

# MINNESOTA BUSINESS NEWS

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## Center at the Threshold

# First Experiments Begin in Business Studies

As part of a developing research program within the Graduate School of Business Administration, Dean Paul V. Grambsch has announced the establishment of the Center for Experimental Studies in Business. This organization, from small beginnings, will eventually undertake a comprehensive study of business problems through conduct of experiments closely related to psychological theories of human thinking and problem solving.

### Familiarization Run

Following a search of relevant literature, in the fall a preliminary experiment was conducted based on the studies of Solomon Asch concerning the effects of group pressures upon judgments. The objective of the experiment was to familiarize the faculty members and graduate students who will run the Center's day-to-day activities with the operation of experiments in a laboratory setting. Subjects were recruited from the GSBA student body.

Other experiments repeating and checking the results of those made by other investigators will be carried out by the

Center in the near future. These will be designed to further sophisticate and standardize procedures, some for computer use, before original study is undertaken. Also, one or two of these experiments will be conducted in a classroom.

In its preliminary work the Center is cooperating and seeking the advice of other University departments engaged in studies of human behavior.

Following the familiarization shakedown and as soon as procurement of financing and adequate laboratory space can be arranged, contemplated original studies are: (1) an investigation of organizational influences on managerial problem solving, (2) a study of frustration effects in accident behavior, and (3) an exploration of consumer buying behavior.

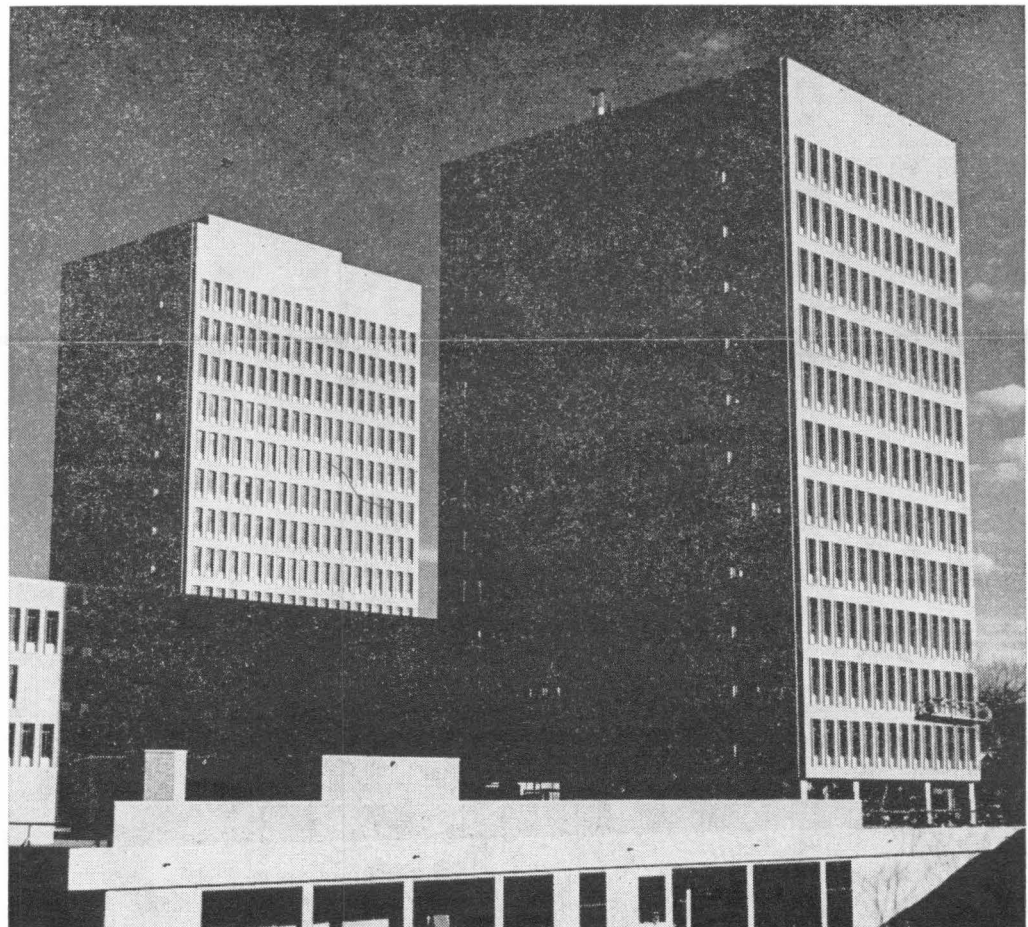
### Manager as Inventor

In the first contemplated study, the manager will be viewed as a problem-solver who must recognize problems and *invent* alternatives in addition to being a decision-maker who must choose *among* alternatives. The second projected study (frus-

(continued on back page)

## School of Business Administration Moves To New Tower

Departments and faculty of the School of Business Administration are completing a move this month to the new 12-story School of Business Administration tower (at the right in the accompanying picture). The facility is part of a 3-building complex constructed under an appropriation from the 1959 legislature. The first unit, a 5-story classroom building (partially seen in the left foreground), was occupied in September; the 14-story Social Science tower (left background), in December. The buildings are the first in the University's expansion to the west bank of the Mississippi River.



# Skilled Worker Vital to Any Business

*Editor's note: When Mr. Smith was in Minneapolis last fall to receive the University of Minnesota's Outstanding Achievement Award, he accepted our invitation to write an article for the Minnesota Business News concerning the role of the skilled person in business. Since many business people talk about management as a profession, to avoid confusion concerning the word "professional" it should be pointed out that Mr. Smith uses the word to mean a professional specialist rather than a professional manager.*

by **Bryan E. Smith**

**Chairman of the Board**

**Liberty Mutual Insurance Company**

**Liberty Mutual Fire Insurance Company**

We are all familiar with the long-standing acceptance of the medical, legal, and teaching professions; but I wonder if we have given sufficient recognition to the emerging professionalism that we see in business today. Perhaps each of us has his own definition of what makes a professional man; but for me the term connotes one who possesses certain distinct characteristics: "Professional man" is one who has an exceptional degree of skill, knowledge, and experience and who must combine these qualities with a measure of integrity and public responsibility of high order.

My purpose in writing on this subject is to give recognition to the existence within our present business organizations of men and women (present and future) who fulfill these professional criteria. I also want to point out that skilled professionalism is involved at all levels in carrying out the basic functions of any business concern.

The subject of professionalism in business is of interest because it seems that all too often corporation management, and, maybe, schools of business, overly stress training and opportunities in management and administrative positions and thus create an impression that *management* is the goal each student or young businessman should seek. The young person is sometimes inculcated with the idea that only through holding a management position will he be able to get

ahead, to have pride of position, to secure financial gain, and so on. Sometimes this veneration of management leads a man with valuable operating skills to move from work where he is of unusual value to himself and to the company into a management position which calls for talents he may not possess. The question is: Must a man in business move into management to achieve success?

This is a matter of deep personal interest to the man himself, also to his company. If the man is a true career professional, he and his company may both be the losers if he moves into management. Perhaps we should first consider what it is that the purposeful young member of a company is looking for. We like to believe that he wants to be associated with an organization that is making a worthwhile contribution to society. Equally important, we like to think that he feels that he is making a personal contribution to this important effort.

Management is getting a job done through the organization of people. We must have adequate managers, but they cannot accomplish results without the professional work of the skilled specialists. We must look for incentives, rewards, and recognition that will give the professional man the encouragement he needs.

In the field of casualty and fire insurance, professional skills are an integral part of the basic functions of our companies and the contribution they make to society. An underwriter appraises and prices risks and hazards, whether protection for liability and fire on the home or automobile or for operations of a chemical company or a retail store. Safety engineers may work with national, state, and private organizations to reduce losses from automobile accidents and fires on homes or with employers to prevent loss from accident or illness from manufacturing or retailing operations. A claims specialist, skilled in analyzing complex coverage situations and assessing damages, must decide on liability and then negotiate settlements. The sales representative or account executive, an insurance specialist, is trained and licensed to provide proper protection in this complicated field.

Some organizations which set professional standards or seek to raise the standards for people in business professional work are operating in the accounting, personnel, and investment analysts fields. Some examples in important areas in the casualty and fire insurance business are safety engineers' societies, claims associations, and the "Chartered Property Casualty Underwriter" (CPCU) designation for salesmen, underwriters, and others.

Professional men in business spend a lifetime in work developing specialized knowledge and skills that grow in value with experience. Talk with them and you will be impressed with their depth of knowledge and constant desire to improve their skills in their specialized fields. You will find that they feel they are making a real contribution through the results of their personal efforts in our increasingly complex society. This is not confined to the insurance industry, but is equally true in other vital industries in our economy.

The real leaders in industry are aware of the high value of this contribution by their professional people and seek ways to provide proper recognition for them. This recognition of professionalism by business concerns must be real. It must include titles, positions, and earnings that reflect the importance of each specialized function. It must provide for progress over the years so that a man feels that, as he becomes more skilled in his chosen career, he is more valuable to his company and that his company could not operate without the important work he is doing.

"Success" does not always mean that a man or woman must be in management. They who possess operating skills also have an important function in society. The giving of status and recognition to professional people should start with the president and other high-level officers of a corporation. An intelligent and regular appraisal program should be carried on for the professional person by persons of superior skills in his profession. In all this, the professional man must be given a feeling of deep confidence in his security with his company. His confidence and strength should come from an awareness not only that his abilities are recognized and rewarded by his company but also from the feeling that, in the end, the only security a man has is the contribution he can make to the society in which he lives.



Mr. Smith

Per Jacobsson:

## Monetary Stability Only Proper Basis for Sustained Growth

Per Jacobsson, managing director of the International Monetary Fund, was speaker at the annual dinner meeting of the Minnesota Economic Association held in November. Dean Paul V. Grambsch of the School of Business Administration, University of Minnesota, was chairman of the host committee.

Mr. Jacobsson's subject was "The Current Monetary Situation." Following a review of the "rude shocks" Americans experienced in (1) the Sputnik technological advance, (2) the difficulties of balance of payments, and (3) loss of cohesion in the Western Hemisphere, Mr. Jacobsson explained how these have really led to greater economic and political strengths. American technological progress since Sputnik has advanced so that the U.S. now has capabilities equal to those of any other power. There is growing confidence in the value of the dollar. And, with regard to the Western Hemisphere, recent developments have shown that a period of passive tolerance is over.

### Fund Contributes Cohesion

Mr. Jacobsson also reviewed the activities of the International Monetary Fund. He pointed out how it has and is contributing to achievement of a high degree of cohesion in monetary policies among countries of the Western World. There are problems, of course. For example, in industrialized countries political leaders have difficulty in arriving at agreed lines of policy. In developing countries, although one should not think of them as a homogeneous group, certain problems stem from lack of strong governments and technology. But, although they are different in resources, stage of development, traditions, and policies, all are anxious to sustain stable monetary conditions. "There is everywhere a feeling that monetary stability is the only proper basis for sustained growth," Mr. Jacobsson said.

The Minnesota Economic Association is an organization of educators in business and economics from the state's colleges and universities.

