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The Social Strategy Implementation Process: an Exploratory Investigation.

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THE SOCIAL STRATEGY IMPLEMENTATION PROCESS:
AN EXPLORATORY INVESTIGATION

A Dissertation

Submitted to the Graduate Faculty of the
Louisiana State University and
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

in

The Interdepartmental Program of Business Administration

by
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ABSTRACT

The ability to formulate and implement social strategies has become increasingly important as a means for firms to manage the socio-political elements in their environments. This dissertation is an exploratory study designed to examine the internal process of corporate social strategy implementation. Specifically, the study is an in-depth, one-firm research case analysis of the implementation process in an organically structured organization.

The literature is in agreement that in today's turbulent socio-political environment it is necessary for a firm to formulate and implement effective social strategies. Yet, only two previous studies (Ackerman and Murray) have examined the process of implementing social policies. Both studies were conducted in highly mechanistic organizations. This study attempts to broaden the research base by examining the implementation process in an organically structured firm facing a turbulent environment.

The primary foci of this dissertation were to examine (1) the role of the performance measurement, reporting, evaluation and reward systems in the implementation process and (2) the nature of the process itself. The data were gathered by interviewing managers at five levels of the hierarchy and by archival analysis. The major finding is that there are similarities to and differences between the social strategy implementation process in an organic organization and the process in mechanistic organizations as described by Ackerman and Murray.

CHAPTER 1

INTRODUCTION

This dissertation is an exploratory study designed to examine the internal process of corporate social strategy implementation. The study entails an in-depth, one-firm research case analysis of the role of the performance/control systems in the implementation of corporate social strategy in an organically structured organization.

Scope and Definitional Orientation

In examining the process of social strategy implementation, a major focus of the study is on the administrative systems of performance measurement, reporting, evaluation, and reward (referred to hereafter as performance/control systems). The purpose is to investigate the role of these variables in social strategy implementation and not to determine the appropriateness or the effectiveness of these systems per se. Therefore, the scope of this study is limited to an examination of these variables as they relate to the implementation of the firm's social strategy.

To analyze the organization's social strategy with respect to a number of social issues, it is necessary to define what is meant by social strategy. For the purposes of this study, corporate social strategy is defined to include those social policies and programs designed to address specific social issues in the organization's

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environment. Although the social programs examined in this study may vary in many respects, for analytical purposes they can be classified in two basic categories--voluntary (or discretionary) and required by law.

Limitations

A limitation of this study is that it is a qualitative case study. Although this limitation will be discussed more thoroughly in the methodology chapter, it should be noted here that the author has applied the most current case methodologies in an attempt to minimize this limitation.

The organic structure of the sample organization may be a limitation in that, by definition, the performance/control systems are informal and unstructured therefore making them more difficult to examine. Even so, analysis procedures will be use that are designed to improve analytical accuracy (to be discussed in depth in the methodology chapter). Further, it is believed that the examination of such an organization will significantly add to the understanding of the social strategy implementation process (to be discussed in the next section).

Another limitation is a restricted amount of travel funds. Therefore, the scope of this study will be confined to the sample organization's domestic operations.

Justification

In justifying the study it seems appropriate to use the three criteria developed at the University of California at Berkley to

identify areas of future research in social issues. Edwin Epstein, in his address to the Social Issues Methodolody Workshop at the 1981 Academy of Management Meetings (San Diego, California, August 2, 1981), said that the criteria that should be used to identify areas of possible social research are: 1) usefulness in policy development and management education, (2) contribution to the development of the discipline, and (3) the development of competence in the profession. The following sections attempt to justify the importance of this study based on these criteria.

Usefulness in Policy Development and Management Education

Ansoff indicates that during the 1980s and 1990s the firm's survival will depend directly on its ability to develop effective societal strategies to deal with the ever increasing socio-political trends, threats and opportunities.[1] Since this study is an in-depth investigation of how one firm has actually implemented its social programs in an effort to develop a viable social strategy, its results should be useful to corporations engaged in the development of policies designed to put social strategies into effect.

There have only been two previous studies of social program implementation. Neither study (one by Robert Ackerman[2] and the

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[1]H. Igor Ansoff, "The Changing Shape of the Strategic Problem," in Strategic Management ed. by Dan Schendel and Charles Hofer (Boston: Little Brown and Co., 1970), pp. 35-43.

[2]Robert Ackerman, The Social Challenge to Business (Cambridge: Harvard University Press, 1975).

and Edwin Murray[1]), focused on the performance/control systems per se although both state that these systems are critical to successful social strategy implementation. This study will investigate directly the role of the performance/control systems in the social strategy implementation process. By providing research data on the performance/control systems as they relate to implementation, this study should contribute to a better understanding of the implementation process and thereby to management education.

<center>Contribution to the Development of the Discipline</center>

Due to the sensitive nature of this study the sample firm has been disguised. The firm is located in a major city in the United States and will be called the Heath Corporation. The organic structure of the Heath Corporation permits this study to "contribute to the development of the discipline" for three reasons. First, both the Ackerman and Murray studied mechanistic organizations whose performance/control systems were highly structured and formalized. This study was conducted in a highly organic organization whose systems are quite flexible and informal. This study should therefore provide new information on social strategy implementation in organic organizations. These research data on organic systems should be helpful to organizations facing turbulence in their environments.

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[1]Edwin Murray, "The Implementation of Social Policies in Commercial Banks," (Ph.D. Dissertation, Harvard University, 1975).

In fact, the research of Terreberry indicates that most large organizations are today facing turbulent environments.[1]

Secondly, many other experts believe that the turbulent environment may be the dominant one of the 1980s.[2] The research of Burns and Stalker[3] and Lawrence and Lorsch[4] suggests that organizations facing turbulent environments should employ a more organic structure to ensure effectiveness and long-term survival. Thus, based on the fact that most experts predict that the business environment will become even more turbulent during the upcoming decades, business organizations will likely be moving toward more organic systems. By providing actual research data on the implementation of corporate social strategy in an organic organization, this study should contribute a greater and more in-depth understanding of the process of strategy implementation as it relates to the predominant organizational structures of the future.

A third reason why studying a structure of this type will contribute to the development of the discipline is that it will increase the generalizability of the current social strategy implementation process literature. As mentioned, the only actual

[1]S. Terreberry, "The Evolution of Organizational Environments," Administrative Science Quarterly vol. 13 (1968): 590-613.

[2]Stephen P. Robbins, Organization Theory (Englewood Cliffs, N.J.: Prentice-Hall, 1983), pp. 147-148.

[3]Tom Burns and G. M. Stalker, The Management of Innovation (London: Tavistock, 1961).

[4]Paul R. Lawrence and Jay W. Lorsch, Organization and Environment (Homewood, Illinois: Irwin, 1967).

studies of this process have been performed by Ackerman and Murray.
Since their research was conducted in mechanistic organizations, it
seems logical that conducting similar research in an organic
organization would aid in identifying those results of Ackerman and
Murray which may be applicable in other (very divergent) structures.
Thus, any consistences found between this study and those of Ackerman
and Murray can be considered to be more generalizable in light of the
fact that they were found in such divergent settings.

Development of Competence in the Profession

A field study in social policy is often a very difficult
undertaking due to its sensitive nature. Furthermore, this sensitiv-
ity is increased when the study focuses on such internal variables as
the evaluation and reward systems. As a result, access into organi-
zations is often difficult, so there exists little actual data in
this area (as will be demonstrated in the review of the literature
chapter). Therefore, this study will be an exploratory investigation
of the social strategy implementation process, thus generating
hypotheses for future research in this area. The generation of
hypotheses for future research should indeed add to the competency of
the profession--Epstein's third criteria. Thus, assuming the
worthiness of the criteria as established by Epstein and his
colleagues, this study should be valuable in generating data that
will significantly add to the research base in social policy.

Environmental Analysis

The nonmarket environment of business organizations is a very important element to this study. It is the purpose of this section to present a historical perspective of the social demands which have been encountered by business organizations in the last two decades and to present an analysis of the industry environment and the sample firm chosen for this study.

The Socio-Political Environment: 1960-1980

An organization's general environment includes cultural values, the economic and educational climate, and socio-political considerations. Since this study will examine the implementation of social strategy, it is the purpose of this section to review the demands arising from the socio-political segment of the general environment during this time period.

During the decade of the Sixties a social revolution took place that has had a lasting and growing impact on American life and institutions. It was an incredible decade. Consider the events of 1968 alone: the Tet offensive; the assassinations of Robert Kennedy and Martin Luther King within 62 days of each other; the Civil Rights march to Washington, D.C.; the Democratic convention in Chicago where Major Daly's police battled the Yippies and newsmen; the Women's movement; Apollo 8 when we first saw the dark side of the moon; the Pueblo Incident; the year of the riot - SDS, Columbia and the Latin Quarter; President Johnson decided not to run for reelection and the Nixon-Agnew ticket was nominated by the Republicans; and Carlos and

Smith were dismissed from the U.S. Olympic team by the U.S. Olympic Committee for raising their hands in protest.

The decade of the Sixties was a period of major social change which has had ramifications throughout the seventies. "Most important of all the changes was the emergence of protest as a legitimate activity for large groups of Americans who have heretofore been apolitical."[1] During this period there was a sense that things could be changed, and people organized to try to effect that change. Individuals questioned the existing values and goals of dominant American institutions, and those institutions unified in their resistance to change. The legacy of the 1960s is "a politicized society in which the decision-making process at all levels is fair game for exposing and influencing."[2]

The Youth Movement

By 1965, over 75 percent of American youth were graduating from high school and over half of this group were going to college. In 1969 60 percent of high school graduates were going to college.[3] During this period there emerged in the United States a stratum of

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[1] James H. Laue, "The Movement: Discovering Where It's At and How to Get It," Urban and Social Change Review vol. 3 (Spring 1970): 8.

[2] Ibid.

[3] Alvin Renetzsky and Jon S. Greene, eds., Standard Educational Almanac (Los Angeles: Academic Media, 1971), p. 75.

young people who collectively made a break with the constraints of present-day society. They carefully examined some of the most traditional values of American life and rejected them. This new generation, who were predominantly from the middle class, had been brought up in the midst of consumer abundance. Their parents, with the economic depression of the 1930s still fresh in their minds, sought the "good things of life" - a third car, T.V. sets, the right house in the right neighborhood, etc. The youth culture rebelled against this compulsive consumption and the social and ecological problems associated with it. The new value system which emerged rejected the value that happiness and a meaningful life were found in material things.[1]

Although major areas of conflict which engaged the youth of the Sixties and early Seventies were the civil rights movement, the Vietnam war and the reform of the university,[2] there was also a growing disaffection with business. One of the complaints voiced against business organizations was that the work situation demanded conforming behavior and thwarted apptitude and creativity. Organizations were seen as "vast bureaucracies in which men do not govern

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[1]Fred Davis, "Why All of Us May Be Hippies Someday," Trans-Action vol. 5 (December 1967): 13.

[2]John R. Howard, The Cutting Edge, Social Movements and Social Change in America (Philadelphia: J. B. Lippincott Company, 1974), p. 176.

by rules but in which rules govern men."[1] The novel, <u>Man in the Gray</u>

<u>Flannel Suit</u>, was a widely accepted stereotype of the traditional

businessman. Tom Rath, the novel's main character was quoted as

saying,

> I should quit, but I want to eat, and so, like a
> half million other guys in gray flannel suits, I'll
> always pretend to agree until I get big enough to be
> honest without being hurt. By then, of course, it's
> too late, for dishonesty has become a way of life.[2]

This view of business was widely held by the college youth of the

Sixties. These students also viewed business as overly concerned

with profits and not sufficiently concerned with public responsibili-

ties. Ninety-four percent of college youth endorsed this view as

well as 92 percent of the non-college youth.[3] Thus, began the

growing anti-business mood of the Seventies.

There is a considerable body of empirical research that

explores the value systems and occupational goals of these students.

Ondrack found in 1973 that contemporary students were no longer

interested in working in bureaucratic organizations and desired more

individualized employment opportunities.[4] DeSalvia and Gemmill

conducted a similar study which measured the value systems of college

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[1]Robert D. Clark, "Bearded Youth and Stereotype Gray
Flannel," <u>Financial Executive</u> (March 1967): 45.

[2]Sloan Wilson, <u>The Man in the Gray Flannel Suit</u> (New York:
Simon and Schuster, 1955), p. 180.

[3]John S. Fielden, "Today the Campuses, Tomorrow the Corpora-
tions," <u>Business Horizons</u> (August 1968): 17.

[4]D. A. Ondrack, "Emerging Occupational Values: A Review and
Some Findings," <u>Academy of Management Journal</u> vol. 16 (September
1973): 430-431.

students and managers. In terms of organizational goals, their study revealed that profit maximization was more operative for managers, while organizational stability and social welfare were more operative for students.[1] The study also suggested that students veiwed managers in the "organization man" stereotype and perceived business organizations as being unlikely to be able to fulfill their personal goals and desired life style.[2] This research indicates that there was an occupational value gap between the values held by students and traditional business values. In many ways the research showed an idealistic group of occupational values emerging during this time period.

The Ecology Movement

Although air and water pollution have been matters of concern to some for many years, the ecology movement gathered a large constituency during this time period. With the publication of Rachel Carson's Silent Spring in 1963, the public became increasingly aware of the social costs of environmental degradation from industrial pollution and pesticides. This awareness was gradually translated into federal legislation aimed at controlling pollution.

Numerous acts were passed during this period which dealt with air and water pollution. The 1965 Water Quality Act attempted to set

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[1]Donald M. DeSalvia and Gary R. Gemmill, "An Exploratory Study of the Personal Value Systems of College Students and Managers," Academy of Management Journal vol. 14 (June 1971): 236-237.

[2]Ibid.

systematic federal standards for water quality. In 1967 the Federal Water Pollution Control Administration (FWPCA) was created to oversee the regulatory process. The regulators however had difficulty in obtaining data on emissions and exercising sanctions. The Environmental Protection Agency (the successor of the FWPCA), created in 1970, also had difficulties regulating industrial polluters. Not until the passage of the Water Pollution Control Act in 1972 was there a comprehensive framework of standards and compliance procedures. This act required permits for all firms that discharged waste into an interstate waterway. The act also required companies to employ the "best practicable control technology" by July 1, 1977 and by July 1, 1983, they must have "the best available technology."[1]

The legislative history of air pollution control is similar to that of water pollution. The first legislation in this area was the 1963 Clean Air Act. The 1967 Air Quality Act required states to specify standards and implement programs. The 1970 the Amendments to the Clean Air Act required national air standards and strengthened EPA's enforcement capabilities. In 1971 the EPA set standards for six common classes of pollutants, and the next year issued performance standards for several industries. The states were to see that these standards were met by June 30, 1975.[2]

The legislative history of air and water pollution controls indicates that as more and more people became aware of the social

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[1]This legislative history was summarized from Ackerman, The Social Challenge to Business, pp. 33-36.

