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ABSTRACT

To investigate the effects of the employment policies and practices of New York City banks upon minority employment, six banks were selected on the basis of their higher than average minority group employment. Nearly 200 interviews were conducted with bank personnel, including policy formulators, policy executors, and lower level personnel. These nonstructured interviews, each of which was shaped according to the person interviewed, were supplemented by data collected independently by a few of the banks. The results show that many minority workers have been employed recently, but with quite limited upgrading and career mobility. Equal promotion opportunities will require the complete dedication of management, with promotion from within, accompanied by the necessary training to provide career opportunities for entry minority workers. Recommendations include: (1) establishing an internship program providing college tuition plus a salary for part time employment and full time summer employment, and (2) providing a variety of services such as day care, legal, and medical services for employees. (BH)

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NEW WORKERS IN THE BANKING INDUSTRY:

A MINORITY REPORT

June 1970

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This project has been prepared under contract #81-34-69-02 for the Manpower Administration, United States Department of Labor, under the authority of Title I of the Manpower Development and Training Act. Since contractors performing research under Government sponsorship are encouraged to express their own judgment freely, the report does not necessarily represent the Department's official opinion or policy. However, the contractor is solely responsible for the factual accuracy of all material developed in the report.

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Several colleagues provided assistance. Robert Lindsay aided with early advice while S. M. Miller gave some later suggestions. William Mangin read all of the interview protocols, and his observations were helpful during the early stages of the analysis. Morris H. Sunshine provided indispensable support and insights during the long days of data analysis and first writing. His contributions are woven throughout this report in too many ways to enumerate. Suffice it to say his wisdom has singularly operated to improve this manuscript.

Unfortunately, those who have contributed most directly to the research, the employees of the banks, must remain anonymous. The cooperation we received at every level was extraordinary. The banks were under no obligation, save their own commitment to equal employment policy, to share their progress, problems and prospects with us. This compulsion

was strong enough with some individuals so that they gave unstintingly of their corporate and personal time. A debt of gratitude is owed them. Their participation in this project in no way commits them to the findings. In several instances there may be differences of interpretation or nuance; it is impossible to describe a dramatic and significant experience involving thousands of individuals to everyone's satisfaction. Hopefully, what we have produced is accurate; at the moment accuracy seems more important than satisfaction.

I am also grateful to the Department of Labor and, specifically, to Mrs. Ellen Sehgal and Mr. Richard Fogarty of the Office of Manpower Research and Evaluation. Their patience and comments have been most helpful. Mr. Jerome Krase, a graduate assistant in the New York University Department of Sociology, provided assistance for the statistical analysis in Chapter 3.

Finally, although many persons have helped along the way, the accuracy of this report is the responsibility solely of the author.

R. David Corwin

## Preface

The motivation for the research presented in this report emerged from the Equal Employment Opportunity Commission (EEOC) Hearings on white-collar employment held in New York during January 1968. The hearings made it clear that within particular industries there was substantial variation in equal employment opportunity policy and practice. It seemed reasonable that an examination of those firms with the best records might produce something of value for the development of EEO programs. This, in turn, led to an examination of employment practice in selected New York City banks.

In recent years, several major New York City banks responding primarily to an extraordinarily tight labor market have employed large numbers of minority workers. During 1969, for example, one bank hired almost 3,000 minority employees, while another hired close to 2,500. Clearly, banks have been in the vanguard in accepting the importance of hiring minority workers, and for this they should be applauded. The question for the banks -- and for the society -- is what is the next stage?

For the most part, the jobs are of the low-paying clerical variety which provide only limited opportunity for occupational mobility. Thus, the banks now face issues which result from long term structural problems in the society; problems of upgrading and hiring at the upper occupational levels, problems which flow as much from class considerations as from race. Developing strategies for change in these areas is the next crucial stage. As of now, it can only be said that the banks are doing a good job in a society which is failing. What follows is a discussion of the banks and the society.

Hopefully, this report conveys the spirit as well as the facts of the equal opportunity emphasis now manifest in some New York banks. Indeed, the willingness and determination of several key individuals within the banking community to urge equal employment action upon their colleagues and their institutions is one of the central facts associated with the rapid increase of minority employees in the banks. This report points to significant changes in the job and labor markets which helped create opportunities for minority workers. But these changes alone do not account for all of the increase in minority employment. The real acceleration has been provided by a responsive, energetic and willing management. While some management cite how little they control, it is extraordinary to observe what others have accomplished.

What has been accomplished by the banks in this study includes a massive outreach recruitment program and major reevaluation of hiring standards often involving a suspension of formal hiring recruitments. The result of these actions has been a surge of minority hiring to the point where minorities account for almost one-half of the new hires in several of the banks. As noted, the bulk of the new minority hires are at the low-level clerical positions, but they are by no means restricted to those jobs. Minorities now hold jobs as tellers, computer programmers and professionals plus a variety of other middle-level positions. Further, the personnel departments of the banks have seen the emergence of a rational bureaucracy within their departments in place of outdated systems of recruiting, hiring, training and promotion. Although minorities have been the chief beneficiaries of the new policies, personnel officials agree that the net result has been an improved personnel system for all employees.

The scenario for the report is as follows: After a brief introduction including methodological considerations, we discuss the demand for workers in the banks and the nature of the supply. Then, we turn to a description of the banks and the vital elements of the employment sequence -- recruiting, hiring, placement, training, promotion and retention. We close with a discussion of social change and social policy.

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## Chapter 1

### Introduction, Research Objectives and Methods

In the United States racial discrimination is durable and highly resistant to change. Nevertheless, in a few instances, patterns of discrimination have been broken. The present study focused on examples of successful attempts by the New York banking industry at hiring minority group members for white-collar jobs -- the largest source of new jobs in the United States.

Traditionally, racial discrimination in jobs has taken three forms: 1) an excessive rate of minority<sup>1</sup> unemployment, 2) a severe underrepresentation of minority employees in certain industries, and 3) a non-random distribution of employed minorities in the occupational hierarchy. Even though the industry described in this report -- banking -- ranks high in overall employment of minority groups, Negroes and Puerto Ricans are underrepresented in white-collar jobs, i.e., they are employed at a rate considerably below their proportion of the population.<sup>2</sup>

One of the critical facts demonstrated by recent research is the wide variation in discriminatory employment practices between and within industries.<sup>3</sup> Recently a major study of the national banking performance in this area has been completed by Armand J. Thieblot, Jr.<sup>4</sup> That report, more than the present study, demonstrates this fact for the banking industry.

As a recent Equal Employment Opportunity Commission (EEOC) report says,

Industry averages tell only an incomplete story. There are significant variations in minority white-collar employment among the dominant employers in each segment

of the financial community. This variation suggests strongly that it is the difference in application of equal employment policies and practices which produce such varying results.<sup>5</sup>

It is generally agreed that this variation (a) belies the allegation that qualified minority workers are seldom available and (b) reflects differential commitment by senior management to hiring and employment principles consistent with fair employment practices.

In line with this, banking management in several large New York City banks has begun to develop programs specifically designed to increase employment opportunities for minority members. Some programs have been in progress for several years while others are of more recent vintage; some have been undertaken with assistance from federal manpower programs. Regardless of the differences between the various projects and their relative success, all of the special programs have a similar goal: to expand the number of minority group white-collar employees.

#### I. Specific Research Objectives

The objective of this report is to examine current management employment policies and practices in the New York banking industry insofar as they affect the representation and distribution of minorities in the occupational hierarchy of the firm and, so far as possible, to emphasize the identification of factors that may facilitate social change. This objective can be resolved into several broad questions and a series of subquestions, the answers to which constitute the core -- and provide the organizational anatomy -- of this report.

The questions are as follows:

- A. How do labor market conditions and the banks' personnel requirements influence the number and occupational distribution of minority employees

within the industry? (See chapter 2.)

B. How is management responding to the problem of matching its personnel requirements to the labor supply? (See chapter 3.)

C. Specifically, are the recruitment policies producing a sufficient number of job applicants to satisfy its needs? Do these policies expand minority group occupational opportunities? (See chapter 4.)

Are hiring practices producing a sufficient number of new employees? What is the impact of these practices on minority group representation in the industry? (See chapter 5.)

What are management's practices with respect to initial job assignment? How do these practices affect the distribution of minorities in the bank's occupational structure? (See chapter 5.)

How are the employees trained for the initial job role in the bank? How are training programs being adapted to the influx of minority personnel? (See chapter 6.)

What are the characteristics of promotion practices in banking? How do these practices affect the occupational mobility of minority employees? (See chapter 7.)

How do banks develop an officer staff? How are minority management trainees affected by these policies? (See chapter 8.)

How able is banking management in retaining employees? How effective is it in retaining minority employees? (See chapter 9.)

D. What are the social forces that may facilitate or inhibit changes in minority manpower utilization in the field of banking? (See chapter 10.)

E. Using the experiences of the sample banks, what manpower policies can public and private institutions implement to expand occupational opportunities for disadvantaged segments of the population? (See chapter 10.)

## II. Research Methods

### A. Research Strategy and Sampling Plan

In this research the case study was utilized to develop the data. The banks described in this report were chosen because their percentage of minority group employees were appreciably greater than the industry average for New York City. Five had the highest average percentages for years beginning January 1967, 1968, 1969; the sixth was among the top ten.<sup>6</sup> The first five are large commercial banks; the sixth, although much smaller than the others with regard to number of employees, is, nevertheless, among the largest saving banks in the city. Taken together, the six banks studied in this research employ over 80,000 workers and account for 70 percent of all bank employees in New York City.

These choices were dictated by the realities of the situation. Our experience showed that those banks with relatively small percentages of minority employees would not extend sufficient cooperation to the research team. That being the case, there are restrictions upon our ability to interpret the data unequivocally; technically, the dependent variable, minority manpower utilization, lacks sufficient statistical variation for some purposes. To be exact, the sample will not enable us to identify with certainty the necessary and sufficient conditions that determine the extent of minority manpower utilization. Under the circumstances it should be understood that the descriptions and explanations offered in this report are reasonable and consistent with the available data but are less secure than one would like.

### B. Sources of Data -- Interviews

The research was conducted from November 1968 through August 1969. Information was elicited by means of non-structured focused interviews as

well as by the examination of such documents and records as were available. Non-structured focused interviews have been described as follows:

The interviewer has a framework of questions he wants answered. The manner in which the questions are asked and their timing is left largely to his discretion. He has freedom to explore the reasons and motives to go further in directions that are unanticipated; although he is free to allow the respondent to express his own line of thought, the direction of the interview is clearly in the hands of the interviewer. He wants definite types of information, and part of his task is to confine the respondent in the discussion of issues in which he wants knowledge.<sup>7</sup>

The actual interview schedule included individuals in the main offices, local branches, field recruitment stations. Respondents included higher bank officials, recruiters, test administrators, trainees and line personnel. In short, interviews were conducted with three kinds of respondents: policy formulators; policy executors; and those governed by policy. In all, almost 200 interviews were conducted. The actual number of interviews varied from bank to bank depending upon organizational size and complexity. However, by contacting the full range of persons likely to be involved in minority group relations, it was possible to develop an understanding of the operations involved in the recruitment to promotion process.

Each interview was shaped with regard to content according to the person who was being interviewed. When interviewing the senior vice president for personnel, the whole range of problems associated with minority groups in the banks -- hiring, training, recruiting and promotion -- were the subjects which formed the content of the interview. On the other hand, when interviewing a first-line supervisor, the interviews focused on training and promotion.

The interviews were conducted at the banks often in the work setting



of the interviewee. Thus, the researchers were allowed to observe some of the social processes and operations associated with the banks. One important benefit of this method was to introduce the researcher to the social climate of the bank and to provide the interviewers with a personal chance to compare their own impressions of the situation with what was being reported in the interviews. The interviewing, then, had a double value: 1) to record the concrete testimony of our informants and, 2) incidentally, to provide a perspective from which this testimony could be critically interpreted and evaluated.

#### C. Other Sources of Information

Interviews were the primary but not the sole source of information for this research. A few of the banks had collected substantial data regarding minority group manpower utilization within their own firm, and, in some cases, we were allowed to not only see but also publish in suitably disguised form some of this information. Wherever it is appropriate it is integrated into the study. Of course, this information has not been independently developed, but for the data included within this report, the research team has no reason to doubt its validity. These internal data are not necessarily comparable from bank to bank, and, therefore, the data bases used for descriptions in this report vary in size. However, whenever such data have been selected for presentation it is because we believe that the data are representative of the banks in our sample.

There is a natural question concerning the veracity of any private data presented to a researcher. In most instances, the banks' personnel seemed cooperative and frank. Certainly information was withheld. Sometimes the researchers knew this. Yet, some data was produced which could

be interpreted to reflect negatively upon the banks' performance, and, for the most part, the interviewees were extraordinarily open regarding these aspects of the banking environment. Moreover, in the end, there was little disagreement regarding the nature of the facts, even if interpretations and analyses varied.

D. Initial Contact

After determining who within each banking firm was primarily responsible for formal administration of minority group manpower policies, contact was established over the telephone between the principal researcher and the appropriate officer in the bank. A meeting was set up usually involving the senior vice president of personnel and the principal researcher in order to explain the nature and scope of the research and to obtain permission from the bank for the study. At the meeting an outline describing the objectives and methods of the study was provided to the bank officials. (See appendix A.)

The first wave of interviews usually involved senior management, including the senior vice president of personnel and vice presidents with special responsibility in minority group policies and administration. The respondents were guaranteed anonymity and confidentiality. Notes were taken during the interviews, which varied in length from 45 minutes to several hours, and were transcribed immediately afterward onto McBee cards for analysis. Each person interviewed was asked to nominate others who should be interviewed. Persons so nominated were interviewed until the research team determined that the material gathered in a bank was sufficient.

## Footnotes: Chapter 1

<sup>1</sup>In this report the word "minority" refers to Negroes and Puerto Ricans. In New York City, Negroes constitute approximately two-thirds of all minority bank employees. Orientals and American Indians represent a very small proportion of bank hires.

<sup>2</sup>White-Collar Employment in the New York Financial Community, Summary of Report (Washington, D.C.: Equal Employment Opportunity Commission, January 1968), p. 1.

<sup>3</sup>Between industry variation, see: Orley Ashenfelter, Minority Employment Patterns, 1966 (W.E. Upjohn Institute for Employment Research, April 1968), Chapter II. Within industry variation, see: White-Collar Employment in the New York City Communications Industries, Summary of Report (Washington, D.C.: Equal Employment Opportunity Commission, January 1968), p. 3; White-Collar Employment in 100 Major New York City Corporations, Summary of Report (Washington, D.C.: Equal Employment Opportunity Commission, January 1968), p. 15 ff; Employment Patterns in the Utilities Industry: 1966-1967, Summary of Report (Washington, D.C.: Equal Employment Opportunity Commission, June 12, 1968), p. 6.

<sup>4</sup>Armand J. Thieblot, Jr., The Negro in the Banking Industry, (Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia, 1969), Draft.

<sup>5</sup>White-Collar Employment in the New York Financial Community, op. cit., pp. XX 3, 12-13.

<sup>6</sup>The rankings were based on the Equal Employment Opportunity Forms filed with the Federal Government (EEO-1) for 1966, 1967 and 1968. The actual distribution of minority group employees within the sample banks in this study is presented in Chapter 5.

<sup>7</sup>Maria Jahoda, Morton Deutsch and Stuart Cook, Research Methods in Social Relations: With Special Reference to Prejudice (New York: Dryden Press, 1951), pp. 176-177.

## Chapter 2

### The Job and Labor Markets: Demands for and Supply of Workers

"We had a good look at population statistics and saw the handwriting on the wall." -- A Personnel Officer

The utilization of manpower in American society is greatly dependent upon forces generated in the economic market place. Characteristically, an increase of job opportunities for workers depends upon an expansion of economic activity. Conversely, in periods of economic contractions opportunities for job seekers diminish. This is especially true for minority workers who traditionally have been "last to be hired and first to be fired." The theme of this chapter is that the expansion in banking activity in New York City coupled with the unprecedented economic expansion of the past decade eventuated in a powerful demand for white-collar workers. At the same time, the concentration of minority workers in the labor supply was increasing substantially. Largely as a consequence of these developments, the banks in the study decided to employ minority members in large numbers for the first time.

#### I. The Job Market

##### A. The Ascendancy of the White-Collar Worker

Since World War II rapid changes have occurred in the American economy. Job opportunities have expanded markedly in urban areas, and this expansion has been especially significant in white-collar jobs. A comparison of white-collar workers in the United States with blue-collar, service and farm workers shows that the white-collar occupational grouping has grown dramatically while blue-collar, especially farming occupations, have decreased. Specifically, in 1900, 17 percent of the labor

force was white-collar, 35 percent blue-collar, 10 percent service and 38 percent farm.<sup>1</sup> Since 1900 farming has decreased by approximately five percent each decade as a total proportion of the labor force, while white-collar occupations have increased approximately four percent per decade. In 1950, 36 percent of the labor force was white-collar, 41 percent blue-collar, 11 percent was service and 12 percent farm;<sup>2</sup> in April 1969, 47.4 percent was white-collar, 35.8 percent was blue-collar, 12.5 percent was service and 4.3 percent was farm.<sup>3</sup> These trends will continue.<sup>4</sup>

This shift to white-collar occupations, moreover, has occurred at an even greater rate in metropolitan areas in general and in New York City in particular. From 1965 to 1968 "gains in the private sector excluding manufacturing have accelerated markedly, particularly in finance, business services, medical and health services and education."<sup>5</sup> Indeed, "job growth in [New York City] has been more heavily white-collar than nationally"<sup>6</sup> and "substantial recruitment needs will be faced in the next decade. For every 100 workers on New York City payrolls in 1965 employers will need to recruit 31 persons to meet expected requirements. . . In New York City almost 1½ million jobs will need to be filled during the decade 1965-1975, 144,000 due to industrial growth, 1,106,000 due to death and retirement."<sup>7</sup> Of these 1½ million jobs, 821,000 are white-collar. New York City has always been more heavily white-collar than other American cities, and indications are that in this sense it is prototypical.

#### B. The Changing Structure of the Banks

While there have been major changes in external job market characteristics, the banks themselves have altered their structure which, in turn, has created substantial manpower needs.

The development of retail banking is largely a post-World War II phenomenon. Until that time many major banks had been, in effect, trust, corporate and "rich men's operations." One respondent noted, "Officers were all Yalees, and clientele was almost exclusively very wealthy people in major corporations." But after the Second World War, the need to develop new sources of funds, a surge of pent-up consumer demand prompted modifications in banking systems and fostered the development of a retail banking structure.

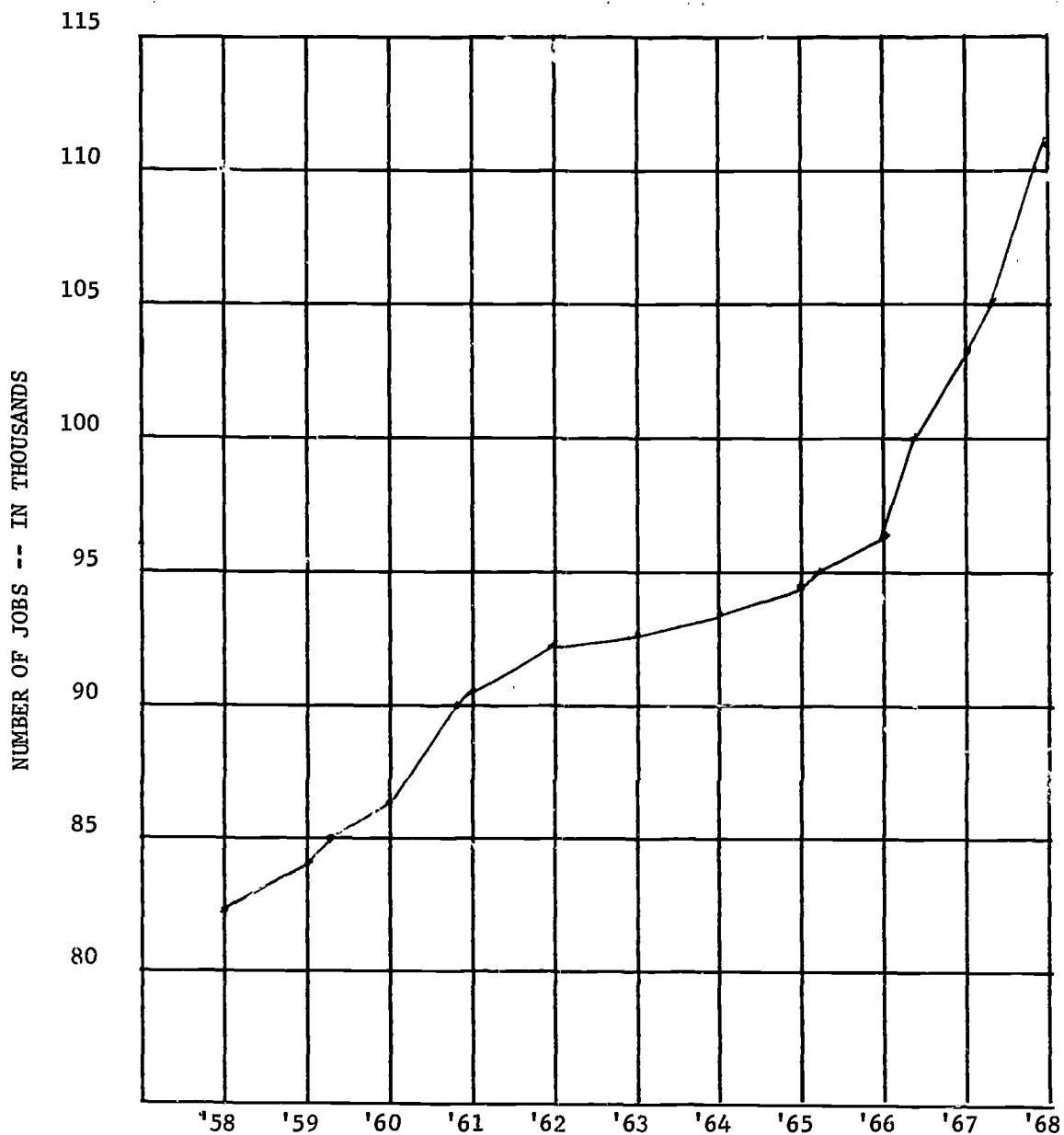
In order to do this, clearing house banks in New York needed to expand their operations, and this expansion proceeded in two manners: 1) internally generated expansion, the opening of new branch offices in various sections of the city and 2) through acquisition of smaller banks. As these developments continued, the importance of the branch banking structure increased. Concomitantly, the significance of major corporation accounts decreased, and as one observer noted, "The bank became a New York City business, not just a business which was in New York."