### Reprints Available

Mr. Jacobsson's speech to the Minnesota Economic Association has been reprinted. For copies, please write:

Paul V. Grambsch, Dean  
School of Business Administration  
University of Minnesota  
Minneapolis 14, Minnesota

## Faculty Again Unites with C of C For Management Program

The Graduate School of Business Administration is again cooperating with the Minneapolis Chamber of Commerce in a 5-week Management Development program to be held beginning March 21, 1963. The series is essentially a repeat of the successful program held last year, but it incorporates changes and improvements suggested by last year's participants.

The program is designed for executives who have considerable responsibilities for management of people, those who are expected to be promoted to jobs with increased executive duties in the near future, or those who have recently assumed increased responsibilities. Prof. Nicholas A. Glaskowsky, Jr., associate professor of management, is coordinator for the program.

The ideas and materials to be presented are closely related and are designed to be applicable to management in all firms. The program seeks to cover topics which a busy executive will find useful but which he does not have the

opportunity to explore thoroughly through formal university courses or through company training programs. Topics include:

★ *The Climate of Management.* Major questions dealing with the environment of business, government regulation, social restraints, and ethical problems.

★ *Management and Rational Decision Making.* The art and science of decision making. The application and uses of mathematics and other modern tools to management today.

★ *Management of Change.* Changes brought about by decisions. The theory of change and the individual. Automation, its impact on management.

★ *Management of Conflict and Cooperation.* Causes and identification of conflict involving individuals and groups and of management problems in gaining cooperation.

★ *Management of Delegation.* A problem facing all managers at all levels in all firms. The need for delegation, and suggested means for carrying it out successfully.

Theoretical sessions will be followed by periods of practical application and case discussion. A feature of the program will be a general management business game processed on University computer facilities.

### 2 Seminars Held

The Graduate School of Business Administration, in cooperation with the Management Development Committee of the Minneapolis Chamber of Commerce and the Department of Speech and Theater Arts of the University of Minnesota, recently completed two successful seminars in *Communication and Persuasion*. The first session was held in November; the second, February 6 and 7, 1963. Subjects included: "Talking Person-to-Person," "Dynamics of Leadership," "Barriers to Communication," "Persuasion: The Engineering of Consent," and "A Case Study in Communication Problems." More than 60 persons were enrolled for the two seminars.

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### Pi Sigma Epsilon Chapter Honored by Executives

As part of their university level educational program, the Sales and Marketing Executives Club of Minneapolis has two new participation events for their Pi Sigma Epsilon fraternity members at the University of Minnesota.

Two members of the fraternity are selected and introduced at each of the club's regular monthly luncheon meetings as "Young Executives of the Month." Also, the entire fraternity is also invited free of charge to the club's six "executive development" meetings during the year. These afternoon seminar sessions enable fraternity members to discuss current selling practices and management techniques with experienced executives.

The Pi Sigma Epsilon chapter at the University was established by the SME Club of Minneapolis in February, 1962. It was the 19th chapter of the national fraternity which is dedicated toward advancing the selling and marketing profession. Charter members included 17 students, 12 professional members from the Minneapolis SME Club, and 4 faculty members. In recent months, six more student members and two professional members from the Minneapolis club have been initiated. Don Wagner, vice president of sales, Spring Company Florida Sales, is professional adviser to the fraternity.

# Placement Office Is a Busy Marketplace

Each year up to 200 company representatives hold nearly 3,000 individual job interviews with prospective graduates of the School of Business Administration and Graduate School of Business Administration. Job recruiting in the Schools is a sizable project and requires a full-time staff to register students for possible positions and schedule interviews as well as to provide current information concerning companies and counsel for individual career problems.

The Placement Office is the unique organization where graduates and industrial firms can come together to look one another over. And look they do. A company with broad needs sometimes interviews as many as 50 applicants; some students talk with representatives of as many as 30 companies. Last year, a total of 214 students took 2,646 interviews; and 82 per cent of the prospec-

tive graduates availed themselves of Placement Office services. (Nearly all of the others were planning to enter the military service, a family business, or graduate study.)

The majority of interviews are conducted in three special interview rooms in the Placement Office in the School and average about 25 minutes each. Bringing together so many students and companies requires intricate timing as well as elaborate and detailed record-keeping replete with built-in checks. It is a task to which Placement Director Mrs. Kathleen Anderson and her staff must apply themselves diligently. Students résumés must be prepared; such things as the relationship between grade-point averages and class rank must be explained to company interviewers; and interviewees must be briefed to put forth their best attributes.

(In addition to current graduates, the Placement Office also serves alumni who may be interested in current job openings which require more experience.)

Most company interviewers are highly experienced in personnel work; they are professionals in the art of securing the responses they want. They not only can get the applicant to bring himself out in his most favorable light, they can also bring out responses which offer some measure or predictability as to the kind of employee he might turn out to be. It is not a "third degree," but instead an honest and friendly inquiry into the services the prospective employee is offering "for sale."

## 'Open' Interviews Held

To acquaint registrants with the interviewing process and what will be expected of them, each fall an "open" interview is held. A representative, usually

from one of the larger firms which utilize placement office services, conducts an interview with an applicant selected by Mrs. Anderson before an audience composed of student job seekers. Neither the interviewer nor the interviewee has ever seen each other before; and the interview is conducted just as if it were being held in a private room. Following the interview, the company representative explains to the audience some facets of the interview—the things he was trying to bring out, the things he was looking for.

Last fall, for instance, Henry Brown, employment manager of the Pillsbury Company, Minneapolis, interviewed Eugene Momont of Minneapolis, December candidate for the Bachelor of Science degree in Economics. It was Momont's first job interview as a registrant of the Placement Office, and he had never seen Brown before nor had Brown ever seen Momont. Following this public interview a surprising thing occurred: although he was later interviewed by nine other companies by more orthodox methods, Momont was hired by Brown. He is now grocery products salesman for Pillsbury working out of St. Cloud, Minnesota.

## Panel Meetings, Too

The public interview technique is only one of the "acquaintance" processes utilized by the Placement Office. In the spring of each year, a panel meeting is held. Here a panel of seniors who have been taking interviews in the Placement Office discuss their experiences and answer questions regarding not only their interviews, but also their plant visits and correspondence with prospective employers. In general, the fall public interview is held for those who will graduate the following June or summer session; the panel meeting for those who will graduate the following December or March.

Last year, a total of 251 seniors and 316 alumni registered with the Placement Office. Through its services each was afforded an opportunity to find information concerning jobs with both large and small companies, near and remote. In addition to the jobs available with companies who conduct interviews in the Placement Office, the Office listed over 1,000 individual job openings last year.

And not only did students benefit from these services. Prospective employers too were offered a wide choice of possible candidates to fill their job openings.

## Start of Experimental Studies In Business Is Announced

(continued from front page)

tration effects) is of potential interest in industrial and business settings because in-the-field clues point to a hypothesis that frustration affects the speed with which different people react to accident-impending situations.

Graduate School of Business Administration faculty who will be working with Center activities include Professors Robert J. Holloway, Allen R. Solem, Albert K. Wickesberg, John Neter, Raymond E. Willis, and Delbert C. Hastings. Richard Cardozo, a doctoral candidate in marketing, is also working with the Center. Other faculty members are expected to join this group as their interests coincide with the Center's purpose.

UNIVERSITY OF MINNESOTA  
SCHOOL OF BUSINESS ADMINISTRATION  
Minneapolis 14, Minnesota

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Glass enclosed corridors connect the new 12-story School of Business Administration tower (partially seen on the right) with the new 5-story Classroom Building. The moving of all School of Business Administration departments from Vincent Hall and several temporary buildings was completed March 1.

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## Move Completed to New Tower

The School of Business Administration completed a move March 1 to a new office tower located on the University of Minnesota west campus. The move affected 340 faculty members, teaching and research assistants, and office personnel.

The new tower contains 72 private offices, 40 double offices, and 24 rooms for two or more research and teaching assistants. In addition there are nine large single offices for department and major program heads and 11 seminar and conference rooms.

Location of department offices:

2nd floor, Dean's office and Placement Office; 3rd floor, Garver Library and Industrial Relations Center Reference Room; 4th and 5th floor, Industrial Relations Center and Department; 6th floor, Department of Accounting; 7th floor, Department of Quantitative Analysis and Division of Research; 8th floor, Graduate School of Business Administration and Department of Business Functions and Management; 9th floor, Upper Midwest Economic Study; 10th and 11th floors, Department of Economics.

## 400 Hear Worthy Speak at Annual B-Day Luncheon

### *Businessmen Give Tips to Students*

James C. Worthy, former vice president of public relations for Sears Roebuck & Co. and also a former U.S. Assistant Secretary of Commerce, was principal speaker at the annual Business Day program March 8. Popularly called "B-Day," the annual student event is oriented toward a professional view of business education.

Activities began at 10:30 a.m. when a top management panel of Twin Cities businessmen gave tips to students on how they should view their first job and some problems they might encounter later concerning promotions, job satisfaction, salary, and supervision. The topics sparked spirited discussions between the company representatives and the soon-to-be-graduated students.

### *45 Hosts*

Following the morning forums, over 400 students and faculty members were guests of 45 Minnesota companies at a luncheon held in the main ballroom of Coffman Memorial Union on the University of Minnesota campus. At each table were six students, one faculty member, and the company host. Here students had further opportunity to talk, this time more informally, with a business leader about successes and problems of a particular occupation. Mr. Worthy's address followed the luncheon.

During the afternoon students boarded buses for tours of six Twin Cities industries. The tours were selected so that at least one would appeal to some portion of the student body. Companies visited were Ford Motor Company assembly plant, Gould National Batteries laboratories, Minneapolis-Honeywell Regulator Company Golden Valley plant, Northwestern National Bank, Whirlpool Corp., and Remington Rand.

General arrangements were planned and executed by the Board of Associated Students, Bill Baxter, president.

by Professor Allen R. Solem

Organizations and the job of managing them can obviously be seen from many points of view. The past decade has seen a proliferation of approaches toward greater understanding in these areas: game theory, motivation theory, information theory, decision theory, and many others. However, the important fact is not the theory development itself which may largely be symptomatic of heightened interest of many diverse disciplines in a complex problem area. Much more significant, it would seem, is that thinking about organization and management has broken the confining ties of both purely speculative theorizing and of such narrowly descriptive categorizations as line and staff roles, executive functions, and span of control. In their place have evolved analytical concepts and theories sufficiently coherent and explicit to permit experimental test and verification.

The significance of this qualitative change in premise and approach in the study of organization and management cannot be overestimated. Similar turning points not only have characterized fundamental development in all sciences, but have been a necessary condition for such progress to occur. In physics the work of Galileo marks such a turn of events; in biology, Darwin. In the behavioral sciences historical perspective may well identify the psychologist, Lewin, as their counterpart.

More than three centuries have elapsed since Galileo, a full century since the major work of Darwin, but less than a generation since Lewin's now famous statement:

*"I am persuaded that it is possible to undertake experiments in sociology which have as much right to be called scientific experiments as those in physics and chemistry."*

Having spoken, he proceeded to demonstrate that it was so. He was, of course, aided immeasurably by the experimental tradition and methodology that characterized his own discipline of psychology from its beginnings.