[2]Ibid.

costs of industrial pollution, the legislation became more comprehensive.

Despite all of the legislation that had been passed in the preceding ten years, a 1972 Yankelovich survey indicated that eight out of ten people strongly favored even more rigorous anti-pollution controls, particularly for air and water.[1] Thus, the ecology movement spawned greater social demands on business organizations to internalize many of their external costs of production.

The Civil Rights Movement

During the 1960s there also emerged a national movement for civil rights. The civil rights movement was initially a campaign for social changes such as desegration of public accommodations and facilities. The movement, however, turned to the more complex problems of discrimination in housing and employment, which in turn challenged the economic and political structure of society. The idea of equality of the races forced established institutions to respond to the challenges of discrimination. As in the case of the ecology movement, these social demands were translated into legislation.

Although President Kennedy in 1961 signed Executive Order 10925 which prohibited discrimination by government contractors, the effect was minimal. The bona fide occupational qualifications were broadly construed and there were no enforcement mechanisms. The passage of Title VII of the Civil Rights Act in 1964 extended

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[1]Daniel Yankelovich, "Business in the '70s: Decade of Crisis," Michigan Business Review vol. 24 (November 1972): 29.

these nondiscriminatory provisions to all employees as well as estab-

lishing the Equal Employment Opportunity Commission (EEOC). In 1965,

Executive Order 11246 (amended by Executive Order 11375) was also

signed. This order required federal contractors to develop and imple-

ment written affirmative action plans for minorities and women, and

it created the Office of Federal Contract Compliance (OFCC) to over-

see the regulatory process.[1] Other acts were also passed which dealt

with specific areas of discrimination. In 1963 the Equal Pay Act was

passed which prohibits sex-based discrimination in rates of pay to

employees; and, in 1967, the Age Discrimination in Employment Act was

passed to deal with discrimination in employment based upon age.[2]

(See Table 1 for a complete listing of the acts passed.) Thus, a

body of legislation evolved to protect individuals' civil rights.

When Title VII was first passed, Congress viewed it as solely

a prohibition against disparate treatment based on race, color, reli-

gion, sex, or national origin. Over the next decade, however, the

courts developed other categories of discrimination. The most sig-

nificant development in the laws prohibiting discrimination has been

the development of two other categories besides disparate treatment:

(1) perpetuating in the present the effects of past discrimination

and (2) disparate impact. Both of these categories assume that there

is no intent to discriminate by those accused of employment dis-

crimination and that the practices complained of are neutral on their

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[1]Ackerman, The Social Challenge to Business, pp. 36-38.

[2]Barbara L. Schlei and Paul Grossman, Employment Discrimina-
tion Law (Washington, D.C.: The Bureau of National Affairs, 1976),
pp. 370-373; 393-396.

face.[1] Therefore, organizations' employment practices must not have a disparate impact on minorities or perpetuate discriminary practices regardless of whether there is an intent to discriminate. This has tremendous implications for organizations in that they must continually monitor their employment practices to ensure that they are not discriminatory.

Since the passage of Title VII, there has been a significant body of case law developed to deal with charges of discrimination. This body of case law is still developing at a rapid rate. Thus, the civil rights movement has created greater social demands on business organizations to respond to the challenges of discrimination.

Consumerism

During the 1960s consumers began to feel that business organizations were not always living up to their responsibilities of providing safe, quality goods at reasonable prices. Product safety became a social issue after Ralph Nader's book, Unsafe at Any Speed (1964), and the thalidomide disaster. The result of this dissatisfaction was the emergence of the consumer movement. Consumerism has been defined as "a social movement seeking to augment the rights and powers of buyers in relation to sellers."[2]

As with other social issues, consumer demands were translated into a wave of social legislation. Between 1962 and 1974 fifteen

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[1]Ibid., pp. 1-8.

[2]Philip Kottler, "What Consumerism Means for Marketers," Harvard Business Review (May-June 1972): 49.

major consumer laws were enacted (see Table 1). Even with all of
this legislation, a 1977 survey revealed that the "public feels by a
margin of 3 to 1 that they are consistently shortchanged on product
quality and product safety, by shoddy repairs, by warranties and
guarantees that are not what they are supposed to be, and by manu-
facturers who are perceived as generally not really caring about the
customer."[1] Thus, the consumer movement has created greater social
demands on business organizations to increase product quality and
safety.

Occupational Health and Safety

The safety of working conditions also received increased
attention during the 1960 and 1970 decades. By 1970, approximately 3
percent of the labor force was injured badly enough each year to
require sick leave. By 1974, surveys revealed that one of every ten
employees in the private sector suffered a job-related injury or
illness during the year; 200,000 work-related illnesses were
reported; and there were 5,900 job-related deaths.[2] Thus, minimizing
accidents, injuries, and illnesses resulting from work became a
national priority.

With the creation of the Occupational Health and Safety
Administration in 1970, Congress gave OSHA the power to require

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[1]Louis Harris, "Quality of Life," The Harris Survey, November
1977, p. 1.

[2]Annual Report of the National Center for Productivity and
Quality of Working Life (Washington, D.C.: U.S. Government Printing
Office, 1977), pp. 95-96.

employers to provide each employee a job free from hazards that are likely to cause death or physical harm. In addition to OSHA, Congress created the National Institute of Occupational Safety and Heatlh (NIOSH) to conduct research on workplace hazards, and the Occupational Safety and Health Review Commission (OSHRC) which hears appeals of OSHA charges against employers. This legislation reflected the increased concern of the labor movement for the protection of its members at work. Employee safety and health is now one of the major social concerns facing organizations.

In sum, the social legislation of the 1960s and 1970s reflects the increasing social demands the public has placed on business organizations. In fact, social legislation increased more rapidly in the 1960s and 1970s than other kinds of governmental legislation. Table 1 summarizes the social legislation that was passed during this time period. By the end of the 1970s it was apparent that economic regulations were being relaxed (air transportation, trucking, railroads), while social regulations were still growing.[1] During this same period, new regulatory agencies also appeared such as the Environmental Protection Agency, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the Consumer Product Safety Commission. These regulatory bodies and the legislation they represent all impose some kind of limitation on corporate social behavior.

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[1]Keith Davis, William C. Frederick and Robert L. Blomstrom, Business and Society (New York: McGraw-Hill Book Company, 1980), pp. 274-277.

TABLE 1

SOCIAL LEGISLATION OF THE 1960s AND 1970s

Year Passed	Name of Law	Year Passed	Name of Law
1962	Food and Drug Amendments	1970	Poison Prevention Packaging Act
1962	Air Pollution Control Act	1970	Clean Air Act Amendments
1963	Equal Pay Act	1970	Occupational Safety and Health Act
1964	Civil Rights Act	1971	Lead-Based Paint Elimination Act
1965	Water Quality Act	1971	Federal Boat Safety Act
1965	Cigarette Labeling and Advertising Act	1972	Consumer Product Safety Act
1966	Fair Packaging and Labeling Act	1972	Federal Water Pollution Control Act
1966	Child Protection Act (toys)	1972	Noise Pollution and Control Act
1966	Traffic Safety Act	1972	Equal Employment Opportunity Act
1966	Coal Mine Safety Amendments	1973	Emergency Petroleum Allocation Act
1967	Flammable Fabrics Act	1973	Vocational Rehabilitation Act
1967	Wholesome Meat Act	1973	Highway Speed Limit Reduction
1967	Age Discrimination in Employment Act	1973	Campaign Finance Amendments
1968	Consumer Credit Protection Act (Truth-in-Lending)	1974	Federal Energy Administration Act
		1974	Employee Retirement Income Security Act
1968	Interstate Land Sales Full Disclosure Act		
1968	Wholesome Poultry Product Act	1975	Hazardous Materials Transportation Act
1968	Radiation Control Health and Safety Act	1976	Toxic Substances Control Act
1969	National Environmental Policy Act	1976	Resource Conservation and Recovery Act
1970	Public Health Smoking Act	1980	Superfund Legislation
1970	Amendments to Federal Deposit Insurance Act		
1970	Securities Investor Protection Act		

Adapted from Keith Davis, William Frederick and Robert L. Blomstrom, Business and Society (New York: McGraw-Hill Book Co., 1980), p. 275.

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The Industry Environment and the Sample Firm

The Heath Corporation--the sample firm chosen for this case analysis--is a member of the construction industry. Heath's task environment includes those external organizations, individuals, and institutions within the construction industry that it must interact with. Social demands and expectations, competition, regulation, industry structure, etc. all influence how Heath Corporation formulates its strategies. Therefore, the purposes of this section are to examine the construction industry and to then focus on the Heath Corporation as it relates to its industry.

The Construction Industry

Construction is an important component in the overall functioning of the American economy. Construction expenditures constitute a major part of public and private investment which in turn influences fluctuations in the general level of economic activity. Construction, however, is an unusual sector of the economy in that the nature of its production process is quite different from that found in manufacturing or service industries. Since the production process generally involves "fabrication and assembly of specially designed products at a special location determined by the customer,"[1] firms and labor markets in construction are usually tailored to meet the industry requirements. Thus, there are a great many specialized firms in the industry.

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[1] Daniel Quinn Mills, Industrial Relations and Manpower in Construction (Cambridge, Mass.: The MIT Press, 1972), p. 3.

One of the major characteristics of the industry is that it is composed of many firms that are geographically dispersed (unlike many industries that are concentrated in a few geographic areas). The 1977 Census of Construction showed that there were 474,936 establishments operating within the industry.[1] Most of these firms are localized in operation. In 1977, the receipts from the home state of the firm constituted some 86.3 percent of total receipts of all construction firms.[2]

The Standard Industrial Classification lists twenty types of construction firms with three major divisions within the industry-- general building contractors, heavy and highway contractors, and special trade contractors. The largest firms in terms of employment and receipts are usually found in the heavy and highway division. Construction receipts may come from either private or public expenditures. The 1977 Census of Construction revealed that public expenditures accounted for 20.7 percent of all construction receipts by contractors.[3] Public expenditures were of more importance to some sectors than to others. For example, heavy and highway contractors received 45.3 percent of total receipts from construction of publicly owned projects, while public funds only made up 13.4 percent of

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[1] 1977 Census of Construction Industries (U.S. Department of Commerce: Bureau of the Census), p. 5.

[2] Ibid., p. 21.

[3] Ibid., p. 18.

general building contractor's receipts and 13.9 percent of specialty trades contractors' receipts.[1]

Another characteristic of the industry is that it is composed of many small firms. In 1977, over half of the firms in the industry only employed one to four employees. The average number of employees per firm was nine.[2] The labor force is composed of twenty crafts and many more specialities. Different branches in the industry require a different combination of crafts in the production process. The labor force in some branches is more unionized than in others, but there is no continuous data reporting of the degree of union organization for the industry as a whole or its branches.[3]

Another feature of the industry is that more than half the firms are privately owned. Since the majority of firms are privately held, there is no public disclosure of these firms' operations. This gives them a great deal more freedom and flexibility in their operations than publicly held organizations.

The firms within the construction industry need flexibility in operations because of the unstable economic environment in which they must operate. The unpredictable nature of construction arises

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[1]Ibid., p. 13.

[2]Ibid.

[3]Mills, Industrial Relations and Manpower in Construction, p. 16.

from the seasonality of some types of construction work as well as from fluctuations in market demand due to high interest rates, unemployment, etc. Construction is closely tied to the cyclical fluctuations in economic activity, so firms require flexibility for profitable operations. For example, firms in the industry require the ability to hire and lay off employees as job conditions demand it. Thus, the economic environment of a firm in the construction industry can be characterized as turbulent--one in which "the accelerating rate and complexity of interactive effects exceeds the component system's capacities for prediction and, hence, control of the compounding consequences of their action."[1]

On the socio-political front, firms in the construction industry with federal contracts must develop and implement written affirmative action plans for minorities and women, a requirement of Executive Order 11246 (as amended by Executive Order 11375) which was signed in 1965. The Office of Federal Contract Compliance (OFCC) oversees this process and requires written monthly compliance reports from those firms with federal contracts.

Another regulatory body which is an important element in the environment of the construction firm is the Occupational Health and Safety Administration. OSHA has the power to require a safe work-place for all employees. OSHA publishes a specific set of safety and health regulations for the construction industry.

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[1]S. Terreberry, "The Evolution of Organizational Environments," p. 600.

In sum, the construction industry faces an environment which can be characterized as both complex and dynamic. The dynamic dimension is evidenced by the intensity and unpredictable change in economic conditions. The complexity dimension arises from the number of different environmental components organizations within the industry must interact with, such as OFCC and OSHA. The nature of the production process also increases environmental complexity. For example, each project must be tailored to meet a specific market demand and thus no two projects are exactly the same. Therefore, it can be concluded that organizations within the construction industry face a turbulent environment--in terms of both environmental dynamics and complexity. The next section will examine the Heath Corporation and its relationship to its enviroment.

The Heath Corporation

The Heath Corporation is a privately held organization with offices in the Americas, Europe, Africa, Asia, and the Middle East. Heath was started in 1946 by Randall Heath.[1] The company began with no meaningful financial resources. The only resources that Mr. Heath had available were several thousand dollars he won shooting craps as a buck private in the Army. His first job was in 1946 when he received the contract to build a bridge near Macomb, Illinois. Mr. Heath served as general superintendent, concrete mixer, operator,

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[1]The history of the Heath Corporation has been summarized from a speech entitled, "Heath: A Story of Continuous Beginnings," given in 1981 by Randall Heath to the Newcomen Society.

carpenter and laborer on the project. He met his first payroll with his G.I. insurance refund. Over the next several years he plowed back into his operation every available cent. During the Fifties, Heath Construction experienced sporadic growth. The Company expanded in terms of the complexity of the projects undertaken as well as geographically. Mr. Heath maintains that the Company was actually bankrupt three different times in their first twenty years.

It was during the Sixties that Heath faced the fact that orderly growth and development was almost impossible to plan and implement due to the turbulent nature of the construction industry. Thus, Heath embarked on a diversification strategy into areas that would complement the construction operation and utilize similar managerial skills. This strategy led to the development of the Texas Gas Company and into limestone and granite quarries to supply particular projects. In the late Sixties Heath began acquiring coal reserves and accumulated over 240,000 acres of coal lands with over one billion tons of reserves in Wyoming. Coal mining was a very profitable diversifications. The coal mining operations have recently been sold to a major oil company for an estimated $500 million. Heath has also continued to expand internationally where projects consist of construction of pipelines, highways and bridges, and water supply systems. Recently Heath was awarded the contract for construction of the peace-keeping facilities to be used by the United Nations in the Sinai. The organization's history can be summarized in Randall Heath's words, "The Heath story is one of

continuous beginnings. And we are on the threshold of another one, for today we have capabilities we could not even dream of a decade ago."