This expansion and alteration of the structure and needs of the banking system in New York City created significant manpower demands. According to the banking community's own figures, between 1958 and 1968 the number of employees on New York City banking payrolls increased 36 percent from 82,300 to 112,000 employees. (See figure I.)

New York City is not unique in the degree to which the banking industry is generating demands on the labor force. A recent Department of Labor report states:

Since 1950, [the banking system has] been characterized by very rapid employment growth and has reached a high of 1.1 million workers in 1965. Between 1965 and 1975 employment is expected to increase further as the demand for financial service continues rising.<sup>8</sup>

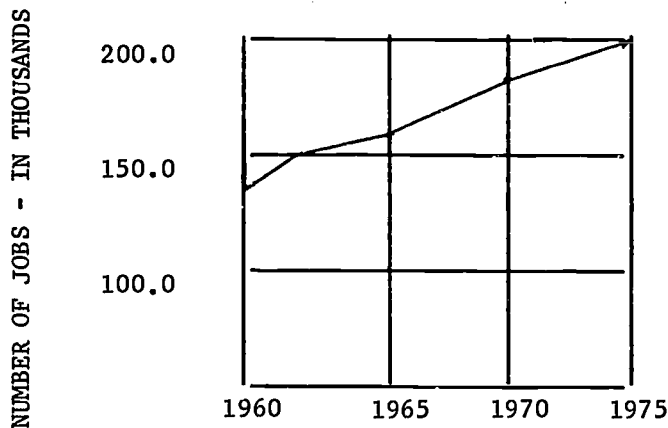
Figure I: DEMANDS ON THE LABOR FORCE - OF PERSONS EMPLOYED IN BANKING:  
1958-1968 (NEW YORK CITY)



Source: Compiled from 1) "Employment Statistics: 1958-1966," Department of Labor, Bureau of Labor Statistics, Region II, Regional Report No. 3, May 1968, p. 46 and 2) Employment Review, February 1969, Vol. XXII, No. 2, New York State Department of Labor, Division of Employment Research and Statistics Office, pp. 19-21.

Figure II shows this expansion for the New York State banking system and projects an increase for the future.

Figure II: NUMBER OF BANKING AND CREDIT AGENCY JOBS - NEW YORK STATE  
Estimated 1960 and 1965 - Projected 1970 and 1975



Source: Manpower Directions New York State 1965-1975: Job Requirements and the Labor Force, Vol. II, New York State Department of Labor, Division of Research and Statistics, March 1968, p. 9.

Combined with the increase in the absolute number of employees is the high turnover rate traditionally associated with the banking industry. Until a few years ago, it was not unusual for New York City banks to have a turnover rate of about 25 percent; today in some banks, turnover runs as high as 45 percent. This means that banks must recruit and hire large numbers of people to fill jobs vacated by terminating employees and simply in order to keep New York City banks open and operating.

One bank in the sample has projected that its own increase in work force by 1973 would be between 4,000 and 5,000 persons. Using its current interview per hire and turnover rates as a guide, the bank predicts that it must interview 250,000 persons and hire 35,000 to fill the anti-



cipated staff needs. It is our prediction that by 1975, if growth trends which have been developing over the past five years continue, the banking industry in New York City alone will generate a net increase of between 30,000 and 40,000 jobs.

One measure of the demand exerted by the banks is the number of unfilled positions within the banking industry. According to the banks, since 1965 the number of unfilled positions in New York City banks has been on a steady rise. For one major clearing house bank the number of unfilled positions at the close of the fourth quarter were: 370 in 1965, 525 in 1966, 600 in 1967, and 900 in 1968. At another bank, except for a brief period in the fall of 1968, there have been no less than 350 job openings since the fall of 1967. (Apparently, these positions are not vital for the functioning of the banks. Moreover, these data must be considered in light of the fact that the banks have an average of six applicants for each person hired.)

The demand for labor is not evenly distributed over the organization of the bank. Demand is partitioned by geography, bank division and type of job. New York State law allows a limited branch banking system, and major New York City banks each have from approximately 90 to 170 separate "neighborhood" branch offices. But the bulk of a bank's employees work in its central offices, not in its branches. Typically, New York City banks have two "central" offices: the executive offices and the operating divisions. The central banking offices are concentrated in the Wall Street area of Manhattan, the historical center of commercial harbor activities. The need for constant face-to-face contacts of those in policy-making positions in such interdependent industries as commerce, banking, credit and securities exchange, especially in an era lacking electronic

communications, required contiguity of locations.

Today, several of the banks have either recently completed or are in the process of completing the construction of major operation centers in the Wall Street area in spite of the fact that most of the employees in these offices are in clerical activities not necessitating face-to-face contact with anyone. Changes in the New York City manpower pool have resulted in some discussion of the possibility of decentralization for some operations. These discussions now seem to be of a preliminary nature, and for the time being Wall Street will remain the center of banking operations activities, but it is reasonable to suppose that in the future some of the banks will develop more decentralized operational structures.

In fact, some decentralization has already occurred. While some banks maintain their central offices entirely in the Wall Street area, others have acquired additional modern executive facilities in midtown along Park Avenue. On the other hand, the types of activities performed in the Wall Street location are more similar to "factory" type operations; these are the tasks performed largely and increasingly by minorities. In fact much of the Wall Street operations are in the process of becoming ghettoized.

The typical commercial bank is divided into large divisions which are further broken into departments and shifts. Each division performs specialized functions and has its own hierarchical organizational structure and its own set of formal interrelationships with other bank divisions. No division is typical of all other units in the bank. They vary in size, from thousands of employees to a few hundred and, consequently, vary in their needs for labor. Below we shall briefly describe several

major divisions common to most banks and central to the understanding of minority group manpower utilization within the banks.

1. Branch Banking or Metropolitan Division

This unit consists of the branches and of the central office activities related to branch functioning. As the unit most closely identified with customer contacts services it is the retail end of banking. Each branch consists of a platform and cage personnel. Platform personnel are usually officers (branch managers, assistant secretaries, and so forth) or potential officers. Often they have private desks and telephones, handle general supervision, loans, opening and closing of accounts; they direct the activities of the bank. Traditionally, the high school diploma was considered an adequate credential for the platform.

Many of these positions were filled by those who have worked themselves up from teller positions; most had not completed college educations, but many have had at least some college experience. Recent college graduates who are management trainees may temporarily occupy the platform as part of their training activities.

Cage personnel hold various teller and clerical positions, and their activities are familiar to most people and require no elaborate description here. Many minority employees are now working as tellers. Although no exact figures are available our observations of the teller training classes indicated that in many cases at least one half of the new tellers are from minority groups. The rapid increase in minority employees in the teller positions may represent an important beachhead of opportunity. Obviously, teller jobs involve customer contact. Unlike employees in the operations divisions who work in night shifts and in Wall Street offices, tellers represent "the face" of the bank. Placing substantial numbers of

minority employees into teller positions represents the banks' willingness to make its equal employment positions public in an active day-to-day fashion. Moreover, teller positions can lead to promotions culminating with platform (officer) positions. Although the teller positions are listed in the clerical job category (Starting salaries range from \$90 to \$95 per week.), they represent a higher status position than many of the clerical jobs in the operating divisions.

In the back offices of each branch are located various other clerks and "rack clerks" performing the least complicated and sophisticated tasks of the branch operation. Here checks are separated, counted and distributed to the central offices for processing. Other activities of the "back office" include handling all of the filing and clerical work associated with running a branch office. A typical branch in Manhattan may have four or five platform personnel plus two or three platform secretaries, eight or ten tellers and a dozen clerical employees.

## 2. Operations Division

Operating divisions are responsible for processing the millions of transactions carried on by each of the branches and units of the bank. The operations unit is often broken up into smaller divisions: check processing, data processing, Wall Street transactions, and so forth. Some of the units in the operating division operate on a 24-hour basis, in three shifts: a day shift from 8 AM to 4 PM, an evening shift from 4 PM to midnight and a night shift from midnight to 8 AM. Most units of this division are located in the Wall Street area and require large buildings to carry out their factory-like operations.

An important unit in the operating division is the check processing section; its title designates its function. Here, generally in a Wall

Street office, checks, either those deposited in or drawn from the banks' accounts, are prepared for tabulation by posting punches or marks on each check that can be read by computer-sorters. This operation is performed by hundreds of employees, mostly female, in huge office pools. Each operator works exclusively on her own typewriter-like console transforming written information on the check into computer readable punches and marks.

Many of the tasks in the Operating Division involve high-level clerical and technical skills, and minorities are sought after and placed in these positions. Once again, no precise information was available to us, but our observations while in the banks indicated that minorities now hold positions as professionals, computer programmers and technicians in the data processing units. They are also employed as account analysts, adjusters and in a variety of other skilled positions. Their emergence into these middle-level positions is regarded by personnel officials as representative of the increasingly important roles minorities play within the banking industry.

Taken together, the operating and metropolitan division, representing about two-thirds of all bank employees, exert a strong labor demand.

### 3. Corporate Lending, Finance and Investment and International Divisions

The Corporate Lending, Finance and Investment and International Divisions are the money divisions of the bank. Responsibilities of these units include the solicitation and acquisition of business for the bank, i.e., they borrow, lend and manage money for various corporate and personal accounts. Such divisions are relatively small in size.

Satisfaction of the banks' demand for new employees depends greatly upon the attractiveness of the jobs offered to prospective employees.

Since the majority of new hires occurred in the metropolitan and operating divisions, the attractiveness of the work in those divisions is a material social fact. Key aspects of the work environment involve wages, work shift, supervisor-employee relations, worker-co-worker relations, employee fringe benefits, physical surroundings, promotional opportunities, and the geographic location of the job. It is difficult to measure the level of job satisfaction on these two divisions, but that the typical jobs in these divisions are relatively attractive to large numbers of prospective employees seems clear. Our sample banks reported that for each job opening there were about seven applicants.

Summing up, manpower needs -- insofar as they influence minority employment -- are greatest at the central offices, are strongest in the metropolitan and operating divisions and at the type of job level involving routine clerical operations.

It is important to note that during the 1960's in the context of the labor demands cited above, New York City banks confronted a tight labor market; the tightest since the Korean War. It is this fact, the imbalance between supply and demand, which more than anything else accounts for the dramatic breakthrough of minorities into the New York banking industry. It is, therefore, relevant to turn now to the supply side of the economic equation -- to the characteristics of the New York City labor force.

## II. The Labor Market

In New York City during 1961, there were 280,500 jobless workers; in 1969 there were 179,400. In 1961, the unemployment rate was 5.4 percent, in 1969 it was 3.2 percent.<sup>9</sup> In discussing the recent tightening of the

labor market in the ten largest states, the Bureau of Labor Statistics notes that:

Between 1967 and 1968. . .the only significant declines [in unemployment rates] occurred in New York and California.

The nonwhite unemployment rate in the ten States combined fell from 8.0 percent to 6.3 percent. Nonwhite joblessness declined significantly in New York and Michigan.<sup>10</sup>

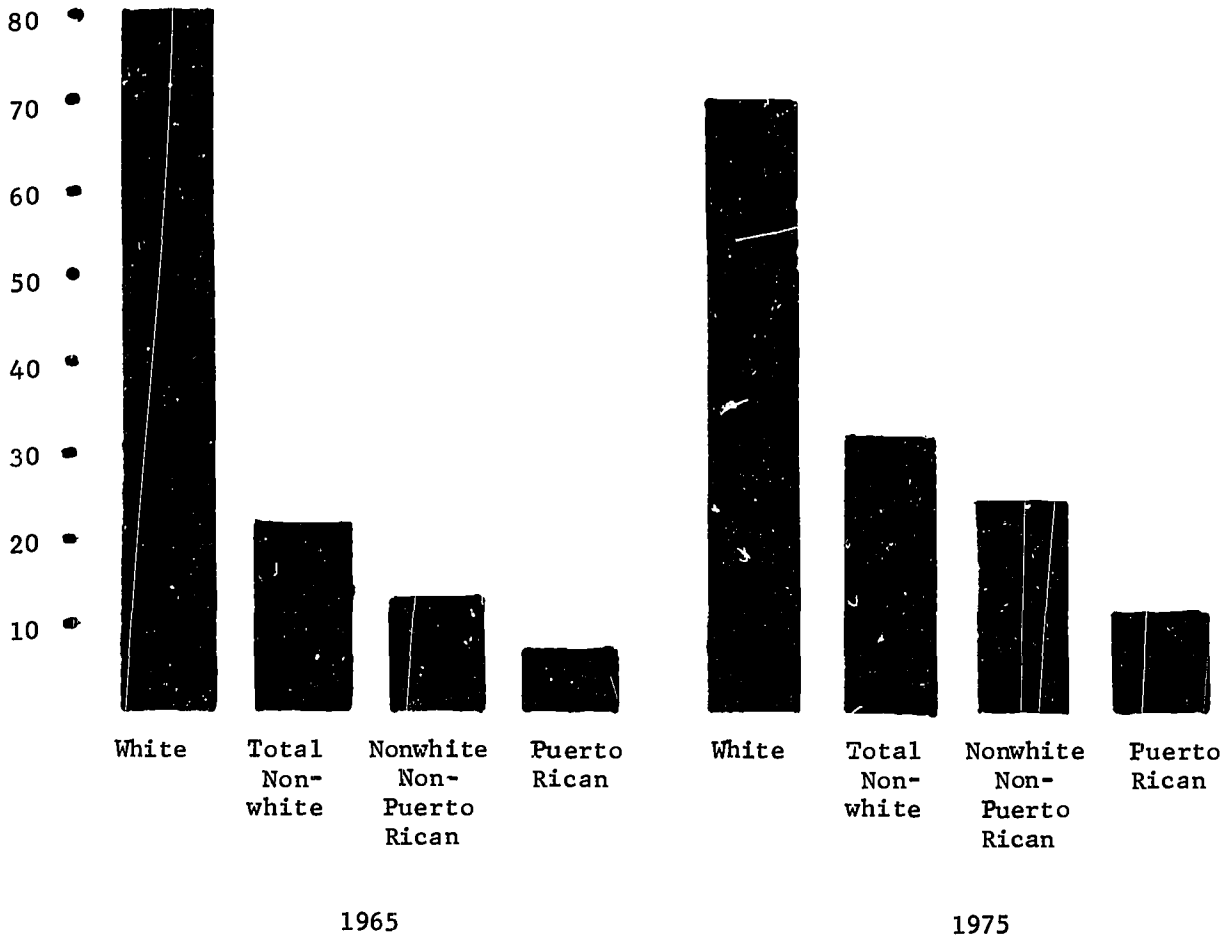
In New York City by 1969 the overall unemployment rate had dropped to below three percent. The tight labor market and the expanding number of jobs in the white-collar firms forced banks in New York to locate new labor pools. They were discovered among subgroupings in the population which only a decade ago were considered unacceptable as white-collar workers: minorities and the "hard core unemployed." This "new" source of labor emerged in New York partly as a result of demographic shifts in New York City since 1950.

Some of the important characteristics of this new labor supply deserve attention:

1) Fewer of the new workers are white. From 1950 to 1966 the ethnic composition of the New York City population changed markedly.<sup>11</sup> More than 1.5 million whites left the city, while 600,000 Puerto Ricans immigrated along with more than 600,000 "nonwhites" (Negroes, Orientals, American Indians). In 1950, 87 percent of the City's population was white; in 1960, it had dropped to 78 percent and is lower now.<sup>12</sup>

Figure III shows whites and nonwhites as percentages of the New York City labor force in 1965 with estimates for 1975. The New York State Department of Labor has projected that in the decade from 1965 to 1975, New York City will add 286,000 nonwhites and Puerto Ricans while 176,000 whites will be subtracted from the labor force.<sup>13</sup>

Figure III: WHITES AND NONWHITES AS PERCENTAGES OF NEW YORK CITY LABOR FORCE: 1965-1975



Source: Manpower Directions New York State 1965-1975, New York State Department of Labor, Division of Research and Statistics, March 1968, Vol. I, p. 20.



2) Using previous work experiences as a guide, many of the new labor force were unprepared for white-collar occupations. While 60 percent of the white population of New York City in 1965 was employed in white-collar positions, only 17 percent of the Puerto Rican population and 30 percent of the nonwhite population was employed in white-collar occupations.<sup>14</sup>

3) The new labor force has a greater rate of unemployment, sub-employment and underemployment. Although unemployment in New York City is low when compared to the national rate, unemployment is still greater for minorities than for whites (4.7 percent for minorities to 3.3 percent for whites in 1969).<sup>15</sup> These unemployment rates, however, do not reveal the full extent of underutilization of minority manpower. For a more meaningful indicator the Department of Labor, Bureau of Labor Statistics has developed statistics of sub-employment as well as unemployment. Among other things sub-employment refers to the traditional unemployment figures plus individuals working part time while searching for a full-time position; individuals who represent heads of households who are under 65 years and earn less than \$60 per week in a full-time job; those persons who are not heads of households and who earn less than \$56 per week working full time.<sup>16</sup>

The Bureau of Labor Statistics noted, for example, that while the unemployment rates for Harlem, East Harlem and Bedford-Stuyvesant in November of 1966 were 8.1 percent, 9.0 percent and 6.2 percent respectively, the sub-employment rates for these areas were 28.6 percent, 33.1 percent and 27.6 percent respectively.<sup>17</sup>

4) Black females play an important role in the new labor force. Negro women (20 and over) have a higher rate of participation in the labor

force than white women.<sup>18</sup> Moreover, according to a March 1966 Department of Labor survey, Negro women were less likely than Negro men to have suffered long periods of unemployment; 26 percent of unemployed Negro women had been seeking work for fifteen weeks or more as compared with 33 percent of unemployed Negro men.<sup>19</sup>

5) The families associated with the new work force are poor. In 1967, one-tenth of New York City's families were below poverty level. Between 1959 and 1967 the number of poor families declined by 58,000, but nonwhite poor families rose by 12,000 while poor white families declined by 70,000. The nonwhite proportion of poor families rose from 26 percent to 38 percent from 1959-1966.<sup>20</sup> Moreover, poverty is greatest among nonwhite families headed by women. In 1965, 62 percent of the 1,132,000 nonwhite families headed by a woman were poor. Of the 3,860,000 white families headed by a woman only 30 percent were poor. Exacerbating the problem of poverty is the fact that the average Negro family was larger (4.4 members) than the average white family (3.6 members).

In summary, the available manpower in New York City in the last decade has, from the employer's point of view, changed for the worse. In a period of rapid job expansion the New York City employer confronted a labor supply -- as he saw it -- that contained many persons with unfavorable occupational histories.

## Footnotes: Chapter 2

<sup>1</sup>Historical Statistics of the United States: Colonial Times to 1957, (Washington, D.C.: United States Department of Commerce, Bureau of the Census, 1960), p. 74.

<sup>2</sup>Ibid.