One may well ask what is the significance of all this turning point for management practitioners and students, both in and out of schools of business. As a psychologist, this writer would not presume to know what may be the impact, if any, on such fields as finance, marketing, accounting, production, or business economics. Even the dimensions of the effects for training and experimental test of theories in the organization and management of human resources, and their application, are difficult to foresee. On the basis of what is already known, however, there is no question but that future developments will be very great.

For schools of business administration an important function, as always, will be to teach the best that is known at any given point in time. By itself, this task has never satisfied the scholar and will even less so in the future. Much more importantly, for the long term, there must and will be a major and sustained effort to go beyond what is known and, in all areas where experimentation is possible, to develop new theory, formulate from it testable hypotheses, and subject them to controlled experimental verification. Of equal urgency will be the development of methodology for extending the experimental testing of theory against fact into those areas where this is not now possible. These procedures, always difficult, sometimes tedious, occasionally rewarding, offer the only known way for asking questions of nature with some assurance that the answers will be valid and thus extend knowledge and generate more incisive theory.



Prof. Solem

Implicit in this whole "theory and experimental test" approach is the assumption of much closer cooperation than anything so far seen between the community of management practitioners and the investigators, whether in business, government organizations, or in the schools, and this in full recognition of the widespread joint efforts which already exist. The requirement becomes obvious when we realize that controlled experimentation represents an effort to define a "pure case" in which the phenomenon in question is free to operate (as for example in physics, at a certain temperature or pressure), and can be held accountable for whatever observable results occur. However, once this "pure case" has been in the laboratory, many behavioral and other phenomena require testing in their natural settings.

The indispensable ongoing organization, then, is the laboratory, but it must be supplemented by field study. An example: In certain current studies of the delegation process it was possible to achieve controlled experimental verification in the laboratory of some new concepts which appeared promising. However, it is only through the subsequent willingness of many practicing managers in diverse organizations to apply the concepts in their day-to-day work that the desired "real life" verification is being made possible. The same has been true of other similarly derived concepts in leadership, in problem solving, in motivation and change, in attitudes, in disciplinary problems, in the development of subordinates and in frustration theory, to name a few.

As in every period of history, there are those who contend that many key aspects of the organization and management of human and material resources fall in the realm of *art* and hence are not subject to experimental investigation. While one might view this as being symptomatic of defeatism, such thinking is frequently an instigator of progress when some insightful and enterprising investigator views the "impossible" as an interesting problem and proceeds to solve it.

Discoveries in the physical, biological, and behavioral sciences are generating a quiet revolution in the business of organizing and managing enterprises. It is the function and indeed the obligation of investigators everywhere, but particularly so in the colleges and universities, to keep knowledge well ahead of application, for in every field the development of new knowledge not only increases our understanding of the universe we live in but in that very process spawns new ideas, new products, entire new industries. Large sectors of our economy are dependent on the unknowns of a decade ago. It is not despite, but largely because of, the marked development of industrial research laboratories that several sections of our country, notably the Northeast and the Far West, have experienced the rise of great industrial complexes in intentionally close proximity to the major universities.

At present, there is no reason to suppose that discovery and new knowledge in the organization and management of

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Mr. Solem is currently professor in the Department of Business Functions and Management. A native of Minnesota, he obtained his B.A. degree from the University and his Ph.D. in psychology from the University of Michigan. He is co-author (with Maier and Maier) of Supervisory and Executive Development, and contributes to a number of journals. In addition to teaching and research activities, he is a consultant to various industries and federal agencies.

# Upper Midwest Economic Study in Its 2nd Year

What can be done to adapt to, modify, or take advantage of the revolutionary changes taking place in the Upper Midwest economy?

The Upper Midwest Economic Study, now in its second year and due for completion in 1963, is examining major problems of the region centering around rural decline and urban growth—and adjustments to technological change.

Results of the study, being sponsored by the University of Minnesota and the Upper Midwest Research and Development Council, will be used by the Council in a program aimed at stimulating economic growth in the Ninth Federal Reserve District (Minnesota, Montana, South Dakota, North Dakota, 26 counties of northwestern Wisconsin and upper Michigan).

The Council, a non-profit, non-partisan corporation financed by private foundations and business, hopes its activities will produce answers to how the region's industries can become more competitive in markets at home and abroad.

Offices of the Upper Midwest Economic Study are located on the 9th floor of the new School of Business Administration tower. Prof. James M. Henderson of the economics faculty is research director. The staff totals 23.

Among other members of the University faculty participating in important phases of the projects are:

Paul V. Grambsch, dean of the School of Business Administration; Walter W. Heller, professor and former chairman of the Department of Economics, on leave of absence to serve as chairman of the President's Council of Economic Advisors, Washington, D. C.; Athelstan Spilhaus, dean of the Institute of Technology; and John R. Borchert, professor of geography.

## Some of the Questions

The economic studies raise countless questions, among them:

*As an exporter region, how can the Upper Midwest overcome its handicap of distance from major markets? How can it improve the economic climate?*

*What are the alternatives to traditional dependence upon natural resources industries, producing fewer jobs in advancing technology?*

*What is the answer to the loss of trade and population by small towns?*

*Can the region's cities absorb the rural migrants?*

The Council's program is one of study to be followed by action. J. Cameron Thomson, retired chairman of the board, Northwest Bancorporation, and president

of the Council, reported recently that the study phase of the program is proceeding according to schedule. All of the research projects are fully underway and from studies already completed, he said, a definite pattern of growth and change in the Upper Midwest on which to base a sound action program is developing.

Facts from already completed studies furnish these highlights about the state of the regional economy:

The decline in agricultural employment in the 1950's was 27 per cent (in the four full states in the region a drop in family and hired workers from 680,000 to 499,000). Farm consolidations have resulted in a growing number of successful farms but a majority remain too small to make efficient use of their labor and equipment. Since the farm exodus is expected to continue, a need exists for vocational training to enable the farm

chairmen—will begin its work leading up to policy recommendations designed to stimulate economic growth.

Action committee activities have been divided into three general areas. The sub-committees and chairmen of each are: Goodrich Lowry, president, Northwest Bancorporation, and Granger Costikyan, president, First Bank Stock Corporation, business and industrial development; Dean McNeal, executive vice president, The Pillsbury Company, agriculture; and C. David Loeks, director, Twin Cities Metropolitan Planning Commission, urban affairs.

## New Research Institute

A separate project but one importantly related to the economic study and action program is the establishment of the North Star Research and Development Institute under co-sponsorship of the University and the Council. Its establishment,



labor force, especially young adults, to acquire specialized skills to qualify them for off-farms jobs.

Despite over-all population growth of 542,000 during the 1950's net out-migration was 392,000 persons. Over half of the net out-migrants were under 25 years of age in 1960 with the highest concentration at high school graduation age. Age structure of the population has been altered by migration, increasing the proportion of "dependent" non-labor force members, or persons under 15 and over 65 years of age.

Some 20 general and special studies are included in the research project. Some of the studies are being individually published. Others, including the more technical papers, will be incorporated in Prof. Henderson's final published report.

As the results of research become available, an Action Committee headed by Joyce A. Swan, executive vice president and publisher, *Minneapolis Star and Tribune*—with Allen S. King, president, Northern States Power Company, and Julian B. Baird, chairman of the board, First National Bank of St. Paul, as co-

with assets expected to total several million dollars, was announced in January. The institute is intended to serve scientific and technological needs of the region, and envisions establishing two major research facilities, on Valley Industrial Park property east of Shakopee and adjoining the University campus. Although affiliated with the University through corporate structure, it will be an independent operation. Its articles of incorporation designate University regents as corporate members in lieu of stockholders and the president of the University as chairman of the board. Approximately two-thirds of the board membership is selected from region business leadership.

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John B. Webster, Editor

# Students Learn About / From Univac

In the fall of 1961 a \$465,000 Univac Solid-State 80 Computer was given to the School of Business Administration by the Remington Rand Division of Sperry Rand Corp. Now, after more than one year of operation, it is being used to perform a wide range of data processing and computing tasks.

Since installation of the SS 80, the primary objective of the School of Business Administration Computer Center has been to provide faculty and students with a tool for research and education. The Center also cooperates with the Center for Experimental Studies in Business in computing data on behavioral research projects. A secondary objective is to make the facilities available for

## Experimental Laboratory: Vital to Business Study

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human talent and resources should be any less fruitful than it is for the inventions that give rise to the organizations themselves. Here at Minnesota, many groups representing many different disciplines are engaged in this effort. Space does not permit, nor is this the place for, a cataloging of them and their current efforts. In the School of Business Administration of the University of Minnesota alone there is a long tradition of investigation into a wide range of business problems. Of necessity most of these have been of a non-experimental nature. More recently however there have been significant and concrete developments of interdepartmental scope looking toward experimental investigation as well, of far-reaching problems in the pervasive human side of organized human effort. The experimental laboratory has thus become an indispensable adjunct of the inquiring school of business administration.

other public and private uses when sufficient time is available.

The phenomenal growth in use of electronic computers in recent years in industry, commerce, government, and science has made it imperative that business school graduates have an understanding of its use. Accounting students, for example, must understand that input of figures into a bookkeeping system can be accomplished automatically without creating a conventional record. Finance students must prepare themselves to go into a banking world where virtually all accounts are computer processed, and where electronic devices will be increasingly used to analyze stocks and bonds in portfolio selection. Students entering management will find that they must be aware of the computer's ability to simulate market conditions and to analyze and balance this information with production scheduling, inventory data, and flow charts.

Recognizing that its graduates will be going into a fast-moving computerized business world, the SBA has initiated courses which not only train students *how to use* the computer, but also courses where the student is trained *by* the computer.

## Training About Computers

Instruction for students is taking two forms:

(1) An undergraduate credit course, Quantitative Analysis 61, *Introduction to Electronic Computers*. This course not only provides the students with a general understanding of computers, but also instruction in its use to a sufficient depth to allow him to use it for research problems.

(2) Non-credit Fortran seminars. When the Univac was first made operational in February, 1962, a major im-

pediment to its full use was the lack of a suitable algebraic compiler. By December, however, a Fortran II (*formula translator*) system was available for use. This system allows the researcher, following a basic writing procedure, to prepare his computational problem using English and mathematical notation. The Fortran II system then translates this information into "computer language."

The non-credit Fortran seminars are being held principally for graduate students and for faculty members who wish instruction in the use of Fortran so as to take advantage of the Univac's data processing and calculating powers in research and teaching.

The Univac has also been used as a part of the instruction in Accounting 175B, *Data Processing*, and will be a part of coursework in several quantitative analysis courses.

## Training By Computer

Decision simulations (popularly called "management games") are an important recent development in teaching. Here the computer is involved in a training method for future managers and executives. In the typical business game a hypothetical industry is set up, with several firms, each operated by a team of students, competing against each other. Each period each team makes a set of decisions concerning output, advertising, finance, personnel, etc. The computer takes all the team's decisions, determines outcomes in sales, costs, and profit (or loss) and prints reports for the student teams to use on the next round of decisions. The principal advantage of this procedure is that it helps train the student to appraise courses of action quickly, and to see the outcomes of their decisions.