The Heath Corporation today is one of the largest construction companies in the United States. In 1979 it was ranked among the top 25 percent of the largest construction companies in the U.S. by Engineering News Record (an industry trade journal). Heath employs on the average 1400 employees. The labor force is all nonunion unless there is a job site agreement stipulating the use of union workers. The organization owns the seventh largest fleet of construction equipment in the United States and has annual revenues of approximately $325 million. Thus, the Heath Corporation has grown in the past three decades to a prominent member of its industry.

Heath's primary activities consist of (in Randall Heath's words) "heavy construction, engineering design, land development, pipelines for natural gas transmission and water systems, electric generating plants and plain 'ole wheeling and dealing.'"[1] The three main divisions within the organization are highway, industrial pipeline, and heavy utilities. This places Heath in the classification (SIC Code 16) of heavy construction general contractors. In 1977, there were 31,296 establishments in this category with average total receipts of $1,541,000 and an average number of employees of 29.

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[1]Ibid., p. 7.

Heath's domestic operations are regionally localized. The organization's strategy, however, is to move toward a broader geographical base in the 1980s. Thus, Heath is included in the 12 percent of heavy construction firms doing work outside their home states. Approximately 66 percent of Heath's receipts come from public expenditures. In comparing the Heath Corporation with its industry, perhaps the most distinguishing feature is that it is much larger in size (number of employees, annual revenues, geographic dispersion) than the typical construction firm.

The Heath Corporation's organizational structure can be characterized as organic. The nature of Heath's management systems and relationships exhibit many of the characteristics described by Burns and Stalker.[1] For example, there exists only a handwritten organization chart (Figure 1) which includes top management and the corporate officers. "The structure of the organization," commented one staff person, "is like meatballs and spaghetti: there is the corporate level (meatballs) and then everybody else (spaghetti)." This characteristic is clearly identified by Burns and Stalker. One manager in the electronics firm (the organic system they studied) attacked the idea of an organizational chart as a dangerous method of thinking about the workings of management since it specified

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[1]Burns and Stalker, The Management of Innovation, p. 92.

Figure 1

The Heath Corporation

Randall Heath

Dick Edwards   Bob Heath

Jack Sparks   Leo Parker   William Cox   Joe Bennett   Ed Brown   Dan Hart   Craig Singer
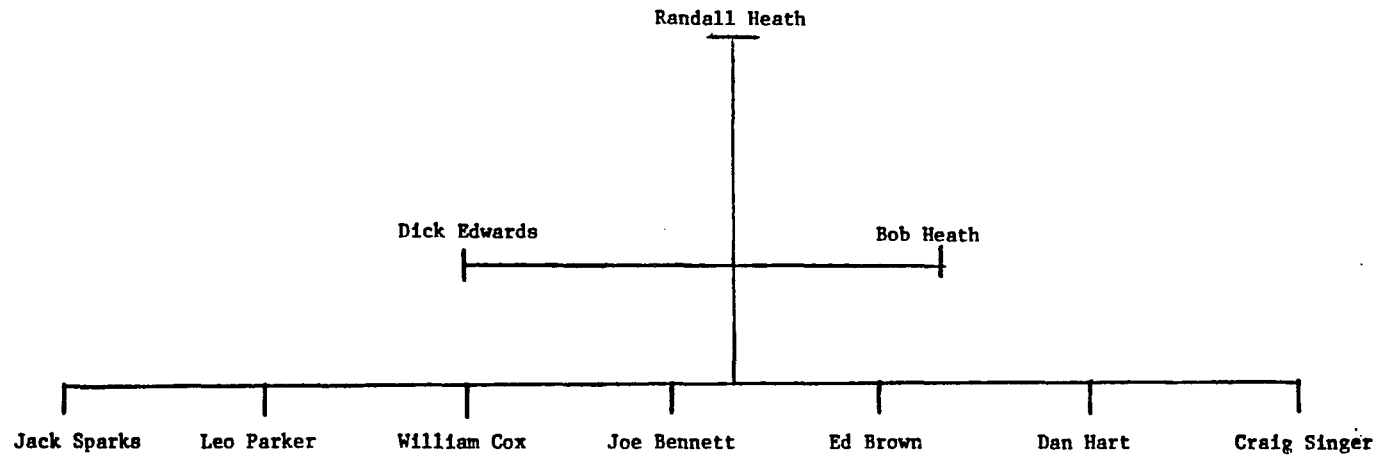
individual tasks.[1] The organic system does not depend on the management hierarchy as a structure of defined functions and authority, but rather relies on employee interactions to adjust and redefine tasks.[2] This characteristic is evident at the Heath Corporation. According to Randall Heath, "There are no lines of authority here--we all share the load."[3]

Another organic characteristic at the Heath organization includes communication channels which are lateral and verbal. This researcher noted an aversion to written memos and policy statements. Managers indicated that they felt complete freedom in seeking needed information wherever it existed in the organization. Another organic characteristic of Heath is that the knowledge and the control of the tasks were located anywhere in the organization and managers were given complete freedom in terms of task accomplishment. Each project manager, for example, has complete control of his project--from bidding it to completing it. Since each project is different, individual managers' jobs are as little defined as possible. As Mr. Bob Heath puts it: "There are few titles and positions here. It is totally a team effort."[4] And Mr. Randall Heath also reiterates this philosophy: "We don't make rules and punch time clocks. Individuals

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[1]Ibid.

[2]Ibid.

[3]Mr. Randall Heath, July 14, 1982.

[4]Mr. Bob Heath, July 22, 1982.

are encouraged to seek their own levels of attainment."[1] In sum, it
appears that the Heath Corporation exhibits most of the organic
characteristics described by Burns and Stalker. In speaking of his
company's flexibility Randall Heath says, "Although Heath has become
a large and diversified company, it still retains the organizational
flexibility to quickly respond in a controlled manner to customer and
market needs virtually anywhere in the world and to meet ever-
changing market requirements or even fast-changing climatic
conditions." Thus, the Heath Corporation can be described as a very
large firm in the construction industry with an organic organi-
zational structure.

As will be demonstrated in subsequent chapters, the Heath
Corporation has a highly positive, visable social image in the areas
in which it operates. At Heath social responsibility is considered
good business, and this has led to the development of viable social
programs. The next section will demonstrate the importance of such
programs.

Social Strategy in Perspective

The environmental analysis developed in the preceding
sections demonstrates how important socio-political factors have
become in an organization's environment. The purpose of this section
is to demonstrate that today the development and implementation of
viable social strategies to meet these socio-political factors are
important elements in the overall strategy of the firm.

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[1]Mr. Randall Heath, July 14, 1982.

Historically, corporate strategy and planning have been based on only economic and technological inputs -- where economic inputs supply macroeconomic forecasts of future GNP, consumption and investment expenditures, productivity, inflation, etc., and technological inputs supply predictions about state of the art developments in new products, new systems, and new materials. These two inputs have been relied on to give the organization all the data necessary for strategic decision making.[1] Therefore, traditionally management has acknowledged only two sources of uncertainty: 1) product or technological uncertainty and 2) market uncertainty.

During the tumultuous Sixties and Seventies, however, a new source of uncertainty for business organizations emerged--social uncertainty. Social uncertainty may be labelled many things: social unrest, changing social values and expectations, a rejection of traditional values, or a concern for the qualify of life.[2] Since business planning and decision making have always been concerned with the assessment of risk and since there now seems to be new dimensions to risk, organizations have now begun to incorporate this new element into corporate strategy. In other words, today the organization

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[1]Ian H. Wilson, "Reforming the Strategic Planning Process: Integration of Social Responsibility and Business Needs," in The Unstable Ground ed. by S. Prakash Sethi (Los Angeles: Melville Publishing Company, 1974), pp. 245-255.

[2]Rebecca A. Gould and Eugene J. Kelley, "An Integrated Communications Model of Corporate Adaptation to Uncertainty," in The Unstable Ground ed. by S. Prakash Sethi (Los Angeles: Melville Publishing Company, 1974), pp. 279-292.

cannot assume "other things equal" in making decisions because social and political factors now have a bearing on organizational survival.

Further, this environmental turbulence is as much related to the changing structure of the strategic problem facing organizations as it is to the increasing complexity of traditional business problems. According to Ansoff, firms today, in addition to the traditional product/market/technology problems facing them, must also deal with rapidly changing resource supplies, real limits to growth, non-economic challenges to the firm's legitimacy, and significant social and political pressures. This means that "the historical preoccupation with product/market/technology strategies must be broadened to include other types of strategies" - resources, socio-political, etc.[1] Boulding also contends that organizational survival during the next few decades depends more on an organization's non-market than its market environment.[2]

Kenneth Andrews contends that social strategy formulation should be a basic component of the strategic planning process. According to Andrews, "the formulation of specific corporate social policy is as much a function of strategic planning as the choice of product and market combinations, the establishment of profit and

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[1]Igor H. Ansoff, "The Changing Shape of the Strategic Problem," pp. 30-44.

[2]Kenneth Boulding, "The Legitimacy of the Business Institution" in Rationality, Legitimacy, Responsibility ed. by Edwin Epstein and Dow Votaw (Santa Monica, Cal.: Goodyear Publishing Co., 1978), pp. 87-87.

growth objectives, or the choice of organization structure and systems for accomplishing corporate purposes."[1] Andrews maintains that one of the major aspects of strategy formulation should be the "identification and acceptance of the social responsibilities of the firm."[2] In essence, Andrews urges professional managers to come to terms with the "morality of choice" by reconciling corporate objectives involving profits and contributions to society. This is the "most stimulating and strenuous problem in strategic decision-making."[3]

Likewise, Ackerman views social responsiveness as a matter of strategic choice. According to Ackerman, it is the chief executive who has the freedom to determine the pattern of response to social issues. The two basic policy questions the chief executive must consider are:[4]

(1) How should the response to social demands be incorporated into the firm's strategy?

(2) Which issues should the firm seek to lead social expectations?

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[1]Kenneth R. Andrews, "Can the Best Corporations Be Made Moral," Harvard Business Review (May-June 1973): 59.

[2]Kenneth R. Andrews, The Concept of Corporate Strategy (Homewood, Ill.: Dow-Jones-Irwin, Inc., 1971), p. 175.

[3]Ibid., p. 119.

[4]Robert W. Ackerman and Raymond Bauer, Corporate Social Responsiveness: The Modern Dilemma (Reston, Va: Reston Publishing Company, 1976), p. 40.

In answering these questions, the chief executive must assess (as with any other strategy) the strategic implications of utilizing the firm's scarce resources and distinctive skills to address the issue. Thus, the corporation has the opportunity to formulate a social policy to govern its relationship with the socio-political elements in its environment. The corporation's social strategy, however, may not be explicitly stated, but it can usually be identified in the firm's behavior over time.[1]

According to Post, however, the ability of an organization to formulate effective strategic responses to a critical social issue is highly dependent on how far that issue has progressed in its public life cycle -- the progression of an issue from its initial public awareness through political action, legislation and litigation to its final acceptance and internalization. Basically, the further through the life cycle an issue progresses, the less freedom the organization has in dealing with the issue.[2] In other words, if the organization waits until the latter part of the life cycle to respond to an issue, it will be forced to react to public pressure and new legislation, rather than proactively planning and implementing its own social programs. In essence, it is up to the CEO to determine which type of social response strategy (reactive, proactive, etc.) the organization adopts with respect to the particular social issues it faces.

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[1]Ibid., pp. 35-40.

[2]James E. Post, "Corporate Response Models and Public Affairs Management," Public Relations Quarterly (Winter 1979): 30.

Ackerman also supports the contention that the ability of a firm to respond to a particular social issue is dependent on where that issue is in its life cycle. According to Ackerman, it is during the early phases of the life cycle (which he calls the zone of discretion) in which substantial uncertainties exist with respect to social issues that the corporation has a wide variety of options available. Therefore, the firm has more freedom in formulating its social response strategies during this period than after the issue has progressed through the last phase of the life cycle.[1]

In sum, the literature is in agreement that in today's turbulent socio-political environment it is necessary for a firm to formulate and implement effective social strategies. This study is basically designed to examine this implementation process in a firm which is facing this turbulence and has actively developed policies and programs to deal with it. Thus, this study provides insight into a process which is critical to all firms operating in today's changing environment. In the next chapter the available literature on social response patterns will be reviewed.

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[1]Robert W. Ackerman, The Social Challenge to Business, pp. 31-41. See also Anthony Downs, "Up and Down with Ecology: The Issue Attention Cycle," The Public Interest (Summer 1972): 38 for further discussions of the social issue life cycle.

CHAPTER 2

A REVIEW OF THE LITERATURE

Largely because of the growth in size and complexity of the
social demands facing business organizations over the last two
decades, there has emerged a body of literature which attempts to
both describe and prescribe various organizational response processes
which may be employed by an organization in facing its social environ-
ment. This body of literature although relatively new--with the
majority of works being published since the late 1970's--is quite
diverse and yet complementary. In general this body of knowledge
demonstrates that, although the content of specific social strategies
may vary depending on the industry, current social concerns, the
legal environment, etc., the social response strategies utilized by
firms to deal with a wide variety of social issues are basically
applicable to all firms in all industries. The purpose of this
chapter is to: a) present the historical development of this body of
literature and to integrate the various response models found in the
literature into a taxonomy of social response patterns designed to
classify the literature in a more generalizable and thus useful
manner, b) identify those specific organizational variables which the
literature suggests are related to the implementation of the firm's
social strategy, c) develop specifically the role of the performance/

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control systems in social strategy implementation, and d) to develop the basic focus of this study.

The Emerging Social Response Literature: Toward A Taxonomy of Corporate Social Response Patterns

The social environment of business organizations has become so volatile due to changing public expectations and values that corporations can no longer afford to ignore their nonmarket environment. In fact, it has now become imperative that organizations respond to and deal with social issues. The responses that organizations take may differ from industry to industry, firm to firm.[1] Additionally, a different set of stimuli may also prompt varying organizational responses. Regardless of the motivating factors, corporations do respond in various ways to social issues, and it is a review of these various response patterns which is the concern of this section.

In examining the early social responsibility literature only two authors, Eells and Walton, emerge as having attempted to build descriptive models of organizational social response behaviors. Eells conceptualizes behaviors which range from responsible (Metro Corporation) to irresponsible (Traditional Corporation). In essence, Eells only describes the polar ends of the continuum. The placement of a specific organizational behavior on the continuum is determined

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[1]Edwin Kuntz, Banwari Kedia and Carlton Whitehead, "Variations in Corporate Social Performance," California Management Review 22 (Summer 1980): 35-36.

by comparing its exhibited behavior with societal norms and expectations.[1]

Walton expanded Eells' work to include six models of business conduct. These models may be conceived as points on a continuum ranging from low to high social responsibility. Walton's models are as follows:[2]

1. The austere model exclusively emphasizes ownership interest and profit objectives.

2. The household model emphasizes employee jobs, benefits, and paternalism.

3. In the vendor model consumer interests, tastes, and rights dominate the organization.

4. The investment model has as its primary focus long run profits and survival. It also gives some recognition to social investments along with economic ones.

