

with problems of business in general as well as specific banking problems.

Then there is a third group of executives who are specialists by training but whose experience and qualifications need not be comparable to those in the two classes just cited. These specialists find their sphere of usefulness in the banking organization mainly along lines which will be referred to in the next section of this paper. Specifically, we may say that the group includes Managers of Industrial, New Business and Statistical Departments.

To the Employment Department, the filling of vacancies on the executive staff of a bank does not ordinarily constitute a hiring problem, for banks have long pursued the policy of promotion from within and can usually find among their own personnel suitable timber for promotion to all existing positions. The establishment of a new department or service, of course, would be more than likely to necessitate going outside the organization to find satisfactory applicants.

One of the outstanding problems in connection with personnel in a bank is the necessity for handling the division of labor in such a manner as to promote the essential element of dispatch. The necessities of the daily routine are such that it has long since been impossible to compress it effectively within the compass of the daily work period from, say, nine to five o'clock. Regardless of the volume of transactions arising on any business day, it is absolutely necessary that these be disposed of on the same day that they are initiated. This brings into focus a peakload problem which at times becomes peculiarly acute.

The solution of the situation is generally worked out through the introduction of two or even three shifts of work during the twenty-four-hour period, through the maintenance of clerical staffs in each department of sufficient size to cope successfully even with material increases of work and, lastly, through the organization of a special unit known variously as a flying squadron or a float force.

This latter organization unit is usually composed of well-trained employees who are familiar with the working requirements of several of the departments of the institution. They are assigned here and there as the condition of work and the emergency of the moment dictate and may be counted upon to fit in just as though they were regular em-

ployes of the departments. Some banking institutions have understood how to make service in the flying squadron an incentive to the better class of employees and an avenue to promotion; leading to executive positions in widely differing fields of work.

The entire function of employment requires for its successful performance that it be delegated for the organization as a whole to a special department, usually described as the Personnel or Service Department or by some similar designation. The department concerns itself not alone with the function of acquisition of personnel but also with many other related questions and, in particular, the maintenance of records respecting attendance, punctuality, progress, classification and other aspects of personnel administration.

C. Remuneration

The problem of making remuneration an incentive is one which is of the very essence of management, and it must be admitted that in its solution, banks as a whole have made less progress than has been recorded in other lines. They have, of course, always recognized the existence of a salary problem but relatively few banks have persistently and scientifically attempted to find an enduring solution thereof. For example, the process of job analysis, which in other business fields has long since been utilized as a mechanism for determining the salient elements and characteristics upon which proper measurement of remuneration should be based, appeals even at the present time to very few banks as a worthwhile procedure.

In many cases the appeal which may be made to applicants for employment through the supposedly superior working environment of a bank, as far as atmosphere is concerned, has been relied upon to justify a relatively inferior scale of remuneration. In other cases, and especially where conspicuously successful and powerful banking institutions are concerned, an excess of liberality has prevailed in the matter of remuneration, and this, while of course greatly gratifying to individual beneficiaries, has not resulted in eliminating existing inequalities of remuneration.

There is a very strong need in the banking field, for proper organization of the apparatus that has to do with the standardization and administration of salaries. A great opportunity exists for intensive

work along these lines, and this is particularly true with regard to such routine and repetitive work as can be accurately measured on the basis of quantity and quality of production.

In dwelling upon the problem of remuneration, reference should be made, at least briefly, to two important phases thereof, namely, the practice of granting bonuses and the establishment of superannuation and retirement funds. This is not the place to discuss the merits of either of these two methods of remuneration; but it may be stated, with respect to the bonus, that there is a wide divergence of views as to its wisdom and efficacy, and that it cannot be said to have succeeded in convincing employees that it is much more than a legitimate, and rightfully earned part of their remuneration. Thus it loses its value as an incentive and is open to the criticism of being a deferred part of remuneration which should more properly be paid in the form of current wage.

With respect to superannuation and retirement allowances, many banks have established and maintained funds for such purposes, but the policies, principles and factors entering into the organization and administration of such funds present a host of variables which fail to disclose substantial unity of viewpoint and understanding. A number of these pension funds, organized with more generosity of spirit than fundamental actuarial knowledge, have rested on an unsound basis which has occasionally called for radical action to correct. It is one thing, in a spirit of liberality to donate a material sum of money for the purpose of providing pensions for superannuated employees, and it is quite another thing adequately to take into account in this connection the accrued liability on the score of past service. Failure to reckon scientifically with this factor during the organization period has inevitably meant that years afterwards the benefits to be bestowed had to be largely modified, and in some instances altogether abandoned, or that much additional capital had to be added to the invested assets of the pension fund in order to make it financially possible to meet the cost of the benefits promised.

D. Training and Promotion

In the banking field the organization of activities dealing with training and promotion may be said to have been kept fully abreast of similar activities

in other fields, if not in advance of them. The wisdom of applying the principle of promotion from within has long been patent to bankers, and, with the rapid growth of banking institutions, especially in the last decade or so, the path to promotion has become better defined and is traveled more rapidly, at least by the well-qualified employees, than was formerly the case. That this is a fact appears from general observation of the comparative youth of many of the men found occupying even the most important executive positions in banking. Years ago one naturally expected and generally found responsibility and authority in banks associated with middle-aged, gray-haired, dignified bankers. Today a group of Vice-Presidents of an important banking institution will average in age more often under than over forty-five years. After all, this is a phenomenon which is not confined to the banking field, for we are living distinctively in the age of the young man in business.

With respect to training, much may be said in favor of what banks have been doing for some years in this field. Well organized vestibule schools are not infrequently found in the larger banks, and special training courses, with the emphasis on vocational rather than on educational development, have been established. Often, too, special courses in subjects of general interest to bank executives and employees have been arranged for, and subsidizing of outside educational activities in which employees are encouraged to join has long been a very popular method in the educational work of banks.

The outstanding example of educational activities in the banking field is, of course, the American Institute of Banking, which in the past twenty or more years has been built up to a position of leadership in the educational field. If memory serves correctly, there is no other field of business in which there may be found an organization similar to the A. I. B., with its local chapters in every section of the country and with many thousands of students enrolled annually, all of whom have chosen a banking career as their life's vocation and are assiduously developing themselves under expert instruction to qualify for positions of leadership.

As a distinctly peculiar and perplexing problem of organization in connection with training and promotion, we may cite in passing the need for classification of employees and for the introduction of a scheme of measuring progress. This, of course,