underlying concept of TA is best described simply as "I'm OK, You're OK."¹ The methods used in TA are aimed not only at getting people to accept each other, but also to accept themselves. When managers are willing and able to step through the looking glass and enter the world of workerland, the concepts presented in this study can be used to increase human effectiveness and improve the quality of life.

¹For example see, Thomas A. Harris, M.D., I'm OK -- You're OK, (New York, 1969), or Eric Berne, M.D., What Do You Say After You Say Hello?, (New York, 1972).

In summary, there is little doubt that the way employees perceive work, success and rewards is changing and that the changes must be taken into account. All of the value systems described in this study may exist and continue to exist, but the mix is likely to change. It behooves management, at all levels, to be aware of changing values and needs and to adjust organizational programs to make them more effective.

If organizations resist recognition of the change in values for working, stick to a single approach to people, retain the concept of the average employee, and continue to snap on golden handcuffs, then

- o employees with different values may not enter those organizations, but create their own (or take over existing ones);
- o present employees who are locked-in and turned-off may seek third-party intervention to guarantee their right to job satisfaction, or their real freedom to leave.

Organizations can avoid these consequences if they find ways to recognize and respond to the varying needs and values of their employees. A concern for productivity and morale has from time to time in the past forced management to reassess its way of doing business and of dealing with employees, and now that is step is necessary again. This study points out

that such reassessment should be continuous rather than intermittent or sporadic.

APPENDIX

EMPLOYEE DATA CHECKLIST

(Circle or Fill-In Answer - Do not identify yourself)

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Years with TI _____	Single	Married	Divorced	Married to Tier				
Miles from Home to Work -	Less than 1	1-3	3-5	5-10	10-15	15+		
Male	Female	Own Home	Rent	Other	Shift	1	2	3
Components & Materials			Equipment & Services			Corporate		
Type Function -	Manufacturing	Engineering	Marketing	Control	Q.A.	Personnel		
	Purchasing	Facilities	Research	Systems	Legal	Other		
Job Title or Classification - _____								
Age -	Under 20	20-24	25-29	30-39	Present Job Grade _____			
	40-44	45-49	50-54	55-59	60+			
Years since <u>last</u> job grade increase -	Haven't had one		Less than 1					
	1-2	2-3	3-4	4-5	5-6	6-7	7+	
Full Time Jobs before TI -	None	1	2	3	4	5	6	6+
No. of Children ()	Ages - Oldest first - () () () () () () () ()							
Your Education -	Grade School	Some High School		High School Grad.		Some College		
	Bachelors	Masters	Doctorate					
Race -	Caucasian	Austronesian	American Indian	Indian (India)		Negro		
	Oriental	Puerto Rican	Spanish American					
Citizenship -	U.S. Native		U.S. Naturalized			Other: _____		
Spouse's Occupation - _____								
Have you seriously considered leaving TI during the past six months?							Yes	No
How long do you plan to stay at TI? -		Less than 1 year	1-2 years		2-5 years			
		5-10 years	Over ten years		To Retirement			

WHY DO YOU STAY AT TI?

Many factors both inside and outside TI may influence a person's decision to stay at TI. For each of the following indicate whether the statement is (1) among your reasons for staying at TI or (2) has little or nothing to do with your staying at TI. If you disagree with the statement or it doesn't apply to you, check (✓) column (3).

	(1) Is one of the reasons <u>I stay at TI</u>	(2) Has little or nothing to do <u>with my staying</u>	(3) I disagree or it doesn't <u>apply</u>
1. I enjoy my job at TI.	()	()	()
2. I'm close to becoming vested in TI's retirement plan.	()	()	()
3. I wouldn't want to rebuild most of the benefits that I have built up like vacations and sickleave if I left TI.	()	()	()
4. I'm close to becoming vested in the TI Profit Sharing Plan.	()	()	()
5. I enjoy living in my present neighborhood.	()	()	()
6. I like the amount of cooperation between work groups at TI.	()	()	()
7. I wouldn't like to start all over learning the policies of a new company.	()	()	()
8. I like to live in the Dallas area.	()	()	()
9. I have a good opportunity at TI to get ahead if I want to.	()	()	()
10. If I were to leave TI I might have difficulty getting a fair price for my house.	()	()	()
11. I really enjoy working with my supervisor.	()	()	()
12. I have or will soon have children in college.	()	()	()
13. I like the working conditions.	()	()	()