5. The civic model focuses on corporate citizenship. It views the organization as going beyond imposed obligations toward making positive commitments to social needs.

6. The artistic model encourages the organization to become a creative instrument in creating a better qualify of life.

Walton's artistic model is essentially equal to Eells' metro corporation, while his austere model represents Eells' traditional corpora-

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[1]Richard Eells, The Meaning of Modern Business (New York: Columbia University Press, 1960), pp. 38-68.

[2]Clarence C. Walton, Corporate Social Responsibilities (Belmont, Cal.: Wadsworth Publishing Company, 1967), pp. 120-141.

tion. Both Walton's and Eells' models are descriptive in nature in that they are based on abstract rationalizations for behavior rather than actual observed organizational behavior.

In an early piece on the need for a new corporate response to a changing social environment (based on actual case experiences), Sethi and Votaw discuss traditional corporate responses. In this pressure-response model, Sethi and Votaw articulate three traditional corporate responses to outside pressures resulting from social discontent. The responses are grouped into broad categories of organizational behaviors:[1]

1. The public relations response attempts to uphold the corporate image so that the organization can maintain public confidence. The issue is usually lost in a quandary of generalities.

2. The legal response resorts to legalistic interpretations of the organization's rights in responding to the claims of pressure groups. Again, this response avoids the issue and assures stronger criticisms in the future.

3. The industrial relations-bargaining response is patterned on long experience in dealing with labor unions. This response is usually evoked when the corporation cannot avoid the issue and therefore must deal with outside pressures.

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[1]S. Prakash Sethi and Dow Votaw, "Do We Need a New Corporate Response to a Changing Social Environment?" California Management Review vol. 12 (Fall 1969): 3-31.

The essence of this model is that pressure motivates the organization to respond with short-term reactions. Management usually only recognizes the issue at the same time it is being pressured to respond to it. Sethi and Votaw note the failure of this model in dealing with social issues and call for a new corporate response.

Another empirical model of corporate responsiveness to social change emerged in the literature in 1973. Robert Ackerman is the principal proponent of this business policy model. According to Ackerman, corporate responses to social change involve three distinct phases:[1] (1) the chief executive recognizes the issue as important and perceives the need for an up-to-date company policy; (2) the chief executive appoints specialists to coordinate activities and gather information; and (3) the policy is institutionalized by working it into the resource allocation and reward system of the organization. Ackerman along with Raymond Bauer reaffirmed these three stages in the social response process.[2] Murray, in a follow-up study of the banking industry, confirmed these general patterns, but he also recognized that the second stage included two phases - one involving a period of technical learning about the problem by

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[1] Robert W. Ackerman, "How Companies Respond to Social Demands," Harvard Business Review (July-August 1973): 88-98.

[2] Ackerman and Bauer, Corporate Social Responsiveness, pp. 119-131.

specialists, the other involving administrative learning about the actual workings of the organization.[1]

The business policy model emphasizes managerial initiative and views the response process as sequentially passing from identification to commitment to implementation. Managerial initiative, however, may result from public pressure or the chief executives' commitment to various social programs. Sethi and Votaw's pressure-response model emphasizes legal compulsion and public pressure as the motivating factors as well as assuming cognizance is occuring while the action is taking place. The difference between these models, however, is with respect to how that response process actually operates in specific organizational settings.

As pointed out above, the Ackerman model and the Sethi-Votaw model each assume a different set of motivating factors which prompt organizational responses. Hinckley and Post have suggested that an organization can be stimulated to act through several means, some of which prompt voluntary action, others involuntary. According to these authors, there are three general types of stimuli that underlie organizational responses to social issues. They are (1) legal mandate, which creates an involuntary response; (2) public pressure, which stimulates a type of voluntary response on an individual issue basis; and (3) the initiative of the organization, which is

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[1]Edwin A. Murray, Jr., "The Social Response Process in Commercial Banks: An Empirical Investigation," *Academy of Management Review* vol. 1 (July 1976): 5-15.

a genuine voluntary response.[1] This last stimulus is comparable with Ackerman's business policy model, while the legal mandate and public pressure stimuli are the underlying factors of Sethi and Votaw's pressure-response model.

Parket and Eilbirt also address the stimuli accounting for a firm's social responses. One such stimulus is payoff and self-defense, where a response is undertaken becaue of some expected payoff or because some criticism has been levelled at the organization. Another motivator may center around the phenomenon of fashion. This explanation contends that the business organization is swept by fads--human relations, scientific management, etc. The last stimulus addressed by Parket and Eilbirt concerns the personality and values of the chief executive. This explanation suggests that organizational responses to social issues are dependent on how the chief executive perceives those issues.[2]

From the above discussion, it is apparent that the type of organizational response is largely dependent on the business strategy employed by top management. Several authors have examined the business strategy of response to social change. McAdam discusses four

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[1]George P. Hinckley and James E. Post, "The Performance Context of Corporate Responsibility," in The Unstable Ground, edited by S. Prahash Sethi (Los Angeles: Melville Publishing Co., 1974), pp. 293-302.

[2]Robert Parket and Henry Eilbirt, "Social Responsibility: The Underlying Factors," Business Horizons vol. 18 (August 1975): 5-10.

social responsibility strategies and the resulting level of effort which is required for each. These are:[1]

1. Fight all the way, which requires no action other than defensive reaction;

2. Do only what is required, which requires careful investigation of all requirements as well as advance planning for likely new requirements;

3. Be progressive, which requires a large effort to deal with a range of issues;

4. Lead the industry, which requires substantial experimentation and applied research.

Ian Wilson also suggests four alternative business strategies of response to social challenges: (1) reaction, (2) defense, (3) accommodation, and (4) proaction.[2] According to Wilson, "a strategy of mere compliance and reaction has within it the seeds of its own destruction; and that the best prospect for a viable measure of corporate initiative and vitality for the future is to be found in moving quickly beyond mere compliance to developing imaginative solutions that have the effect of internalizing the new social

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[1]Terry W. McAdam, "How to Put Corporate Social Responsibility into Practice," Business and Society Review vol. 6 (Fall 1973): 8-16.

[2]Ian H. Wilson, "What One Company Is Doing About Today's Demands on Business," in Changing Business - Society Relationships ed. by George A. Steiner (Los Angeles: Graduate School of Management, UCLA, 1975), pp. 23-53.

expectations in the day-to-day operations of the corporate system."[1]

Along these same lines of thought, Preston and Post, in developing their concept of public responsibility, contend that environmental scanning is essential in strategic decision making and in the implementation of publicly responsible behavior. According to these authors, there are four process responses which flow directly from the scanning activity itself. These process responses to social involvement are:[2]

1. Cognizance, which is increased knowledge of the external environment and relevant publics;

2. Reporting, which occurs after social issues are identified;

3. Participation, which is the inclusion of persons and groups concerned with the managerial activity into the managerial process itself;

4. Experimentation with respect to information which includes gathering devices for social improvement and taking substantive action.

In essence, corporate strategy should include involvement with the organization's external environment and business decisions should reflect this social involvement.

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[1] Ibid., p. 53.

[2] Lee E. Preston and James E. Post, _Private Management and Public Policy_ (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1975), pp. 106-123.

Davis and Blomstrom, in noting that we now live in a pluristic society, suggest five alternative responses available to business. These include (1) withdrawal, (2) a public relations approach, (3) a legal approach, (4) bargaining, and (5) problem solving.[1] These responses can be thought of as points on a continuum ranging from low social involvement to high social involvement.

Crawford and Gram also view the business organization in light of the pluristic society in which it must operate. Noting that the number of special interests pressing on business has expanded, these authors analyze various social responses based on relationships between firms and social interest organizations, i.e. interorganizational transactions. By setting the social responsibility issue within the context of interorganizational relationships, Crawford and Gram contend that the strategic options of the firm can be identified and assessed. The range of strategies available to the organization as it interacts with social interest groups are:[2]

1. Conflict strategies where neither a satisfactory relationship nor an acceptable outcome appear possible;

2. Preemptive responses where the firm acts unilaterally and bypasses the issue of process;

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[1]Keith Davis and Robert Blomstrom, Business and Society: Environment and Responsibility (New York: McGraw-Hill Book Company, 1975), pp. 85-87.

[2]Ronald L. Crawford and Harold A. Gram, "Social Responsibility as an Interorganizational Transaction," Academy of Management Review vol. 3 (October 1979): 880-888.

3. Coopting strategies where the firm incorporates key leaders of the social interest group into the firm.

4. Interpenetration or collaborative strategies where the firm and the social interest group join together on mutually acceptable projects; and

5. Classical adaptation responses where the firm accepts the necessity for action and bargains with the social interest organization.

With the expanded number of competing groups pressuring business in terms of their own interests, corporations must now formulate responses in order to deal with these special interest groups.

The literature on corporate social response patterns is a very current addition to the social responsibility literature. This is reflected by the fact that several seminal pieces emerged in the late seventies. The remainder of this section will review these pieces.

Archie Carroll has developed a social performance model which recognizes that social responsibility is not separate from economic performance but rather is just one part of the total responsibilities of business. Carroll views social responses as the action phase of management responding to specific issues. His social performance model, includes Wilson's response philosophy, but also encompasses the definition of social responsibility as well as an enumeration of the social issues involved. In sum, Carroll suggests that these are

three distinct but interrelated aspects of corporate social performance.[1]

Zenisek, in his social responsibility continuum, clusters the set of social demands and expectations into four phases. He views them from Blau and Scott's concept of prime beneficiary and Emery and Trist's concept of the causal texture of organizational environments. Each phase is represented by a model: (1) owner/manager, (2) organization participant, (3) task environment, and (4) societal. Although Zenisek does not explicitly address various response patterns, implicit in his analysis is the idea that as the concerns of the firm become more societal in nature, the behavior of the firm must become more proactive.[2]

Sethi has developed a three stage model for classifying corporate social behavior. In this schema stage one behaviors are called social obligation and are reactive in nature; whereas stage two behaviors are called social responsibility and are prescriptive in nature. Both stage one and two are conceptualized as response mechanisms, while stage three behaviors are called social responsiveness and are anticipatory and proactive in nature.[3] Sethi

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[1]Archie B. Carroll, "A Three-Dimensional Conceptual Model of Corporate Performance," *Academy of Management Review* vol. 4 (December 1979): 497-505.

[2]Thomas J. Zenisek, "Corporate Social Responsibility: A Conceptualization Based on Organizational Literature," *Academy of Management Review* vol. 4 (1979): 359-368.

[3]S. Prakash Sethi, "Dimensions of Corporate Social Performance: An Analytical Framework," *California Management Review* vol. 27 (Spring 1975): 58-64. Also see S. Prakash Sethi, "A Conceptual Framework for Environmental Analysis of Social Issues and Evaluation

describes stage three strategy as "developing and adapting new technology for environmental protectors."[1]

Post, in examining the patterns of corporate response in fifty case studies, found companies adopt three basic approaches to change: (1) management will allow the external environment to change first and then respond to it (reactive, adaptive response); (2) management will take action to induce change in the environment that will help the firm achieve its own objectives (proactive, response); or (3) management will manage the gap between public goals and corporate goals over time (interactive response). The interactive response emphasizes the continuous corporation-society interaction. However, in Post's research on the international infant formula industry, he identified five distinct modes of response. These responses are based on two important dimensions. One is the company's "stakes" in maintaining the status quo, and the other is the company's perceptions of the validity of the critic's claims.[2] These two important dimensions contribute a better understanding of why, under certain circumstances, a firm may adopt a particular response pattern.

In summary, the social responses adopted by the organization will depend on: 1) the stimuli underlying the particular

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of Business Response Patterns," _Academy of Management Review_ vol. 4 (January 1979): 63-74.

[1]Ibid (1979), p. 67.

[2]James E. Post, "Corporate Response Models," pp. 27-33.

response,[1,2,3,4] 2) the corporate strategy of top manage-ment,[5,6,7] and 3) the number of special interest groups the organization must interact with.[8,9] Figure 2 integrates the various social responses postulated in the literature into a taxonomy of corporate social response patterns.

Internal Process Variables

Since it is the purpose of this study to examine how the management of one organization has implemented its social policies over time, it is essential to review the literature in an attempt to identify those variables which have a relationship to this implementation process. In fact, a great deal of the social response literature suggests that administratively, implementing social policies is a difficult and time-consuming task. Thus, after

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[1]Sethi and Votaw, "Do We Need A New Corporate Response," pp. 3-31.

[2]Acherman, "How Companies Respond," pp. 88-89.

[3]Hinckley and Post, "The Performance Context," pp. 293-302.

[4]Parket and Eilbirt, "Social Responsibility," pp. 5-10.

[5]McAdam, "How to Put Corporate Responsibility," pp. 8-16.

[6]Ian H. Wilson, "What One Company Is Doing," pp. 25-53.

[7]Preston and Post, Private Management and Public Policy, pp. 106-123.

[8]Davis and Blomstrom, Business and Society, pp. 85-87.

[9]Charford and Gran, "Social Responsibility as," pp. 880-888.

Figure 2

A TAXONOMY OF CORPORATE RESPONSE PATTERNS

Do
Nothing

Do
Much

◄───►

Author	Do Nothing ◄──────────────────────────────────────► Do Much
Eells (1960)	Traditional Corporation .... Metro Corporation
Walton (1967)	Austere ... Household ... Vendor ... Investment ... Civic ... Artistic
Sethi & Votaw (1969)	Public Relations .... Legalistic .... Bargaining
Ackerman & Bauer (1973; 1976)	Awareness .... Commitment .... Implementation
McAdam (1973)	Fight all the way ... Do only what is required ... Be progressive ... Lead the Industry
Hinckley & Post (1974)	Legal mandate .... Public Pressure .... Organization Initiative
Wilson (1974)	Reaction ... Defense ... Accomodation ... Proaction
Davis & Bloomstrom (1975)	Withdrawal ... P.R. Approach ... Legal Approach ... Bargaining ... Problem solving
Parker & Eilbirt (1975)	Self defense/ Payoff reaction .... Fashionable Reaction .... Reflection of Corporate Personality
Preston & Post (1975)	Cognizance ... Reporting ... Participation ... Experimentation
Crawford & Gram (1978)	Conflicting ... Pre-empting ... Coopting ... Interpretation ... Adaptation
Carroll (1979) (3 Dimensional Model)	Conceptual social performance model integrating economic concerns into a social performance framework
Zenisek (1979)	Owner Manager ... Organization Participant ... Task Environment ... Societal
Sethi (1975;1979)	Social Obligation .... Social Responsibility .... Social Responsiveness
Post (1979)	Reactive .... Proactive .... Interactive

social policies have been established, the internal process of imple-

mentation is critical in managing responses to social issues. It is

the purpose of this section, therefore, to review the literature

concerning these internal process variables.

