

goes hand in hand with the general problem of remuneration, and through means of job specifications, job classifications and carefully worked out rating plans and promotion charts, banks are endeavoring to supply a sound answer to this phase of their organization problems.

#### E. Incentives

It seems fitting in passing from our discussion of personnel to the final section of this paper, to place adequate emphasis upon the entire problem of incentives and to touch upon the fundamentals from which a lasting solution of the problem may be worked out along organization lines. In order to stimulate its employes to increasing accomplishment and satisfaction, it devolves upon the management of a bank to supply in an organized way the answer to the following question: "What do our employes want?"

In general the bank employe wants what all other clerical employes want, for he is actuated by the same desires and influenced by the same forces. First of all, he wants a fair wage, related to his work and providing for gradual improvement of his standard of living. In addition to this, he wants security of employment and opportunity for advancement in position, good working conditions, scope for self-expression and, last but not least, inspiring leadership. If the bank will provide him with all of these, he would be an apathetic worker indeed who did not respond by giving increased loyalty and co-operation, the inevitable products of satisfaction.

From the organization standpoint, the successful carrying out of the policies implied in the considerations advanced is predicated upon the existence of a well organized Personnel Department, headed by an officer of such rank and authority that he will be able to initiate and carry out a progressive personnel program without the necessity of frequent recourse to the highest executives for approval. It is in this respect that banking institutions have perhaps fallen short of what they might otherwise have accomplished in personnel work, because often the department having the responsibility for this phase of banking organization has been delegated to a junior officer with but limited, if any, experience in this special field. In this way the highly important function of personnel management has been subordinated to instead of co-ordinated with

other major functions of the modern banking organization.

With the best of intentions the Manager of the Personnel Department has usually not been able to make his influence felt effectively and so, carefully laid plans for dealing with the personnel problem in a constructive and organized way have been frustrated. No organization problem with which a bank is confronted appears to be of more importance than that of dealing with personnel, and no result should be more gratifying to the management of a bank than to weld together and lead effectively a happy, loyal and cohesive staff, for this is the first essential of successful operation.

#### V. Developing the Service

It is not difficult to conceive of organization in an abstract way as a static phase of management, but when we seek to interpret the force of organization in terms of its expression in any given field of business endeavor, we soon discern that the static phase, by virtue of the exercise of the function of management, gives way to a condition of flux. Furthermore, we are led to recognize that if organization is to meet the test of experience, it must reveal qualities of elasticity and adjustability to new and changing conditions.

These considerations provide an introduction to a statement of certain developments in banking service which do not fall within the scope of essential banking functions but may be classified as cognate thereto. They have been brought into being because of the ever increasing extent to which banks are participating in the promotion of business on a local, national and international plane. Specifically, such developments are illustrated by the establishment of departments such as the following, which nowadays are found in practically all of the large banks, and, to a limited extent, in a number of the smaller ones: New Business, Branch Banking, Foreign Relations, Industrial and Statistical. Most, if not all, of these features of the work of a bank find their counterpart in the commercial and industrial fields; they are discussed here because they involve organization problems of importance.

#### A. New Business

There was a time in the earlier history of banking when it was regarded as distinctly unethical for banks to undertake the solicitation of business in

any organized manner and, particularly, to indulge in advertising and publicity campaigns. This point of view, inimical if not hostile to two of the forces which have been so largely responsible for business development in this country, has long since been outgrown, and today we find banking institutions vigorously exploiting every possible opportunity for bringing their services to the favorable attention of the public.

From the organization point of view, efforts in this direction, enhanced by increasing keenness of competition, have resulted in the establishment of new business departments on the staffs of which advertising and publicity experts are included. In certain instances banks have gone a step further and have employed specialists whose sole function it is to represent the institution in public and to deliver addresses in different parts of the country on subjects of current value and interest.

As an extension of efforts along new business lines, reference may be made in passing to the activities which have been undertaken by banks to promote the practice of saving among the people of their communities. In the interest of this objective, campaigns are conducted to foster thrift, not only as an abstract idea, but concretely for such laudable objectives as vacation and Christmas funds, life insurance, etc. Having their inception as a new business idea, these activities have resulted in the organization of operating units which in some instances have grown to substantial proportions.

Another by-product of business development has been the creation by banks in recent years of special departments catering particularly to women, with the object in view of attracting their accounts. In furtherance of this purpose such departments have frequently been placed in charge of women executives to whom the rank of Assistant Cashier is usually given.

As to the organization of the New Business Department itself, it should be stated that the work performed by this department has come to be regarded as of major importance and that, consequently, it has been placed under the jurisdiction of an executive of senior rank, usually a Vice-President. The question of size and extent of operations of New Business departments is one which must be determined as a matter of business policy, the governing consideration being the ratio of cost to results produced. Up to the present time very little work has

been done by banks in supplying a satisfactory answer to the question: "How much can we afford to spend in getting new business?"

#### B. Branch Banking

Because of legal restrictions in the United States, the problem of operating branches does not present so complex an aspect as it does in other countries. This statement applies, of course, only to domestic branches; foreign branches, which are not maintained except by the largest banking institutions, will be treated separately later in this paper.

While it is true that the subject of branch banking is one which is foremost in the minds of bankers to-day, their concern relates to matters of political policy and not to any phases germane to the present discussion. The relative simplicity of branch banking as an organization problem is due to the fact that in the majority of our states it is not permitted at all and in a number of others it is restricted to the operation of branches within the city in which the main office is located. Thus, the branch is placed under the direct supervision of the main office.

As a result, although branch bank operation follows the so-called territorial form of organization, that is the setting up at the branch of a complete unit as far as banking operations are concerned, nevertheless the special and more technical phases of banking are in practically every case conducted at the main office. This means, therefore, that in most branches there will be found in full operation the functions of receiving and disbursing money, deposit accounting, savings accounting (where this constitutes a service of the institution), and extending credit within very definite limits; in the handling of all other phases the branch bank acts merely as a receiving agent for the main office.

Operating control of a branch is ordinarily entrusted to a Branch Manager whose rank is on a level with that of Assistant Cashier or Assistant Vice-President in charge of some function or department at the main office.

In the larger and more important branches, however, a Vice-President will not infrequently be found in charge. This is particularly true of such cases as those resulting from the merger of two or more banks, where the main offices of the banks which have been absorbed are retained as branches of the consolidated enterprise. In such instances