	(1) Is one of the reasons <u>I stay at TI</u>	(2) Has little or nothing to do <u>with my staying</u>	(3) I disagree or it doesn't <u>apply</u>
14. It might be difficult to find the kind of job I want outside TI.	()	()	()
15. I'm a little too old to start over again.	()	()	()
16. I'm in the process of completing my education.	()	()	()
17. I like the amount of information I get about how well my work group is doing.	()	()	()
18. Compared to other areas, the cost of living in Dallas is good.	()	()	()
19. The traffic and congestion might be worse at another company location.	()	()	()
20. TI is convenient to my home.	()	()	()
21. I like the amount of teamwork in my group.	()	()	()
22. I have family responsibilities.	()	()	()
23. I wouldn't like to look for a job on the outside.	()	()	()
24. I am informed about the objectives of my department.	()	()	()
25. There is a chance companies may reject my employment application.	()	()	()
26. I have financial investments here.	()	()	()
27. I can be sure of a job at TI as long as I do good work.	()	()	()
28. It would be costly to relocate.	()	()	()

	(1) Is one of the reasons <u>I stay at TI</u>	(2) Has little or nothing to do <u>with my staying</u>	(3) I disagree or it doesn't <u>apply</u>
29. I'm working to make ends meet and I don't want to take the risks involved in a new job.	()	()	()
30. There are not too many unnecessary rules to follow at TI.	()	()	()
31. I don't have anything better to do and I'd probably get bored staying at home.	()	()	()
32. I like the freedom I have to plan my own work.	()	()	()
33. I couldn't afford the additional costs of parking, food, or dress required by some companies.	()	()	()
34. I wouldn't want to spend the time or energy required by a new job.	()	()	()
35. I feel free to tell my supervisor what I think.	()	()	()
36. I need the work experience for my career that TI offers.	()	()	()
37. I have good personal friends at TI.	()	()	()
38. I'm working to save enough money to buy some things and I haven't got there yet.	()	()	()
39. I am proud to work at TI.	()	()	()
40. I have family and relatives in the area.	()	()	()
41. I was raised in the area and wouldn't want to leave.	()	()	()
42. I am paid fairly for the kind of work I do.	()	()	()
43. Moving and relocating would be too much trouble.	()	()	()

	(1) Is one of the reasons <u>I stay at TI</u>	(2) Has little or nothing to do <u>with my staying</u>	(3) I disagree or it doesn't <u>apply</u>
44. There's very little favoritism at TI.	()	()	()
45. I have outside interests or activities I wouldn't want to give up.	()	()	()
46. I am allowed to make good use of my abilities at TI.	()	()	()
47. I might not get the needed insurance coverage I have now.	()	()	()
48. My job at TI is leading to the kind of future I want.	()	()	()
49. I enjoy the sports and recreation activities around Dallas.	()	()	()
50. I'm required at TI to do just about the right amount of work.	()	()	()
51. My job skills are specialized and I might not find many other companies who could use them.	()	()	()
52. I have clear-cut objectives on which to base my work goals.	()	()	()
53. I get paid more at TI than I probably would anywhere else.	()	()	()
54. I'm a very important factor in the success of my work group and it would be unfair if I left.	()	()	()
55. I don't yet have the "credentials" required by my profession.	()	()	()
56. The local tax rates are good where I live.	()	()	()
57. I like the TI benefits.	()	()	()

	(1) Is one of the reasons <u>I stay at TI</u>	(2) Has little or nothing to do <u>with my staying</u>	(3) I disagree or it doesn't <u>apply</u>
58. I wouldn't like to take my children out of the school they are in.	()	()	()
59. TI's been good to me and I don't believe in jumping from company to company.	()	()	()
60. I'm helping put my husband through school.	()	()	()
61 - 65. Please list any other factor(s) which has influence on your decision to stay at TI.			
61.			
62.			
63.			
64.			
65.			

Please review the items you have (✓) as "reasons for your staying at TI" and circle your Five (5) Most Important reasons.

PLEASE NOTE:

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UNIVERSITY MICROFILMS

Directions For each of the following questions show how much you agree with each of the six responses by assigning numbers to them -- the more you agree, the higher the number. You may assign the numbers in any way you choose, but they must total 12 in each case. For example, if you agree equally with all six responses you may assign 2 points to each. Someone else may assign all 12 points to one response. In the sample question below, a person assigned numbers as shown on the Answer Sheet; your choices would probably be different.

- Sample question: It is common practice for organizations to provide mid-morning breaks. During these breaks, I like to
- a- have some coffee while working
 - b- mingle with my friends
 - c- take a walk away from my area
 - d- go to a different coffee bar each day
 - e- have coffee with my boss
 - f- keep on working and not take a break

Please answer all of the questions in the same way according to your choice. Please do not write in this booklet, but place your answers on the Answer Sheet. Take all the time you need.