As previously mentioned, Ackerman observed a three phrase

response process in a case study of two decentralized companies. He

noted that in the institutionalization phase (phase III), problems

were posed by the administrative system and the inherent structure of

the firms.[1] The problem, according to Ackerman, was working the

social policy into the "process through which resources were

allocated and ultimately careers decided."[2] He saw three major

problems in the implementation process:[3]

1. The rules governing the interrelationships between

   corporate and division levels contributed to the problem

   of obtaining responsiveness. In other words, top manage-

   ment was only to evaluate divisional results, not to

   meddle in divisions' operating procedures. Thus, the

   standards for judging performance needed to be changed.

2. The financial reporting system was inadequate and ineffec-

   tive in measuring social responsiveness. Thus, new

   measures of social responsiveness in each social area

   needed to be created.

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[1]Ackerman, The Social Challenge to Business, pp. 65-83.

[2]Ackerman, "How Companies Respond," p. 94.

[3]Ibid., pp. 90-94.

3. The executive performance, evaluation, and reward process was challenged. The performance appraisal system was based solely in terms of the bottom line. Thus, if social policies were to be fully implemented organization-wide, division and line managers should also be evaluated in terms of their social performance. In essence, the only way to obtain middle managers' support for social policies is to have their careers depend on their performance in this area.

Murray, in a follow-up study in the banking industry, examined the social response process in centralized organizations. His results indicated that organizational structure was not as dominant a variable in implementation as he first hypothesized. Rather, he found that the banks administrative and procedural processes governed the degree and speed of the response. Implementation did not occur until management information systems, control reporting formats, credit training programs, and managerial reward and penalty systems were modified.[1] In both Ackerman's and Murray's studies the process variables played an important role in the organization managing its responses to social issues.

Webster, in an empirical study of 15 organizations, also found that procedural elements were crucial in implementing internal responses to social issues. The firms that were perceived as the

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[1]Murray, "The Social Response Process," p. 11-13.

most successful in their social performance were those which had made the following process modifications:[1]

1. developed and communicated formal written policies covering the social role of the firm,

2. conducted social audits, and

3. evaluated management based upon their performance in key social issue areas.

Thus, these process variables, according to Webster, contributed to the successful management of the firms' social environments.

Gray contends that one of the biggest problems in achieving increased responsiveness is the organizational difficulty of incorporating social policies into existing operations. He cites four empirical studies that support this thesis and then offers a set of guidelines to aid in the implementation process. His guidelines also suggest that successful implementation is dependent on modifying the reward, performance, and evaluation process as well as the management information system to incorporate information on social performance.[2] This view is also expressed by the Task Force on Corporate Social Performance.[3]

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[1]Webster, "Corporate Social Policy: An Empirical Investigation of the Effect of Structure and Procedure on Perceived Social Effectiveness," (Ph.D. dissertation, University of Pittsburgh, 1975).

[2]Edmund R. Gray, "Planning for Corporate Social Programs - Problems and Guidelines," Long Range Planning vol. 14 (1981): 49.

[3]"Business and Society: Strategies for the 1980's," Report of the Task Force on Corporate Social Performance, U.S. Department of Commerce, 1980, p. 14-32.

The literature also indicates that the achievement of social goals depends on the management processes of social measurement and social reporting. Social measurement involves an assessment of social performance and is usually done by persons within the firms. Raymond Bauer is a proponent of such a social measure - the management process audit. He conceives of such an audit as a means by which the organization could evaluate its own status with respect to social issues.[1] Preston and Post also feel that this process of internal reporting is a significant response in itself. They view it as a first step toward more formal evaluation and appraisal.[2] The Task Force on Corporate Social Performance also suggests that the more responsive firms have systems of social measurement and reporting.[3] Thus, reporting information concerning social performance appears to be an important process in helping the organization manage its social environment.

In summary, the literature suggests that for a firm to successfully implement its social strategy, modifications in some of its internal processes must occur. Of all the studies examined, modifications in the performance/control systems to include social objectives were critical variables in successful implementation. The

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[1]Raymond A. Bauer, L. Terry Cauthorn, and Ranne P. Warner, "Auditing the Management Process for Social Performance," Business and Society Review (Fall 1975): 39-45.

[2]Preston and Post, Private Management, p. 115.

[3]"Corporate Social Reporting in the United States and Western Europe," Report of the Task Force on Corporate Social Performance, 1980, pp. 113-124.

purpose of the next section is to review the literature which deals with these performance/control systems with respect to the implementation of social strategy.

The Role of the Performance/Control Systems in the Social Strategy Implementation Process

The evaluation of managers and the distribution of rewards are critical in managing any organization. The strategic management literature explicitly points out that successful strategy implementation is dependent on tying the performance/control systems to the organization's long-run strategic objectives. Although the majority of this literature does not directly deal with social strategy per se it is applicable since social strategy is quite similar in many respects to other types of long run strategies. If managers feel that the evaluation and reward system governing their careers does not include rewards for social policies, then they are less likely to give it much of their attention. The literature suggests that these performance/control systems are vital factors influencing corporate responsiveness to social issues, and that implementation of the organization's social strategy is contingent upon tying these systems to social objectives.

Short-term/Long-Term Delimma

As mentioned earlier, the formulation of social policy and strategy is now considered a major component of the strategy formulation process. Social strategy, like other specific strategies,

(product, market, etc.), focuses on the long run. Many organizations today, however, are facing a conflict between short-term and long-term goals. This conflict results from the fact that adherence to a strategy aimed at the attainment of long-range goals often requires resource commitments and expenses that reduce current profits. Although these expenses reduce profits in the short-run, they are investments that are designed to pay off in the long-run. Operating managers, however, are often pressured to increase annual profits regardless of the impact on long-term goals.

This dilemma is described by Banks and Wheelwright[1] who studied this short-term, long-term (S/L) tradeoff in six organizations. They found that even minor S/L tradeoffs can have an adverse impact on corporate strategy. These reseachers discuss several areas in which the S/L tradeoff is likely to occur. The postponement of capital expenditure programs is one of the most vulnerable areas they found. Capital outlay programs usually have a time horizon longer than a year, while costs associated with the program can reduce current profits. If a manager postpones the project, this will free the resources needed to produce operating profits. Banks and Wheelwright found that "capital projects involving needs like pollution control are highly vulnerable to the S/L tradeoff problem, since the investments are generally

[1]Robert L. Banks and Steven C. Wheelwright, "Operations vs. Strategy: Trading Tomorrow for Today," Harvard Business Review (May-June 1979): 112-120.

capital-consuming rather than capital-generating."[1] Obviously, the postponement of projects like pollution control can adversely affect the organization's social strategy. Other areas vulnerable to S/L tradeoffs are the deferral and reduction of operating expenses.[2] Expenses (i.e., minority relations, urban affairs, environmental) vital to the accomplishment of strategic social objectives are usually easier to defer or reduce than other operating expenses. Thus, social programs may be postponed or even abolished in an attempt to increase current operating profits.

The decision to favor short-term profits over long-run strategic goals, according to Banks and Wheelwright, is influenced by the manner in which performance is evaluated and measured.[3] The performance evaluation system was found to be a key factor in S/L tradeoffs. Managers were aware of how success was measured within their organization. Both compensation (salary, bonus, etc.) and status (peer evaluation, supervisor evaluation, promotions, rank, etc.) were found to be the key performance evaluation motivators, with status the more important of the two.[4] Thus, if the organization places emphasis on short-run performance as the primary determinant of rewards and careers, then managers will tend to favor the short-run at the expense of long-term social strategies.

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[1]Ibid., p. 114.

[2]Ibid., p. 115.

[3]Ibid., p. 116.

[4]Ibid.

Jacob Naor also stresses the need to tie the incentive structure to long-run objectives to encourage future-oriented behavior on part of divisional managers.[1] In a study of ten midwestern companies, Naor found that the use of bonuses and promotions were not directly linked to long-run plan achievement. He noted several problems caused by tying bonuses to the fulfillment of annual budget targets. The problems he identified are that they:[2]

(1) forced managers to focus on the short term;

(2) encouraged a myopic view of the future;

(3) led to suboptimization of overall corporate strategy; and

(4) delayed decisions requiring long lead-times as well as discouraging risk taking for which the payoff is delayed.

Naor therefore calls for tying managerial bonuses and promotions to the implementation of long-run objectives.

Salter also discusses the need to coordinate the incentive compensation structure with critical aspects of strategy to ensure that managers behave in a future-oriented manner. According to Salter, the formal management appraisal and financial reward systems must be designed with the long-term objectives of the organization

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[1]Jacob Naor, "How to Motivate Corporate Executives to Implement Long-Range Plans," MSU Business Topics (Summer 1977): 41-42.

[2]Ibid., pp. 42-44.

in mind.[1] He points out that the choice of financial instruments is a critical element in the design of an effective reward system. The principal choices are between current and deferred instruments and between cash and stock. Current rewards refelct the importance of short-run performance, while the deferral of rewards encourages future-oriented behavior. Frequent cash bonus rewards encourage a focus on short-term performance, while awards of stock attempt to link individual interest with the long-term interests of the organization.[2] It is, therefore, important that the mix of current versus deferred rewards reflect the relevant time horizon of the organization's social strategy.

The measurement of the strategic components of the reward system is, according to Salter, one of the most difficult aspects to execute. Qualitative measures of performance tend to reflect long-run objectives more effectively than quantitative measures.[3] Therefore, it is important that the mix of qualitative and quantitative performance measures reflect the relevant time horizon of the firm's social strategy. Salter also suggests that the degree of discretion in allocating bonus awards is an important element in S/L tradeoffs. He maintains that nondiscretionary, formula-based bonuses tend to discourage future-oriented behavior.[4] To

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[1] Malcolm S. Salter, "Tailor Incentive Compensation to Strategy," Harvard Business Review (March-April 1973): 94-102.

[2] Ibid., pp. 95-96.

[3] Ibid., pp. 96-97.

[4] Ibid., pp. 97-98.

prevent concentration on current performance, management should qualitatively evaluate the strategic implications of managers performance and reward them at least partially on that basis.

In essence, Banks and Wheelwright along with Naor and Salter all suggest that the performance appraisal and reward systems must be coordinated with the long-run strategies of the organization. But, how? The literature suggests that there are several approaches available to help facilitate this integration.

Long-Term Strategy Implementation

Stonich contends that successful strategy implementation is contingent on a proper future orientation of managers, and that the reward system and performance measures are critical in achieving this orientation.[1] He discusses three approaches that can be used to tie rewards to the accomplishment of strategic goals. The weighted factor method involves the identification of "the behavior required of each strategic business unit within the overall corporate investment strategy."[2] This approach is consistent with the concept of business portfolio management since SBUs are categorized as high, medium, or low growth. Strategic performance factors such as market share, ROA, cash flow, etc. are then weighted according to each factor's importance in achieving the desired performance level.[3]

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[1]Paul J. Stonich, "Using Rewards in Implementing Strategy," _Strategic Management Journal_ Vol. 2 (1981): 345-348.

[2]Ibid., p. 348.

[3]Ibid.

Stonich believes that this method is particularly useful in multi-industry organizations in which several discrete businesses are important to overall corporate performance. This method is also described by Rappaport who names it the strategic factors approach.[1]

Another approach for obtaining better integration of incentives and strategy is the long-term evaluation method (or in Rappaport's terms, the extended performance evaluation approach). In this approach, the organization compensates managers for achieving strategic goals over several years rather than just one. This plan involves the award of deferred stock that is contingent on reaching various strategic goals.[2] Thus, this method attempts to link individual interest with the long term interest of the organization through the choice of the financial instrument and the planning horizon. Stonich believes that the long-term evaluation method is particularly appropriate for rewarding top executives regardless of the diversity of the business below them.[3]

A third way for improving the incentive compensation system is discussed by both Stonich and Rappaport. The strategic funds deferral method (or in Rappaport's terms, the management accounting approach) adjusts the financial accounting model by considering the motivational implications of accounting measurements.[4] In other

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[1]Alfred Rappaport, "Executive Incentives vs. Corporate Growth," Harvard Business Review (July-August 1978): 85.

[2]Ibid.

[3]Stonich, "Using Rewards in Implementing Strategy," p. 350.

[4]Rappaport, "Executive Incentives vs. Corporate Growth," p. 85.

words, the expense dollars that are used in the generation of current revenues are distinguished from those that are invested in the future of the business. In utilizing this approach, incentives can be given to managers to invest strategic funds rather than holding them down in the same way as operating expenses.[1] In this way, critical strategic investments such as pollution control are encouraged, while current operations can be made as profitable as possible. Stonich believes that this approach is particularly useful in large, complex businesses that cannot be classified as simply low or high growth.[2] By utilizing a combination of these three methods, reward systems can be designed to encourage future-oriented behavior, thereby enhancing the implementation of the firm's strategy.

From the above discussion it seems apparent that successful implementation of a firm's strategy is dependent upon the ability of that organization to tie reward and measurement systems to that strategy. Andrews specifically addresses the role of the measurement and reward systems in the implementation of social strategy. According to Andrews, social strategy does not have a chance for implementation in organizations using conventional incentives and controls which force attention to short-term quantifiable results. He views the traditional measurement and reward systems as the "internal force" which resists efforts to make the organization more socially

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[1]Stonich, "Using Rewards in Implementing Strategy," p. 350.

[2]Ibid.

responsive.[1] The first step in initiating a successful social strategy, according to Andrews, begins in the strategy formulation process where social objectives must be established with as much quantification as reasonable but also with qualitative objectives where appropriate. After plans become clearly defined, the measurement system must incorporate the appropriate proportion of quantitative and qualitative measures of social performance. Then, managers must be evaluated, promoted, shelved or discharged depending on their accomplishments in relation to the plan.[2] Thus, Andrews calls for modification of the measurement and reward system to include accomplishments other than those related to economic efficiency.

Phillip Drotning, Director of the Urban Affairs Department at Standard Oil (Indiana), also contends that a fully implemented social strategy is essential for managing the organization's external environment. He views several roadblocks in implementing social policies. First of all, he believes that without the revision of the performance measurement system to include social objectives, social policies will fail. "Even the most well-intentioned employee will devote his time and attention to the functions on which his career

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[1]Kenneth R. Andrews, "Can the Best Corporations Be Made Moral?" pp. 60-62.