Since the SS 80 became operational, the game technique has been utilized in four School of Business Administration management courses, and in several marketing courses.

The general management simulation now being used is patterned after one devised at the University of California, Los Angeles. Investigations are currently underway to devise future uses of decision simulations. A seminar under the direction of Prof. Nicholas Glaskowsky is preparing an original decision simulation for use on the SS 80.

The Univac SS 80, now located in Vincent Hall, will be moved to the new School of Business Administration tower before September, 1963. Prof. Gordon B. Davis is director of the Computer Center.

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# MINNESOTA BUSINESS NEWS

Published by the School of Business Administration

Number Eleven

University of Minnesota, Minneapolis 55, Minnesota

May 1963

## Rehabilitation Studies Develop Research Ideas

From a non-medical viewpoint, how do physically handicapped persons adjust to work environment? This is the principal question which the Minnesota Studies in Vocational Rehabilitation seeks to answer. Now in its fourth year, the Studies, under the sponsorship of the Office of Vocational Rehabilitation, U. S. Department of Health, Education, and Welfare, will be used by agencies throughout the nation in planning and operation, caseload selection and management, and placement effectiveness and evaluation.

The work is being conducted through the Industrial Relations Center of the School of Business Administration, University of Minnesota. Prof. Rene V. Dawis is research director. Principal investigators are Profs. George W. England and Lloyd H. Lofquist of the Departments of Psychology and Industrial Relations.

### 5-Year Project

The special projects grant under which the Studies are being conducted is scheduled to continue for a total of five years. Particular emphasis is devoted to the development of research ideas as well as specific public and private agency problems concerning vocational rehabilitation. So far a total of 13 research monographs have been released by the Industrial Relations Center in addition to several technical articles which have appeared in professional journals.

The general design of the project calls for the collection of data along three sets of factors which contribute to "adjustment" in a job: satisfaction, "satisfactoriness," and work history. As defined in the studies, satisfaction consists of those factors which the worker himself considers important to his adjustment to his job: how satisfied is he with the type of work activity he is engaged in? with the people he works for and with? with his working conditions? with the pay he receives? "Satisfactoriness" includes those points which represent the employer's view of the worker's work adjustment, primarily in terms of how well he performs his job. And varying degrees of the combination of satisfaction and "satisfactoriness," according to the project design, result in employee and employer behavior (with particular reference to job tenure) which are reflected in work history.

The project calls for the collection of a considerable amount of data about individual handicapped and non-handicapped workers and then deciding which factors hold the most promise for predicting how well a handicapped person

(continued on page three)

## Committee To Outline Foreign Trade Information and Instruction Project

As part of an expanding University of Minnesota program to train domestic students in international studies, the School of Business Administration is developing a program of instruction and information about international business operations. Eight faculty members have been named to a committee to develop specific proposals. They are:

Profs. Robert S. Hancock, chairman of the Department of Business Functions and Management, chairman; Gordon B. Davis, Department of Accounting; George Seltzer, Department of Industrial Relations; Richard K. Gaumnitz, Allen R. Solem, Harold W. Stevenson, J. Russell Nelson, Department of Business Functions and Management; and Raymond E. Willis, Department of Quantitative Analysis. The committee will be assisted by Wallace F. Doerr who was recently named by Dean Paul V. Grambsch as Assistant to the Dean in charge of International Business Programs.

Proposals to be formulated by the committee will include development of training in international business administration and in consultative activities designed to provide useful information to Minnesota businesses engaged in foreign operations and trade.

The practical impetus behind the University-wide program to develop expanded collegiate education in international affairs is the increasing demand by government and business for overseas representatives, for technical and linguistic specialists, and for foreign advisers. The more theoretic need is for training appropriate to a world of rapidly changing time-space dimensions.

### Studies of Organizations

## Departments Seek Rally Points

What are the purposes and functions of organizations in American society? What does recent research reveal? These were among the questions asked and discussed at a recent inquiry into the "social science of organizations" held at the University of Minnesota's Southern School and Experiment Station at Waseca.

Twenty-five University faculty members from various departments of the University attended the seminar which was jointly sponsored by the Industrial Relations Center of the School of Business Administration and the Graduate School Research Center under a grant from the Ford Foundation.

Dean Richard M. Cyert of the Carnegie Institute of Technology, Pittsburgh, Pa., and Prof. Amitai Etzioni of the Department of Sociology, Columbia Univer-

sity, New York, both leaders in the field of organizational research, headed the seminars. Those attending from the School of Business Administration were Profs. Herbert G. Heneman, Thomas A. Mahoney, and Edward Gross of the Industrial Relations Center; Allen R. Solem and Albert K. Wickesberg of the Department of Business Functions and Management; Delbert C. Hastings, Director of the Division of Research; and Dean Paul V. Grambsch.

Areas examined were studies of business and industrial organizations, labor unions, professional associations, hospitals, schools and colleges, and governmental bodies. Faculty members in various disciplines who are conducting research into aspects of group and organization structure and functioning reported on some of their findings.

# Lebanon's Banking System 'Curious'

by Prof. Harry P. Guenther

Lebanon is a curious and often confusing intermingling of East and West, of antiquity and modernity, of poverty and wealth. Equally curious and perhaps more confusing is the business community, especially the commercial banking sector with its absence of a banking law, its foreign-owned central bank without traditional central banking powers, and its highly influential foreign commercial banks.

Beirut, the capital, is an important crossroads for commerce, tourism, and politics in the Middle East. Goods may be landed and trans-shipped in its "free zone" seaport without payment of customs. Each year thousands of tourists, vacationers, and businessmen pour through both the port and the well-equipped Beirut international airport. Also, political factors—the Arab League boycott of Israel, the politico-economic system of Egypt involving the nationalization of key business firms, and tight foreign exchange regulations—have assisted in establishing Lebanon as an important commercial center.

The Lebanese economy reflects not only trade and political factors, but also the intermingling culture of East and West. Here one finds the ancient ruins of Byblos and Baalbek, and the narrow, twisting, cobbled streets with endless multi-family dwellings of great age side by side with TV, thousands of automobiles, and extravagantly appointed apartment houses and hotels. The intermingling of East and West, old and new, is also reflected in the uneven distribution of income with few very wealthy, many very poor, and the small middle class. Although estimates indicate that about two-thirds of the national income is generated in the trade and service portions of the economy, agriculture, which generates some 16 per cent, must support 40 per cent or more of the population who depend directly on it for a livelihood. Annual per capita income is low—about \$300.

Because Lebanon produces little except fruit, vegetables, and handicrafts and most manufactured goods must be imported, business activity is not only trade oriented, but *foreign-trade* oriented. And this orientation is aided and abetted by the businessman. He, in good Phoenician tradition, is a skillful trader and bargainer. While living in Lebanon I often heard what I thought to be the amusing statement that the merchant of Beirut or Damascus could buy from a Jew and sell to a Scotsman at a profit. Three years as a consumer in Lebanon convinced me that there was more than humor to this notion.

But though the Lebanese businessman is a good trader, he tends to be a poor organizer and planner, especially in matters of finance. He often is secretive to the point of obsession, believing that as owner (most firms are proprietorships or partnerships; the few corporations are closely held) he is the sole rightful possessor of information about the firm. To him, success comes as a result of secret methods of doing business.



Prof. Guenther

*Dr. Guenther is a member of the faculty in the Department of Business Functions and Management. He obtained his B.A. degree from Dartmouth College and his D.B.A. from Indiana University. He recently returned from three years in Lebanon where he taught at the American University of Beirut, was consultant to various Middle Eastern business concerns, and assisted in the establishment of a permanent management training center. This article is based on his research under a Rockefeller Foundation Research Grant while he was in Lebanon.*



Frequently he maintains at least two sets of books, one for the owner and one for the government taxing authority. In addition, others sets are often maintained for inactive or dummy partners.

The banking "system" (if it can be called that) is in many ways as curious as the nation's business practices. Lebanon has no banking law; commercial banks are governed only by the commercial code which also guides the grocery store, the flower shop, and the construction company. The commercial code sets forth legal methods of conducting commercial activities, but sets no limits on the types of activities in which a firm may engage. Thus, commercial banks are free to engage in any sort of business in addition to activities considered traditional to banks in the United States and Europe. However, reflecting economic activity and political history, banking in Lebanon is heavily foreign-trade oriented and dominated by foreign banks.

While Lebanon has a central bank of sorts, it is a vestige of French hegemony in the Middle East. Under the French mandate government following World War I a charter was granted in 1924 to the Banque de Syrie et du Liban (BSL), a French-owned stock company. Under this charter the BSL was to act as government fiscal agent and depository, as bank of issue for the nation's currency, and as a bankers' bank by discounting commercial paper of other commercial banks. At the same time, the BSL was given full freedom to operate as a commercial bank.

This dual nature naturally resulted in a number of weaknesses in the "system" and these have carried over to this day. The BSL as holder of government deposits has resources available for commercial bank operations far in excess of any competitor. In addition, the BSL pays interest of only 1 per cent on government deposits while it is free to lend at any rate. In the current money market this represents a considerable advantage as other commercial banks are paying in some cases from 2 to 4½ per cent interest on demand deposits and higher on savings and fixed deposits.

The BSL role as a bankers' bank is also confused, partly due to the bank's dual nature, and partly due to existing business secretiveness and suspicion. For example, other banks hesitate to discount trade bills because to do so reveals the names of customers and they fear that the BSL might use the information to its advantage in competing for commercial business.

According to its charter the BSL has no power to require commercial banks to submit information concerning their condition or activities. Even if data could be collected, the BSL has no power to compel any action with regard to these factors. Commercial banks are required to submit annual earnings reports to the government taxing authority and the annual bal-

(continued on back page)

# Study Explores Computer Impact

*The Impact of the Computer: A Management View*, by Andrew J. Grimes and Roger C. Vergin, Business Report No. 5, University of Minnesota School of Business Administration. 38 pages. April, 1963.

In the space of a decade the computer has assumed a major position in our business and industrial society. Its ramifications are continuing to spread and its numbers to increase. It has been hailed as a solution to mounting problems of control, record keeping and reporting; and it has been condemned as a dehumanizing creator of technological unemployment.

Andrew J. Grimes and Roger C. Vergin, students in the Graduate School of Business Administration, University of Minnesota, have set out to investigate whether the computer is monster or servant or neither by studying its impact in a number of computer-owner firms in the Minneapolis-St. Paul area. They report the views of managers and executives concerning primary objectives, unanticipated benefits, disadvantages, and unanticipated disadvantages of computers. Also included are estimates of the immediate impact of the computer on employment in the firms studied.

The study was supported by a grant from the Graduate School of Business Administration. Professors R. K. Gaumnitz and A. K. Wickesberg acted as advisers on the project.

A copy of the report may be obtained from the Division of Research, School of Business Administration, West Bank, Minneapolis 55, Minnesota.