<sup>3</sup>Employment and Earnings and Monthly Report on the Labor Force (Washington, D.C.: United States Department of Labor, Bureau of Labor Statistics, May 1969), Vol. 15, No. 11, p. 43

<sup>4</sup>Charting the New York Economy, United States Department of Labor, Bureau of Labor Statistics, Region II, Regional Report No. 12, May 1969.

<sup>5</sup>Ibid., p. 3.

<sup>6</sup>Ibid., p. 8.

<sup>7</sup>Ibid., p. 28.

<sup>8</sup>Occupational Employment Patterns for 1960 and 1975 (Washington, D.C.: United States Department of Labor, Bureau of Labor Statistics, December 1968), p. 63.

<sup>9</sup>Manpower Report to the President: A Report on Manpower Requirements, Resources and Utilization and Training, (Washington, D.C.: United States Department of Labor, March 1970), pp. 283-285.

<sup>10</sup>Employment and Earnings, op. cit., p. 6.

<sup>11</sup>The New York City banks draw more than 80 percent of their employees from New York City proper.

<sup>12</sup>Leonard Kogan and M. J. Wantman, "Population Health Survey: Estimates of Population Characteristics New York City 1964-1966," Center for Social Research, City University of New York, New York City, June 1968, p. 5.

<sup>13</sup>Manpower Directions, New York State 1967-1975, New York State Department of Labor, Division of Research and Statistics, March 1968, Vol. I, p. 20.

<sup>14</sup>M. J. Wantman, "Population Health Survey: Memorandum, Change in White-Collar Employment of Nonwhites and Puerto Rican Residents of New York City (1950-1965)," Center for Social Research, City University of New York, New York City, (Rm. 1-67), p. 4.

<sup>15</sup>United States Department of Labor, Bureau of Labor Statistics, Middle Atlantic Region. Press release of April 6, 1970, Table 5, p. 13.

<sup>16</sup>Manpower Challenges of the 1970's in New York City, United States Department of Labor, Bureau of Labor Statistics, Middle Atlantic Region, October 1968, p. 16.

<sup>17</sup>Compiled from Ibid.

<sup>18</sup>Social and Economic Conditions of Negroes in the United States (Washington, D.C.: United States Department of Labor, Bureau of Labor Statistics, Report No. 332, Series P-23, No. 24, October 1967), p. 35.

<sup>19</sup>Negro Women (Washington, D.C.: United States Department of Labor, Wage and Labor Standards Administration, December 1967), Table 9, p. 23.

<sup>20</sup>Charting the New York City Economy, op. cit., p. 12.

<sup>21</sup>Negro Women, op. cit., p. 3.

## Chapter 3

### The Response of Management

#### I. Distribution of Minority Personnel By Job Category

Faced with the labor market conditions previously described, the six banks in our sample actively sought to hire minority employees. Table I is a breakdown for each of the six banks in our study of the white, Negro and total nonwhite (including Negroes) percentages of the total employment force at the beginning of 1967, 1968 and 1969. The comparable figures for all New York City banks for the mid-1950's reveal that Negroes constituted less than three percent of the industry's work force.<sup>1</sup> Figure IV shows the minority employment distribution in one bank for the years 1965-1968 subdivided by Negroes, Spanish-Americans and Other minorities.

Table I and Figure IV show that there have been marked increases in minority employment in the New York City banks in this study. The aggregate data, however, obscure certain information. Observation of Table II reveals that on paper (with the exception of the Savings Bank) the banks appear very similar. The distribution of minorities across job categories reflects only slight bank to bank differences. This statistical similarity maps to similarity of bank policies. The banks share the same basic strategies of recruitment and hiring. The policy differences which do occur, for example, the emergence in some of the banks of new procedures to stimulate promotion for minorities, the use of employee skills files, or the development of more sophisticated information systems regarding turnover or promotion are not reflected in these data. This is so either because the policies are too new or the data categories in Table II are too gross. We suspect that the data in Table II, important as they are, are still too coarse for a thorough analysis of the relationship between policy and practice. In Table II the data for Table I are

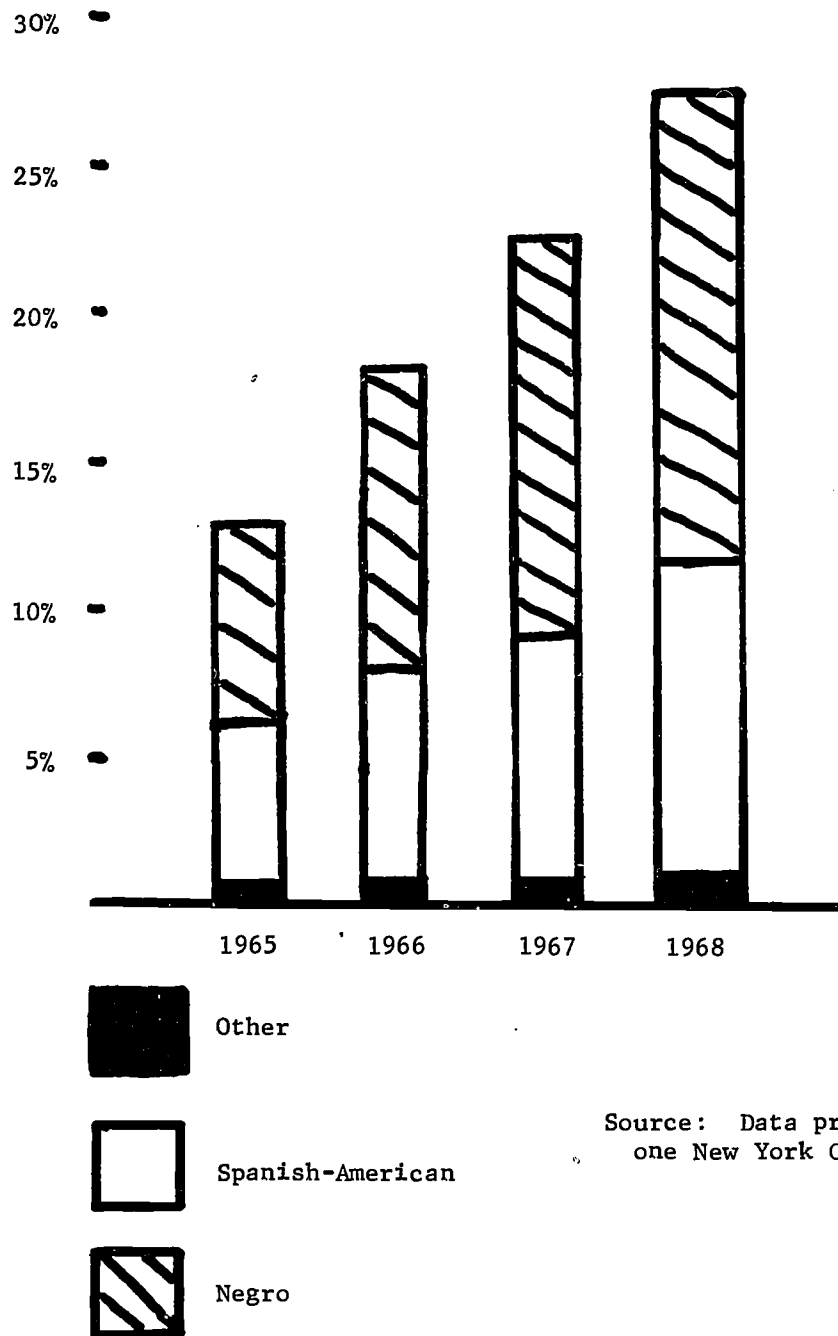
Table I

Percentage Distribution of Employment in Six New York  
City Banks, by Color, 1966, 1967, and 1968

Bank and Year	Percent Distribution			
	<u>Total</u>	<u>White</u>	<u>Nonwhite</u>	
			Total	Negro
Bank A				
1966	100	80	20	14
1967	100	77	23	15
1968	100	71	29	21
Bank B				
1966	100	83	17	12
1967	100	80	20	12
1968	100	74	26	16
Bank C				
1966	100	85	15	9
1967	100	77	23	13
1968	100	72	28	17
Bank D				
1966	100	86	14	8
1967	100	81	19	12
1968	100	76	23	17
Bank E				
1966	100	83	18	10
1967	100	80	21	13
1968	100	73	27	17
Bank F				
1966	100	88	12	8
1967	100	79	21	14
1968	100	80	20	14

Source: Data supplied by Equal Employment Opportunity Commission

Figure IV. MINORITY DISTRIBUTION IN ONE NEW YORK CITY BANK: 1965-1968.



Source: Data provided by one New York City bank.

Table II

Ethnic Distribution of Employees in the Six Sample Banks by Job Category and Sex for 1967, 1968, 1969<sup>1</sup>

Ethnic Group	BANK A						BANK B						BANK C					
	1967		1968		1969		1967		1968		1969		1967		1968		1969	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
<b>Total</b>	42	38	41	36	36	35	43	40	40	40	37	37	51	34	42	35	38	34
<b>White</b>	8	12	8	15	10	19	6	11	7	13	10	16	6	9	8	15	9	19
<b>Nonwhite</b>	4	10	4	11	6	15	4	8	4	8	6	10	3	6	4	9	4	13
<b>Officials &amp; Managers</b>	84	12	85	11	82	12	94	4	77	17	76	19	80	15	87	10	85	11
<b>White</b>	2	2	3	1	4	2	2		4	2	4	2	4	1	2	1	4	1
<b>Nonwhite</b>	1	2	1	1	2	2			2	1	2	1	2		1	1	2	1
<b>Professionals</b>	70	25	74	20	69	21	63	34	64	33	63	32	79	18	65	27	60	30
<b>White</b>	4	1	4	2	7	3	1	2	2	1	3	1	2	1	6	2	6	3
<b>Nonwhite</b>	2		2	1	2	1	1	1	1	1	2	1	1		2	1	2	1
<b>Technicians</b>	80	10	61	15	70	24	70	25	62	21	57	20	33	39	61	14	57	14
<b>White</b>	8	1	5	19	6	1	5		14	3	20	2	28	28	20	5	23	5
<b>Nonwhite</b>	4	1	2	10	3		2		10	2	12	2	11	11	8	3	13	4
<b>Sales Workers</b>	95	5	87	13	73	22							59	38	70	22	65	26
<b>White</b>					6								1	2	7	1	7	1
<b>Nonwhite</b>					3								1	1	1	1	3	1
<b>Negro</b>																		

See Footnote at end of table.



Table II (continued)

Ethnic Group	BANK A						BANK B						BANK C						
	1967		1968		1969		1967		1968		1969		1967		1968		1969		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
<u>Office &amp; Clerical</u>																			
White	27	49	24	47	20	44	33	47	23	51	20	48	37	43	21	47	19	43	
Nonwhite	8	16	9	20	12	25	5	14	7	19	9	22	7	13	9	23	10	28	
Negro	4	13	5	16	7	19	4	10	5	12	6	16	4	9	5	14	5	18	
<u>Craftsmen</u>																			
White	99	1	98	2	92	7	100		100		100								
Nonwhite					7	1													
Negro					2														
<u>Operatives</u>																			
White	49	10			37	22	78				75		92				62	1	
Nonwhite	19	23			11	29	22				25		8				37		
Negro	8	19			5	18	22				17						13		
<u>Service Workers</u>																			
White	77	14	78	8	75	11	63	15	71	7	70	6	94	2	81	5	78	5	
Nonwhite	7	2	13	1	13	1	20	3	20	2	23	1	6		12	2	16	2	
Negro	6	1	7		7	1	14	2	11	1	15	1			3	1	7	1	

Table II (continued)

Ethnic Group	BANK D						BANK E						BANK F					
	1967		1968		1969		1967		1968		1969		1967		1968		1969	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
<u>Total</u>	46	40	43	38	40	36	45	38	43	37	39	34	41	47	35	44	36	44
White	6	8	7	12	9	14	7	11	8	13	9	17	5	7	7	14	6	14
Nonwhite	3	5	4	8	7	10	3	7	4	9	5	12	3	5	4	10	4	10
<u>Officials &amp; Managers</u>																		
White	91	7	89	8	87	9	88	10	89	8	85	10	74	25	73	24	73	24
Nonwhite	1	1	2	1	3	1	1		2	1	4	1	1	1	3		3	
Negro	1	1	1	1	2	1			1	1	2	1	1	1	3		3	
<u>Professionals</u>																		
White	73	23	70	26	67	25	82	12	79	13	76	13	78	22	73	13	73	13
Nonwhite	3		3	1	6	2	6		8		10	1			13			
Negro	2		2	1	3	1	2		2		5	1						
<u>Technicians</u>																		
White	10	70	13	80	80		83	8	72	8	69	8	83	17	83	17	83	17
Nonwhite	20		7		20		9		18	2	21	2						
Negro	10				7		5		11	1	13	1						
<u>Sales Workers</u>																		
White	89	6	94	1	79	3							93	7	82	12	82	12
Nonwhite	5		5		16	2									6		6	
Negro	2				9	2									6		6	

Table II (continued)

Ethnic Group	BANK D						BANK E						BANK F						
	1967		1968		1969		1967		1968		1969		1967		1968		1969		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
<u>Office &amp; Clerical</u>																			
White	31	51	28	49	26	45	29	49	27	47	23	44	32	55	23	57	23	57	
Nonwhite	6	11	7	16	10	19	8	15	9	17	10	22	6	7	4	16	4	16	
Negro	4	8	5	11	7	14	4	10	4	12	6	17	3	5	2	12	3	12	
<u>Craftsmen</u>																			
White	95				97		100		88		78	4							
Nonwhite	5				3				12		17								
Negro					2														
<u>Operatives</u>																			
White	87				49	10	70	1	75		67		50		33		33		
Nonwhite	13				37	4	29		25		32	1	50		66		66		
Negro	9				22	3	15		15		17		50		66		66		
<u>Service Workers</u>																			
White	61	24	62	16	65	15	83	4	73	7	72	5	51	22	70	3	70	3	
Nonwhite	13	2	21	1	20		12		20	1	22	1	12	14	13	13	13	13	
Negro	3	1	9	1	10		10		14	1	14	1	8	12	10	13	10	13	

<sup>1</sup>Data are expressed as percentages to preserve anonymity of the banks. Since percentages are rounded to nearest whole numbers, the total white and nonwhite may not equal 100 percent.

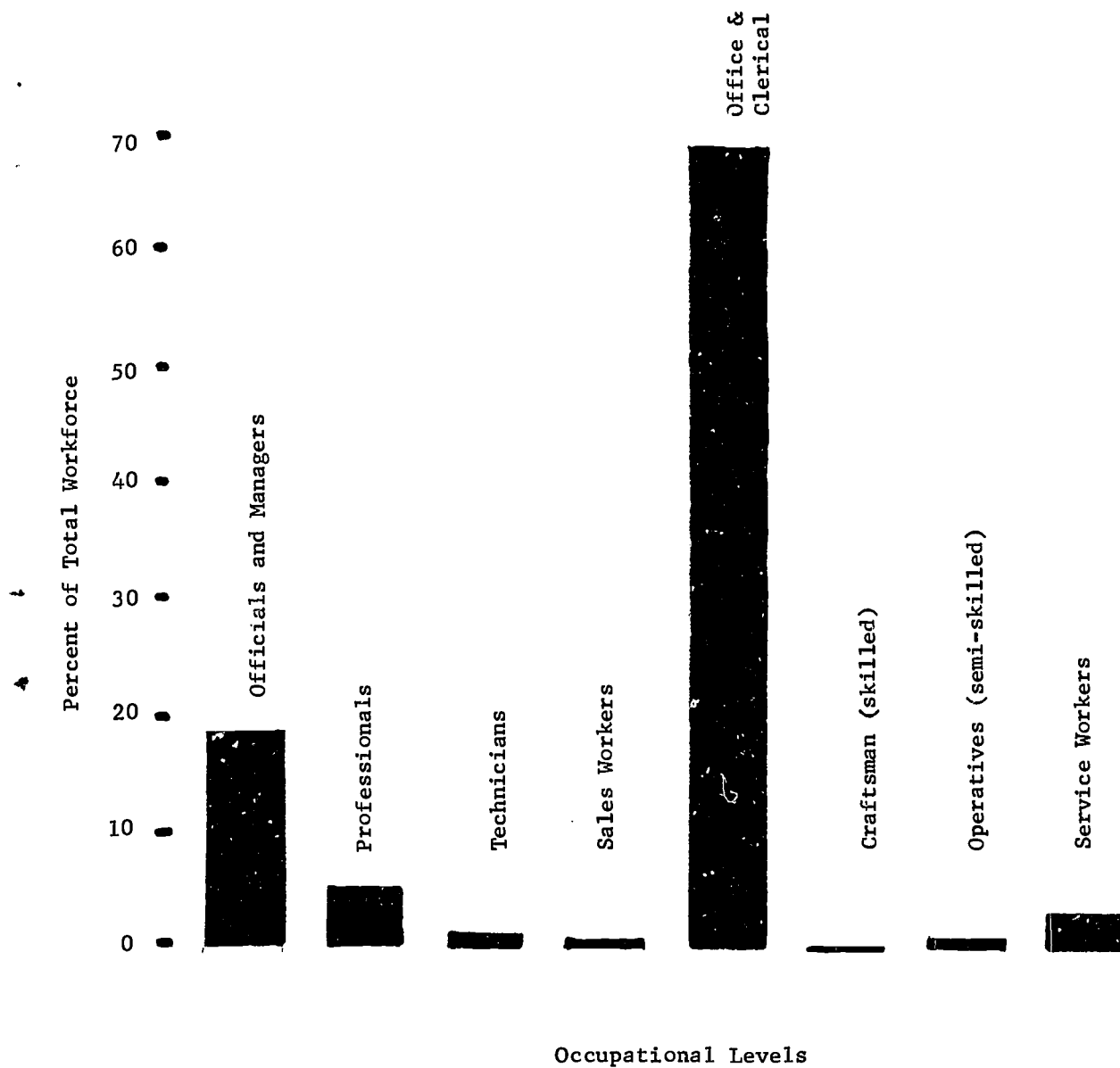
subdivided for the white, Negro and total nonwhite population for the three years by sex and eight job categories. Figure V shows the percentage of workers in each job category for the five clearing house banks.<sup>2</sup> Table II, Figure V and other data suggest several major points about the utilization of nonwhite labor in the banks.

1) The net increase (1966-1968) in minority employment as a percentage of total bank employees in all of the banks was between seven percent and 13 percent.

2) The increase in nonwhite employees is substantial, but it is predominantly an increase at the lowest levels of the occupational hierarchy. The proportion of bank employees who are nonwhite has risen on the average from 16 percent in January 1967 to approximately 26 percent in January 1969. The bulk of the net increase in nonwhite employees (most of whom are female) is accounted for by the category Office and Clerical. This category is the largest for the banks (see Figure V) and has been increasing with other categories in gross size. One bank in our sample reports that slightly more than half of all its employees but 82 percent of its minority workers are in the lowest paygrades.

3) There is a nonrandom distribution of employees throughout the status hierarchy of the banking community by sex and ethnicity. For example, in one bank males constituted about 48 percent of the work force but 89 percent of the managerial staff. This shows a substantial effect associated with the sex factor. Similarly, in this bank white males constituted 39 percent of the work force but 76 percent of the managerial staff. On the other hand, black males constituted five percent of the work force but only two percent of the managerial staff. This shows a substantial effect associated with the ethnicity factor. It is clear

Figure V: AVERAGE PERCENT OF TOTAL BANK WORK FORCE IN EEO-1 CATEGORIES FOR FIVE CLEARING HOUSE BANKS



Source: Data provided by EEOC.

that whites and males are greatly over-represented in the higher grade job categories, and minorities and females are over-represented in the lower ones.

4) In general, over the period 1966-1968, the percentage of Negro female employees has shown the greatest increase. Overall, banks employ more women than men, but the male/female ratios vary by race. For example, in 1968 one of our banks reports that for every white male in the bank's employ there were .88 white females; for every Puerto Rican male, 1.13 Puerto Rican females; for every Negro male, 2.3 Negro females. Another bank reports that its bankwide male/female ratio is 1:1, but its minority male/female ratio is 1:2. These ratios are typical of all the banks in the study.

5) Excluding Bank F, which is the savings bank, the banks seem similar with regard to distributions of employees within major categories. The bank which had the greatest percentage of minority employees in 1966 (Bank A) also had the greatest percentage in 1968. Conversely, Bank D had the lowest percentage of minority employees in 1966 and also had the lowest percentage in 1968. The other three banks show no clear pattern.

6) In the officer and manager category for each of the banks, minorities constituted between four and six percent of the total number of workers. In the office and clerical categories the percentages range from 29 percent to 38 percent.

7) A statistical analysis of the data for the six banks for 1968 and 1969 (the 1967 data were incomplete) yielded the following findings in reference to minority employment:

A. Increases in nonwhite and Negro employment for the period 1968-1969 were in high agreement with the total and white increase for the same period.\* Thus, the greater the increases in total employment, the greater the employment opportunities for minorities.