[2]Ibid., pp. 61-63.

progress depends.[1] Another important factor in successful implementation, according to Drotning, is the behavioral forms of communication within the organization. "In fact, behavioral forms of communication are apt to have more credibility than spoken or written forms. Consequently, a policy which isn't enforced isn't believed."[2] In essence, Drotning argues that performance measurement and accountability with respect to long-run social goals are critical because they force management to test its own sincerity.[3] He also discusses the conflict between short-run operating profits and long-run investments in creating an environment in which future profits will be enhanced. Like Banks and Wheelwritht, he contends that as long as short-run performance is the primary determinant of rewards and careers, then the short-run will be favored at the expense of long-run social strategies.[4] Thus, Drotning believes that it is necessary for those systems which govern career progress to be revised to include social performance.

<div align="center">Social Strategy Implementation</div>

There have been two major descriptive works which have studied the internal process of implementing social strategies—Ackerman and Murray. Both studies trace the historical development

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[1]Phillip T. Drotning, "Organizing the Company for Social Action," in The Unstable Ground: Corporate Social Policy in a Dynamic Society, ed. by S. Prakash Sethi (Los Angeles: Melville Publishing Co., 1974), p. 259.

[2]Ibid., p. 260.

[3]Ibid.

[4]Ibid., pp. 260-262.

of specific social strategies and the eventual implementation of those strategies throughout the organization. It is the purpose of the remainder of this section to discuss their findings with respect to the role of the performance evaluation and reward systems in implementation.

As previously mentioned, Ackerman studied the social response process in two large decentralized firms. Ackerman found that social policies were not fully implemented throughout the organization until rewards and sanctions for social responsiveness were related to performance and incorporated into the evaluation of managers.[1] In fact, he notes that this is one of the main characteristics of Phase III. Ackerman observed the following during this phase:[2]

> Criteria used in performance evaluation at division levels began to incorporate responsiveness to the social demand. The formality with which this was done varied widely, but the effects were similar; the division manager's subordinates became aware that the matter was of some personal sig- nificance.

Top management, when prepared to move into Phase III, should com- municate to the organization that performance expectations have changed. Ackerman notes, however, that a policy statement relating social responsiveness to performance evaluations will usually seem ambiguous to those who are affected by it.[3] The implementation of the policy statement is difficult and time-consuming and is sur- rounded with many problems: What should be used as the basis of

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[1]Ackerman, The Social Challenge to Business, p. 77.

[2]Ibid., p. 80.

[3]Ibid., p. 306.

measurement? What percentage of the bonus should go to social objectives? etc. Regardless of these problems, "the personal stakes for managers must be raised to secure implementation of corporate policy."[1]

Ackerman also observed that the number of social issues that can be simultaneously placed in the evaluation system is limited. This stems from the fact that the stock of incentives is usually limited, especially in a low growth organization. But Ackerman contends that there are other ways of tailoring the incentives in the organization to foster compliance to corporate social policy that do not depend on rapid growth. "They range from the magnitism of a charismatic leader to the harshness of a reward system that grants high benefits in terms of compensation and influence to those executives who comply with corporate expectations and casts out the remainder."[2] Ackerman points out, however, that the "realignment of the bases for executive evaluation to give a heavier weighting to performance in areas of social concern add to the complexity of managing the organization."[3]

Murray, in a follow-up study of centralized firms in the banking industry, found that effective implementation of social strategy and policies at the operating levels depended on corporate and division management's willingness to restructure financial

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[1]Ibid., p. 307.

[2]Ibid., p. 318.

[3]Ibid., p. 325.

planning procedures, measurement and control systems, and incentive systems to take into account managers' efforts to accomplish social objectives.[1] New reporting and measurement systems had to be developed in order to establish a basis for top management's revised performance expectations. Then, the evaluation and reward system had to be revised to include social performance. The result was not only a fully implemented social strategy but also a more complicated measurement, evaluation, and incentive system.[2] Murray, like Ackerman, found that the actual institutionalization of social policies took approximately eight years. Both studies confirm the thesis that social strategy cannot be fully implemented throughout the organization until performance measures, evaluations, and rewards are modified to include social performance.

Focus of the Study

In the literature reviewed, one important fact stands out: the performance measurement and reporting systems, the performance evaluation system, and the reward system must all be tied to the organization's social strategy in order for the strategy to be implemented. Ackerman and Murray both found that the evaluation

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[1]Edwin A. Murray, "The Implementation of Social Policies," p. 11: 8-23.

[2]Ibid.

and reward of managerial performance based largely on the results of economically-oriented information systems tended to impede the implementation of social policy. They both conclude that these administrative systems are critical to the implementation of social strategy.

Conspicuous by its almost complete absence from the literature is a descriptive study of the relationship between the performance measurement, reporting, evaluation, and reward systems and social strategy implementation. Since the literature indicates that these systems are key variables in implementation, a study of this relationship should be helpful to those organizations attempting to implement social strategies. Also, since this study will be conducted in an organic structure (as opposed to Ackerman and Murray's mechanistic structures) it should broaden the research base in social strategy implementation.

To fully explore the relationship of these systems to implementation, this study will specifically examine the following variables: the performance measurement and reporting systems, the performance appraisal/evaluation system, and the reward system. Thus, the basic focus of this study will be to examine the relationship between these systems and the social strategy implementation process as well as examining the nature of the process itself in an organically structured organization. The methodology employed in this study will be presented in the next chapter.

CHAPTER 3

METHODOLOGY

The purpose of this chapter is to explain the methodology suggested for use in investigating this relationship. This will entail an examination of the research case method and its applicability to the proposed study. The specific social programs to be studied will be defined, and a set of research questions with respect to the performance/control systems will be developed. This chapter will also include an examination of the data sources to be utilized, the methods of data collection, and the matrices to be used in the data analysis.

The Applicability of the Research Case Method to the Study

The research case method is an in-depth, detailed analysis of multiple variables in an ongoing organization over an extended period of time.[1] Its distinguishing feature is that it places emphasis on the total situation by describing a sequence of events leading to a

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[1]Joseph Reitz, Behavior in Organizations (Homewood, Ill.: Richard D. Irwin, Inc., 1981), p. 542.

particular organizational behavior.[1] In essence, a research case study employs a detailed and intensive investigation of a particular situation. It involves complex and holistic descriptions of a large number of not highly isolated variables.[2] The data are gathered by structured and unstructured interviews, from organization files and records, and from observation. Thus, this type of methodology is essentially inductive and is very useful in hypothesis generating studies. It is also useful in generating additional support for theories (or to refute them) or to gain insight into a particular area of interest.[3]

McClintock, Brannon, and Maynard-Moody contend that there are three basic goals of the research case study:[4]

1. to allow an indepth study of an organizational process,

2. to clarify those elements particular to the case that may permit a greater understanding of causality, and

3. to examine a situation in more depth than is permitted by standardized measurement procedures.

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[1]J. Francis Rummel and Wesley C. Ballaine, Research Methodology in Business (New York: Harper and Row, 1963), p. 172.

[2]Robert E. Stake, "The Case Method in Social Inquiry," Educational Researcher vol. 7 (1978): 7.

[3]Edmund R. Gray, "Case Research and the Potential for Scholarly Publications," in the Proceedings, Southern Case Research Association, New Orleans, Louisiana, Marrch 23, 1977, p. 36.

[4]Charles C. McClintock, Diane Brannon, and Steven Maynard-Moody, "Applying the Logic of Sample Surveys to Qualitative Case Studies: The Case Cluster Method," Administrative Science Quarterly vol. 24 (1979): 612.

The research case essentially has two parts, which are often but not necessarily separate. The first involves a description of the total observed situation or certain aspects of the total situation. The purpose is not to defend or present an issue but rather to describe the organizational forces at work.[1] The second part involves making a systematic analysis of the situation making this form of case useful as a research document. This additional analysis differentiates the research case from the teaching case.[2]

There are also various possible research strategies that can be employed in case research methodology. According to Gray, there are three possible research strategies:[3]

1. Developing a case study which is a particular interest to others in a specific academic field.

2. Developing a series of latitudinal case studies. This strategy (which is more complicated than the one above) usually focuses on a specific problem in an attempt to develop insights, generalizations, and descriptive and analytical models.

3. Developing case studies involving the application of various theories and techniques.

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[1]George F. Lombard, "From Clinical Research Reports in Human Relations," The Journal of Applied Behavioral Science vol. 4 (1968): 246.

[2]Ibid.

[3]Gray, "Case Research and the Potential" pp. 36-39.

As with every methodology, there are certain advantages and limitations associated with the research case which must be considered in light of the type and purpose of the research project being undertaken. The following are the basic advantages of the research case methodology:

1. The research case has the potential to expose new relationships--stated in the form of hypotheses--which can be examined via statistical techniques in the future.[1]

2. If the case is typical of a class, the hypotheses generated can be more generalized.[2]

3. The descriptive nature of the research case allows for data which is thick, rich and holistic. Thus, the data generated from the research case can provide other researchers with the opportunity to assess its implications in light of other situations.[3]

The research case methodology is limited in the following ways:

1. The sample selected for a single case study is usually a member of a larger population and yet may not be completely representative of that population. This limits the generalizability of the results of the research case.[4]

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[1]Rumel and Ballaine, Research Methodology, p. 172.

[2]Ibid.

[3]Lombard, "From Clinical Research and Research Reports," pp. 241-246.

[4]Stake, "The Case Study Method," pp. 6-7.

2. Since a great deal of the data is collected by observation and interview, the researcher's objectivity may often be strained.[1] The researcher must guard against drawing ethical or judgmental conclusions in these situations.[2]

The research case methodology provides an excellent approach for this study for several reasons:

1. Since this study is specifically designed to systematically gather and analyze data in an attempt to draw conclusions in the form of hypotheses generation, it can definitely be classified as a research case.

2. Hypotheses generation is an appropriate goal of this study since little actual data exists in the area of the social policy implementation process.

3. Since this study has as a goal an in-depth examination of the corporate social policy implementation process, the thick, rich data provided by the research case methodology is necessary and desirable.

4. This strategy fits two of the three research strategies discussed by Gray in that (a) the lack of data in this area should make the study valuable to other researchers in the field, and (b) the study applies the theories

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[1]Reitz, Behavior in Organizations, p. 542.

[2]Lombard, "From Clinical Research and Research Reports," p. 247.

espoused by Ackerman and Murray to the situation described.

The next section will describe the five social programs and policies which will be examined in this study.

The Social Programs and Policies of the
Heath Corporation

As discussed in the introductory chapter, the firm's social strategy will be defined as those programs and policies designed to address specific social issues in the organization's environment. The programs chosen for the study are of two types: purely voluntary and legally mandated. This section describes the social programs chosen for the study.

Community Relations

Community relations is a purely discretionary policy of the Heath Corporation. According to Mr. Randall Heath, CEO, it is a basic Heath policy to be a good corporate citizen and to develop community relations. Mr. Heath believes that "the corporation is part of the community and should participate in community activities whenever it can make a contribution."[1] This policy, however, is not explicitly written but is communicated to Heath managers through verbal policy statements and through the example set by the top management group (in addition to Mr. Randall Heath, this includes Mr.

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[1]Mr. Randall Heath, July 14, 1982.

Bob Heath and Mr. Dick Edwards). These top managers expect their managers to be actively involved in the community both on and off the job.[1] If a community activity takes up time during the work day, Heath managers are given time off (with pay) to participate in the activity.[2]

The example set by top management is a strong one. Mr. Randall Heath is extremely active in the community both at the state and local level. Mr. Heath was named "Citizen of the Year" by the Women's Committee of 100 and "Philanthropist of the Year" by the Society of Fund-Raising Executives. He serves on the Executive Committee of the Area Council of the Boy Scouts of America, and in 1975, he became the tenth state citizen to receive the Distinguished Eagle Scout Award. Additionally, he is the Chairman of the Board of Trustees for the Eye Foundation, Inc., serves on the National Council of the Salk Institute, and is President-Elect of the Downtown Rotary Club. He is also chairman of the state Alcoholic Beverage Control Board. Thus Randall Heath's policy statements are exemplified by his activities.

Mr. Dick Edwards and Mr. Bob Heath also believe that their corporation should do more than its share in the community. They both feel that it is necessary to be a leader in the community in

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[1] Ibid.

[2] Mr. Bob Heath, July 22, 1982.

order to give in return to the community that supports them.[1] This

philosophy is evidenced by the fact that Heath makes purchases of

materials and equipment from local businesses thereby supporting the

local economy whenever possible. The Heath organization also strives

to be a leader in charitable causes and contributions within the com-

munity.[2] The top managers encourage their subordinates to become

involved in political and governmental activities and provide them

with time off to do so. This philosophy is communicated via example.

Mr. Edwards, for example, is the head of the State Personnel Board.

Mr. Edwards perceives that this example is very visable, leading to

high levels of political involvement by many managers.[3]

In essence, the top managers consider community relations to

be an integral part of their manager's responsibilities, both on and

off the job. Heath has a very visible social image in the community

and the top managers feel that this image is directly related to the

organization's effectiveness. Thus, good community relations is a

basic policy of Heath and is considered to be a very important factor

in the corporate purpose.

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[1]Mr. Dick Edwards and Mr. Bob Heath, July 22, 1982.

[2]Ibid.

[3]Ibid.

Highway Clean-Up/Youth Employment Program

This voluntary program originated in the summer of 1973 when Mr. Heath became very concerned about the litter and trash along the highways. He decided to combine this concern with the company's policy to provide summer employment for high school and college students. Last year this nine year old program employed 38 area teenagers (65% White and 35% Black), a general foreman, two field supervisors, two dump trucks, and two pick-up trucks. Last year's cost to Heath for the program was $113,612.

Mr. Heath had in mind several objectives when he initiated the program. He said in a local newspaper article, "First of course, we wanted to get some of this mess off the highways. Secondly, we felt by doing this we would also be supplying summer jobs for these young men. Another thing we wanted to do is keep careful figures of the costs involved in the operation so that when its over, we can supply the state Highway Department with estimates about highway cleanup on a mile to mile basis. We also hope that other businesses and groups might see what we're doing and voluntarily sponsor young men to do the same thing in other areas."[1]

The program has received commendation from the City Council, local newspapers, and residents. In fact, a "Hats Off to Heath" party sponsored by a local radio station at a local shopping center was given in recognition of the Heath program. This program has been so successful that a similar program was initiated in 1980 through a Heath subsidiary in another state. Heath partially financed (50%) this program. In sum, this nine year old, purely discretionary

program has now become a very visible trademark of the Heath Corporation in the community.

Educational Assistance

Heath's educational assistance program is purely discretionary in nature and evokes a strong personal involvement on the part of Mr. Randall Heath. Mr. Heath believes that a good education is an essential element in a young person's success in life. This philosophy stems from his personal experiences while obtaining his civil engineering degree from the University of Illinois. His poor performance in his classes (especially freshman English 101 and 102) resulted in his "25 year struggle to develop his skills of oral and written communication... And the struggle continues."[1] Mr. Heath's deep personal feeling about education is evidenced by his and his organization's involvement with students and their institutions.