## Recent Publications

### Dean's Prize Paper Series

"Opinions on the Care and Training of the Trainable Mentally Retarded," by Donald R. Wahlund. 36 pages. (mimeographed)

"Inflation and Economic Development with Special Reference to Post-War Peru," by Keith M. Carlson. 19 pages. (mimeographed)

"Consumer's Surplus: A Critical Review," by Heinz Heller. 20 pages. (mimeographed)

Single copies may be obtained without charge from the Division of Research, School of Business Administration, West Bank, Minneapolis 55, Minnesota.

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Paul V. Gramsch, Dean

John B. Webster, Editor

## How Well Can Handicapped Adjust to Jobs?

# Rehabilitation Studies Seek Most Promising Features

(continued from page one)

can adjust himself to a particular job. The factors collected include personal variables such as age, sex, disability, aptitudes, needs, interests, and personality (these are collected both through home interviews and through psychological and aptitude testing conducted on the University campus); job factors such as type of work and working conditions; situational factors such as family circumstances, management attitudes, and labor market conditions; and "antecedent" conditions such as education, family background, and rehabilitation history.

## Second Round

Work is underway this year to complete a second round of data collection on 712 handicapped persons and 553 "control" (or non-handicapped) persons in the Minneapolis and St. Paul area. The subjects are in five occupational groups: blue collar non-skilled, blue collar skilled, white collar non-skilled, white collar skilled, and professional. The "control" workers are individuals working in the same firm and, where possible, in the same work groups as the handicapped persons.

All of the data obtained are coded for computers and analyzed by statistical methods in order to determine which points will be the most important predictors of how well a handicapped person can adjust to a job.

## Tentative Findings

Among the results so far, the following generalizations are suggested:

Differences in the "organization" of job satisfaction tend to be associated with occupational differences, and only to a lesser extent with the presence or absence of disability. However, the presence or absence of disability tends to be the more important factor in determining the level of satisfaction expressed by workers. Level of satisfaction for handicapped groups is consistently lower than the level of their "control" counterparts in all areas of satisfaction.

Among the blue-collar workers, the "human relations" factor tends to have larger significance in the satisfactions of the non-skilled than of the skilled. The handicapped, in contrast to the "controls," tend to single out the physical aspects of the work environment as a separate factor in their satisfactions.

For the white-collar workers, the dominant factor is "satisfaction with employment in general" or "satisfaction with the conditions of work" which includes satisfaction with supervision and compensation. The "human relations" factor is less prominent (in comparison with its place in the blue-collar workers' satisfactions). The handicapped differ from the "controls" only in emphasis, i.e., both factors are about equally prominent for the handicapped, while the "controls" de-emphasize the "human relations" factor.

Agencies cooperating in the project include:

Minnesota State Division of Vocational Rehabilitation, Minneapolis Veterans Administration Hospital Vocational Counseling Service, Minneapolis Rehabilitation Center, Sister Elizabeth Kenney Institute, Minnesota Society for Crippled Children and Adults, Minneapolis Society for the Blind, and the Department of Physical Medicine of the University of Minnesota Hospitals.

## Studies In Print

Minnesota Studies in Vocational Rehabilitation research monographs still in print are:

*A Survey of the Physically Handicapped in Minnesota*

*Factors Related to Employment Success*

*A Study of ES Applicants*

*The Application of Research Results*

*A Definition of Work Adjustment*

*Attitudinal Barriers to Employment*

*Validity of Work Histories Obtained by Interview*

*The Measurement of Employment Satisfaction*

Single copies are available without cost through the Industrial Relations Center, School of Business Administration, West Bank, Minneapolis 55.

A list of technical and professional journal articles about the Studies is available on request.

The Industrial Relations Center lists 54 other publications in print in five series. Among those available are the following:

### Special Release Series

No. 1. "The Outlook in Industrial Relations." July, 1959.

No. 2. "Manpower Management: New Wrapping on Old Merchandise." July, 1960.

No. 3. "Mathematics in Industrial Relations: A Look Ahead." December, 1960.

### Reprint Series

No. 9. "Trends in Personnel Ratios and Salaries."

No. 13. "How Much Do Personnel Activities Cost?"

No. 14. "Salaries and Ratios in Industrial Relations: 1954."

No. 15. "How Much Do Personnel Activities Cost? The 1954 Budget Study."

No. 16. "Salaries and Ratios in Industrial Relations: 1955."

No. 19. "I.R. Budgets: 1956." Fifth Annual Survey.

No. 20. "I.R. Budgets: 1957."

# It's the Spirit That Counts

When management attempts to improve relations with workers within the organization, the primary concern must not be with improving pay and working conditions, rather it must be the *intent* behind improvements that is held most important.

This was the principal point brought out in the address delivered by James C. Worthy, partner in the management consulting firm of Cresap, McCormick and Paget, Chicago, and former U. S. Assistant Secretary of Commerce, at the annual "B-Day" sponsored by the Board of Associated Students of the School of Business Administration, March 8.

A worker, Mr. Worthy said, regards every act of management both in an objective and a symbolic sense. He considers wages, for example, both as a means of livelihood and as an indicator of the company's estimate of his worth. The more "fair" his wages, the more he feels the company values him. This symbolic evaluation of wages is much more important in labor relations than are tangible benefits alone.

As an example of how this symbolic evaluation works, Mr. Worthy said that the usual management concept of the effect of a wage increase is that it will make the workers more appreciative of management's generosity and thus raise morale and increase productivity.

But this strategy may not always work. If management creates the impression that it expects gratitude in return for its wage increase, the pay hike may actually lower productivity rather than raise it.

Unless the worker's ego is taken into consideration, Mr. Worthy said, there is bound to be a difference between the theoretic economic motives of the worker and actual practice.

Mr. Worthy cited the famous experiments at Western Electric's Hawthorne plant in Illinois which were conducted to determine worker reaction to various changes in working conditions. The tests, he said, were a failure in one sense because the workers reacted in the same way to all changes. In every case, any change that was made, even a decrease in pay, resulted in increased productivity. Why?

It was because the experiments themselves were tangible evidence of management's interest and concern for its employees, and the employees responded by helping management. This proves, Mr. Worthy said, that it's not so much *what* is given but the spirit in which it is given that counts.

Providing training for new workers either to acquaint them with the new operation to make them more proficient in their jobs also improves employee relations. The workers feel that management considers them and their jobs important enough to take the time to help them learn to do the job right.

The job setup itself is also important, Mr. Worthy pointed out. It is not enough for management to *tell* the workers that their jobs are important to the company. The jobs themselves must have content, allow the worker to assume responsibility, and give him a chance to show initiative. He added: "Jobs are given importance, not by *saying* they are important, but by *making* them important."



Mr. Worthy

## Lebanon Plans Reform To Strengthen Banks

(continued from page two)

ance sheets of most banks are made public, but they show little detail and are not subject to verification.

But even with these and other hindrances, the BSL has not been a futile enterprise as far as the Lebanese economy is concerned. It has, in its role of commercial bank, been an important source of funds to the commercial sector. It has handled the nation's currency supply judiciously and this action, coupled with a favorable balance of payments, strong gold backing for the currency, and a passive government policy with regard to economic growth, has helped make the Lebanese pound a strong currency.

That the BSL is foreign-owned (and is, therefore, a blow to national pride), that there are no banking laws, and that the timing is right (the BSL charter is due to expire in 1964)—these factors have led the Lebanese government to consider new banking legislation especially with regard to a new central bank. As presently planned this new institution will correct the weaknesses of the present system, provide an instrument of economic policy, and, according to some of the proposers, be a significant stimulus to economic growth principally because it will be national in character and, probably, government owned.

In correcting the weaknesses of the present system the central bank will probably move first and most effectively to provide system liquidity. Also, the new banking law will undoubtedly move to strengthen banks by reducing ease of entry into the banking business and outlawing certain fraudulent activities.

Regardless of the form the new central bank will take, the role of the foreign commercial banks will remain under close and critical eye. However, it is quite possible that their place should be expanded. This aspect of Lebanese banking will be discussed in a second article, to appear in a forthcoming issue of *Minnesota Business News*.

### Reprints Available

Mr. Worthy's address to the Spring Convocation of the School of Business Administration (B-Day) has been reprinted.

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# MINNESOTA BUSINESS NEWS

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Assistant to Dean Reports on—

## Advantages of College Training in Business

*Editor's Note: From time to time the School of Business Administration receives inquiries from high school students regarding a career in business. Many of the questions are similar: What constitutes a college education in business, what are its advantages, what kinds of jobs can it lead to, and what high school courses best prepare one for college training in business? To aid these students (and also to aid readers who may have occasion from time to time to advise young people concerning their preparation for college), we have asked Mr. Keith Heller, Assistant to the Dean, to summarize some of the more important items pertaining to training for a business career.*

by Keith Heller

Assistant to the Dean

The terms "business administration" and "business executive" or "business administrator" have a variety of facets and meanings. Included in the college-level field of study of business administration are some of the areas that provide the "tools and language" of business—economics, statistics, and accounting. Within business there are typically several well-defined functional areas—production, marketing, finance, industrial relations (involving personnel work), insurance, transportation, and business law. Any of these areas is a substantial field in itself, and the business graduate may find that his vocation becomes that of holding a responsible position as an accountant, economist, or statistician, or that he spends his career holding a responsible job in sales, production, personnel, or finance.

In most positions of responsibility in business, however, there is an element of *management* in the job; and as one advances, the management content of the job increases. In view of this, college-level training for business tends to put considerable emphasis on preparing the student for a management job. In fact, today, management has become a science in itself, and there are management aspects of most business fields—production management, transportation management, marketing management, and others. Thus, the business manager or business administrator may be not only a specialist in some given field, but to

administer successfully the work of an organization at a higher level he must be familiar with *all* aspects of business, and be a specialist in the science of management as well.

### 'To Decide' Dominates 'To Do'

Some years ago the standard image of the successful business administrator was one who had risen to his position of leadership through hard work, thrift, aggressiveness, and perhaps an element of luck. Training in those days consisted largely of on-the-job experience, and it is natural that the early collegiate schools of business were largely concerned with the technical details of business processes. There followed the age of the tycoon, and education for business was broadened to include some of the functional areas mentioned earlier. Thirty or more years ago the role of the business administrator took another change—he became a professional manager, hired by, rather than owning, the business firm. As a further development of this trend, the past decade has marked the

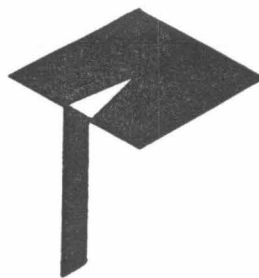
decisions. Under the pressure of business competition, the most competent administrator is likely to be the one best prepared to understand the processes of business and to analyze all available data in his endeavor to make the best decision. In the past few years the computer has also become a powerful tool of analysis to aid him—and thus the technical and mathematical aspects of business administration have come to be of great importance. (It might be emphasized that hard work has not lost its value through all these changes.)