B. In 1969 there was a perfect rank order correlation between the number of employees of a bank and the percent of nonwhite workers employed ( $r^1=1$ ). The correlation between size of bank and percent of Negro workers employed in 1969 was  $r^1=.943$ .\*\* In 1968, the respective correlations were  $r^1=.658$ \*\*\* and  $r^1=.258$ . This seems to indicate that in 1969 opportunities for minority employment is greatest in the larger banks.

In sum, EEO-1 data provide important clues to the distribution of minority group personnel within the banking industry, particularly as they appear in the job hierarchy. However, they do not provide information about the distribution of minority personnel by the functional divisions described in Chapter 2.

## II. Distribution of Minority Personnel by Bank Division

Minority group employees are not distributed randomly across the functional division of the bank. Using information from one bank (See Table III ) that we believe is a fair representation of the banks in our sample, it is clear that there is a substantial variation in the representation of minority workers among the divisions.

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\*A coefficient of concordance ( $W = \frac{12 \sum (\sum R)^2}{nk^2 (N^2-1)}$ ) was computed for rankings of banks for total increase, white increase, nonwhite increase and Negro increase 1968-1969. The measure of agreement (W) was .982. ( $P < .01$ ; Friedman's test ( $\chi^2_r$ )).

\*\*( $P = .0083$ )

\*\*\*( $P = .0875$ )

As can be seen in Table III, 37.7 percent of the employees in the operating division are nonwhite, while only 3.6 percent of the employees in the prestigious commercial lending divisions are nonwhite.

Table III

Distribution of Employees by Race, Paygrade and Selected Division

	<u>Percent Nonwhite Employees</u>	<u>Percent of Jobs in Lower Paygrades</u>
Operating	37.7	65.0
Metropolitan (Branch Banking)	17.1	46.0
International	12.4	22.8
Internal Accounting	11.3	12.9
Trust & Investment	10.0	25.9
Commercial Lending	3.6	15.6

Note: Overall minority percent of total force = 24.7

Source: Data provided by one New York City bank.

Because minority employees tend to be found in the lower paygrades, there is a positive relationship between the percentage of minority employees in a division and the percentage of lower graded positions within that division. Yet the differences between divisions with regard to the percentage of minority employees cannot be accounted for solely on the basis of the differences in the percentage of the lower grade positions within each division. One bank report on this subject indicated:

If we consider only lower grade positions. . .we find substantial differences: 49.8 percent of operating division employees in these grades are minority members; in the branch banking division, the figure is 28.9 percent and in the commercial lending division it is 12.7 percent.<sup>3</sup>

In short, the distribution of minority group employees indicates that regardless of the percentage of lower grade clerical positions in a particular division some units are "whiter" than others.

Following are a series of tables showing a more definitive breakdown



of the distribution of minority personnel by sex within the divisions of one of the banks in our sample.<sup>4</sup>

Table IV

Ethnic-Sex Composition: Total Bank\*

<u>Ethnic Group</u>	<u>Percent of Total Employees</u>	
	<u>Male</u>	<u>Female</u>
Negro	4.1	10.9
Oriental	.4	.4
American Indian	.1	.3
Spanish-American	3.5	5.1
White	38.4	33.2
Undetermined	2.6	1.0
Total	49.1	50.9

Percentage of Minority Employees = 24.8  
(excluding undetermined)

Source: Data for Tables IV-IX provided by one New York City bank.

Table V

Ethnic-Sex Composition: Branch Banking

<u>Ethnic Group</u>	<u>Percent of Total Employees</u>	
	<u>Male</u>	<u>Female</u>
Negro	3.1	7.5
Oriental	.1	.3
American Indian	.1	.3
Spanish-American	2.1	3.0
White	44.5	35.8
Undetermined	2.1	1.1
Total	52.0	48.0

Percentage of Minority Employees = 16.5  
(excluding undetermined)

\*The numbers have not been presented to protect the anonymity of the bank.

Table VI

Ethnic-Sex Composition: Internal Audit

<u>Ethnic Group</u>	<u>Percent of Total Employees</u>	
	<u>Male</u>	<u>Female</u>
Negro	1.2	1.5
Oriental	1.8	0.0
American Indian	.3	0.0
Spanish-American	4.6	1.2
White	61.7	22.7
Undetermined	4.3	.7
Total	73.9	26.1

Percentage of Minority Employees = 10.6  
(excluding undetermined)

Table VII

Ethnic-Sex Composition: Commercial Lending

<u>Ethnic Group</u>	<u>Percent of Total Employees</u>	
	<u>Male</u>	<u>Female</u>
Negro	0.0	1.2
Oriental	.2	.5
American Indian	0.0	0.0
Spanish-American	.2	1.2
White	52.3	39.9
Undetermined	3.6	.9
Total	56.3	43.7

Percentage of Minority Employees = 3.3  
(excluding undetermined)

Table VIII

Ethnic-Sex Composition: Trust & Investment Division

<u>Ethnic Group</u>	<u>Percent of Total Employees</u>	
	<u>Male</u>	<u>Female</u>
Negro	.9	3.0
Oriental	.3	.7
American Indian	0.0	0.0
Spanish-American	1.1	3.9
Whites	47.8	41.1
Undetermined	.5	.7
Total	50.6	49.4

Percentage of Minority Employees = 9.9  
(excluding undetermined)

Table IX

Ethnic-Sex Composition: Operating Division

<u>Ethnic Group</u>	<u>Percent of Total Employees</u>	
	<u>Male</u>	<u>Female</u>
Negro	6.1	16.6
Oriental	.5	.5
American Indian	.1	.3
Spanish-American	5.2	7.1
Whites	31.1	29.1
Undetermined	2.2	1.2
Total	45.2	54.8

Percentage of Minority Employees = 36.4  
(excluding undetermined)

### III. The Personnel Department

The key organ by which management comes to grip with the labor market is, of course, its personnel department; this department has had the major responsibility for the expansion of job opportunities for minority group members. It was in the personnel department that most policy was formulated and executed; it is to the structure, operations and influence of the personnel department that we now direct our attention.

Traditionally, the personnel department, not only of banks but also of many major corporations and institutions, has not been viewed as a production unit, and, consequently, its importance was slighted. But as demand for workers increased, the personnel function increased in significance, and the expected level of performance for the department was raised.

#### A. Formal Organization and Responsibility

The specific organization of the personnel department varied from bank to bank, although the general outlines are roughly congruent; it is a centralized operation headed by a senior vice president or equivalent who reports directly to the chief executive of the bank. Typically, the department coordinates virtually all recruiting, hiring, training and placement activities for clerical hires. Promotion decisions for clerical employees are monitored by the department but not determined by them. Recently, however, there has been a tendency to centralize even the promotion decisions for the clerical staff, and the influence of the personnel department is increasing in this area as well.<sup>5</sup>

In each of the personnel departments in our sample one official, usually a vice president, coordinated all activities associated with

minority group employment opportunity. At the time of our research, no firm had a single high-level administrator whose sole responsibility was in this area.<sup>6</sup> This coordinator of minority group affairs (no officer has such a title although it is an appropriate description of his activities) reported directly to the senior or executive vice president for personnel. He was white, typically young middle-aged, and assertive; he was clearly the fulcrum of activity surrounding minority group employment. Although his degree of independence from the senior vice president varied between firms, in every instance he was clearly the energizer of the programs.

Many respondents noted that one of the results of increased association with minority groups has been the "professionalization" of the departments, and one significant dimension of variation between the personnel departments was the degree of professionalization displayed by each unit.<sup>7</sup> This is a difficult concept of measure, and it is equally difficult to assess its impact. In general we found that the level of professionalism was contingent upon the degree to which the department's procedures were rationalized and on the critical attitude displayed toward those procedures. The departments did vary greatly in the amount of information they had at hand, the use of computer technology, the analysis of labor markets, the monitoring of their own activities and operations, the evaluation of measurement instruments, and the gathering of relevant information concerning the bank population necessary for making important personnel decisions. Moreover, the banks varied with regard to how willing they were to experiment with new ideas and how ready they were to abandon old ones.

During the last several years the departments have changed vastly. These changes reflect an altered attitude regarding the personnel function and a different sophistication regarding its operations. The new phrases and language associated with this change are common to all; people "screen in" instead of "screen out;" employees are "qualifiable" rather than "qualified." But the most significant change has been that of orientation. One respondent summed up the situation well:

Things have changed so much here. Five years ago we did not want to know anything. Now we want to know everything. That is to say five years ago we weren't supposed to know who was black, who was white, who was turning over, leaving the job, who was being promoted and who was not. Now we're becoming more sophisticated about this. We plan to have a computer, and we will have all this information on cards by the end of the year.

The banks developed a system of rationality out of a recognized ignorance. Prior to the early 1960's it was sufficient for a personnel official to be familiar with his own community, i.e., the white community which was the pool from which almost all bank employees were drawn. Intuition, hunches and conventional wisdom were sufficient notions upon which to develop a personnel policy. But when confronted with the new black community, one with which personnel officials were unfamiliar, conventional wisdom simply bore stereotypes and pointed to the need for rationality. Naturally, attention shifted to the recruitment and hiring process and to an analysis of tests and measurements.

It was in this context that the assumptions regarding what constituted the appropriate set of standards or criteria for qualification as a bank employee received massive reconsideration. (This is discussed in more detail in Chapter 4.)

B. The Influence of the Personnel Department

Control over the personnel policy is invested in the personnel department. Though the power of personnel officials varies somewhat from bank to bank, we found no evidence to suggest that higher officials outside of the personnel department "dictate" personnel policy. At least this is true for the six banks under study here.

Usually, but not in every case, the approval of top management was sought before personnel officials launched new programs that substantially departed from accepted policy. And higher management usually approved. When argument was required to persuade top management to accept and/or support various new personnel programs, personnel officers cited the manpower situation in New York City as the most compelling argument to make to top management. In other words, business rationality was an effective polemical weapon.

This situation has not always been the case. In the past, personnel policies reflected the social prejudices of top management. Now personnel departments generate policy more independently in line with their own view of the exigencies of the manpower situation. The result is an accommodation between the significance of credentials and the significance of performance.

All of this is not to say that all notions of social "progress" are completely absent from the consciousness of those who set the social and political tone of the banks. They see community improvement as a significant spin-off of the expansion of opportunities for minority groups. Nevertheless, in no case did we find evidence that this moral attitude alone accounted for the change in bank attitudes with regard to minority group employees.

The moral and practical intentions of management must, in the last analysis, be translated into a set of operating procedures for the personnel department which is charged with the major responsibility for recruiting, hiring and training new workers. Inevitably, personnel officials become concerned with matters of promotion and retention of employees. These aspects of the employment process are treated in the next five chapters, with special emphasis upon the adaptation of management to the changing nature of the local labor force.



## Footnotes: Chapter 3

<sup>1</sup>Armand J. Thieblot, op. cit., pp. 179-182. Compiled from: The Banking Industries: Verified Complaints and Informal Investigations Handled by the New York State Commission Against Discrimination, July 1, 1945-August 31, 1958. (In Commission files, mimeographed.)

<sup>2</sup>The percentage was calculated by summing the number of employees in each category across Banks A through E and taking the sum as a percentage of the total bank employees.

<sup>3</sup>It is possible that the grouping of the lowest employment levels obscures significant differences between the divisions. The jobs in the operating division may be concentrated in the lowest portion of the "lower grade positions," while those in the commercial lending division may be concentrated in the higher portion of the lower grade positions. This could account for the differences. Unfortunately, a grade by grade breakdown which would have been definitive was not available.

<sup>4</sup>All data provided by one New York City bank.

<sup>5</sup>See Chapter on promotion.

<sup>6</sup>Since that time, however, one bank has detached two officers from the regular personnel function whose sole responsibility will be in the area of "staff development;" they will direct their energy toward the problems of minority group promotion rates within the bank. (This is discussed more fully in the chapter on promotion.)

<sup>7</sup>This type of reaction is a characteristic response to American civil rights activities. During the 1960's the cutting edge of social change and self-analysis in the United States was the civil rights movement. For example, when school integration became an issue, Americans were forced to question the quality and adequacy of the entire public school system. Likewise with housing and jobs; as these issues were paraded before the American public, discussions about these areas were not limited to an analysis of the black community. In fact, they have come to be best understood as national problems brought into sharpest relief in American ghettos. So it was with the banks.

## Chapter 4

### Recruitment and Outreach

The initial reaction of the banking community to the new pressures for the development of minority manpower was to change its recruitment practices. It is difficult to empirically isolate recruitment from hiring and training activities. Innovations in recruitment often resulted in innovations in hiring and training practices and vice versa. We are separating these activities primarily for expository reasons.

If minorities were to fill the labor requirements of the industry, a new system of recruitment had to be developed.<sup>1</sup> The banks had to aggressively seek minority recruits and abandon the traditional image accepted by most bankers of only middle class, white Protestants as bank employees, an image that included some skills as well as certain cognitive and emotional styles assumed to be at the root of "success."<sup>2</sup> These preferences did not necessarily imply bias against minorities, but they certainly operated to exclude them.

#### I. The Recent Past

There was a dramatic change in the organization of recruitment in the banking community when the overall employment policy of each firm moved from a "policy of nondiscrimination" to a "policy of affirmative action."<sup>3</sup>

Similarly, to recruit minority workers each bank had to establish non-routine and new recruitment practices that drew upon previously untapped minority manpower sources. Typically, the banks moved through three distinct patterns of recruitment.<sup>4</sup>

The first innovative step was the opening of non-routine recruitment channels with civil rights pressure groups. The early 1960's marked the beginning of the banks' contacts with a variety of civil rights groups such as the NAACP, the Urban League, various city agencies, and other community organizations, all of which had special interests in Negro employment. For example, one executive told us:

Whenever a pressure group came on the scene we asked them for lunch. We asked them for referrals; we actively stimulated referrals. They asked us to interview in the ghetto; we did, and this was successful. We developed some credibility.

Another official noted the value of such contacts:

One significant outcome of the meetings was the establishment of communication. We talked with them concerning our policy; we had no desire to discriminate. We left the door open to communication with the community organization. This established some credibility, primarily because we hired a reasonable number of their referrals. . . We have always been willing to sit and talk and willing to help.<sup>5</sup>

Many contacts with pressure groups became continuing relationships as the banking community actively cultivated relationships that were potentially channels of minority manpower.<sup>6</sup>

The second step in innovative recruitment involved undertaking active recruitment campaigns in minority communities. The banking community continued to accept the referrals of a variety of groups with special interests in minority employment but, in addition, began to seek out minority workers in their own neighborhoods, organizations and institutions. One informant noted that "recruitment became an active sales effort rather than the passive (acceptance) of referrals." This involved a whole new range of non-routine recruitment activities, but all were similarly aimed at opening up a previously untapped channel of minority manpower. The

following commentaries illustrate some of the contacts made in undertaking active recruitment campaigns:

The New York City Commission on Human Rights provided that we establish temporary recruiting offices in the ghettos. We arranged to send interviews in cooperation with community poverty agencies and civic groups to Harlem, the Puerto Rican community on 14th Street and Jamaica.

Each of the community development corporations has sponsored career fairs. The Bank has participated in those sponsored by community agencies in Morrisania, Coney Island, the Lower West Side and by Mobilization for Youth, the Urban Center of the State University of New York and others.

We have dealt regularly with Negro employment agencies and with the State Employment Service.

We actively recruit in ghetto high schools. Once avoided, we now have a program that emphasizes them in an attempt to obtain high school graduates.

We have actively advertised in papers directed to the minority communities -- El Diario, Amsterdam News, El Tiempo, New York Courier. In connection with the Amsterdam News advertisement, temporary employment facilities were established at our Melrose Office.

We go to a community center or store front and distribute information about the bank.

Until recently we had never gone to Negro colleges. Now we go to Negro campuses for recruitment.

The major characteristic of recruitment practices in this stage of development was that each bank attempted to open up a channel of recruitment which has a counterpart in the minority community, its organizations, and its institutions. Although all channels were not equally effective in producing minority job recruits, the initiation of active recruitment campaigns in ghetto neighborhoods represented an important contrast with the banks' prior reliance on job referrals from pressure groups.

A third stage in minority recruitment is a greater reliance on minority employees for job referrals and a greater reliance on direct applications by minority job seekers. While the first two stages of minority recruitment represent a movement toward new and non-routine recruitment methods, the third stage represents a movement back to standard methods. This stage emerged as a result of the banks' establishing their credibility as minority employers. Traditionally, banks were not viewed as a potential source of employment for minority group members. They were white institutions. Officials in the personnel department point out, however, that once positive action was taken credibility was easily and rapidly established. Now no bank in our sample reports lack of credibility as an obstacle to recruitment. That some bank executives correctly understand the credibility process is revealed in these comments:

Hiring black personnel increases our credibility with other blacks. If one is hired, he goes back and tells his friends and neighbors, and sometimes we get some of these.

Elaborating on this theme, the same informant suggested:

It is a matter of showing interest, telling people that we are here and that we need employees. . . All of these attempts are helpful in showing our interest and in building an image.

It is precisely this increase in credibility as an employer of minority labor that allowed the banks to return to standard modes of recruiting and at the same time to meet their labor needs. "The important thing," as one executive put the matter, "is that [minorities] are coming through the normal channels now." All of the banks regularly recruited at ghetto high schools, community action agencies and other sources which have proved productive of minority manpower. What was once thought to be strange is now familiar; the extraordinary has become routine.

## II. The Present Situation

Table X shows the proportion of new hires by ethnicity by source for one bank in our sample in 1968. It shows that minority employees used the same routes to bank jobs as whites.<sup>7</sup>

Table X  
Proportion of Hires by Ethnic Groups by Source

Source	Percent Distribution				
	Total	Negro	Spanish-American	Oriental	Other
Total	100	100	100	100	100
Agencies	47	49	44	34	46
Presently Employed	22	16	27	28	26
Voluntary	14	15	13	20	12
Advertising	10	15	8	15	7
School	4	3.5	5	1.5	3
Campus Recruiting	2	.5	1	1.5	4
Re-employment	1	1	2	0	2

Source: Data from one New York City bank.

One bank in our sample collected data covering their applicant population. These data can be used to estimate the effects of their recruiting policies and programs.

Table XI shows that this bank is able to attract a high percentage of minority applicants.

Table XI

Number and Percent of Applicants in Each Ethnic Group: 1968-1969

Ethnic Group	Applicant	
	Number	Percent Distribution
Total	5,239	100.0
Negro	2,714	51.8
Spanish-American	518	9.9
Other (98 percent white)	2,007	38.3

Source: Data from one New York City bank.

Table XII gives the age breakdown for applicants in the months shown. The majority of white applicants are under 21 while the majority of minority applicants are over 21.

Table XII

Age Breakdown for Applicants in Each Ethnic Group: June-October 1968

Age Group	Percent Distribution		
	Negro	Spanish-American	Other
Total	100.0	100.0	100.0
Under 21	41.9	40.7	53.3
21-40	53.6	53.4	31.6
41 and over	4.5	5.9	15.1

Source: Data from one New York City bank.

Table XIII shows the sex breakdown for applicants. The table implies that banks have been most effective in recruiting Negro females.

Table XIII

Sex Breakdown for Applicants in Each Ethnic Group, June-October 1968

Sex	Percent Distribution		
	Negro	Spanish-American	Other
Total	100.0	100.0	100.0
Male	24.4	37.5	31.9
Female	75.6	62.5	68.1

Source: Data from one New York City bank.

Table XIV shows that the minority applicants report their level of education only slightly below that reported by the white population.

Table XIV

Average Education for Applicants in Each Group (Self-Report): June-October 1968

	<u>Average Years</u>
Negro	12.0
Spanish-American	11.8
Other (98 percent white)	12.6

Source: Data from one New York City bank.

These data confirm the argument that some banks in New York City have been extraordinarily successful in attracting minority job applicants. Obviously, the tight New York City labor market acted as an incentive for the banks, but whatever the reasons it is clear that management commitment was converted into effective action progress. By combining a variety of outreach techniques with substantial management energy, the banks in our study have found that minority applicants now apply for work as a matter of routine.



## Footnotes: Chapter 4

<sup>1</sup>Routine channels of recruitment include direct applications, the use of private employment agencies, employee referrals, advertisements in predominantly white news media, recruitment campaigns at predominantly white high schools and colleges.

<sup>2</sup>In fact three decades ago many of the night-shift, operation unit jobs were held by Irish Catholic and the "traditional image" of White Anglo-Saxon Protestant applied only to customer contact jobs. Now, however, many minority members are employed as tellers and platform secretaries.