From an organizational perspective, Heath participates in a summer student work program employing an average of 12 college engineering students during the summer months and in the Co-op program (employing an average of 5 students). Heath also sponsors the Heath Writing Center at one of the regional state universities. The $15,000 annual contribution supports a remedial language composition lab which during the 1981-82 academic year saw 287 different students for a total of 1,847 contact hours. Also during the summer highway clean-up program, Randall Heath sponsors an essay

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[1] Mr. Randall Heath, July 14, 1982.

contest for his teenage employees. They are asked to submit their suggestions, criticisms, and ideas for improving future clean-up programs. Their essays are expected to be "written legibly and to reflect basic writing techniques that have been learned in English classes."[1] An award of $100 is given to the best essay, while awards of $65 and $35 are given to the second and third place winners.

Another aspect of the organization's involvement with education is its contributions to educational institutions. For example, Mr. Randall Heath recently gave $5 million to the engineering school of his alma mater for construction of new facilities. Other contributions to various schools and colleges for the 1980 fiscal year amounted to $15,032.

From a personal standpoint, Mr. Randall Heath devotes a great deal of his time to various educational activities. He serves as a trustee of several academic institutions located in the state. He is also a member of the state Commission on Higher Education. He has received an Honorary Doctor of Laws Degree and a Honorary Doctor of Science Degree from two state universities. He also served as an Executive-in-Residence for three universities on three separate occasions. He was named to the State Academy of Honor, Class of 1980, and received the Exemplary Dedication to Higher Education Award, presented by the state Association of Colleges and Universities in 1981.

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[1]Mr. Randall Heath, Memo to Members of the 1978 Summer Clean-up Crews, July 15, 1978.

In sum, it is apparent from Mr. Heath's activities and awards that educational assistance is very much a policy of his organization and is communicated to his managers through his example.

Worker Safety

Heath operates in a relatively high-risk industry and worker safety is a written Heath policy. According to Randall Heath, safety originates with the leadership and he believes that Heath's most valuable assets are its employees.[1] The others in the top management group echo Randall Heath's sentiments about safety. The overall feeling of top management is that "a safe job is a profitable and well managed job."[2] In essence, top management believes that safety is an integral part of every project it undertakes and that a project manager's effectiveness is directly related to his safety record.

Heath has had a safety director since the the mid-1950s and it is his responsibility to communicate Heath's safety policy to the project managers. Heath's safety goal is to reduce the incident rate of accidents below industry national averages. Heath expects each project manager to accept a personal responsibility to prevent accidents to people and equipment through careful pre-planned management. This entails abiding by the requirements stipulated in the organization's safety policy as well as those stipulated by OSHA.

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[1]Mr. Randall Heath, July 14, 1982.

[2]Mr. Dick Edwards, July 22, 1982.

Equal Employment Opportunity

It is the policy of the Heath Corporation to comply with Title VII of the Civil Rights Act as well as with the provisions of Executive Order 11246 (amended by Executive order 11375). Since more than 66% of Heath's construction contracts are from public expenditures, the provisions of the Executive Order apply to many of the organization's projects. The general provisions of the Executive Order are as follows:[1]

1. The contractor will not discriminate against employees or applicants because of race, color, religion, sex, or national origin.

2. The contractor will take affirmative action to insure that applicants and employees are employed without regard to such factors.

3. The contractor will comply with all provisions of the Executive Order and the rules, regulations and orders of the Secretary of Labor issued thereunder, including furnishing required information and reports.

4. In the event of noncompliance by the contractor with the nondiscrimination clauses of the contract or with any such rules, regulations or orders, the contract may be canceled, terminated or suspended and the contractor may be declared ineligible for further government contracts.

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[1]Barbara L. Schlei and Paul Grossman, Employment Discrimination Law (Washington, D.C.: The Bureau of National Affairs, 1976), pp. 740-41.

5. The contractor will include the same requirements in every subcontract or purchase order so that such provisions shall be binding upon each subcontractor or vendor.

It is the responsibility of Heath's personnel director, Mr. Frank Donland, to communicate the specific, mandated hiring requirements for each locale to the project manager.[1] It is the project manager's responsibility to recruit and hire according to his specific goal.

In summary then, this study will examine five social programs of the Heath Corporation. Three of these--Community Relations, Highway Clean-up/Youth Employment, and Educational Assistance--are purely voluntary. The other two--Worker Safety and Equal Employment Opportunity--are mandated by law. The next section will develop a set of research questions to be used in examining the performance control systems as they relate to these social programs.

Performance/Control Systems

The literature suggests that implementation of the firm's social strategy is dependent upon tying (either formally or informally) the performance measurement, reporting, evaluation, and reward systems to the specific strategy. It is the purpose of this section to specifically develop a set of research questions for each of these systems.

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[1]Mr. Frank Donland, July 22, 1982.

Social Performance Measurement

According to the literature, the first step in tying the performance/control systems to a specific social strategy is to incorporate social performance into the performance measurement system. Therefore, it is important to determine if managerial performance is measured with respect to the previously defined social programs and policies. After this determination is made, it is then essential to know "how" their performance is measured. The method of performance measurement will probably vary depending on the social program being studied. For example, some programs such as EEO and worker safety may utilize quantitative measures, i.e., employment statistics and accident frequency. Performance in other programs such as community relations may be measured qualitatively. Qualitative measures, however, are more difficult to represent than quantitative measures, but are none-the-less important.

Social Performance Reporting

The literature suggests that social performance, like economic performance, should be incorporated into management information systems. It is therefore important to determine whether or not reports on managerial performance in the previously defined social programs are required. If they are required, then it is essential to know how such reporting is done as well as whether it is a part of the regular financial reporting system. Ackerman and Murray both found that the evaluation and reward of performance based largely on the results of economically-oriented information systems tended to

impede the implementation of social policy. Both of these studies conclude that the financial reporting system alone was inadequate and ineffective in measuring social performance.

Social Performance Evaluation

The literature points out that it is essential to tie the evaluation system to the firm's social strategy. Thus, the literature indicates that implementation is dependent on whether or not the involved managers are evaluated in terms of their social performance. It is therefore critical to determine whether or not managerial responsibilities have been altered to reflect the firm's social policies, and whether or not managers are evaluated on the basis of their social performance. As Ackerman points out, the only way to obtain managers support for social policies is to have their careers depend on their social performance.

Social Performance Reward

If managers are evaluated in terms of their social performance, then it must be determined how these evaluations affect their compensation and promotion opportunities within the firm. The literature suggests that it is essential to work social policy into the process through which rewards are allocated and careers decided. Thus, an essential question is whether or not managers are rewarded through compensation for their involvement in the previously defined social programs. Along this same line, it must be determined whether or not their promotion opportunities are affected by their social performance.

In sum, Table 2 presents the basic research questions which will be examined in this study.

Data Sources

The basic data sources utilized in answering the research questions developed in the preceding section were those of interviewing informants at all levels in the organization's hierarchy including top management, staff and corporate level general management, division managers and project managers. Company archives were also used to supplement the informant interviews. It is the purpose of this section to examine these data sources as well as the means that were used in gathering the data from these sources.

Top Management

The Heath organization has a top management triad (see Figure 1 in Introduction) which is solely responsible for developing the firm's policies. Mr. Randall Heath is the Chairman of the Board and CEO. As previously mentioned, Mr. Heath is involved in many activities external to the organization. Mr. Bob Heath is President and focuses most of his attention on the international operations of the Company, while Mr. Dick Edwards spends most of his time on the domestic, day-to-day operations. Together this management triad formulates the Heath Corporation's business strategy. Therefore, it is extremely important to interview all three men in the top management group--Mr. Randall Heath, Mr. Bob Heath and Mr. Dick Edwards--to determine their basic social philosophies and policies. This is especially important since Heath Corporation is privately

TABLE 2

RESEARCH QUESTIONS

Social Performance Measurement	Social Performance Reporting	Social Performance Evaluation	Social Performance Reward System
1. Is social performance measured? If so	1. Are regular reports on social performance required?	1. Have managers job responsibilities been altered in any way to reflect the organization's social policies?	1. Do the evaluations in the social performance area affect compensation? How?
2. How is it measured? - Quantitative measures? - Qualitative measures? - Mixture?	2. Who is responsible for such reporting and how is it done?	2. Are managers evaluated on the basis of their social performance?	2. Do the evaluations in the social performance area affect promotion opportunities within the firm? How?
	3. Is this reporting a part of the regular financial reporting system?		
	4. Is this reporting a part of any regular nonfinancial reporting system?		

owned and closely held. The interviews with top management (see Appendix A) were designed to determine what the firm's objectives are with respect to each program as well as determining what top management's expectations of their managers are. The interviews also attempted to obtain top management's perceptions of the means through which these objectives are communicated to their managers as well as their perceptions of whether or not managerial social performance affects evaluations, rewards, or promotions. In sum, the purpose here is to establish what the objectives and policies are with respect to the social programs being studied.

Staff Specialists

Those staff specialists who are directly associated with the various programs being studied (i.e., Personnel Officer and Loss Control Officer or safety specialist) were basic data sources in this project. The objective to be accomplished by these interviews were twofold. First of all, the staff specialist responsible for each program asked specific questions about the program's origin, development, funding, and administration (see Appendix B for interview guide). In this way, the researcher was able to obtain a better understanding of each of the programs being studied.

The second objective was to investigate the performance/control systems themselves. This entailed ascertaining from the staff specialists exactly how performance in these programs was measured, reported, evaluated, and rewarded within the organization. The interviews with staff specialists associated with the various

programs (along with information gathered from the interviews with top management) helped to serve the basic task of determining "what is" with respect to the firm's social programs.

Corporate Officers, Division Managers and Project Managers

Managers at three other levels in the organization's hierarchy were also interviewed. At the corporate level, the managers interviewed held offices responsible for finances, new ventures, engineering, equipment, and international operations. At the division level, the managers interviewed were responsible for pipeline, heavy utility, and highway construction. The project managers interviewed were responsible for individual projects, from bidding to completion.

The main objective to be accomplished by interviews at these levels was to determine managerial perceptions concerning the implementation of the social programs described previously. Specifically, managers at each of these levels (32 total) were interviewed to ascertain the nature of their involvement in the firm's social programs and whether or not they feel that this involvement is measured and reported and whether or not it affects their evaluation, rewards and promotion opportunities (certain staff specialists will be interviewed in this regard also). Each of these managers was given a pre-interview questionnaire which included the basic questions that were explored during the interview. The pre-interview questionnaire (Appendix C), which was presented to the Corporate Officer in charge of coordinating this study and was distributed for

comments to several other randomly selected managers in order to insure its accuracy, is basically designed to allow the participating managers to think through the questions in advance of the interview, thus insuring more accurate, higher quality data.

As previously pointed out, the literature suggests that implementation of social policies is dependent on the managers' perception that his social performance is important in his career progress. Therefore, the purpose here is to establish "what is perceived" with respect to the performance/control systems.

Archival Sources

Archival sources were also a data source. The researcher explored organizational files, brochures, speeches, reports, memos, board meeting minutes, and written policy statements in an attempt to gather more information on the social programs and their implementation.

In summary, the data for this study was gathered by conducting in-depth interviews at all four levels of the organization --top management, corporate officers, division managers and project managers--as well as with various staff specialists and by examining the available archival data. This provided the researcher with information concerning both "what is" and "what is perceived" with respect to the social programs being examined.

Data Analysis

The purpose of this section is to develop several analytical matrices for analyzing the social programs chosen for this study.

Five social programs (as previously identified) were examined--two being legally mandated and three being purely discretionary. As previously discussed, the primary focus of this study is on the performance/control systems as they relate to social program implementation. Thus, the first matrix to be developed depicts the overall design of the study. Additional matrices will also be developed to aid in the evaluation of the implementation process.

The Design Matrix

The research design proposed for this study will produce data that are real, deep and thick (the objectives of the case method) while utilizing systematic and replicable procedures. This will be accomplished by:[1]

1. defining and sampling the units of analysis, which will be defined as the performance/control systems;

2. stratified sampling of the data sources crossed with a stratified sampling of the units of analysis; and

3. crossing the stratified sampling of the data sources and units of analysis with each social program.

This research design is depicted in Matrix 1.

This research design should overcome some of the limitations of the case method. The units of analysis, which have been defined as the performance measurement, reporting, evaluation, and reward systems, make theoretical sense and are stable enough to sample. The

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[1] McClintock, Brannon and Maynard-Moody, "Applying the Logic of Sample Surveys," pp. 612-629.

Matrix 1

Design Matrix

Programs:

P1 = Community Relations
P2 = Highway Clean-up
P3 = Educational Assistance
P4 = Worker Safety
P5 = EEO

Data Sources:

D1 = Top Mgt.
D2 = Corporate Mgt.
D3 = Division Mgt.
D4 = Project Mgt.
D5 = Staff Specialists
D6 = Written/Archival
     Sources

P5

P4

Programs P3

P2

P1

D6
D5
D4
D3
D2
D1
Data Sources

M   R1   E   R2

Units of Analysis
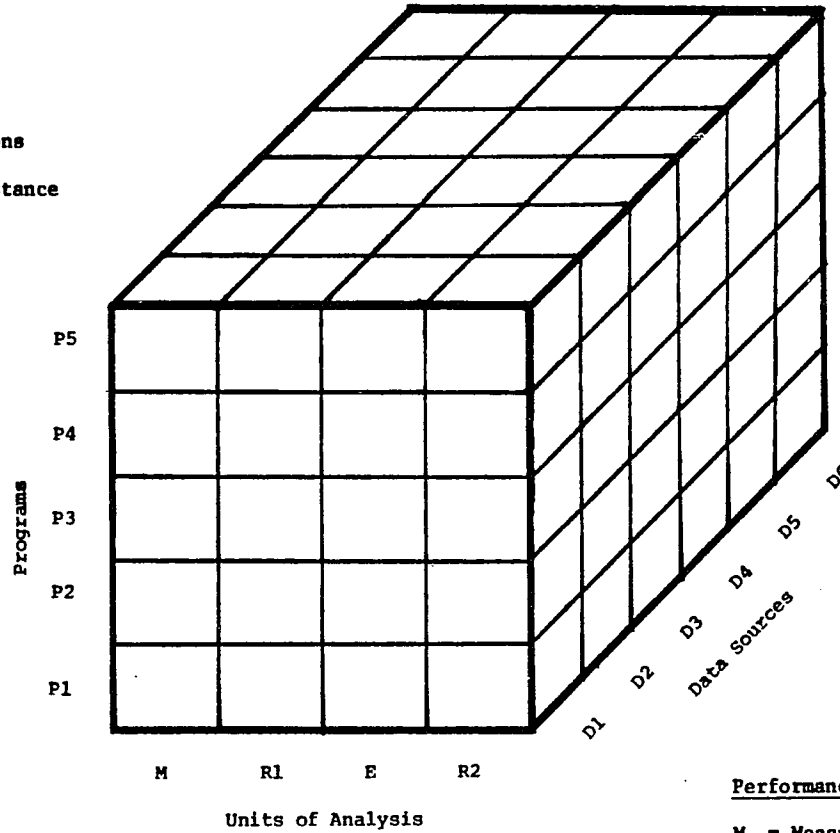
Performance/Control Systems:

M = Measurement
R1 = Reporting
E = Evaluation
R2 = Reward

data sources--informant interviews at five levels in the hierarchy plus archival data--are the basic case data collection techniques. Thus, for each program the units of analysis can be cross-stratified with various data sources, thereby sorting out the effects of perspective among levels. For example, the cell P_1MD_1 in the design matrix indicates top management's perceptions of how managerial performance is measured in community relations, while cell P_1MD_3 indicates the division managers' perceptions of how their performance is measured in community relations. By sorting out the effects of perspective, the accuracy of the data is increased.