### Collegiate Training Gains

As our knowledge of business has increased and the role of the administrator has become more complex, it is natural that education for business at the college level has become more important for the student whose goals in the business field are high. The high school graduate may find a place in his father's firm, but his lack of education may severely limit the success he can achieve. Many of the commercial business schools provide training in the tools of business—such as bookkeeping, commercial law, and secretarial skills—and perhaps in some of the functional areas as well. These schools are not equipped, however, to provide the breadth of education that characterizes the college curriculum. Nor is work taken in these schools usually applicable toward a college degree.

While there are still examples of the man who, with only high school education or less, achieves high position in business, it is increasingly apparent that a college degree is a *minimum* prerequisite to a successful career as a business administrator. In fact, graduate work in business is becoming more common, and the rising executive may later return for short "advanced management" sessions. A complete education for a lifetime role in the business world thus cannot be compressed into a four-year college curriculum. It is also recognized that a narrow specialist is not likely to be a successful administrator, and to this end college-level business programs provide a breadth that involves subjects beyond

(continued on page three)



emergence of the business executive, whose responsibility—more and more—is not only *to do*, but, perhaps more so, *to decide*.

Today, as the business executive is viewed as one who makes decisions, it is important that he be equipped with all available knowledge, tools, and procedures to assist him in making these

# Foreign Banks Can't Afford To Sit Idly By

*Editor's Note: In the May issue of Minnesota Business News Prof. Guenther described the structure of banking in Lebanon, how it is dominated by one bank (the Banque de Syrie et du Liban, or "BSL") with many smaller commercial banks, how there is a lack of banking laws and regulations, and the contemplated change in banking structure and the form it will probably take. In the previous article brief mention was made of the influential position of foreign-owned commercial banks and how they are viewed by the Lebanese business and political community in terms of banking reform. In this concluding article, Prof. Guenther points out why foreign-owned commercial banks are important in the Lebanese economy and why their managers should consider expansion of activities. Prof. Guenther recently returned from three years in Lebanon where he taught at the American University of Beirut.*

by Prof. Harry P. Guenther

Although the Lebanese are astute, wily traders, the foreign-owned commercial banks in Lebanon have over the years risen to a position of predominance. Some are old—the British and French banks were established during the period of colonial development and grew on the basis of fostering trade between the Middle East and the mother country; others are new—the American banks, despite fierce competition with both the European banks and the fast rising Lebanese-owned commercial banks, have managed to find profitable outlets for their services.

In their dominant position, the foreign-owned banks, including the American ones, have been often singled out for abuse by Lebanese critics who not only see the foreign banks as a blow to national pride, but also as unfair competitors and contributors to maldistribution of natural resources and income. The reasoning of the critics follows this line: Since the foreign banks are branches of large banks headquartered in Europe or the United States, they can call on the huge capital resources of their head office. These vast reserves allow, among other things, the foreign banks to absorb greater risks and follow a much more aggressive lending policy which results in a much larger volume of loans relative to deposits than is possible in the Lebanese-owned banks. Furthermore, as foreign institutions, these banks are solely interested in fostering trade with the "mother country" and are insensitive to Lebanon's need for more balanced economic growth.

A look at the record, however, shows that the foreign banks are unjustly censured on the first point. For example, recent data seem to indicate that the ratio of loans to deposits in the Lebanese branches of foreign banks is no higher than that of most local banks. Also, while it is true that the foreign banks can absorb greater risk in foreign exchange dealings, concepts of global liquidity deter branches from operating with a volume of loans where liquidity must be provided by the head office. In addition, foreign banks tend to screen loan applications much more carefully than do the Lebanese-owned banks and pay lower rates of interest on deposits. The foreign-owned banks, in short, are not unfair competitors, but this does not absolve them of criticism.

## Expanded Role for Foreign Banks

Lebanon, like many countries of the world, seeks and desires economic development. Both the commercial banker and the foreign banker are aware of the present low standards of living and of the socio-economic "experiments" going on in nearby nations—Egypt, Syria, Jordan, Iraq, Iran, and Israel—and of their successes in some instances.

As indicated in the previous article, the proposed new central bank, beyond providing a sounder banking system, is unlikely to contribute directly to economic development; nor

can *Banque de Credit Agricole, Industriel et Foncier*, the quasi-government development bank, under present circumstances, do much to increase its role. Government projects, as they materialize, may continue to receive assistance from the International Bank for Reconstruction and Development, such as the present Litani River project, and perhaps from the U. S. Government in the form of roads and rural electrification projects. Private enterprise projects, however, will need to continue to rely on private capital both from local commercial banks and from others.

In view of these points, there appear to be three reasons why foreign banks should consider an expanded role. First, there is the possibility—not highly likely at the moment, but nevertheless always present—of nationalization if a more growth-minded government should come to power and a shortage of long-term capital and national pride should dictate more control over the flow of credit. Second, there is self-interest in terms of profit—economic growth in Lebanon can mean greater bank earnings. Third, there is the possibility that some humanitarian impulse may lead to genuine interest in the betterment of the standards of living in Lebanon.

## Potential New Endeavors

Potential new areas of desirable local and foreign commercial bank endeavors in Lebanon fall into two categories—commercial banking (in the broad sense) and investment banking. In the area of commercial banking, there is need for term lending, primarily for industrial purposes, especially so-called "light industry." Some risk exists here since Lebanon is primarily a trade nation, lacks natural resources, and according to some claims, is so politically unstable as to not be a suitable outlet for term loans. This argument is made less forceful, however, in the face of the current practice of virtually automatic bank overdraft renewal. In addition, term loans should be made on a cooperative basis to spread the risk, perhaps guaranteed or insured by the new central bank.

Although potential exists and numerous would-be entrepreneurs continually come up with new ideas, it is not capital alone that keeps ideas from attaining fruition. In a business firm's formative stages there is a serious need for information of all sorts—markets, raw materials sources, labor supplies and skills, equipment requirements and costs—for financial planning, and for investment banking services of the advisory sort. A foreign-owned bank, since it is part of an international branch system should be better prepared to provide information on a wide range of matters or tell a potential customer in an essentially trading nation where he can get such information. Commercial banks should be equipped and ready not only to assist in financial planning when it is requested of them, but they should also seek on an agency basis to bring together people with ideas and who can convert ideas into reality with those seeking outlets for capital.

The potential of some of these activities may well appear over-optimistic in view of the Arab tendency to be secretive, the desire to be a sole owner, and because of excessive bureaucracy. Another hindrance could be the present rudimentary form of the secondary equity market. However, the foreign-owned banks by experience and nature of business are in a position to perform these investment services effectively and to encourage what potential exists better than any other business or political institution in Lebanon. Cooperative lending on a national level will also introduce an activity of crucial

(continued on page three)

# 3-R's, Sciences, Lead Preparatory Course List

(continued from front page)

the areas of business, to educate a student for a broader life both as a business executive and as a citizen.

It is within this framework that the program in business administration has developed at the University of Minnesota, and at other institutions of higher learning as well. The collegiate school of business long ago became more than a place for study of the commercial and secretarial sciences. Much of this work is no longer even included in the regular college curriculum. The School has become more than a vocational training ground for a career in a specific functional area—sales management has replaced "salesmanship," and personnel management and industrial relations have replaced "supervision." As one might expect, the necessity for technical and analytical training in business has brought with it a vastly increased role for mathematics, for the computer, and for management sciences. Ten years ago mathematics was not required for most business administration students at the University of Minnesota. Today college algebra is a minimum requirement and calculus is required for students in some business fields.

☆ ☆ ☆

At the University of Minnesota the program for a major in business recognizes the need for breadth of education, as well as for analytical competence in various business areas. Basically, the program involves two years of study in Liberal Arts, during which time the student is registered in the College of Liberal Arts rather than the School of Business Administration. During these, his freshman and sophomore years, he takes work in English and communications, in mathematics, and in broad fields of social sciences, natural sciences, and the humanistic courses. Along with these, at the sophomore level, he acquires familiarity with fundamental business courses in economics, accounting, and statistics. This broad liberal arts program provides a basis for more concentration of business work in the junior and senior years. (It also permits, if the student's interest changes, transfer to other majors with minimum loss of credits and time.)

During his junior year, the business student takes a "core" of business courses, giving him background in the functional areas of business, with additional emphasis on quantitative analysis and economic theory, and economic policy. During the senior year, he has opportunity to acquire depth in some areas of business, and to study business management as such, along with the managerial aspects of the functional areas. Also at the senior level he is required to do some work in an area outside of business administration—again, to maintain the breadth

of a college education. Some variations are possible in this program at the University of Minnesota; for example, a student may spend his first two years in a more technical program consisting largely of mathematics and natural sciences, or at the junior and senior levels he may acquire greater depth in accounting, economics, or statistics as required for these separate specializations. In general, study of the tools of analysis, of the functional areas, and of management are part of all undergraduate business programs.

☆ ☆ ☆

Business work in most colleges and universities parallels this curriculum, with, of course, some variations. At the University of Minnesota there may be stronger emphasis on behavioral sciences, mathematics, and economic analysis. Other colleges emphasize coursework in the various business fields. The Minnesota high school student in the process of selecting a college may necessarily make his decisions on factors of location, cost, or vocational goals. In selecting the large state university, however, he should consider the opportunities of size which bring with them a reputation for academic excellence, a well-educated faculty, a broad curriculum, and a dedication to provide the best possible educational opportunities for the youth of the state.

To be sure, high standards and academic excellence require study, intellectual ability and discipline, and dedication on the part of the student. Although he may sense that he is living in a "competitive" atmosphere, competition is not, however, encouraged for its own sake. Nevertheless, while some students excel in a technical program in which competition is high, others may obtain an education more worthwhile to them in a more general curriculum, in a smaller school, or in one where competition is less rigorous.

Frequently the high school student asks for advice concerning the courses he should take to best prepare himself for college work in business. If college work is a strong probability, especially at the University, the high school program should stress the typical college preparatory courses, including English, mathematics, and the social and natural sciences. Mathematics is especially important. Pre-business students at the University of Minnesota will be required to take extra coursework in higher algebra (and in trigonometry for some programs) if they have not taken and mastered

these subjects in high school. Coursework in these areas should take strong priority over work in commercial fields such as bookkeeping and business law. (Typing is, however, a very useful personal skill for preparing written assignments and reports.) Since work in accounting and law is required in virtually all college business programs, time in high school is better spent in acquiring a sound academic education, rather than in attempting to get a head start in business skills.

Job opportunities in business are varied and unlimited. Salary ranges in business fields compare favorably with or exceed those offered students in other four-year college programs. While starting salaries for engineers exceed those in business, this often is the result of the extra year of college study required for the engineer. Most colleges have placement



Mr. Heller

offices through which a senior may contact prospective employers and vice versa. Achievement though grades and extra-curricular activities influences the job offers a student may receive. But most students who attain a four-year business degree have little difficulty finding jobs—in the placement office of the University of Minnesota School of Business Administration this last year, the number of interviewing companies alone about equaled the number of graduating seniors and the number of job vacancies available was several times as great.

Further information concerning college business programs may be obtained by writing to the Office of the Dean, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

## Foreign Banks Can't Be Idle

(continued from page two)

importance in later periods of Arab economic cooperation, a time that is coming despite the political roadblocks.