<sup>3</sup>These patterns of recruitment are described by Louis Ferman in a study of Negro employment:

In the former case, the company makes nondiscrimination in employment an established policy of the company and gives public acknowledgement of this fact. No special efforts are made to reach out into the community to recruit Negroes, and it is assumed that public awareness of the policy is sufficient to draw Negro applicants to the company. In an affirmative action program, practices are initiated to make special efforts to open channels of recruitment to Negroes and, in some cases, to develop special programs to make trained Negro job seekers available. Sophisticated understanding of minority group recruitment problems quickly brings to a realization that a non-discrimination policy without affirmative action fails to stimulate the recruitment of Negroes.

-- The Negro and Equal Employment Opportunities: A Review of Management Experiences in Twenty Companies, Department of Labor, Office of Manpower Policy, Evaluation and Research, July 1964, p. 14.

<sup>4</sup>A cycle very similar to that described here has been observed in other industrial settings. See Ferman, op. cit. pp. 14-15. The entire Ferman document is an excellent source particularly with regard to recruiting and hiring.

<sup>5</sup>As noted in Chapter 3 this period also marked the beginning of the tightest labor market in over two decades and the recruitment of "qualified" workers, regardless of their race, became difficult. The coincidence of the job discrimination protests with the tight labor market in the 1960's was of great importance because it led to a strong receptivity of personnel officials to the demands made by pressure groups.

<sup>6</sup>The action groups never produced large numbers of Negro recruits, nor did they see this as their essential role.

<sup>7</sup>The table deals with hires, not applicants. The ideal data were not available.

## Chapter 5

### Hiring and Placement

Hiring and placement are often simultaneous operations: the applicant is hired for a particular job. The great majority of job requisitions filed with the personnel departments are for the entry-level, clerical positions, and the hiring and placement of minority applicants for these positions is the banks' practical solution to expanding clerical needs in a tight labor market. In this chapter we discuss these processes.

All formally organized associations impose some degree of selectivity at their points of entry by applying certain rules for membership. The decision to hire is achieved by means of formal and informal, explicit and implicit rules of selection, not all of which relate to satisfactory job performance. The gate keepers of an organization, those who have been delegated the authority to make hiring decision, are interested in a wide variety of the candidate's characteristics: an applicant's job background and education, his scores on certain tests administered by the firm, his aptitude and skills, his motivation, his style of life, his appearance, manner, bearing, his arrest record and self-discipline, his loyalties and morality. All these criteria allegedly map to performance.

#### I. History of Hiring Practices

Traditionally the banks demanded a high school diploma, certain test scores and an accountable and socially acceptable biography. A basic education, i.e., high school diploma, was thought to be a necessary prerequisite for adequate performance in most positions, even at the entry level. For practically all positions in the banking industry, inter-

viewers searched biographies for evidence of ability to work, "social adaptability," "motivation," and "desire to succeed."

Biographies were also searched for negative features such as larceny or felony convictions. The requirements demanded of an applicant were that he possess a satisfactory biography and present it attractively.

#### A. The Use of Tests

In several banks great emphasis was (and still is) placed upon the outcome of certain employment tests for making hiring decisions. In general, two different kinds of tests have been emphasized -- skills and aptitude.

Even though the tests were rarely validated, scores below a certain cutoff point were a sufficient reason for disqualification.<sup>1</sup> There were deep suspicions that the tests worked strongly to the disadvantage of minority applicants.

#### B. The Interview

When talking to potential employees, interviewers responded to a variety of intellectual, emotional, social and physical cues that served as indicators of the interviewee's "personality" and strongly influenced evaluations of the possibility of job success.

A personnel interviewer responds favorably to the use of certain terminology in conversations and unfavorably to others. Use of business world terminology is a positive cue; words like "organization," "efficiency," "corporation" used by an interviewee communicate to the interviewer an acceptable intellectual style and seem to convey understanding of the company and its internal processes.

White-collar interviewers are also attuned to certain emotional styles that form subtle boundaries restraining the expression of feelings. The

individual most likely to succeed is friendly, not argumentative or hostile and plays down extremes of masculinity or femininity. An aggressive person is undesirable, but an individual who can assert himself when challenged by a superior and who doesn't take it "personally" is a good prospect.

Social cues include those dealing with non-work-related interests. In the employment interview situation, there are a host of hobbies, social concerns and outside interests which are considered appropriate for bank employees. It is a positive cue to an interviewer if an applicant enthusiastically discussed trips taken during past work vacations, activities at home revolving around television, improvement of home decor, new automobiles, or major league sports.

Physical cues -- hair, clothing, cosmetics, jewelry, posture, handshake, use of eyes -- all provide the interviewer with information. Clothing tastes should be modest and conservative; for men, dark three-piece suits, white shirts and striped ties; for women, modest middle-length dresses with mild color contrasts and conservative jewelry displays. In terms of physical gesturing, the person who constantly shifts his eyes away from the interviewer, walks in a "slinky," "cool" way is communicating negative cues to the interviewer.

In short, the interview is an opportunity for the applicant to make a presentation of self, to show "motivation," "a desire to succeed," and "maturity." The applicant tries to look like a businessman in the eyes of the interviewer. Sometimes different cultural styles or, in the grossest manner, the color of an applicant's skin made it impossible to appear businesslike. The major point to be made about traditional hiring practices in the banking community is that the design largely excluded minority workers from employment.

## II. The Personal Model

Put another way, the traditional test of membership in the banking community pivoted around the question of whether the applicant was seen as congruent with "the personal Model" developed for his prospective job. The personal model consists of a traditional catalogue of components that includes educational certification, ability to produce an accountable and socially acceptable biography, ability and willingness to work, and satisfactory employment test scores. In short, the personal model served as standards to which the individual applicant could be compared. Those applicants who corresponded to the model were selected; the rest were rejected. Failure to satisfy these hiring standards, especially those related to social background, has been the major reason for disqualifying the great majority of minority applicants. Consequently, the prerequisite for the substantial expansion of employment opportunity for minority employees was the rejection of personal model methods of employee selection. The recent experiences of the banking community suggest that the central facts about minority hiring are now quite different.

## III. Current Hiring Practices

As the labor market tightened and as banks began to open up new channels of recruitment for the purpose of attracting manpower, they found that there was a greater need to modify traditional assumptions about hiring. The experiences of our sample indicate that two changes in hiring practices emerged in the last few years: the industry has decreased the importance of tests and formal credentials and increased the significance of the interview.

Specifically, the characteristics associated with the use of tests in the new hiring method include increased skepticism about their predic-

tive power and understanding of the need for validation against appropriate subgroups of the population. The result has been a diminution in the role tests play in the hiring process. At the same time, the high school diploma has been virtually abandoned as a requirement for employment. Because the high school diploma was long considered absolutely essential as a minimum requirement for bank employment, this latter fact is of crucial importance in understanding the changes in the banks' hiring practices. The central issue has turned increasingly around performance capability rather than credentials.<sup>2</sup>

#### IV. The Sufficient Skill Model

In sum, most of the banks have begun to question the adequacy of the personal model method, and a new hiring model has emerged. One bank officer describing the new hiring methodology said:

The shorter range goals were 1) description of entry-level jobs and the factoring out from them of the basic skill requirements, 2) the analysis of the deficiencies in employees and hires with regard to those basic skills, 3) the development of screening and diagnostic devices for disclosing deficiencies, and 4) the designing of course material to remedy those deficiencies. Having nothing else to go by, it was decided that a high school diploma should be the temporary and arbitrary standard until something more relevant than middle class cultural assumptions could be utilized. (Emphasis added R.D.C.)

The force of this statement points to the emergence of the sufficient skill model; now a job is described in terms of required performance, and those characteristics of the applicant relevant to performance are becoming paramount. The new method treats the "job" problematically, i.e., it is the task of personnel departments to undertake an analysis of what a job really requires. As the basic skill requirements of a job are better known, personnel departments are developing skills tests for deci-

ding whether an employee possesses sufficient knowledge. The basic difference between personal models and sufficient skill models is that the former tries -- using social background data -- to predict what an applicant would do given exact information about the nature of the work and the skills of the applicant hired, while the latter attempts to describe what an applicant must do in order to perform the jobs. Reduced to a pair of simple questions the personal model method asks, "Who are you?"; the sufficient skills model asks, "Can you do this job?"<sup>3</sup>

In this fashion what are considered the appropriate interview criteria for judging an applicant's suitability for employment are changing. For example, for many jobs motivation becomes less important than willingness to work the night shift; clothing style becomes less important than a willingness to work overtime; sophistication about the business world becomes less important than work attendance.

Given the imbalance between supply and demand, the "lowering of standards" becomes a rational response. A business recruiting labor can commit two distinct errors: 1) it can set its standards too high, thereby erroneously excluding too many unqualified workers, and 2) it can set its standards too low, thereby erroneously including too many low-producing, unqualified workers. From this perspective, the "lowering of standards" may be viewed as the preference for the latter type of error over the former type. The reduction of standards has been a self-reinforcing process. After the initial lowering of standards it was obvious that previous standards had been unrealistic and were contributing to the labor shortage. And as a result of this experience the impulse to relax has been strengthened. The speed of this transition from the old to the new models of hiring was not constant for all the banks, but in each instance

it has influenced the internal functioning and external relations of the personnel departments. These matters are discussed in the following subsections of the chapter.

#### V. The Personnel Interviewer

The shift to the new model of hiring is revealed in the behavior of the personnel interviewer. The role of the interviewer in the series of events that culminates in the hiring of a new employee is obviously of crucial importance; he is the real decision maker in this process. The decision to recruit is a top-level decision, but the choice of hires converges on the interviewers -- he can make a hiring program successful or he can sabotage it. One bank describes the interviewer's role as follows:

The interviewer receives a test card on each applicant listing the jobs for which the applicant meets the criteria; the actual test scores are not given to the interviewer. It is the interviewer's responsibility to integrate the test information with relevant facts about the applicant and to determine whether or not the applicant should be hired and which job would be most suitable.

The interviewer's employment decision is based upon a series of formal and informal, subtle cues, many of which are not work-related. A prospective employee is required not only to show acceptable credentials with regard to substantive prerequisites of a job, but he must present a suitable "front" and style as well.

An individual who looked, sounded and behaved similarly to the interviewer or the interviewer's model was most likely to be employed. Obviously, to some interviewers the very color of an applicant's skin implied that he could not function competently within bank culture, and this resulted in systematic exclusion of nonwhite employees.

However, from the firm's point of view, given a decreasing labor supply, an increasing percentage of which was nonwhite, this strategy of irra-



tional selection was intolerable. All the firms realized that the "standards" which seemed to be prerequisite for performing a task were not in fact necessary but rather had become barriers to employment for individuals perfectly capable of doing the work but unable to marshal the formal and informal credentials necessary to get the job.

None of the banks reported major problems associated with the transformation of interviewer personnel. Some banks turned immediately to the minority employees already within the bank and involved them in the personnel function. Now all of the personnel departments number minorities among their interviewers and staff. The presence of minorities seems to facilitate the process of transforming interviewers, but this fact was not cited by any of the banks as being essential. What was crucial to this transformation was management's decision to convince, even demand, that the interviewers accommodate themselves to the new hiring model.

#### VI. How Minorities Fare in Hiring Under New Hiring Procedures

It would be a mistake to conclude that even a majority of those who apply for bank jobs are hired. During a six month period in 1968 one bank for which we have data hired about one out of four applicants. In terms of ethnic factors, these data showed that Negro applicants had about a 21 percent chance of being hired, Spanish-American applicants had about a 27 percent chance and whites had about a 31 percent chance.<sup>4</sup> There is some variation among banks. One bank reported that it hired only one of eight applicants. Yet, the bank now hiring one in four applicants was hiring one in ten applicants a few years ago.

The increase in the probability that a nonwhite applicant will be hired has eventuated in dramatic changes in the ethnic composition of the banks' new hires. For one New York bank, during the period June 1968-

June 1969 about 53 percent of the new hires were minority members.

Although that figure is higher than usual, a typical bank in our sample finds that minorities are between 25 percent and 50 percent of its new hires.

#### VII. Placement

As previously indicated, minority workers are not randomly assigned to slots in the banks' organizational structure. There are very strong tendencies for minority workers to be concentrated in those divisions of the bank that require large clerical staffs. This, in turn, eventuates in a concentration of minority workers in the lowest paygrades. Bank officials point out that this distribution is not due to a policy of discrimination but is a result of a rational sorting of workers by skills and previous preparation.

Table XV taken from one bank provides some useful information about placement of minorities. It shows that almost two-thirds of the new hires in its operating division were minority group members.

Table XV

Ethnic Breakdown of Operating Division New Hires (1968)

Ethnic Group	New Hires	
	Number	Percent Distribution
Total	832	100.0
Negro	342	41.1
Spanish-American	188	22.6
Oriental	12	1.4
American Indian	5	.6
Others	255	30.7
No Code Listed	30	3.6

Source: Data provided by one New York City bank.

Table XVI obtained from the same bank is data for new hires as a whole without regard to bank division. Whereas the data show that the probability of being assigned to a low-paying job is greater for new minority hires than for whites, it should be noted that a substantial percentage of minorities are hired in the middle and higher pay categories as well.

Table XVI

Number of Hires by Paygrade

<u>Clerical Grade</u>	<u>Negro</u>	<u>Spanish-American</u>	<u>White</u>
A (low)	0	0	0
B	0	0	0
C	13	7	8
D	74	11	24
E	44	12	26
F <sup>1</sup>	80	23	46
G <sup>2</sup>	81	14	213
H	9	2	8
I	4	3	8
J	1	0	1
K (high)	<u>1</u>	<u>0</u>	<u>0</u>
	307	72	334

<sup>1</sup>95 percent new hires at this level receive between \$4,860-\$5,950.

<sup>2</sup>95 percent new hires at this level receive between \$5,330-\$6,540.

It would be desirable to have more definitive information on the placement of new hires such as their distribution throughout the bank hierarchy by work experience and schooling as well as by race, paygrade and division. Unfortunately, such data are not available, and without them it is impossible to determine with certainty all the factors which influence placement.

## Footnotes: Chapter 5

<sup>1</sup>Some banks have validated their own tests, and recently the American Institute of Banking has sought to conduct a campaign for all banks to validate their tests.

<sup>2</sup>One of the minor consequences of excessively high standards is that employees are sometimes better than the jobs they serve. The result may be a high turnover rate among these "overqualified" employees. In one bank it was found that among proof machine operators "high scorers on the test are more likely to terminate within six months than are low scorers." See Chapter 9.

<sup>3</sup>Sociologically, what we are observing is the emergence of "universalistic" standards for hiring. Concomitantly, the personnel department is slowly being transformed into a rational bureaucracy. Of course, this is a new trend and we do not wish to imply that applicants for jobs in banks are no longer rejected on irrational grounds.

<sup>4</sup>For many minority applicants the tests of membership applied at the personnel offices of a company may present formidable obstacles in themselves. As one informant suggested, "many are very suspicious of our probing and want to know why we desire to have personal information; they don't trust us." The applicants' attitudes toward the interview and employment testing may induce resentment and anxiety that leads to "clutching" in interviews, and such behavior could affect conclusions an interviewer draws about the applicant.

## Chapter 6

### Training

Banks rely primarily upon on-the-job training to prepare new employees for their positions. This was true in the past and it is true now.<sup>1</sup> However, in recent years some programs have undergone modification.

Earlier in this report we described the changing nature of the work force and the tight labor market in New York City. We noted that hiring criteria were altered in order to fill the vacant positions. There was a shift from hiring only fully qualified job applicants to hiring some people who in the banks' view did not have the requisite skills, the "right" past work experiences, or who came from social backgrounds not congruent with a white-collar office environment. All of these shifts induced banks to reshape some of their training programs. This chapter deals with those programs.

#### I. Past History of Training

The traditional practices in New York City banks have been to place new hires directly into the job and to have departmental supervisors train them. This relatively informal on-the-job training was decentralized, and each department developed its own training techniques. Supervisors were entrusted with the responsibility of training new personnel as well as managing the production of their subordinates. Provided that the problems of overseeing the production process were not overwhelming, each new employee could be given some personal attention by supervisors, thus eliminating the need for more expensive, formal, off-the-job training. From the banks' perspective this policy was successful.

In addition each bank maintained specialized in-house teller training schools where clerical employees were sent to attend upgrading programs that prepared them to move into teller positions. Indeed, upgrading was the central purpose of almost all formal, off-the-job training, and each bank in large part relied on the upgrading of lower-level personnel to fill its upper-level positions. In other words, training was oriented toward bridging the knowledge or skill gap for workers who had already been chosen for promotion.

Bank training programs in the past can therefore be described as follows: 1) they were almost exclusively of the on-the-job variety, 2) the on-the-job training programs assumed a knowledge of basic work skills, and 3) the formal training programs that did exist were almost exclusively oriented to upgrading personnel.

## II. Current Training Practices

Contemporary training programs differ in some important ways from those of the past. Although each banking firm continues to rely primarily upon on-the-job training, there is a greater emphasis on off-the-job, vestibule programs. Moreover, these formal programs are heavily directed toward entry-level training as opposed to upgrading. They concentrate on developing basic skills and on orienting trainees to the white-collar office environment; in the past these attributes were assumed.

The institutionalization of off-the-job training programs has come about for two basic reasons. First, the fact that banks have hired less qualified workers has meant that the time and effort required to train some new personnel has increased. Where once training only involved efforts to bridge the gap between a worker's fully qualified status and the special knowledge and skills required for performance in a given work

role, some training now incorporates basic job skills as well as elements of compensatory education. The job setting itself with supervisors as central figures and production as the driving force may not be the best place for this new kind of training.

Second, vestibule training has been given substantial financial support by programs of government assistance. Department of Labor training programs (MA 3, MA 4, MA 5) have been employed by the banks individually and in consortium arrangements through the American Institute of Banking, thus capitalizing on the strong incentives offered the federal government for entry-level training programs.<sup>2</sup>

Vestibule programs can be divided into three categories: upgrading, supervisory, and entry-level training. The upgrading programs remain essentially the same as have been in the past. They are designed to take employees already on the job and provide an opportunity for them to polish their skills and, consequently, to advance their position. Several typical upgrading programs for secretarial employees were described in one bank as follows:

Secretarial Training I. General Goal: perfection of stenographic and typing skills. Entrance Requirements: knowledge of shorthand theory with minimum dictation speed of 60 words per minute. Specific Training Goals: stenography speed of 120 words per minute and typing speed of 60 words per minute. 200 training hours.

Secretarial Training II. General Goal: perfection of stenographic and typing skills. Entrance Requirements: some high school training in stenographic theory. Specific Training Goals: dictation speed of 120 words per minute and typing speed of 60 words per minute. 104 training hours.

Advanced Secretarial Training. General Goals: development of leadership qualities, diagnosis of office problems, exploration of secretarial responsibilities, and development of good letter writing. Entrance Requirements: must be secretary to supervisor up to Assistant Vice President level. 24 training hours.

Training programs now being offered for supervisors of clerical personnel have some new aspects which deal with minority employees. There is great variation among these programs for supervisors. Some emphasize sensitivity training and concentrate on an examination of supervisors' feelings toward minorities while others focus on labor market conditions and banking manpower needs.

The results have not been systematically evaluated for any of the programs. Typically, supervisors are surveyed after the training period and asked how they feel. Usually they report feeling differently, but there is no evidence that these new attitudes change their job performance.

By far the most extensive changes in bank training have been the addition of entry-level vestibule programs. These programs take two forms: compensatory or basic skills training and special skills training. Skills training produces specific job skills, compensatory training is primarily oriented to basic education, remediation, and socialization. However, this distinction is not categorical.

Some banks sponsor compensatory programs individually while others participate in consortium arrangements with other banks and the American Institute for Banking. The duration of the programs vary from four to five months up to a year. In the longer programs students divide their time between the classroom and actual bank activities. While an individual is enrolled in any of these programs he is considered a bank employee and is paid a salary. One bank describes its own program as follows:

The program of 16-20 weeks duration prepares students for positions of general typist and/or general file clerk. Skills training in the forms of typing, business machines and business procedures are taught. Remedial education in English and Mathematics are also offered.



A representative compensatory program offered with Department of Labor financial assistance provides basic education in English, reading, writing, speaking and mathematics, as well as basic skills training in office procedures, filing, typing and the use of office machines. Another program provides even a greater emphasis on basic education by giving the trainee a six-week course in remedial academic education. In general the trainee is expected to have reached an eighth grade reading level at the end of the training, a level that is considered to be sufficient to perform most clerical functions adequately. Often he will spend some of his training time in an actual work situation, and after the formal training is completed workers may receive additional training on the job.

Tellers school is an example of special skills training. Unlike the past when teller training was a vehicle for upgrading clerical personnel, contemporary programs are almost exclusively for entry-level training. Each bank has its own special teller school where trainees learn the 60 or 70 different procedures necessary for window transactions. Some of these programs also incorporate compensatory education in the form of courses designed to introduce trainees to the world of work.