1. The kind of boss I like is one who
 - a- tells me exactly what to do and how to do it, and encourages me by doing it with me.
 - b- is tough but allows me to be tough too.
 - c- calls the shots and isn't always changing his mind, and sees to it that everyone follows the rules.
 - d- understands the politics of getting a job done, and knows how and when to bargain.
 - e- gets us working together in close harmony by being more a friendly person than a boss.
 - f- gives me access to the information I need and lets me do my job in my own way.

* This questionnaire is an extension and adptation of the Values for Living questionnaire developed by M. Scott Myers, Susan S. Myers and Clare W. Graves.

2. Merit pay is an increase in base rate earned by an individual through outstanding or unusual performance. For me, a merit increase
 - a- is an incentive to do good work and can lead to promotion and other successes.
 - b- is personally satisfying, but only if I have done something to earn it.
 - c- is a lucky break and is usually a result of having a good boss.
 - d- is good for those who receive them, but it can cause hard feelings.
 - e- tells me I have done a good job and my boss has rewarded me fairly.
 - f- isn't usually worth the extra effort and, besides, it usually goes to the boss's favorites.

3. All organizations have systems and procedures which people are expected to follow.
 - a- Systems and procedures are necessary for some purposes, but if a person is to get ahead he has to learn how and when to beat the system occasionally.
 - b- I hate systems and procedures that cramp my style, and I'll break the rules whenever I can.
 - c- Systems and procedures should serve only as guidelines and should permit people to be flexible and innovative, and even to violate the system, in achieving organizational goals.
 - d- Systems and procedures are frequently so rigid and impersonal that they interfere with the warm social relationships that I believe are important in an organization.
 - e- It's the duty of every person to follow systems and procedures exactly as they are defined in the manuals or explained by the supervisor. People shouldn't be allowed to bend the rules.
 - f- I prefer to have someone explain systems and procedures to me and to check with me once in awhile to make sure I'm not making mistakes.

4. More people work in large industrial companies than all other organizations combined. I believe that big companies
- a- and their employees should be dedicated to the goal of increasing profits because everyone benefits when this goal is achieved.
 - b- are doing their duty when they provide steady jobs and pay enough to allow us to earn a decent standard of living.
 - c- make fat profits at the expense of the workers.
 - d- must be concerned with ways for being successful while preserving the environment, promoting democracy, and producing what humans need, and not just what is profitable.
 - e- should take good care of us by giving us good pay, hours, and working conditions.
 - f- should support the causes of social and economic justice, provide a pleasant work climate, share profits with employees, and be careful in choosing their products and customers.
5. The work that a person does for his living is important to him in many ways. In my own case
- a- I prefer work of my own choosing that offers continuing challenge, and requires imagination and initiative.
 - b- I don't like any kind of work that ties me down, but I'll do it if I have to in order to get some money, then I'll quit and do what I want until I have to get another job.
 - c- I don't have the best job in the world and never will because I never had much of a chance to better myself, but I do as well as others with jobs like mine.
 - d- I have worked hard for what I have, and think I deserve some good breaks. I believe others should realize it is their duty to work and do as they are told, if they want to get ahead.
 - e- I am responsible for my own success; I am constantly on the lookout for new opportunities; and I play all angles which will lead to a higher position and greater financial reward.
 - f- I believe that doing what I like to do, such as working with people toward a common goal, is more important than getting caught up in a materialistic rat race.

6. A retirement plan is intended to provide income after retirement. In my opinion a retirement plan
- a- will help me face old age without worrying too much about money.
 - b- offers security and freedom for the future provided it doesn't develop too strong a dependency on the organization.
 - c- is the least the company could do for us, but I would prefer to have the money now.
 - d- is owed to us by the company to reward us for our faithful service.
 - e- is an organization's responsibility to its people and should provide enough for everyone to live comfortably.
 - f- provides future financial security, especially if you can get into a high-paying job before retirement.
7. Most jobs require that people try to stay healthy and avoid sickness. As for me,
- a- I believe that physical and mental health are related, and it's worth the effort to maintain them because they make living more enjoyable.
 - b- Sometimes I think that too much stress is placed on physical health and not enough on mental health.
 - c- I know the importance of having good health, but usually I get so busy that I don't have the time to keep myself as fit as I should.
 - d- I don't like to get sick, but when I do there's very little I can do about it.
 - e- When I'm feeling good I don't let anyone push me around; when I'm sick I usually get angry at what fate has done to me.
 - f- I think that it is each person's responsibility to stay healthy by developing clean living habits.