At any rate it is obvious that the commercial banks cannot hope to sit on the sidelines and wait for industry and the nation to develop around them, then step in and extend seasonal or secular working capital needs for industry in a booming economy. For either no vigorous industrial activity will develop at all, or else what develops will have been financed through government financing. In either case the foreign-owned commercial bank may well have disappeared through nationalization.

# June '63 Graduates Make \$518 Per Month

Starting salaries for March and June School of Business Administration graduates are averaging \$518 per month, according to preliminary figures prepared by Placement Director Kathleen Anderson. Last year's average was \$485.

Those receiving Master's degrees this year will average \$555 in their first jobs, which is a decrease from last year's average of \$575.

In figures prepared for this issue of the *Minnesota Business News* Mrs. Anderson noted that the gap between salaries of bachelor's degree graduates placed within Minnesota and outside the state widened to \$51. This is a reversal of the 1960-62 trend which saw the gap narrow from a difference of \$30 to \$5. This year holders of bachelor's degrees placed

within Minnesota will make \$500 per month on the average as compared to \$551 for those who took jobs outside the state.

Mrs. Anderson said that the greatest demand among recruiting companies continues to be for accountants, both at the master's and bachelor's level. Average monthly salaries for bachelor's degree holders in accounting placed within Minnesota is \$504 as compared to \$525 for those placed outside the state.

Of the industrial companies registering with the Placement Office, Ford Motor Company employed nine graduates—the most hired by any one company. Second was Arthur Anderson & Co., Certified Public Accountants, with

seven; and third, Minneapolis-Honeywell, five.

The Placement Office also provides service for alumni; in fact, many of those entering military service now will eventually avail themselves of listings and interviews with the Placement Office.

Mrs. Anderson notes that the number of good openings for alumni of the School of Business Administration continues large—far more good openings than can be filled from the number of alumni listed with the Office. She invites each SBA alumnus who is even remotely interested in a new position to reactivate his file. Or, if he did not fill out the required forms as an undergraduate, the Placement Office will be glad to open a new file for him.

## 2 Societies Initiate 1962-63 High Scholars

Twenty-five high-scholarship juniors, seniors, and graduate students in the School of Business Administration were initiated into Beta Gamma Sigma, business administration and commerce honor society, at a dinner-initiation May 22 at the Capp Towers, Minneapolis. Speaker was Herbert P. Buetow, chairman of the board of Minnesota Mining and Manufacturing Co., St. Paul, who was also initiated as an honorary member. Prof. R. Glen Berryman was initiated as a faculty member.

Election to membership in Beta Gamma Sigma is the highest scholastic honor that a student in business administration can win. To be eligible a junior must be in the upper 4 per cent of his class in scholarship; a senior, the upper 10 per cent. Those initiated as juniors were Richard L. Failor, Neil I. Sell, Ronald S. Kari, and Lois C. Peterson, all of Minneapolis; and Charles A. Stoerzinger, South St. Paul.

Initiated as seniors were Charles F. Michelson, Earlon L. Milbrath, James F. Nixon, Frank R. Susak, Stephen W. Conroy,

Neil R. Hoagland, Thomas L. Kezar, Terence L. Maus, George T. Milkovich, Betsy Jean Myers, Arthur J. Sauter, Keith C. Williams, all of Minneapolis; Joseph L. Spurrier, St. Paul; Andrew D. Bailey, Jr., White Bear Lake; Wayne G. Carlson, Hopkins; and Rodney M. Wilson, Phoenix, Ariz.

Initiated as graduate students were Oscar M. Brumfiel, Hopkins; Robert H. Knoch, Minneapolis; Gauri S. Ghosh, Brooklyn, N. Y.; and Gordon G. Quale, Rushford.

Beta Gamma Sigma was founded in 1907 by a group of commerce students at the University of Wisconsin and was organized as a national honor society in 1913. It is recognized by the American Association of Collegiate Schools of Business as the official honorary society in the professional field of business. The University of Minnesota chapter (Alpha of Minnesota) was installed in 1921.



Ten undergraduates and two graduate students were initiated into Beta Alpha Psi,

national accounting honor fraternity, at the initiation ceremony held May 28. A banquet for members and alumni followed at the Normandy Hotel, Minneapolis. Speaker was Wells J. Wright, lecturer in business law, University of Minnesota, who spoke on "Accounting and the Law."

Election to membership in Beta Alpha Psi is based on high scholarship in all studies. Undergraduate majors in accounting initiated were Patrick Morgan and Warren M. White, both of Minneapolis; Gerald Haider, Joseph L. Spurrier, and Thomas Wilford, all of St. Paul; Andrew Bailey, White Bear Lake; Irene Femrite, Glenwood; Bradford Gran, LeSueur; Alan K. Peterson, Bird Island; and Robert N. Trumpis, Excelsior.

Franklin McCarthy, Holland, Mich., and V. David Schwantes, New Ulm, were initiated as graduate students.

In addition to the 10 undergraduates initiated May 28, four were initiated at a banquet-initiation last fall. At that time the speaker was John Hannah, resident partner of Price Waterhouse & Co., Minneapolis. Initiated were David Byron and Neil Sell, both of Minneapolis; Richard Neilsen, Euclid; and Rodney Wilson, Phoenix, Ariz.

Beta Alpha Psi was founded in 1919 at the University of Illinois. Rho Chapter at the University of Minnesota was installed in 1931.

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# Minnesota BUSINESS NEWS

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November 1963

*Bank of America President:*

## Educated Thinking Needed To Cope with Rapid Change

What is the primary ingredient of our nation's high standard of living and of its ability to cope with change? "Our society's commitment to education," said S. Clark Beise, president of the Bank of America\*—the nation's largest bank—at the 10th Annual Alumni Institute of the School of Business Administration.

"Education is basic," he said. "We in America have had our share of 'minds prepared,' and as a result we have achieved our unprecedented standard of living. . . . But if we are to progress in the years ahead, . . . all of our people must be educated to their maximum individual capacities. Only in this way can we cope with the impact of technological unemployment on one end of the educational spectrum, and the need for continuing scientific and technological breakthroughs at the other."

### *Rapid Change Worrisome*

Mr. Beise, speaking at the evening meeting of the School of Business Administration Alumni Institute in the International Ballroom of the Pick-Nicollet Hotel, Minneapolis, began his address by pointing out that while the accelerating pace of our civilization is solving vast problems and creating greater wealth, the very velocity of the change points up many new and worrisome areas. Among them are those of social innovation to keep pace with technical developments, those of big government—both a necessity and a danger—those of responsibilities which all Americans must face if this new society is to work.

Reasoning and planning are essential ingredients for solving these new problems, Mr. Beise indicated, but behind these, education is basic. "Throughout the entire area of man's knowledge we must have better educated people if we

hope to successfully meet tomorrow's problems," he said. But the education must be true to itself—a true inquiry and increasing knowledge on a broad and total front; a front which includes *both* the physical and social sciences; a front which embraces man as an economic entity, a social being, and a technological innovator; a front which treats the facts of life squarely.

"Decisions and planning come easier to the American who understands his society, its economy, and its political system, not in terms of slogans, labels, and myths, but looking at the facts of life as they are," Mr. Beise pointed out.

As an example of how labels get attached to a person's thinking without regard for what they really mean, Mr. Beise referred to the terms "socialism" and "capitalism." "When the Communists refer to socialism, they mean complete domination and control of the economy by the state. On the other hand, when Prime Minister Nehru of India speaks of it, he says: 'My idea of socialism is that every individual in the state should have equal opportunity for progress. I do not

(continued on page three)



S. Clark Beise (right), president of the Bank of America, chats with Wendell T. Burns, executive secretary of the Upper Midwest Economic Council and former official of the Northwestern National Bank of Minneapolis. Mr. Beise is a native of Windom, Minn., and worked for Minneapolis banks while a student at the University of Minnesota School of Business Administration from which he was graduated in 1922. Mr. Beise retired as president and chief executive officer of the Bank of America early this month to become Chairman of the Executive Committee.

## Undergraduate Enrollments Up

The number of day undergraduate students registered in the School of Business Administration is 85 more than a year ago—a 13 per cent increase. A total of 648 students were registered in the School of Business Administration (which includes juniors and seniors only), and a total of 1,100 were enrolled as pre-business freshmen and sophomores. Last year a total of 563 were registered in the School and 1,050 in the pre-business program.

Fall registrations in the School of Business Administration degree credit undergraduate evening classes total

about 2,280. Fall 1963 evening classes (including those who are not necessarily seeking a business degree) involve 13,819 students, also an increase of 13 per cent.

Graduate student registrations in business fields continue at a high level. This year a total of 128 day graduate students are working toward the following degrees: Master of Science, 40; Master of Arts in Industrial Relations, 34; Master of Business Administration, 26; and Doctor of Philosophy, 28. Another 168 students are in the evening Master of Business Administration program.

\* Full Name: Bank of America National Trust and Savings Association.

# More Emphasis Sought for Management Development

Throughout the nation in recent years a more or less continuous discourse has been going on between and among business and industry leaders concerning the proper role and place of various kinds of management development programs. On the one hand there have been voiced some suspicions among industry people that these programs are a "frill"—the costs of sending management men to such programs is simply more than what these men, and therefore the company, can get out of it. On the other hand, there has been the argument that such programs, properly based, are invaluable in helping managers keep abreast of the explosive growth of technology and computerization and their application to business; that they present, among other things, an opportunity for managers to stimulate their thinking through application of discoveries in the behavioral sciences concerning such things as consumer behavior and employee expectations.

Recent growth and demands for management education and development programs throughout the nation seem to favor the proponents of the latter argument. Not only has the total enrollment in such programs registered a general climb (for example, from 337 in 1949 to 1,514 in 1962 for college and university resident-type programs), by and large, enrollees as well as employers have responded favorably to questionnaires asking whether or not they favored such programs.

The view that management development programs are valuable is also supported on the local scene. Most of the major businesses in the Twin Cities area regularly send their management people to courses and workshops in such places as Chicago, New York, and San Francisco—wherever a program of management education appears to offer useful new knowledge both to the men and to the company. Some of these programs are offered by major universities; others by small colleges, private and government agencies, and private consulting firms. Also, some of the companies have instituted education programs on their own premises under the direction of training officers who are usually members of their own management group. In all, both nationally and locally, the trends in the growth and use of management development programs reflect a search by business men for something to ensure themselves against obsolete thinking.

## *Faculties Appreciate Contacts*

But the use, growth, and acceptance of management development programs by businesses and industry is only one side of the coin. The phenomenal growth of business interest in management education parallels an increasing interest on the part of graduate business school faculties in the actual practice of management. Faculty members, in fact, increasingly welcome contact with practicing management people so as to test the validity of the concepts they teach. They seek not only to be sure that their research will reflect genuine day-to-day business situations, but also that the concepts they teach will not be dated. Moreover, many teachers have expressed a sense of professional challenge with regard to the quality of the management development programs now being offered—particularly those offered by private and public agencies other than colleges and universities. Realizing that the quality of education offered to persons already employed in management may have a significant influence on the conduct of the nation's business, they ask: Are these private and public courses planned and executed with the same professional quality which characterizes the teaching of management in universities?