#### A. Assignment to Training Programs

In most cases the choice of the kind of training a job applicant will receive is made by employment interviewers at the time of hiring. Indeed, the decision to hire depends on the interviewer's judgment about the applicant's potential for training. For certain jobs (e.g., teller training) assignment to a skills training program by the interviewer is a matter of routing. Frequently, the assignment of applicants to compensatory training is also made by the hiring interviewer. On occasion a trainee will be referred to a bank by outside sources such as a local

poverty agency or church. Training slots are filled on a first-come, first-served basis, and usually they are filled rapidly.

Compensatory training, even for the banks with the most extensive programs, involves only about three percent of the new employees. One bank personnel officer maintains that, in actuality, there are a much greater number of persons working in the bank who qualify as "hard core" and need the training but are excluded from compensatory programs because of a shortage of openings in the training programs.

B. The Functions of Compensatory Programs

The banks measure the value of compensatory programs not only in terms of increased scores on writing, arithmetic, reading, and clerical skills tests, but also in terms of changes in the trainee's work orientation. One instructor commented on several changes she noticed in a group of typing trainees after the completion of a six-week program:

There were several important changes: 1) they have become more sophisticated; there are no more silly questions like, "What shall I do next;" 2) they have learned to follow instructions very well; 3) there are changes in dress and hair style. Pretty colors are now being worn. They wear more conservative dress, less skirts and sweaters, more dresses.

Moreover, since those offered compensatory training lack a high school diploma, these programs might be interpreted as institutionally authorized, credentializing agencies operating as substitutes for high schools and vocational schools. The "certification" granted hard core trainees establishes not only a credential for the new employees but provides the personnel department with a lever to use on supervisors who resist the placement of hard core employees in their departments. In other words, training programs serve the function of providing the new employee with an internal "track record" and placed reluctant supervisors in the uncomfortable position of attacking the banking industry's own

training if he resists the new hire. Personnel officers report that explaining the full extent of training that an employee receives to the supervisor establishes further ground for acceptance of the hard core trainees. The argument is that compensatory training serves a screening function. Those who do not manage to adjust to banking industry's style of life drop out; those who finish have demonstrated staying power, and this, in a period of high turnover, is an argument for placement. Successful completion of a compensatory program then justifies the personnel department's claim to a skeptical supervisor that the new employee has "substance" as a person, that he has an acceptable biography.<sup>3</sup>

On occasion personnel officers reported some problems associated with placements for "hard core" trainees. They found a tendency for supervisors and branch managers to place trainees at the most menial tasks because they felt the trainees' level of acceptance was extremely low and because the trainees spent much time away from the job in classrooms. From the supervisor's point of view, a worker who is not on the job most of the time cannot be assigned significant tasks. From the trainee perspective, the work can develop into a distressingly boring task. (One branch clerk trainee had spent ten days typing names and addresses on index cards when we interviewed her. The supervisor complained she was late; she noted that the tasks did not always inspire her to report to work on time.) What often developed in this context was a self-fulfilling prophecy -- the supervisor assumes the hard core trainee cannot do much work and assigns the trainees to an unimportant task; the significance of the placement is not lost on the trainees who respond by losing interest in their assignments. One supervisor located at a branch said he had seen this operate "dozens" of times, that he concentrated on

giving trainees "important" tasks, and, as a result, "never had any trouble."

Evaluating how well the compensatory training programs have fulfilled their function is difficult. The government's MA 3, MA 4 and MA 5 contracts do not provide evaluation funds. In some cases, however, the banks have developed their own evaluations. The reports that we have seen are generally positive although they recognize the presence of certain special problems.<sup>4</sup> At this time the banks are cautiously optimistic about their hard core programs, plan to expand them, and report that government financial supports act as a powerful incentive for them to do so.

## Footnotes: Chapter 6

<sup>1</sup>At least 90 percent of all new employees go directly to their first job.

<sup>2</sup>These programs are often referred to as "hard core" training programs. The definitions of hard core vary by program. Usually a "hard core trainee" must meet certain criteria, e.g., income or education below a certain level, membership in a disadvantaged minority and so forth. In the New York City banks almost all hard core trainees are nonwhites.

<sup>3</sup>See Chapter 4.

<sup>4</sup>Appendix B contains two reports evaluating compensatory programs. The first report deals with trainees in consortium-operated programs; the second report, from another bank, deals with an internally operated program.

## Chapter 7

### Promotion

Promotion is a major problem now and one that we are concerned with. We feel terribly inadequate in this area. Our plan is to tool up and to get to work on it. This is our number one problem. -- A Vice President for Personnel

#### I. The Problem

At the center of the traditional American dream is the vision of social mobility; it is the crucial core of the American ethos. Banks in New York City have met with substantial success in recruiting and hiring minority groups for entry-level, clerical positions in the past four years. But with regard to the promotion of minority workers, personnel officials admit that it "is their area of least progress," least experimentation and least innovation.

In most banks relatively few minority personnel have been promoted to leadership positions, and this is a problem to which the banks have only recently turned. Partially, this inattentiveness is a result of the incorrect assumption that "promotion would take care of itself over time," that merely hiring minorities and putting them in the "pipeline" would result in a series of promotions for an employee over an extended period of time, thereby resolving the problem. However, upper management now has come to realize that this is not a valid assumption, and with the work force rapidly becoming nonwhite, promotion policy is becoming increasingly important for banks.

From the perspective of the industrial managers the problem of black occupational mobility is especially troublesome because it presents them with a dilemma. In keeping with the official ideology they are oriented

to norm of promotion as a reward for individual achievement. On the other hand, recognizing that operating under that principle would require an inordinate amount of time to effect a fair racial distribution in the occupational hierarchy, they are drawn to a selection procedure which in some sense favors minority employees. In our opinion if the ethnic composition of the banks' occupational levels is to be brought into line with a statistically fair distribution, and if this is to be done in a relatively short time, for some time to come, the chances for a nonwhite worker to move up must be made better than the corresponding chances for a white worker. Then, once each group has its "fair share" of each occupational status position, the chances for advancement can be made equal for everyone. The critical question is how can this be done in an atmosphere of indifference or even hostility? A few bank officials sense this dilemma.

## II. Patterns of Career Mobility

Most large-scale white-collar firms in the United States have clearly discernible career ladders. It is one task of a personnel department to insure that the best talent moves through these careers by providing criteria to guide the promotion process.

Career patterns may be viewed as tracks of upward mobility. In banks the tracks are usually restricted to departments and units. Theoretically, it is possible (although in practice it is rarely the case) for a worker to increase mobility by shifting departments, e.g., to leave the operations unit and enter the loan department. Although personnel officials often cite a variety of individual cases where "horizontal," cross-departmental mobility has occurred, the vast majority of all promo-

tions within the bank occur within a particular unit. Briefly, then, what are the major tracks in the commercial banking industry?

In the branch banks the career ladder begins with entry positions of "control clerk," one which involves filing checks. The most likely progression from this is: "savings teller," "paying-receiving teller," "head teller" (check cashing), "loan teller," "note teller" (miscellaneous activities), "operations assistant" (substitute for any of the first five positions), "chief clerk" (lowest level supervisor), and "assistant manager" (lowest level officer position). Traditionally it has taken a high school graduate approximately ten years to move from control clerk into the assistant manager position, but this time interval is decreasing because of the increase in the number of branches and job turnover.

Similarly, there is a promotion pattern within officer levels. The hierarchy is as follows: Assistant Manager, Assistant Secretary, Assistant Vice President, Vice President, Senior Vice President, Executive Vice President, President, Chairman of the Board. Although it is possible to work one's way up through this hierarchy from the clerical positions, in reality, this is unlikely because the college degree requirement stops clerical employees and supervisors from ever moving into the officer levels.

### III. Dead-End Career Patterns

For whites as well as nonwhites, there are some entry-level clerical positions which offer virtually no opportunity for advancement into more responsible job areas if the employee should desire it. Typists are an example. The banking industry is typical of white-collar firms in its handling of typists, that is, offering them virtually no chance to ever



move into more responsible positions. A few are promoted from typist to stenographer-typist, and some become secretaries, but once classified as a typist it is difficult to be reclassified into another job category. Another "dead-end" situation is that of the night-shift employees who are check processors in the operating division. Today, this shift is almost entirely Negro and Puerto Rican women, and the best that most check processing employees can do is to achieve "temporal mobility": movement to the day shift. Although it is the stated, formal policies of the banks to offer the night employees an opportunity to move to the day shifts when vacancies occur, this type of mobility is very infrequent. Even though the banks indicate a high turnover rate among day clerical workers, the difficulty of recruiting workers for the night shift dictates, from the banks' point of view, a decision to severely limit mobility from the night to day shift. Night workers are isolated occupationally and socially from the mainstream of the banking community and report little hope of advancement beyond a minor supervisory position. The net result of the convergence of these policies is that the night shift in the operating division has become a virtual ghetto, blocking in minority workers at low-paying, dead-end jobs. Some executives say that the existence of these ghettos is not a problem because of the "low career expectations for women" and that because of child care problems, minority women in particular prefer night work.

#### IV. Formal Promotion Criteria

Each of the banks used formal, public criteria to judge candidates for promotion. All have evaluative systems in which supervisors periodically report to the personnel department on the performance and attitudes

of subordinates. Some banks utilize open-ended evaluation forms which allow the supervisor to comment extensively; some utilize highly structured evaluations based on elaborate, quantitative ratings, and some include on their employee appraisal forms somewhat more subjective evaluations of attitudes, initiative, customer sensitivity and grooming. Traditionally, all evaluative systems, however, were based on the personal observations of the supervisor only.

Basically, the formal criteria require an examination of various aspects of job performance. This includes: efficiency and neatness, absenteeism and lateness, and "motivation." Off-the-job behavior is also used to estimate the worth of the employee, especially as it testifies to "ambition." For example, taking additional college courses or attending the American Institute of Banking School,<sup>1</sup> or taking part in voluntary special skills training programs is usually regarded as signifying devotion to work and a desire to succeed.

#### V. Informal Promotion Criteria

In addition to the formal promotion criteria discussed above, supervisors make numerous informal judgments of their subordinates. Although the formal evaluation process is supposed to minimize this, personal prejudices do enter into promotion decisions.

The relevance of this situation for the question of minority employee promotion centers around two facts of bank life: 1) although some minority personnel have been promoted to the supervisory levels, almost all supervisors in banks, including those in the operating division and especially those above the first line, are white, and 2) the white supervisors know their minority subordinates less well than their white ones. The

significance of this second point bears some explanation. Supervisors report they did not know the "little" things about minority employees in their crews that facilitate the building of personal ties between human beings. They have little knowledge about their minority subordinates' hobbies, family life, life expectations, personal problems, and the "stuff" of their day-to-day activities. Many white supervisors deploy stereotyped images in their descriptions and evaluations of minority personnel. Moreover, officials report the less sensitive and less tolerant supervisors tend to be those who have not themselves been promoted very rapidly, and, unfortunately, such supervisors are not uncommon in those departments where an overwhelming majority of the personnel are members of minority groups.

Supervisors offer their own work load as an explanation for not getting closer to their subordinates. One personnel officer said:

Many supervisors are not people-oriented; they've been promoted because of their success with tasks. The rationalization 'we have no time' is an excuse for not being people-oriented.

Whatever the case, the supervisors' personal judgments about nonwhite workers were often of the vaguest, most rudimentary kind. It may be that many supervisors simply see their minority employees as a generally undifferentiated mass, not even in the "pool of promotion candidates." One personnel official noted that the supervisors, and possibly much higher level officers, share an unofficial and possibly unconscious sense of restriction on the promotion of minority groups. He argued that there is "an informal maximal level of promotion that is reinforced by an attitude embodied in the notion that 'this is good enough for you, and it's better than whatever other minorities have'." In this context, minority and

majority employees are defined as members of distinct, hierarchically-ordered castes.

A recent research report in one of the banks where the minority promotion rate was comparatively high bears on this very point. The research demonstrated that the rate of promotion for minorities and whites were almost identical but that, "the promotions of the minority groups were concentrated in the lower grade levels while the [white] promotions were more evenly distributed across the range of grades." The bank sees these findings as an indication that the problem of minority promotion is a result of place rather than discrimination; location in the job hierarchy rather than prejudice. Unfortunately, the comparisons which would resolve this issue, comparison of differential promotion rates for whites and minorities by grade level, cannot be made because there are so few minorities in the upper grades. (Of the 608 officers who received promotions during the three months covered by the research cited above -- June-September, 1969 -- 606 were white, two were Puerto Rican, and none were black.) In sum, mobility for minorities, like for other workers, is in part limited by "dead-end" careers. But unlike other workers, minorities also suffer a certain amount of discrimination which acts as a further barrier to their occupational mobility.

#### VI. The Present Situation

Several recent developments associated with the promotion process in minority groups bear special mention. In one bank a special unit has been recently established to concentrate on "staff development." This unit, directed by two energetic believers in equal opportunity, will have the responsibility for insuring the upgrading of nonwhite personnel within

the bank. As this report was written it was too early to evaluate the results of the unit's operation. Nevertheless, it may be useful to describe some of the innovations being proposed. Traditionally, only the supervisor has had power to make recommendations for the promotion of employees. The staff development unit has urged that two other sources of promotion recommendations shall be sought. One will be an independent evaluator who will weigh the formal evaluations, the supervisor's comments and the employee's own claims. The neutral evaluator may recommend a promotion. The second source of promotion recommendations, other than the supervisor, will be the employee himself. Any worker who feels he is capable of being promoted or moved to another unit in the bank will be allowed to make a self-recommendation. At that point, the independent evaluator will assess the situation and make a recommendation.

A second innovation that has been proposed in another bank and which may be of great importance, deals with the claim common to all banks that they want to "promote from within."<sup>2</sup> Recently, a large division numbering hundreds of employees established the rule that all promotion for that unit will be restricted to the present employees of the unit. In other words, if a supervisor leaves, quits or is transferred, the next supervisor must come from within the division. As one personnel official put it, "In order to promote from without you need 'an act of congress'." Although this program is of recent vintage, it has already produced a greatly increased percentage of minority promotions within that particular division of the bank.

Finally, all the banks, in line with their recognition that great problems exist with regard to promotion for minority personnel, and recog-

nizing as well the problems inherent in relying almost exclusively on supervisory judgment as a basis for establishing promotion priorities, have moved to formalize evaluations of work performance. At the same time, they have increased the weight of formal evaluations as a basis for promotion decisions. Now they employ skills inventories and quantitative measures in order to lessen the influence of prejudice in the promotion process. How this formalization will affect promotion for minority groups remains to be seen. But one thing is unalterably clear. The most fundamental traditional assumptions regarding the nature of the promotion process, including the "pipeline" argument and reliance on supervisor judgments as a basis for promotion, are being seriously questioned. It is now clear that the "pipeline" has been an insufficient generator of promotions for minority personnel. It is also clear that the supervisor once thought to be the best source for information pertinent to promotion may not in fact be well-equipped to provide this information, and, consequently, his judgment must play a lesser role in making decisions about promotion.

## Footnotes: Chapter 7

<sup>1</sup>The American Institute of Banking (AIB) conducts a school which offers courses to bank employees in various aspects of banking. Tuition is paid by the bank. After completing a series of courses, students are graduated from the AIB. Whereas no precise formal evaluation is placed on participation in an AIB program, such involvement is viewed favorably during promotion considerations. There is no data on differential participation rates for minorities and whites.

<sup>2</sup>See Chapter 8.

## Chapter 8

### The Development of an Officer Staff<sup>1</sup>

One consequence of the modern revolution in knowledge has been its impact on employment practices in American industry. Formal educational attainments have become the single most important criterion in determining distribution of job-seeking into the occupational hierarchy. The banking community is no exception; access to the more rewarding managerial and professional positions is heavily determined by academic credentials. Promotion through the ranks to officer level accounts for a smaller percentage of officers than it did in the past. Although all banks formally maintain a policy of promotion from within, they fill vacant management positions largely from the outside preferring to hire college graduates to upgrading lower-level employees. Actually, banks vigorously recruit officer trainees from universities and only a small number of officer trainees are drawn from current bank employees.<sup>2</sup>

This practice has produced a bifurcation of recruitment style in clerical and management (officer) recruitment. As one informant told us:

There is a very sharp break for recruitment for clerical and manager positions. The sources and methods of recruitment vary for these two categories.

This bifurcation of practices is made clear when we consider that standards have been raised for management positions and lowered for clerical positions. Some personnel officers disagree with this position, arguing that there is an increasing tendency at all levels to reject formal criteria as a basis for hiring. This may be true at the clerical level, but at the management level, due to labor market conditions today, more than ever before, banks hire their trainees from the pool of "college-trained



minds." One personnel executive said:

About 85 percent of our officers are recruited from the college recruitment program. And the 15 percent who come through the ranks are largely college-trained anyhow. A bachelor's degree is not essential, but the deck is stacked.

All respondents agree that there are two essential facts about recruitment of minority college graduates: 1) it is better now than it was, and 2) it is not what it should be.<sup>3</sup> In part this condition is a result of labor market factors, for the key fact about college recruitment is that there has been only slight labor market pressure to hire minority college graduates. During the period of the 1960's, the supply of white baccalaureates and MBA's has continued to be almost equal to the demand.

The primary pressure to recruit minority college graduates has been internal to the banking community, growing out of the embarrassment that almost all supervisors and officers are white while a large percentage of bank employees are nonwhite. There is also an increasingly widespread feeling that with recruitment of minority clerical employees continuing apace, unless minority college-trained officers are developed, the banks may get into serious problems dealing with nonwhite clerical employees in the future.

## I. Recruiting

### A. College Recruiting

The primary emphasis in recruiting officers is in locating and attracting college graduates. As one informant said:

We try to fill all officer positions with recruits from college campuses. Then after the college recruiting is over, we fill the remaining positions with people from other sources.

In most cases these recruitment activities are sufficiently different from the activities involved in the recruitment of clerical workers to require a special staff of college recruiters. Although each bank employs a number of specialists for its professional and technical positions, the major emphasis today in college recruiting is in simply attracting "good" people. One informant, for example, told us:

We don't care what major they have. Any major is satisfactory. What we want is a college-trained mind.

Special methods are required for attracting minority college graduates and the recruitment of such manpower is generally much more difficult than the recruitment of minority clerical workers. Although banks have initiated certain new recruitment practices in this area, relatively few minority job candidates have been located and hired.

Recently the banking community has undertaken an attempt to recruit at Negro colleges. In its most passive form, any college recruiting simply involves "making it clear on campuses that we are willing to employ regardless of race, color, creed." Of greater importance, however, is an active recruitment campaign carried out on Negro college campuses in which a company sends interviewers to the campus and participates in an aggressive search for candidates. This kind of activity is carried on at both black and white campuses.<sup>4</sup>

Different banks supplement recruitment campaigns by co-sponsoring a number of activities in the college setting. Such activities are undertaken in order to form broader links to the college. As one informant told us:

What we have found is that it is important to participate in more than simply the recruitment process. If I could sum it up in a phrase, I would say, if you just go there

to recruit, you blow it. You must really go in a broader way and help with a variety of programs. You cannot just go down to interview people. Your relationships with the school must be total.

One college recruiter listed the following activities as typical of those that seem to be necessary to establish this broader approach.

We're trying to help \_\_\_\_\_ University raise money to train more Negro business students.

We're participating in the "Careers for Negroes in Management" at the University of \_\_\_\_\_. Here companies sponsor Negroes in a business college program.

We are participating in the consortium sponsorship program of Negro business students in \_\_\_\_\_ University. We are working with \_\_\_\_\_ University to help subsidize black students. . .including giving them summer jobs.

At another bank a summer intern program for a professor and several students at a minority college has been instituted. Each summer the students, under the guidance of their professor and as guests of the bank, work on a special bank-related problem.

Co-sponsorship of activities on Negro campuses has the important effect of increasing the contact between the bank and college personnel, thereby providing the basis for an informal exchange network. This network decreases the social isolation of the black campus from the world of banking. Consequently, it is now possible for career counselors at black colleges to directly telephone bank officials to recommend job candidates directly. This informal but important communication path has been virtually absent from the repertoire of responses available to individuals in the personnel offices of the black colleges.

Finally, college recruiters for the banks express unhappiness with some of the approaches of the college placement offices. In many cases, prospective recruits have no idea of what to expect and were insuffi-

ciently informed about the banks prior to the arrival of the bank recruiters on the campus.<sup>5</sup>

B. Junior College Recruiting

It is widely recognized now by some large-scale organizations that a four-year college diploma may not be essential for entry into management. Recently one bank has begun to accept a limited number of junior college **business** graduates as management trainees. They see this as a way of tapping a source of talented Negro and Puerto Rican recruits. Three banks have also entered into a special cooperative education program with a local two-year college. An informant of one bank that has had 32 such trainees (seven black, two Puerto Rican) since the inception of this program three years ago said:

Community colleges (Junior Colleges) offer the number one source for qualified minority personnel to move into higher-level positions.