8. Money is important to me because
- a- it enables me to enjoy many friendships and to support worthwhile causes.
 - b- it buys freedom and the opportunity to be myself; having money is not as important as what I do with it.
 - c- it allows me to buy the things I need, such as a sharp car and clothes, and makes me feel like somebody.
 - d- it allows me to save for a rainy day, to aid the less fortunate, and to have a decent standard of living.
 - e- it pays for groceries, the rent, and other things I need to keep going, and because it will help me get out of my way of life.
 - f- it says I have "arrived" and I wish to maintain an attractive home, club memberships, and enjoy the respect of important people.
9. All organizations are comprised of people who provide products and/or services. In my opinion, the goals of an organization
- a- are my goals and it is my duty to support them, even if I don't agree with them.
 - b- should be directed toward getting a superior product out the door competitively.
 - c- should place less emphasis on financial and political criteria and more on serving the needs of society.
 - d- have nothing to do with me -- I just do my job as I'm told.
 - e- are not my goals -- the organization is for itself and I'm for myself.
 - f- should be defined with regard to financial success and impact on society.

10. The money received for working a regular workweek is called base pay. For me, base pay
- a- is what I count on each day to make ends meet.
 - b- is o.k. for meeting ongoing expenses, but I'm always on the lookout for opportunities to make more money.
 - c- is much too low and is an example of how management takes advantage of us.
 - d- represents an injustice when some people make so much more money than others do.
 - e- is necessary and important, but it is not as important as the kind of work I do.
 - f- is fairly set by management and I carefully plan how I save and spend this money.
11. Having freedom on the job seems to be important to many people. Job freedom, for me, means
- a- the opportunity to work where I want and have a steady job.
 - b- the opportunity to do what I want to do without neglecting the duties of my job, even if it goes against established rules, laws and customs.
 - c- having enough independence so I won't be pushed around by higher-ups in the company.
 - d- the opportunity to be friends with anyone without worrying about where they fit into the company.
 - e- not having to worry about my job, sickness, paying bills and other problems.
 - f- the opportunity to stand on my own two feet, not being held down and being allowed to pursue success without too much interference from supervision, management or anyone else.

12. The sharing of company profits with employees on the basis of an established formula is known as profit sharing. I think profit sharing is a good idea
- a- but I know that the company usually holds out on its employees.
 - b- because it shows that the company cares about its people.
 - c- but I don't think it gives the outstanding person a chance to receive what he deserves.
 - d- because it unites people in a common cause, but it would be better if all employees would share equally.
 - e- because it is a democratic process that enables people individually and collectively to earn their own rewards.
 - f- because we all have a chance to share equally according to our contribution to the company; and I think we ought to get rid of free-loaders.
13. Every company has both formal and informal rules. In my opinion, company rules are
- a- made by the top management for the top management and many rules don't give the employee a chance.
 - b- necessary to keep employees from doing the wrong things and protect us from people who want to break the rules.
 - c- best when they are few, and effective if they succeed in putting the burden of responsibility on the employees.
 - d- necessary to keep the trouble-makers in line, but I believe it's sometimes o.k. to break the rules in harmless ways.
 - e- useful only if they promote social and economic justice.
 - f- necessary to preserve order in the company, and employees who violate the rules should be told how important it is to follow the rules.

14. Every employee in one way or another is a member of a work group. I think a work group should
- a- be a democratically and socially oriented group, offering warmth and hospitality to its members.
 - b- stick together and the members should cover for each other when things get tough.
 - c- provide a framework for its members to be an effective team and at the same time to experience friendship, growth, disappointments, responsibility, and even anger and selfishness.
 - d- help a person succeed in his career, and not a group in which the boss's values are forced on the employees.
 - e- be a closely knit group, with a fair supervisor who enforces work values, eliminates freeloading, and rewards loyalty.
 - f- permit each person to go his own way and should not interfere with a person's freedom.
15. Paid time off includes vacations, holidays, sick leave and any other non-productive time for which employees receive regular pay. For me, paid time off
- a- is a well-earned rest and an opportunity to spend time with my family and in doing constructive things.
 - b- is an opportunity to meet social and civic responsibilities with my family and friends.
 - c- is an opportunity to be away from the pressure of the organization and to be one's self.
 - d- is something I look forward to with pleasure because it gives me a chance to rest up.
 - e- is one of the best things I like about my job, and I take as much time off as I can.
 - f- is sometimes very much needed, but I don't always like to take the time off that I'm entitled to.