The belief that the stimulus for continuing management education stems most appropriately from universities and colleges which have long had formal graduate and undergraduate degree programs in management has led to the establishment, over the years, of management development programs at a number of leading institutions, and to closer contacts between business firms and the universities. At the University of Minnesota School of Business Administration, after developmental work of several years, the initial formal steps toward increased emphasis on non-degree and post-graduate management education were taken last summer when a faculty guidance committee was established and a full-time administrator appointed.

This function of management studies is guided by a faculty committee, at present composed of Professors Richard K. Gaumnitz, Nicholas A. Glaskowsky, Thomas A. Mahoney, Edmund A. Nightingale, and Cyrus F. Smythe. Other members may be added from time to time as appropriate.

The new official, Robert A. Willson, was appointed as an assistant to the dean and Director of Management Studies. Mr. Willson comes to the School from Toronto, Ontario, Canada, where he has been principal associate in the firm of R. A. Willson Associates, consulting management firm. He is a faculty member of the Banff School of Advanced Management, Banff, Alberta; former guest lecturer at Harvard University and at the University of Minnesota; Director of Planning and Development for General Foods (Canada); Director of Industrial Relations, Studebaker Corporation; and conciliation officer for the Labor Department of Canada. In 1960 he was chairman of a committee formed by the Canadian Senate to appraise the human cost of unemployment in Canada.



Mr. Willson

Mr. Willson's duties will be not only to appraise the requirements of businesses and corporations for management education but also to bring back to School faculty attention any expressed management needs. Initially he has outlined these specific objectives:

★ To assess the requirements for managerial skills in the area served by the University as seen by the chief executives of representative companies. Opinions will be solicited by personal interview and by questionnaire. Results will be used to help guide subsequent decisions as to workshops and conferences to be presented and will be available for faculty consideration as well.

★ To initiate collaborative projects with a number of the major professionally oriented management societies in the Twin Cities area—giving them assistance with their programs and discussions, discovering possibilities for shared research projects. This activity will be guided with the thought of encouraging existing interest in upgrading the practice of management and winning for the School of Business Administration an enhanced reputation as the logical source of stimulation.

★ To prepare and offer programs of education in workshop, seminar, and short course form at a professional management level under the direction of the graduate faculty and

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# Rapid Change Demands Education, Flexible Thinking

(continued from page one)

at all prefer state control of everything, because I attach value to individual freedom.”

“Similarly, when an American speaks of capitalism, 99 per cent of his listeners in Asia, Africa, or Latin America get an

## Achievement Award Won By Robert M. Trueblood

Robert M. Trueblood, Partner in Charge of the Chicago office of Touche, Ross, Bailey & Smart, Certified Public Accountants, received the University of Minnesota's Outstanding Achievement Award October 9 at the School of Business Administration's Alumni Institute. University Vice President Stanley J. Wenberg made the presentation.

Consisting of a gold medal and a citation, the award is given to alumni who have distinguished themselves in their chosen fields.

A graduate of the University in 1937, when he received the Bachelor of Business Administration degree with distinction, Mr. Trueblood began his career with Touche, Ross, Bailey & Smart in 1946 after serving as Lieutenant Commander in the U. S. Navy Cost Inspection Services.

He has served as Visiting Ford Distinguished Research Professor at Carnegie Institute of Technology (1960-61) and is active in the American Institute of Certified Public Accountants.



FABIAN BACHRACH  
Robert M. Trueblood

image that is no way reflective of the economic system of the United States. In Central America, for example, the capitalist is the curse of the poor, the villain in the morality play, the local dictator, or the black marketeer. Rarely does an American abroad speak of unemployment insurance, social security, minimum wage laws, or the various controls and subsidies used by our government that have been deemed necessary to insure social justice. Too few realize that our enterprise system is buttressed with social justice and enhanced by human concern.”

“I point out this semantic problem in relation to other nations only to bring it into clear focus. It is also a domestic problem. Unless we really understand our system as it operates, we will fail to bring about the proper responses to the changes that will come in the future. It certainly should be possible for either a Hubert Humphrey supporter or a Barry Goldwater proponent to describe the way our system operates without any basic disagreement. They may well disagree as to whether this is the way it *should* operate, but they should be able to understand it as it exists. This we all must do, for it is our responsibility to each other and to the world outside our borders.”

If we are to meet our challenges for the future, Mr. Beise continued, those of us in the American business community must take a greater interest in working with government. Regulation is a justified part of big government, but businessmen must use their voices to see that the regulation does not become so complex that it saps the strength and vitality of the people.

Mr. Beise concluded by saying that as Americans we must look at our problems squarely, and plan and reason so as to solve our future problems. And since the nation's educational level has a direct bearing on this ability to plan and reason and cope with change, “we cannot grant ourselves the luxury of thinking in terms of slogans, labels, and myths.”

“We cannot simply rail against the

## Reprints Available

Mr. Beise's speech to the 10th Annual Institute of the School of Business Administration Alumni Association is being printed in pamphlet form. To obtain copies, please write:

Division of Research  
School of Business Administration  
West Bank, University of Minnesota  
Minneapolis, Minnesota 55455

presence of big government, for example. We as businessmen, must take a more active interest in government, in social welfare, and in the world in which we live. Only in this way can we—as businessmen, as citizens, and as Americans—discharge our responsibilities and defend our free enterprise system.”

## Emphasis Sought for Management Development

(continued from page two)

with their participation to the extent that their teaching load can permit.

★ To support other schools and colleges on the University of Minnesota campus in undertakings which can benefit from the application of management principles. Examples are the Center for Continuation Study which holds seminars and workshops on a number of specific business skills; the School of Hospital Administration which offers a continuing education program which sometimes embodies general management considerations; the Agricultural Extension Service with which the School is already collaborating in an analysis of the farm supply industry and in the preparation of manager training materials based on the analysis; and with the Center for Programmed Learning in an experiment to apply their instruction principles to industry.

★ To give direction and support to the School of Business Administration Placement Office—particularly at the point where the students' preparation and the employer's needs come face to face. Here the closest possible rapport between faculty and the business community will help graduates select the best opportunities most wisely.

Through this committee and administrative structure, management studies and management development programs at the University of Minnesota will be guided and developed under policy direction reflecting the same general guidance which is given to graduate programs.

### Minnesota Business News

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Number Thirteen

Paul V. Grambsch, Dean

John B. Webster, Editor

# 12 New Teachers on School of Business Roster

Twelve new faculty members are now on the roster of the School of Business Administration. The additions and replacements were announced at the beginning of the 1963-64 school year by Dean Paul V. Grambsch. They are:

**John Flagler**, associate professor of industrial relations. A holder of degrees from Syracuse University and Cornell University, Mr. Flagler will be primarily concerned with labor education and

methods of settling labor disputes. Previously he taught at the State University of Iowa where he was also Director of the Bureau of Labor and Management.

**Thomas R. Hoffmann**, associate professor of business functions and management. Mr. Hoffmann comes to the School of Business Administration from the University of Wisconsin where he was an assistant professor. He holds a B.A., M.S., and Ph.D. degree from Wisconsin.

**Jack Gray**, assistant professor of accounting, comes to the University of Minnesota from Ohio State University where he was an instructor. He holds degrees from the University of Michigan and a Ph.D. from Ohio State.

**Glenn Wood**, assistant professor of business functions and management, holds a degree from Arizona State University. He comes to the School of Business Administration from the University of Pennsylvania where he was a Huebner Fellow.

**Melvin Hanson**, lecturer in business functions and management, is a former visiting lecturer in the Department of Business Functions and Management.

**Don Olson**, lecturer in quantitative analysis, comes to the School of Business Administration from the Pillsbury Company, Minneapolis, where he was a mathematical statistician in marketing. He holds a bachelor's and master's degree from the University of Minnesota.

**Charles Purdy**, lecturer in accounting, returns following four years as assistant professor of accounting at the University of Southern California. A former instructor here, he holds an M.A. and Ph.D. degree from the University of Minnesota.

**Harold Cannon**, instructor in accounting. He holds degrees from Kansas State Teachers College, Emporia, and comes to the School of Business Administration from a teaching position at Chico (California) State College.

**Edward Currie**, instructor in accounting, has been self-employed in Minneapolis. He holds a degree from the State University of Iowa.

**Herbert Grossman**, instructor in accounting, is a CPA employed by H. L. Altman & Co., Minneapolis. He holds a B.S. degree from New York University and an LL.B. from the University of Minnesota. He is a member of the Minnesota Bar.

**Doris Meyerding**, instructor in accounting, holds a B.A. in economics and an M.A. in accounting from the University of Minnesota. She was formerly engaged in research study for Upper Midwest Economic Study.

**John H. Kruger**, instructor in industrial relations, comes from San Diego, California, where he held a teaching position in business administration at California Western College. He holds bachelor's and master's degrees from the University of Minnesota.

Administrative changes:

**Prof. R. Glen Berryman** was named chairman of the Department of Accounting succeeding Prof. Carl Nelson who accepted a position at Columbia University.

## Economics, Business Grads Start Higher

College graduates in economics and business start their first jobs at from \$26 to \$61 per month higher than liberal arts graduates, according to figures recently announced by the employer committee of the Midwest College Placement Association and released by the job placement office of the University of Minnesota School of Business Administration.

In a comparison of non-technical starting salaries paid in 1962-63 by 274 business, government, and industrial organizations to holders of bachelor's degrees, the MCPA discovered these average monthly starting salaries:

Accounting majors, \$517; business (general) majors, \$482; economics majors, \$492; liberal arts majors, \$456; and other non-technical majors, \$482.

Similar figures were also compiled for holders of master's degrees. Average monthly starting salaries (for persons with no experience) were:

Accounting majors, \$610; business (general) majors, \$642; economics majors, \$609; liberal arts majors, \$581; and other non-technical majors, \$603.

The bachelor's degree figures were based on 5,061 jobs taken; the master's, 758.

## Graduate Degrees Up Substantially

A total of 45 graduate degrees were awarded by the Graduate School of Business Administration during the 1962-63 school year, a substantial increase from the 28 awarded in 1961-62. The increase is principally the result of the granting of the first degrees in the evening Master of Business Administration program. In this program, 14 degrees were awarded last year, according to Prof. Albert K. Wickesberg, Director of Graduate Programs in Business Administration.

Now in its fourth year, the "Night M.B.A." as it is popularly called, has 168 students enrolled. The program is designed to broaden the individual's knowledge and understanding of the areas necessary to prepare professional managers for leadership responsibilities. Many of these seeking the degree took their undergraduate work in liberal arts, engineering, or other non-business field, and are endeavoring to broaden their formal business education at the graduate level.

A total of 153 graduate degrees in business administration fields have been awarded by the University of Minnesota since 1957. The breakdown: 1962-63, 45; 1961-62, 28; 1960-61, 26; 1959-60, 27; 1958-59, 11; and 1957-58, 16.

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