Usually the trainees are hired for technical jobs as programmers or accountants. There are also a few part-time students from junior colleges working in a "cooperative education" project in which students receive a salary for part-time work at the bank which is related to their studies at school. Upon graduation they are guaranteed a job with the bank. In several instances, both white and minority junior college graduates have not only been working for the banks immediately upon graduation but have utilized the bank's tuition remission program to continue their education with the hope of receiving a bachelor's degree. Personnel officers at the bank report they are pleased with the result of this program and hope to expand it.

Naturally, there are many other ways that bank recruiters find college-

trained people for their management trainee programs. For example, banks use both minority and white employment agencies. However, these procedures are well-known and need not be discussed here.

## II. Placement and Mobility

Since management trainees are hired for specific departmental vacancies, two key questions emerge: 1) in what departments is it best to be placed, and 2) where have minority trainees been placed?

Bankers claim the quickest and best route to success in a banking career is through the most prestigious departments: trust, credit and finance, the "money" divisions. Historically, more than half of all trainees have been placed in the metropolitan branch system where they can, with relative ease, move into branch management positions. Almost all minority management trainees have been placed in this program. There have been virtually no minorities placed in the trust, credit or finance divisions. The reasons for this are threefold:

First, placement in the money divisions is almost exclusively for individuals with a specialized background and schooling; usually an MBA. Most minority management trainees do not have these specialized backgrounds.

Second, most banks have maintained the unwritten policy of placing the small number of minority management personnel into branch offices which deal with a predominantly minority clientele. Although no statistics were available our observations at the various branches led us to believe that most minority officers in the banks are on the platforms at branches located in ghetto areas.<sup>6</sup>

Third, some of the more prestigious departments have maintained an informal policy of discrimination against minority employment in the money divisions. In the investment departments, for example, the image

of the "Ivy League graduate as banker" is most pronounced. Investment executives point out that business at high levels involves more than simply a variety of formal transactions. It is not uncommon to conduct business in a variety of informal, even recreational, settings. The argument, according to these executives is that minority officials simply do not have access to these settings. A few personnel officials note that the "access" argument is really a veil for prejudices. As an officer of one bank said:

There are no blacks in the international and investment divisions. They have shied away from hiring blacks. There are lots of bigots on that floor.

This is not a new theme. Even Jews, often the sociological forerunners of Negroes with regard to breaking discriminatory barriers have not been accepted in many of these departments.<sup>7</sup> One top executive commented as follows:

The most specialized and prestigious departments are about ready to hire Jews; it will be several years before we will be ready to hire Negroes.

During the past year, however, several of the banks have placed a few minority management trainees in these divisions. One personnel executive noted:

The situation has been changed because the new leaders are more receptive to minorities. Blacks now . . . go to control division, operations division, fiduciary investments.

At one bank, where a Negro college recruiter has been hired, three of fourteen new trainees in the investment division are blacks.

Some officials point out that even when minority bank officers are hired they tend to be concentrated in regions of the banking system that are isolated from the centers of power. This distribution they argue is

among the subtle but substantive effects of prejudice. One bank officer speaking of black banking officers noted that they have very little influence within the banking community because of the positions to which they were assigned:

The thing about American black executives is that by and large they have no staff working for them, have no policy-making capacity; they advise and suggest. . .they are used as sounding boards, but are 'single entities.'

Other officials argued, however, that there is a severe shortage of sufficiently-trained minority workers to fill the officer posts. In any event it seems clear that at the management levels, unlike the clerical levels, minorities are incidental to the world of banking.

## Footnotes: Chapter 8

<sup>1</sup>Approximately ten percent of all bank employees are officers. This percentage is higher than most industries.

<sup>2</sup>One bank in our sample reported that approximately five percent of its management trainees were drawn from current staff; another reported 15 percent. This raises some doubt regarding the seriousness of this intention to promote from within.

<sup>3</sup>One bank reports the following new black management trainees by years: 1963(1), 1964(1), 1965(1), 1966(3), 1967(3), 1968(8), 1969(8). Total hired: 25; still with bank: 22. During the 1963-1969 period, the bank had approximately 1,100 management trainees.

<sup>4</sup>The New York banks report that regardless of race their best recruiting is at schools close to New York. Most Negro colleges tend to be located a substantial distance from New York City, and this is one reason why recruiters have low expectations regarding the possibility of Negro campuses providing great numbers of management trainees. It will be interesting to observe how successful the banks will be in recruiting minorities from the New York City schools now that there has been a substantial increase in minority enrollment.

<sup>5</sup>Several personnel officers argue that it is possible that college placement officers suffer from the same general malaise of business personnel departments, i.e., the placement office was sometimes seen as a suitable location for ineffective employees who for some reason it was difficult to fire.

<sup>6</sup>The banks do not appear to vary significantly in the number of ghetto branches. Typically, each bank has one or two branches in the ghetto areas of the city. Further, they do not appear to vary in any important way in their dependence on minority accounts.

<sup>7</sup>"Patterns of Exclusion from the Executive Suite: Commercial Banking," The American Jewish Committee Institute of Human Relations, New York, N.Y., August 1966.



## Chapter 9

### Turnover\* and Retention

First year turnover has been going up since October 1965 because of a tight labor market. -- A Vice President of Personnel

We have a feeling if we could better utilize our skill files to increase mobility in the bank, both horizontally and vertically, we could reduce turnover. -- A Vice President of Personnel

Personnel officials report that the expansion of equal employment opportunity to minority workers is not without problems. Foremost is the problem of turnover and the related problems of absenteeism and lateness among minority workers. At the outset it should be noted that there is a marked tendency within the banks (and within the society) to view any work problem involving minorities as a racial problem. During one meeting with supervisors when the topic turned to "racial problems," they began discussing "problems" with the night shift where minorities make up almost 100 percent of the workers. The supervisors argued that night shift workers were lazy, irresponsible, unmotivated and never met their quotas. Finally, however, one supervisor noted that he had been with the bank for twenty years. He pointed out that when he first arrived, there were no employees from racial minorities on the night shift, yet the same derogatory remarks about the night shift were passed by the day workers at that time. A typical work problem had become a racial problem, regardless of its veracity, a description of work style had become a description of a race.<sup>1</sup> The purpose of the present chapter is to explore the

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\*The turnover rate is defined in this paper as the percentage of a total work force that is fired or **quits** in a given period of time. Accessions are excluded from this count.

"problem" of turnover and its relationship to minority personnel.

### I. General Considerations

The rate of turnover in a particular economic or industrial system is a result of a variety of social and economic forces. For example, labor turnover depends greatly on economic growth. During a period of industrial expansion, when jobs are plentiful and workers scarce, the turnover rate increases. Conversely, in periods of economic contraction, when jobs are scarce and workers plentiful, turnover drops. High turnover, then, is associated with tight labor markets.

Turnover rates also vary by individual industry. Personnel officials from banks in our sample indicated that until a few years ago annual turnover was approximately 23-25 percent; now it runs between 35-45 percent. At the same time the average manufacturing turnover rate in New York City has also increased from 23 percent to 31 percent.<sup>2</sup> Furthermore, within the individual banks, themselves, the operating divisions and the branches have characteristically generated the highest rate of turnover. In sum, the rate at which employees are separated from their jobs is greatly determined by forces essentially independent of the personal traits of employees: the state of the economy, the nature of the industry, and the particular division or unit within which an employee works.

### II. Minority Turnover

Personnel officers report that retention is more of a problem for minority employees than for whites. This problem is seen primarily as a product of the individual characteristics of employees, as a function of personal inadequacies of the workers. In this view, then, a company's capacity to retain workers is sharply limited by the personal traits of

employees, in its most extreme form by the color of their skin.

Surprisingly, there is only limited systematic information available within the New York banking community on this complicated issue. Although some officials now view the increasing turnover rate in general, and the minority rate in particular, with concern, there has been only minimal effort to analyze the problem. Actually, turnover is affected by a wide variety of factors which may operate differentially on white and nonwhite workers. Such factors as length of time on the job, age and sex of employees, and status within the occupational hierarchy all affect turnover rate. In only one piece of research dealing with turnover that we saw was there attempt to control for some of these factors. Unless crucial variables are controlled, comparisons between differential rates of turnover by ethnicity have little definitive meaning. This is not understood by all personnel officials.

### III. The Polemics of Turnover

Nevertheless, the statements and unrefined statistical reports of bank officials are unanimous in their implication that minorities have a higher turnover rate than whites. Minority employees, themselves, say that turnover is higher.

The most frequently cited argument is that minority employees are less well-prepared educationally for white-collar jobs and, therefore, are unable to do the work. It is true that minority employees test slightly lower than white employees on hiring tests and on the average have completed less schooling. Yet, some available information reduces the significance of this thesis. By at least one bank's own standard only a minute percentage of applicants are unqualified for any tested

position.<sup>3</sup> Moreover, the jobs which most minority employees fill require only rudimentary skills for which overqualification may be as much of a problem as underqualification. A bank in our sample tested this proposition with some of its proof machine operators. The summary of the research report follows:

Turnover in the Proof Machine Operator job is quite substantial. In an attempt to see if turnover on this job was related to test scores, we divided the employees into two groups: 1) Those who terminated within six months; 2) Those who stayed at the job for six months or more. The test scores on Office Terms and Judgment for each group were compared. There was no difference between the two groups on the Judgment test, but we did find a difference between the groups on Office Terms. The high scorers on this test more often terminated within six months than the lower scorers. . .It is quite possible that this occurs because people who score well on Office Terms may have a higher level of general intelligence such that they get bored quickly with the proof machine operator's job. In addition, with this higher level of intelligence they may find it less difficult to get another job.

Finally, it must be noted that most new employees go directly to jobs without taking tests of any sort, and the question of their preparedness for the work cannot be resolved by an examination of currently available test scores.

Another argument often marshalled to explain higher turnover rate for minorities deals with special non-racial characteristics of the work force. The underlying assumption in this "demographic" argument is that the white and nonwhite work forces differ significantly on variables other than race: age, sex-distribution ratio, distribution in the pay-grade hierarchy and length of service in the firm.

The "different population" argument proceeds as follows: 1) The nonwhite population has a higher percentage of females in the work force than the white population, and females are more unstable as workers than

males. Therefore, nonwhites will have a higher turnover rate than whites. 2) Minorities are concentrated in those paygrades where turnover has always been highest, and, consequently, they will have a higher turnover rate. 3) The nonwhite work force is younger than the white work force, and younger workers are more prone to turnover. Therefore, the age factor also accounts for the difference between the minority and white turnover rates. 4) Finally, the length of service is known to be an important determinant of turnover, and whites because of their earlier entry into bank work have greater length of service. Therefore, the difference between white and nonwhite turnover can be accounted for in part by this variable.

Table XVII presents data for one of the banks in our sample.<sup>4</sup> The data were developed on employees hired during the first three months of 1969 who had terminated by July 1, 1969. They use several demographic variables.

What is most striking about the data in Table XVII, apocalyptic statements notwithstanding, is how similar the white and nonwhite work forces appear with regard to turnover. Although striking, this finding is not unusual given the tendency to see any work problem as a racial problem if minorities are involved. Overall, black versus white turnover is 28 percent versus 26 percent respectively, while Spanish-American turnover is 22 percent. Considering sex as a dimension, turnover for men in all racial-ethnic categories is somewhat greater than for women although it is substantially greater for black males (34 percent) than for black females (25 percent). Moreover, black and white female turnover rates are identical. Therefore, differences between overall white and black turnover is accounted for solely by the difference between black and

Table XVII

Turnover<sup>1</sup> by Race, Sex and Paygrade for Clerical Employees Hired during January, February or March 1969 and Terminated by July 1, 1969

Race	Total		Sex				Paygrade <sup>2</sup>					
			Male		Female		A-E		F-I		J-Q <sup>3</sup>	
	Hired No.	Turn-over %	Hired No.	Turn-over %	Hired No.	Turn-over %	Hired No.	Turn-over %	Hired No.	Turn-over %	Hired No.	Turn-over %
Total	1,551	26	622	28	929	24	798	28	648	25	105	10
Blacks	491	28	163	34	328	25	322	28	165	30	4	0
Spanish-Americans	250	22	95	22	155	21	166	22	80	20	4	50
Whites	810	26	364	27	446	25	310	33	403	24	97	9

<sup>1</sup> Stated as a percentage of hires, e.g., of the 491 blacks hired during January, February and March 1969, 28 percent or 138 terminated by July 1, 1969.

<sup>2</sup> These paygrades are for clerical employees and, therefore, represent clerical salary ranges. In "middle" range (F-I) approximately 90 percent of the employees make \$6,500 per year or less.

<sup>3</sup> Since number of cases is very small in paygrades J-Q, this column is not used in the analysis.

Source: Data provided by one New York City bank.

white males.<sup>5</sup> Finally, the data on paygrades are also interesting. Turnover for whites is higher than black turnover in the lowest paygrades, but the situation is reversed at the next level of paygrades. Unfortunately, neither age nor length of service, the remaining factors of the demographic argument, are variables in Table XVII. However, given the data on the other variables, it appears at first glance that the demographic argument has little explanatory power.

Two other explanations have been put forth to account for the alleged higher turnover rate among nonwhites. One deals with the relative oppressiveness of most work situations for nonwhites as compared with whites and limited opportunities for nonwhites within it, and the other with broader changes in the structure of economic opportunity for minorities. Some employees argue that the entire banking system is more oppressive for nonwhites than for whites. Aside from their concentration in the banks' dullest and most routine tasks with limited hope for promotion, minorities -- they assert -- are victimized by the ethnic prejudice of supervisors and whites are not. In short, the bank is not as attractive a work setting for nonwhites as for whites, and, therefore, minorities leave the system at a greater rate.

Finally, some observers argued that the structure of opportunity for nonwhites in New York City has changed appreciably during the last few years and that this has had an unsettling effect on turnover. New beachheads of opportunity for minorities have recently been established. Examples of these changes would include the sharp increases in minority enrollment at some colleges or, at another level, the dramatic expansion of opportunities for minorities in banks. Consequently, in contrast to earlier periods of American history goes the argument the current tight labor

market has generated a relative explosion of opportunity for the minority population which is manifest in a pattern of job hopping. No one is certain where terminated employees go after they leave bank jobs. Personnel officials claim that they lose employees to other employers where pay is better, particularly city, state and federal agencies as well as brokerage houses. No matter what job terminated employees go to, it seems clear they are responding to what they believe to be opportunity elsewhere in the social system.<sup>6</sup> In this argument the minority turnover rate is viewed as a positive response to new life chances, as a characteristic American response to increased opportunity for social mobility. The upshot is that the banks are performing an important social function by providing an accessible route into the world of white-collar work.

One final point regarding the rate of turnover in the banks bears mentioning -- like any industry, banks get the turnover rate they deserve. There are ways to retain employees when the incentives to do so are present. Salary for clerical workers in the New York banking industry is about average compared to clerical workers in other industries, but starting salaries are low.<sup>7</sup> Bank personnel officials point out that brokerage houses, where pay is better and working conditions comparable, have drawn some of their employees. Moreover, although personnel officials deny this, employees report that a substantial amount of turnover is accounted for by workers who leave one bank for another. It is extremely easy to switch banks, and there are powerful incentives to do so. The major operating divisions of all New York City commercial banks are located on Wall Street in close proximity to one another. If an employee switches from one bank to another, he takes the same subway, gets off at the same stop for work, indeed he may simply walk across the street to his new job;



at any rate, he never has to go further than "down the block" or "around the corner." And for this job switch he receives a small but important increase in pay, perhaps a change in status. For the recipient bank, no new training is necessary for the new employee; the procedures do not vary much from bank to bank. Such "turnovers" are really transfers within a larger banking system, and what is recorded as a turnover for the institution may be a promotion for the individual. If entry-level jobs are like revolving doors, both the institutions and the individuals are pushing.

## Footnotes: Chapter 9

<sup>1</sup>The supervisor noted that at the time he began at the bank, many of the night shift workers were Irish Catholic males.

<sup>2</sup>These percentages are compiled from sources provided by New York State Department of Labor, Division of Employment Research and Statistics Office in personal communication with the author. They include average monthly quit rates for New York City for 1959 (1.4) and 1968 (2.1) plus a Bureau of Labor Statistics estimate of the monthly fire rate (.5) for each year. Unfortunately, more comparable data is not available.

<sup>3</sup>One bank reports that the percentage of white, black and Spanish-American applicants failing to qualify for any tested position was 0.1 percent to 0.2 percent respectively.

<sup>4</sup>This bank has the lowest turnover rate in our sample and has the lowest rate for any New York clearing house bank with a work force greater than 8,000.

<sup>5</sup>If turnover is a greater problem for minorities, it may be accounted for by this black versus white male discrepancy. Black males turned away elsewhere are "forced" to work in the banks surrounded by women in what seems to be "women's work." The great tensions exerted upon black males by the social situation in the society at large and work setting in particular conspire to drive him out of this kind of job after a short time. At least one astute observer within the banks believes this to be the case.

<sup>6</sup>For example, the number and percentage of Negro women employed as domestics has dropped sharply in recent years. This is interpreted as a migration toward better economic opportunity.

<sup>7</sup>Some Facts Relating to Earnings and Wages in New York City, United States Department of Labor, Bureau of Labor Statistics, New York, New York, Tables 2 and 4, pp. 3 and 7-14, March 1970.

## Chapter 10

### Social Change and Social Policy

I think the conscience of an organization is real. We could make these adjustments whether or not there were laws or whether or not they were necessary to exist. --  
Vice President for Personnel

Reviews have a significant impact. Periodic reviews, even if they are not enforced, are important. Reviews require the bank to take a look at their shop. The information required for a review gives information concerning minority manpower, and you can see your own progress. --  
Vice President for Personnel

What bank managers -- for that matter, everyone -- would like is a scientific theory powerful enough to identify the master sources of change and precise enough to predict details relevant to the fortunes of the banking industry. But the theory of social change is one of the most poorly developed subjects in the social sciences, and this is not hard to explain: urbanized, industrialized societies are extremely complex systems. Obviously there is no such theory now, and it is unlikely that social scientists will be able to come up with one for some time to come. Formulating a strategy of change is, therefore, complicated and risky, and this is especially true when there is a demand that every proposed change be assessed for its impact on the optimization of profits.

The operation of the bank and, specifically, those procedures discussed in the present report (recruiting, hiring, training, placing, promoting, and retaining employees) are determined by internal and external variables. The internal variables have to do with all those organizational factors and conditions that inhibit or facilitate the rational functioning of the enterprise. These variables include the inertia of bureaucratic procedure, the status hierarchy, the integration of roles,

the specialization of function, and so forth. The external factors include the rate of growth of the economy, size and character of the local labor force, the general level of business activity, fiscal and social policies of the national government, the potency of pressure groups, the threat of war, and so forth. They serve as parameters of constraint; they set limits on the ability of top management to manipulate processes internal to the firm.

A banking firm can be understood as an element in a larger subset, the banking industry, and that, in turn, may be viewed as an element in an even larger subset, the economic system of a society -- industry, commerce, and finance. This subset of institutions is embedded in a matrix of other institutions: political, educational, legal, familial, religious, etc. Charting the paths of mutual influence among and between these basic building blocks of society need not concern us here; all that needs be said is that banks are open systems, receiving inputs from other institutions and transmitting their outputs to them.

#### I. Problems of Policy-Making

Whatever the automaticity of formal organization, top decision-makers in management cannot allow themselves to take a passive stance vis-à-vis their organization and its relationship to the social environment. Within the limits of profit-making, they have to define, re-define and communicate to others the goals of the enterprise. In addition, the instrumental means to the attainment of these goals must be determined, and the relative efficacy of means must be weighed. After this "cost-benefit" operation is performed, top officials must draft a series of directives to its supervisory staff to insure that the organization is

mobilized behind the new policies in order to translate them to new practices.

At every point in this process of manipulation and control there are opportunities for friction, slippage, and plain sabotage. Human occupants of the structure do not have identical perspectives and interests; these psychological themes are closely tied to the individual's position in the social structure. Moreover, the inertia of traditional styles inhibits the introduction of new practices whatever the increase in rewards. These resistances not only slow up the adaptation of the firm to its new goals or to pressures from the surrounding institutional environment but also may produce some unanticipated consequences, i.e., "side effects." Certain of these side effects may be dysfunctional, and intelligent policy-makers try to guard against the cumulation and mutual reinforcement of such effects.

## II. The Levers of Change

There are three basic methods that top management officials can use to get compliance with company policy directives: the use of threat, appeals to self-interest, and appeals to morality. Similarly, those persons or groups that want to resist a company policy practice these methods of control on higher management.