16. A job description defines the responsibilities and duties which a person performs for an organization.
- a- I suppose job descriptions are necessary for recruiting new employees and for wage and salary administration, but if you want to get ahead you do a lot of things that are not in the description.
 - b- I like having a job description because it lets me know what is expected of me.
 - c- Most job descriptions are too impersonal -- they should place more emphasis on ways for people to enjoy each other socially while doing their work.
 - d- Traditional job descriptions serve primarily to provide jobs for people who write job descriptions. When job descriptions are necessary, a person should have a primary role in writing and updating his own.
 - e- A job description should let a person know where he fits into the organization and it is each person's duty to do his job as it is described.
 - f- One good thing about job descriptions is that they keep my supervisor from giving me assignments that are not part of my job.
17. A person's working life is considered his career. A good career for me
- a- is having a steady job where I can follow orders and not have to take responsibility.
 - b- is almost anything that would get me out of the rat race and let me call the shots for a change.
 - c- is one that allows me to be myself and to be involved in responsibilities that are important to me and to society.
 - d- is having a secure job which rewards me for loyalty, hard work and honesty.
 - e- is one in which I can take the initiative in finding continuous opportunity for advancement.
 - f- permits me to be a good person, with many friends, doing a job that is good for society.

18. Most jobs usually require us to get along with other people in the organization.
- a- I like achieving worthwhile goals and believe the best way to do it is to give all members of the work group access to information and the freedom to talk to each other regardless of differences in rank or function.
 - b- If you want to get ahead in the organization, it helps to be on good terms with the higher ups and not be seen too often with people at lower levels.
 - c- I don't want to get buddy-buddy with anybody, much less my supervisor.
 - d- I usually get along o.k. with people I work with, but the higher-ups and I don't have much to talk about.
 - e- My best friends are usually people at my own level. I respect the people above me and know my place when I'm around them, and I would expect the people under me to behave in the same way towards me.
 - f- I really like people and I want to work in an organization where I can talk to anyone regardless of differences in job status or level.
19. Working conditions usually refer to such things as air conditioning, lighting, parking facilities, noise level, eating facilities, cleanliness of work area, and the condition of the equipment. Good working conditions
- a- are usually provided to get more work out of us. It's the least the company can do considering how hard we work and how little we're paid.
 - b- is one way the company rewards its employees for loyalty and good work and even if they're not good, each of us should do the best we can.
 - c- are important as a measure of a person's status, and the higher a person goes in the organization, the better his working conditions should be.
 - d- are nice to have, but where I'm involved in some interesting work, I am usually not aware of my surroundings.
 - e- tend to improve relationships among people and should be provided as a duty of management.
 - f- are very important to me because they make the long hours on the job more pleasant and give me the feeling that management cares about us.

20. The information that would be most important to me at work

- a- is letting me know what is expected of me -- especially hearing it from a friendly supervisor.
- b- is evidence of a policy change that places more emphasis on achieving goals and less on hours of work or adhering to a system.
- c- is hearing that business is good, my job is secure, and my work is appreciated.
- d- is hearing that I have been promoted to a job that puts me in charge of a much greater responsibility.
- e- is hearing that certain people I know got fired.
- f- is news that we are going to introduce a new human relations program that will really make everyone feel at home in the company.

21. The kind of job I like is one

- a- which is full of variety, allows some free wheeling and dealing, and pays off as long as I get good results.
- b- which pays well and keeps people off my back.
- c- which is secure and where rules are followed and no favoritism is shown.
- d- which allows me to develop friendly relationships with my supervisor and others in my group.
- e- where the goals and problems are more important than the money, prestige or how it should be done.
- f- which has easy work, friendly people, fair pay, and above all, a good boss.

22. One measure of success of a business organization is the amount of profit it makes each year. In my opinion the profit a company makes
- a - is its primary reason for existing and is the most important measure of success.
 - b - goes to the people who already have a lot of money.
 - c - keeps the company strong so the employees can continue to have good jobs.
 - d - means little to me as there is nothing I can do about it.
 - e - is not as important as its products and services and the way it treats its people.
 - f - will be greater in the long run when the needs of the employees and the company are both considered.
23. Employees have often been rewarded for their loyalty to the company. To me, company loyalty means
- a - supporting the goals of the company as long as they don't go against one's principles.
 - b - sticking with the company through good years and bad, and making sacrifices when necessary to keep the company strong.
 - c - giving up my freedom and being an apple-polisher.
 - d - being on the job as much as I can and doing what I'm told.
 - e - commitment to a company that is concerned with the needs of society and its employees.
 - f - supporting the organization that lets me succeed.

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