The policy-maker who does not have these three counters to deploy cannot make policy. But there is more to it than that. It is necessary to fit the method to the requirements of the situation and to mix the methods in a judicious way. The first point is clear enough, e.g., it is not smart to use threats when an appeal to self-interest would have worked. The second point is a little more abstruse. No organization can function

in a coherent manner if, for example, coercion constantly pulls in one direction but self-interest in another. Therefore, the policy-maker who can align the directional thrust of these methods of control is most likely to succeed in the introduction of new policies.<sup>1</sup>

### III. Bank Policy and the Minority Employee

The policy of introducing minority employees in large numbers into banking was a big change. It was the result of a conscious management policy motivated by self-interest, government pressure for fair employment practices, and, for some, a sense of social responsibility. How is that policy working? What factors are strengthening the policy? What factors are weakening it?

The banks in New York City that we studied have succeeded in recruiting and hiring large numbers of minority workers. Their practices governing the assignment of minority personnel, many of whom come to the banks with limited skills and experiences, have produced concentrations of minority persons in certain low-status divisions and in beginning pay-grades. Job training for entry-level jobs appears adequate.

By management's own admission the most severe defects in employment practices as they apply to minority employees (and all employees, for that matter) are in retention and promotion. The retention rate is a crucial index of how employees evaluate their jobs and assess their opportunities elsewhere. Management, having little first-hand experience with ghetto life, may not appreciate the vulnerability of minority workers to better job offers even though the differences in income and working conditions may be marginal from outsiders' point of view. Personnel officers are disturbed by the turnover, and they seem puzzled by it. In part, this is due to lack of good information; in part, it is due to natural

managerial bias. They ask, "Why did they quit?" not "Why didn't we succeed in keeping them?" All in all, one gets the feeling -- it is only a feeling -- that banks or any industry will really deal with this problem when the costs associated with recruiting, hiring and training new workers are demonstrated to be appreciably greater than the costs associated with keeping the workers that they have.

The minority promotion practices of banks may be better than most industries, but they still rest on the assumption of the operation of the "pipeline" and the centrality of the supervisors. Some personnel officers are keenly aware of this but are unable to find ways to cut through prejudice and indifference among higher bank officials. Interviews suggest that virtually all supervisory personnel are hostile to accelerated promotion of minority persons.

The strongest factor for the continuance of the banks' minority hiring policy is the persistence of a tight labor market in New York City. That banks have succeeded in recruiting many minority workers indicates that banks have "pulling power" in the minds of minority job-seekers. Therefore, notwithstanding complaints from bank supervisors about minority employees and complaints from those employees about their supervisors, we have to conclude that the policy is working. Minorities keep applying for jobs, and the banks continue to hire them. There must be some mutuality of interest here. It may be a marriage of convenience but a marriage nonetheless.

There are a number of factors that are helping to make this new policy of hiring minority workers in large numbers a success. Since there is a very strong tendency in the United States to confine minority workers to the dirtiest and most menial jobs, the possession of a white-collar

job has great symbolic value for some nonwhites. Secondly, for some workers the opportunity for formal job training is greatly appreciated as a kind of protection against the vagaries of the economy. These are persons who hope that training will break the notorious cycle of "last hired, first fired." Thirdly, some nonwhite workers believe that they have a chance for promotion, something that is extraordinarily difficult in other industries. Fourth, for a number of nonwhite employees, working in the bank is their first white-collar job, and it provides them an opportunity to establish a respectable work biography, to learn skills that they can carry to their second job. Lastly, a number of minority employees, especially those working in the branches, found the bank a pleasant place to work. These are among the factors that make for employee loyalty to the firm and attention to work.

On the other side minority workers (and white workers for that matter), especially those performing mechanically routine jobs in a factory-like setting, report many dissatisfactions. On the basis of scattered interviews, we estimate that low wages was the prime source of complaints. The second major complaint is that of ethnic prejudice. Some minority workers -- it is impossible to be more precise than that -- believe that they are being denied opportunities to change work shifts, to get salary increases, or to be promoted to minor supervisory positions solely on the basis of ethnic considerations. The third type of complaint concerned the nature of the work itself and related working conditions. In connection with this domain minority workers referred to the tedium and the boring character of the operations that they performed, the heaviness of the work production quotas, the compulsory overtime rules, and the social remoteness of their supervisors. These factors, of course, undermine the



employees' loyalty to the firm and weaken his attention to work.

At this point in the historical process there seems to be little predisposition for minority employees to search for ways to compel management to find answers to grievances. The most important grievance, low wages, is being settled in the market place: the workers quit and find jobs elsewhere.

On balance, it seems that the new policy of hiring clerical minority workers in large numbers, although not without its problems for both management and minority employees, has succeeded in providing banks with enough acceptable workers, on the one hand, and by providing many minority workers with acceptable jobs on the other.

#### IV. Observations and Conclusions

A series of policy observations and conclusions based upon the case studies of the six banks in our sample will be presented in this section. The following statements are intended to summarize the management positions and policies which resulted in an expansion of opportunities for minority workers. Underlying all of these statements is the presumption that the economy will sustain high levels of employment. Nothing is clearer than the overwhelming significance of the tight labor market in New York City in creating conditions that strengthen opportunities for minority groups.

As previously indicated, there are three methods for implementing policy: coercion, appeals to self-interest, and appeals to morality. In general, one prefers policies that require non-coercive methods of implementation, but, unfortunately, from a practical standpoint, this is not always possible. Therefore, we do not exclude, nor, in our opinion, should

management exclude the use of this tactic. On the face of it, self-interest is the most powerful impulse to change, and it would be highly desirable if self-interest alone could realize the principles of equal employment opportunities. In point of fact, it may not, and we assume here that management possesses a serious commitment to the principles of equal employment opportunity and willingness to act.

The realization of these democratic principles must be the shared responsibility of public and private institutions. Government is needed because racial discrimination in American society is so pervasive and durable. The issue is too pressing to be treated as a private concern. Nonetheless, there is much that private industry can and must do by itself. The following represent some of the insights and actions of our sample banks which resulted in effective action. They could apply to other industries.

A. Recruiting

1. American business has learned to aggressively seek out minority job-seekers. Passive waiting for minority workers to apply for jobs is an inadequate recruitment style. While the new recruitment methods that draw minority workers may seem complicated to firms that rely on conventional recruiting methods, the experience of our sample shows that they are simple enough to become routine in a relatively short period of time. Recruiting in urban ghettos is not a highly technical process requiring costly specialists.
2. In the matter of recruiting college graduates, experience shows that success depends greatly upon the establishment of a broad range of business-school programs. The once-a-year visit to the

campus is proving to be an ineffective recruitment technique. Businessmen are learning that they must involve their organization with college educational programs in an intensive and persistent fashion. The informal relations developed in this way are highly productive in recruiting minority college talent. At one bank the addition of a black recruiter for management positions has produced immediate results.

B. Hiring

1. The presence of functionally irrelevant criteria for hiring is a hindrance to minority employment. Rational business practice requires examination of the job as well as the applicant. In many cases, the inability of the applicant to (a) produce a coherent work history, (b) produce formal educational credentials, and (c) pass a hiring test is irrelevant to job performance. The issue of "lowering the standards" is often a spurious one and may deprive the employer of productive labor.
2. The centrality of the hiring interviewer in producing departmental ghettos should not be underplayed. In assigning workers to their initial jobs interviewers determine the racial composition of departments within the firm. It is management's responsibility to monitor their activities and to establish explicit lines of guidance for them regarding the distribution of minority workers throughout the firm.

C. Assignment to Jobs

1. Management's active and rational control of the assignment process is essential to the establishment of equal opportunities. The existence of departmental ghettos within a firm suggests a

certain sluggishness on the part of management in dealing with this issue. Perhaps management should formulate a plan with an explicit time-table for bringing about the necessary changes.

2. The ease with which such a policy can be carried out depends greatly upon the habits of lower-level supervisors. Alternative sources of authority to determine transfers seems essential to resolve the problem of ghettoization.

D. Training

The scope of the present study excluded the systematic analysis of the effectiveness of current training programs although training for entry-level jobs appears adequate. These observations, therefore, are restricted to the role of government in the training function.

1. The sparsity of published evaluative studies on the Department of Labor "hard core" training programs makes an analysis of their impact very difficult. Such studies are strongly needed for the development of a rational public policy in this area.
2. The heavy emphasis on training for entry-level jobs has resulted in underwriting an activity that business would undertake of its own accord given the tightness of the current labor market. Recent federal programs (Job Opportunities in the Business Sector -- JOBS) now include inducements for management to develop programs for upgrading disadvantaged (including minority) personnel.

E. Promotion

The promotion process, like the assignment process, governs the distribution of workers in the status hierarchy of the firm. In some ways it is the most "delicate" of all to deal with.

1. Minority workers suspect their immediate supervisors of prejudice against them in promotion considerations. Whatever the case, sensitive management must realize that supervisors may not be the best arbiters of promotion decisions and must take action which objectifies the observations of the supervisor.
2. It is better to seek and promote democratic persons to the role of supervisor than to attempt to democratize the mentality of a person who has already been promoted. "Human relations skills" should be given equal consideration with "production skills" by management in determining their supervisory staff.
3. Absolute commitment and concentration is required of management in effecting equal promotion opportunity within a firm. One way that has been tried and seems to work -- once a substantial number of minority personnel have been hired -- is to insist that all job openings that occur within various units be filled by promoting workers already within the affected unit.

#### V. Recommendations for the Future

During the course of this research several ideas emerged which do not flow directly from the data but nevertheless relate to possible new policies and programs which may serve to deal with some problems the banks now face. They are presented here as recommendations for future action. The "problems" that minorities face in industry are in most ways similar to the problems of all workers. In this sense the recommendations have applicability beyond their relevance to minority workers alone.

1. From the point of view of industrial managers, the central purpose of the recruitment and hiring process is to fill job slots. Within

certain limits, attempts are made to accommodate workers' wishes regarding which jobs they prefer. The fact remains, however, that the employees' array of skills more than anything else accounts for his job placement. Interestingly, many personnel officials argue that employee motivation is the key job success. Yet, the selection and sorting process emphasizes skills. A new selection process should be developed which provides a potential worker with a wider range of job possibilities and allows him to choose the one he prefers. Skills are learnable. Determine what jobs interest employees and train them for it.

2. Management often maintains that the officer corp needs "college-trained minds," and there is an insufficient supply of minority group members who have gone to college. One method for developing minority management personnel may lie in an expansion of the internship program already developed by several banks. Instead of recruiting on a mass scale, more selective recruitment at minority high schools should be developed on an internship model. In return for part-time work during the school year and full-time employment during the summer, the bank would offer high school students full tuition scholarship for college plus a salary. The banks already pay tuition for their full-time employees, and an extension of this program would provide high school students with an opportunity to receive a college education and produce income for their families while the bank is training potential management personnel.

3. The banks should become full service institutions in a social as well as financial sense. They are huge institutions and, acting individually and in concert, should provide a variety of services which would enhance the employment prospects of their employees. For example, residential day care centers where working mothers leave their children should

be established and provided free of charge as a benefit of working in the banks. The savings in turnover costs alone might pay for this program. Banks might provide legal or medical services for their employees outside of the work setting. In sum, by recognizing that personal problems for poor people are likely to intrude into the work situation, industry might improve its relationship with minority employees and strengthen their loyalty to the company by providing services which help them deal with their non-work problems.

4. There should be an industrial ombudsman, someone independent of the institution and the employees, who can mediate differences and resolve disputes among co-workers and between workers and supervisors. During the course of the study reported here, an interracial research team traveling to branches and units observed dozens of misunderstandings, missed communications and situations where sheer lack of information could easily have lead to terminations. A "pre-troubleshooting" team would be helpful in a wide variety of ways. The independence of the ombudsman must be beyond dispute.

5. No employee should be discharged for absenteeism during an extended period after initial hiring. For jobs where work interdependence is not crucial, workers should have substantially longer periods of time to adjust to the work routine than has typically been the case. If the "hard core" have difficulty adjusting to the "world-of-work," the longer time an employee has to adjust, the more likely able he will be to make the transition. The cost of turnover due to discharges for lateness and absenteeism is very high. One wonders if this policy simply reflects management's reliance on a traditional prerogative of management, asserting itself in the face of what appears to be defiance, or emerges from a

careful cost accounting procedure.

6. There are many possibilities for increasing working mobility by allowing employees to establish new careers and professions while at the bank. For example, employees who are the best on-the-job trainers should be allowed to become full-time trainers even if they lack the formal credentials to do so. Typically, a check processing employee, functioning as an on-the-job-trainer receives a credit of 500 checks on her total daily production quota of 5,000. In other words, the "cost" to the bank for every ten on-the-job-trainers is equal to one full-time employee. This cost could be converted into a new career for a check processor. A system such as this would result in new patterns of mobility for workers locked into dead-end careers.

The success in application of these recommendations, like all management policies, is inseparable from the moral determination of management to live by the spirit of the principle of equality of opportunity. In many ways, the New York City banks described in this report have been in the vanguard regarding minority group manpower utilization. Management has responded to a variety of needs with innovation and imagination. While transitions have not always been easy, they have often occurred with less difficulty than was anticipated. Substantial changes have occurred.

Someday, the argument that equality of opportunity is a necessary cost of doing business will be self-evident to everyone. For the present, effective social policy for equal employment opportunity will have to rely on a combination of the moral determination of management, on the self-interests of business, and on the power of law.



## Footnotes: Chapter 10

<sup>1</sup>We do not wish to imply that top management policy-makers are the sole source of initiative in the change process. Not at all. Sometimes minor employees initiate change by making public demands, by sabotaging work routines through absenteeism or tardiness, or by resigning. Whether these pushes for change actually eventuate in change depends on the balance of the forces of power, self-interest and morality.

## Appendices

## Appendix A

## MEMORANDUM TO:

From: Ronald D. Corwin  
re: Bank Study

A. Objectives

- a) to investigate the social processes which result in the most successful cases of hiring and training minority group employees in a major white-collar industry, namely banking;
- b) to account for variation in the distribution of Negro\* employees into job roles within a single industry, i.e., to study firm-to-firm differences in the occupational utilization of Negro employees;
- c) to prepare recommendations based on the findings of the study for opening up more white-collar jobs for Negroes in the banking industry.

B. Procedures

- a) a stratified sample of six major New York City banks will be studied;
- b) the first stage of the research will be case studies of three banks; (At this point a tentative explanation of success in implementing equal employment policies will be formulated);
- c) the second stage will replicate the first using the remaining members of the sample to validate and refine the original explanation;
- d) the method of inquiry will be that of the case study, while the experimental design will be recognized as a variant of "analytic induction."

\*Note: "Negro" was changed later to "minority."

## Appendix B

## Training Hard Core

The following data is based upon 97 supervisory rating reports on the hard core trainees evaluating their early performance on the job.

1. The absenteeism rate for the trainees as a whole is 8.7 percent based upon the following averages:

Average days worked by Trainees up to Time of Follow-Up	36.8
Average Days Absent	3.2

There is a good deal of variability in absenteeism among the trainees, with 24 trainees having no absences and 30 trainees having an absence rate of 10 percent or greater.

2. The distribution of the overall ratings received by the trainees is:

<u>Rating</u>	<u>Number</u>
No rating	2
Unacceptable	1
Fair	13
Good	59
Very Good	22
Excellent	0

In order to determine how the trainees are performing in relation to regular employees, it would be best to compare the rating distribution for the trainees with a distribution of ratings received by other employees in similar positions in the same departments after an equal amount of time on the job. Since this information is not currently available, we used a distribution of probationary merit ratings received by 56 employees in low grade positions. This distribution is:

<u>Rating</u>	<u>Number</u>
Unacceptable	1
Fair	1
Good	37
Very Good	16
Excellent	1

The ratings of the trainees are somewhat poorer than those of the regular employees, but the two groups are not in the same jobs and departments, and, therefore, it cannot be assumed that the trainees are doing less well than other employees.

3. The supervisors rated each trainee in 33 areas relating to job performance, personal behavior, and attitudes. Generally, the trainees are rated higher in areas of personal behavior than in areas relating to job performance. The three areas in which the trainees are rated highest are:

Courtesy to Supervisor  
 Courtesy to Other Employees  
 Courtesy to People from Outside Departments

The areas in which the trainees are rated lowest are:

Technical Knowledge of Operations  
 Ability to Work Without Supervision

4. Most of the trainees are considered by their supervisors to have been well-trained for their current job. The distribution of responses is:

"Do you feel this employee was well-trained for the job he or she is currently performing?"

<u>Response</u>	<u>Number</u>
No Answer	2
Yes	78
No	13
Too Early to Tell	2
Other Answers	2

Summary: This early follow-up seems to indicate that the majority of trainees are performing satisfactorily or better in their first months on the job, though almost one-third are having absenteeism problems.

Memo to:

From: Hard Core Coordinator

I intend to provide you with two things in this memorandum.

1. A brief year-end report on our participation in the consortium hard core program.
2. A description of our biggest problem in managing the hard core unemployed and my suggestions for overcoming it.

#### Year-End Hard Core Report

Scarcely six months ago our first candidate for the Hiring and Education Program walked through the doors of our personnel department. To date 96 adults have entered our program -- of which 60 still remain. From the beginning we realized that certain extraordinary measures would be necessary in hiring the hard core, but the scope and degree of this extra effort was not clear.

We knew the course was uncharted and that there would be many perils. In many instances we found it necessary to take certain steps in support of these disadvantaged individuals.

I have just completed a study of the program since its inception and found that we have experienced cultural imbalances of every nature with the exception of insubordination and present work force conflict. The problems have not been conditions inside the company but those outside. Example: Undesirable situations at home, daytime medical appointments, creditors, landlords, aunts, uncles, grandmothers, or bad influence of friends. Of course, this comes as no surprise; our concern is not to let the cultural imbalance become the focal points of life, which built into elaborate excuses for excessive lateness and absenteeism. As an example of this at one time we offered counselling from 9 AM to 5 PM, and the halls of the training center remained full of freeloaders with fictitious problems during working hours. After advising each employee that counselling would only be available during their lunch hour or after five, our cultural problems decreased by 80 percent.

After running with the program for six months I find that the hard core respond well to simple rules which are backed up with authority and immediate action if the rule is broken. They must have a clear idea of what is expected of them, and it has to be constantly reinforced by the supervisor. The early stages indicate that motivation is fear of losing their job followed by occupational guidance toward attainable goals.

Our major problem with the disadvantaged is two-fold: absenteeism and on-the-job training control. We have resigned several above average workers due to absenteeism, and there are several more who are borderline cases at this time.

I attribute this to three reasons.

Managing the Hard Core

- A. Ninety five percent of the participants do not have telephones; therefore, I cannot contact them immediately and break through their unfounded excuses.
- B. Our only managerial response to absenteeism right now is (a) to issue warnings, followed by (b) dismissal. It is a John Foster Dulles policy of pious preachments followed by massive retaliation. We don't have a variety of lesser managerial responses inbetween.
- C. Absenteeism, lateness and poor work performance are not reported soon enough by the supervisors. As a result I would like to offer the following suggestions which will require modifications to our normal personnel procedure and hopefully prove effective in retaining the new employee from the disadvantaged community.
  - 1. The ability to dock for full or partial days absence:
    - a. If a student fails to call on two or more occasions.
    - b. If a student accumulates four days in two months without good reason.
    - c. If he fails to report to A.I.B. yet reports to work or vice versa.
  - 2. The ability to put a student on leave of absence for two or more weeks:
    - a. When absenteeism indicates that he is a border-line case.
    - b. When a student's work performance continues to slip downhill due to attitude or other personal reasons.
  - 3. The coaching system.
  - 4. Replace students who have dropped out or who have been terminated in the work-study phase with present work force highschool drop-outs.

This will in effect present a dual program.

- a. It will have no effect on the present program.
- b. It will enable us to start on a pilot basis a present work force upgrading program at government expense. The MA 3 contract does not state that replacement must be certifiable nor does the MA 4; it merely states that the government will pay for a total of 260 training days in any combination.

5. Salary will not enter into the picture; our only loss will be nine (9) production hours per entry; our gains are numerous. Just to mention a few:

- a. A degree program for present work force dropouts.
- b. Entry into the affirmative action program.
- c. Motivation, incentive, possible promotions, night college, retention, etc.

A statistical summary of the results of the Hard Core Program follows:

1. Total number hired to-date	<u>96</u>
2. Total number graduated and entered into the work-study phase	73
3. Number resigned in first six weeks	20
4. Number now attending American Institute for Banking (first six weeks)	<u>3</u> 96
5. Resigned from work-study phase	17
6. Military leave	5
7. Medical leave	<u>2</u> 24
8. Total remaining in work-study phase	<u>49</u> 73
9. Resigned A/C absenteeism (work-study phase)	9
10. Resigned A/C lateness	1
11. Resigned for personal reasons	<u>7</u> 17
12. Number discharged in first six weeks	<u>20</u>
a. A/C arrest record	8
b. for various reasons	<u>12</u> 20
13. Total days paid to work-study participants	5,088
14. Total days paid but not worked due to absenteeism of which 106 occurred in the month of December	343



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