Supplemental Matrices

Four additional analytical matrices were also used in analyzing the data. The objective was to compare and contrast the various programs with respect to their implementation in hope of generating further hypotheses. Specifically, four supplemental matrices will be developed in this section for use in the data analysis.

Matrix 2 is designed to provide an analytical framework for comparing the programs based on the degree to which social performance has been incorporated into the performance/control systems. The cells of the matrix will include descriptive information derived from the data gathered utilizing the basic research questions in Table 2. Therefore, by utilizing this matrix, the basic variables in this study and the possible interrelationships among these variables can be more closely examined.

Matrix 2
Performance/Control Systems

Social Programs	Performance/Control Systems			
	Measurement	Reporting	Evaluation	Reward
Community Relations				
Safety				
EEO				
Highway Clean-up				
Educational Assistance				

Another factor utilized in the comparison of social programs will be the phase of organizational involvement with respect to each program. The phase of organizational involvement refers to the three phase Ackerman model which traces the conversion of social responsiveness from policy to action. According to Ackerman and Murray, the phase of organizational involvement can be determined by the following characteristics:[1]

> Phase I, the policy phase, can be characterized by the following:
>
> 1) CEO's recognition of the social issue and its impact on the organization.
>
> 2) Formulation of a corporate position on the social issue and the communication of it throughout the organization.
>
> Phase II, the technical and administrative learning phase, can be characterized by the following:
>
> 1) Appointment of a specialist for the purpose of developing a program designed to address the specific social issue.
>
> 2) Emphasis is on obtaining knowledge and skills relating to the specific issue.
>
> 3) Development of data systems to track and analyze social performance.

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[1]Edwin A. Murray, "The Implementation of Social Policies," p. 6-17.

Phase III, the institutionalization phase, can be characterized by the following:

1) Change performance expectations to take into account managerial performance relative to specific, measureable social objectives.

2) Modification of the reporting, evaluation, and reward systems to take into account social objectives.

3) Sustained organizational commitment to a specific issue.

Institutionalization, as defined by Ackerman and Murray, refers to instilling a commitment to a specific issue by working it into the normative structure of the organization. Ackerman quotes Selznick when he discusses the institutionalization of social policies. According to Selznick, "Institutionalization is a process that happens to an organization over time, reflecting the organization's own distinctive history, the people who have been in it, the groups it embodied and the vested interests they have created, and the way it has adapted to its environment."[1] Institutionalization involves working the specific social policy into the norms and values of organizational members through modifying the performance/control systems to include managerial social performance. In this way, a sustained organizational commitment is obtained by reinforcing the appropriate managerial behaviors.

Matrix 3 will be utilized in analyzing the data gathered so that the specific phase of organizational involvement in each

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[1]Philip Selznick, Leadership in Administration (New York: Harper and Row, 1957), pp. 16-17.

Matrix 3

Phase of Organizational Involvement

Phase of Organizational Involvement	Social Programs				
	Community Relations	Safety	EEO	Highway Clean-up	Educational Assistance
Phase I Policy					
Phase II Learning					
Phase III Institutionalization					

of the programs can be determined. Each cell will include descriptive data gathered from the various data sources described above.

The social programs will also be compared with respect to their impact on the regular operations of the organization. Impact on operations will be measured by the rate of managerial involvement in the various social programs. Some social programs (such as worker safety and equal employment opportunity) may have a direct impact on day-to-day operations, i.e. manufacturing or personnel procedures. Other programs may not affect the regular operations of the organization. Thus, the question here is whether there is a difference between social programs with respect to their impact on operations. Matrix 4 below will be used as a guide for the comparison of the social programs in terms of their specific impact on the operations of the organization.

Matrix 5 is a summary of the four previous matrices. Such a matrix provides a broad framework for systematically comparing and contrasting the programs being examined. This matrix can be especially useful for hypothesis generation purposes which is, as mentioned earlier, one of the primary goals of exploratory research case studies such as this one. The next six chapters will use these matrices to analyze the data.

Matrix 4

Impact on Operations

Social Programs	Impact on Organizations	
	No Significant Impact	Directly Affects Regular Operations
Community Relations		
Highway Clean-up		
Educational Assistance		
Work Safety		
EEO		

Matrix 5

Summary Matrix

Social Programs	Performance/Control Systems				Phase of Organizational Involvement			Impact on Operations	
	Measurement	Reporting	Evaluation	Reward	I	II	III	No Impact	Significant Impact
Community Relations									
Safety									
EEO									
Highway Clean-up									
Educational Assistance									

CHAPTER 4

AN ANALYSIS OF COMMUNITY RELATIONS AT HEATH

Community relations at the Heath Corporation is a purely
discretionary program. It is the purpose of this chapter to examine
the community relations program of the Heath Corporation employing
the matrices developed in the preceding chapter. The chapter first
examines the phase of organizational involvement Heath has achieved
in its community relations program. Next is an examination of the
role that the performance/control systems play in this program
followed by an examination of the impact the program has had on
operations. The final section of the chapter will relate the
community relations data gathered at the Heath Corporation to the
relevant literature in the field.

Phase of Organizational Involvement

The purpose of this section is to examine the Heath Corpora-
tion's community relations program from the standpoint of the phase
of organizational involvement it has achieved. In order to do this,
the evolution of the program through the phases of involvement as
defined by the Ackerman model of corporate responsiveness will be
used. Phase I of the model is the policy phase in which the CEO
decides what position the organization will adopt with respect to a

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particular issue and, in particular, whether or not the organization will lead social expectations.[1]

Although Mr. Heath says that community relations has always been a philosophy of his organization it appears that the River Ridge Expressway project awarded to Heath in 1965 was the primary external stimulus affecting Mr. Heath's motivation in the community relations area.[2] This project had numerous community relations problems. They started in the courtroom with lengthy battles over condemnation proceedings long before any construction began. The state highway department expected that there would be over $2 million worth of lawsuits and claims filed before the project was completed.

After reviewing all the problem areas in an effort to anticipate everything that might happen, Mr. Heath concluded that an educated, and therefore knowledgeable, public would more readily accept inconveniences and changes in travel routes than a public that did not know or understand what was going on. With this in mind, the company developed a program to inform every concerned citizen what it was trying to do and to explain why the delays and inconveniences were required. In other words, a policy decision was made to lead public expectations with respect to this project.

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[1]Ackerman, The Social Challenge to Business, p. 62.

[2]The review of this project comes from a speech given by Mr. Randall Heath entitled, "Community Relations in the Highway Construction Industry," given before the Association of State Highway Officials, October 8, 1968.

The program was implemented as follows:

(1) Over 600 personal letters to community leaders were mailed outlining the plan for executing the work required in the contract.

(2) Weekly "Plan Ahead" notices were placed in the Sunday newspaper, calling attention to street closings and changes in detour routes.

(3) Radio and television media were used to alert the traveling public to all major traffic interruptions.

(4) Automobile bumper stickers bearing the Expressway construction slogan "Slow Go Today. Go--Go Tomorrow" were given away.

(5) Two elaborate cocktail parties were given to the residents of two major apartment buildings that had to be tunneled under.

(6) Weekly progress bulletins were published and placed on prominent corners adjacent to the work.

(7) The Heath Company workers were identified to the people living in the area. Everybody knew everybody.

(8) Bleachers for the public to sit in were constructed and programs were provided to explain the work. Free soft drinks were served.

The results? Not only did the Heath Corporation not receive a suit or claim for damages, it did not receive a single complaint. On the contrary, most of the 150 letters received praised Heath's

thoughtfulness in keeping the community informed about the construction process. The project was also finished almost a year ahead of schedule. National engineering publications have applauded the Heath Corporation's handling of the project, maintaining that the Heath organization's friendship with the local community is a boon to the construction industry in general.[1] According to Heath's Chief Domestic Operations Officer, Dick Edwards, "A lot of contractors don't think community relations is worth much because it doesn't directly win them bids--low bidding does that. But we've found that good community relations has definite dollar and cents rewards."[2] This experience provided the foundation for Mr. Heath's current philosophy that good community relations is good business.[3]

According to the Ackerman model, Phase II is a learning phase which is marked by the addition of a specialist to the corporate staff, usually at the request of the CEO. In the Heath Corporation's community relations program this phase has been completed but not precisely as described by Ackerman. Although the firm went through a learning phase in terms of community relations (as is evident from the preceding example of the River Ridge Expressway), Heath has never appointed a staff specialist for community relations. The implications of this divergence from the Ackerman model will be discussed in detail later in this chapter.

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[1] Engineering News Record, September 8, 1966, pp. 45-46.

[2] Ibid.

[3] Mr. Randall Heath, July 14, 1982.

Phase III is characterized by Ackerman as one of sustained commitment or institutionalization. As Ackerman points out, "the chief executive has the ultimate responsibility for the definition and institutionalization of corporate purpose."[1] The institutionalization phase as defined by Ackerman, therefore, seems to require a sustained commitment to the specific issue by incorporating that particular issue into the corporate purpose of the organization.

In the Heath Corporation, it appears that community relations has become part of the normative structure of the organization. Of the 32 managers interviewed, 75 percent recognized that the organization wants them involved in community relations activities and 68.75 percent were involved in such activities, both on and off the job. (The involvement of Heath's managers will be more closely analyzed in more detail in a later section of this chapter.) This degree of involvement on the part of the Heath managers is probably a result of Mr. Randall Heath's philosophy that the corporation is part of the community and should participate whenever it can make a contribution and that good community relations means good business.

Figure 3 summarizes the development of the phases of organizational involvement of the community relations program at Heath. The next section will examine the performance/control systems as they relate to community relations in the Heath Corporation.

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[1]Ackerman, The Social Challenge to Business, p. 289.

Figure 3

Phase of Organizational Involvement
In Community Relations

Phase I - Recognition/Policy Development	Phase II - Learning	Phase III - Institutionalization
Recognition of Problem in 1965 - River Ridge Expressway Project Development of verbal policy that good community relations is good business and that the company is a member of the community and thus must contribute to the community when it can help.	River Ridge Expressway Project completed without a claim. Techniques developed (such as those at River Ridge Expressway Project) in order to generate positive community relations. No staff specialists appointed. Each manager made responsible for positive community relations on project they are involved.	75 percent of Heath's managers perceive that the organization wants them involved in community activities. 68.75 percent of Heath's managers are actually involved in community activities. 51.14 percent of Heath's involved managers perceived the performance control systems to be modified.

Performance/Control Systems

The purpose of this section is to analyze the interview data with respect to the role the performance/control systems play in the community relations program. The performance measurement, reporting, evaluation, and reward systems are cross-stratified with the data sources in an effort to establish "what is" and "what is perceived" with respect to the community relations program at Heath. These data (analyzed in detail in the following discussion) are summarized in Matrix 6.

At the top management level, community relations is considered an important aspect of the corporate purpose. According to Randall Heath, "Community involvement is part of doing the job. Why spend money on advertising when your employees convey the appropriate image and it doesn't cost anything? We get image advertising by the things we do."[1] Mr. Heath contends that his employees know that the corporation has a highly visible social image and that he encourages community participation both on and off the job. When asked about how his employee's community relations activities were incorporated within the performance/control system, Heath replied "very informally." Heath says that he receives letters from people in the community every week concerning his employees community relations activities. He always sends a copy of the letter to the employee with a personal note of appreciation attached. He considers reporting from the community and his informal observations as the

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[1]Mr. Randall Heath, July 14, 1982.

Matrix 6

An Analysis of the Community Relations Data

Data Sources	Degree of Involvement		Performance/Control Systems				
	Perceived	Actual	Measurement	Reporting	Evaluation	Reward	Overall
Top Managers (3)	100%	100%	100%	100%	100%	100%	100%
Corporate Managers (4)	100%	100%	0%	0%	0%	50%	12.5%
Division Managers (11)	72.72%	63.63%	71.42%	85.71%	42.86%	71.42%	71.42%
Project/ Support Managers (9)	44.44%	44.44%	50%	75%	75%	25%	56.25%
Staff (5)	100%	80%	0%	50%	0%	0%	12.5%
Total (32)	75%	68.75%	45.45%	63.63%	45.45%	50%	51.14%

main components of the measurement and reporting systems with respect to community relations. In terms of evaluation and reward, Heath maintains that it is a totally subjective, autocratic process in which community relations is a component part, although not well defined.

The other two members of the management triad also reiterate Randall Heath's views concerning community relations. Both Dick Edwards and Bob Heath consider community relations to be an integral part of their managers' responsibilities, both on and off the job. The top managers feel that Heath's visible social image in the community is directly related to the organization's effectiveness. According to Dick Edwards, "Since many of Heath's projects are public (66+%), an effective relationship with the communities in which we operate is an absolute requirement to do the job. Community relations is good business. It opens doors and increases goodwill, both with other businesses and the community in general."[1] Both men agree that their employees' community relations activities are implicitly rewarded.

It appears that there are no formal performance/ control systems with respect to community relations. The top management triad, however, feels that community relations is extremely important in the organization's effectiveness and is part of doing the job. They expect their employees to be involved with the community, both

[1]Mr. Dick Edwards, July 22, 1982.

on and off the job. This is an important component in the corporate purpose of the organization.

Interestingly, although all four corporate level officers interviewed participated in community activities and all four indicated that they were aware that the corporation wanted them to be involved in such activities, none of the four felt that their community relations activities were measured, reported or evaluated. Two of those interviewed, however, perceived that community relations affected their reward and promotion opportunities within the firm. Considering all performance/control variables together, only 12.5 percent of the corporate level responses indicated that the performance/control system was modified in some way to incorporate community relations activities.

At the division level, 72.72 percent of those interviewed perceived that the corporation wanted them involved in community activities and 63.63 percent were actually involved in such activities. Of those involved, 71.42 percent felt that their activities were measured in some way (generally informally), and 85.71 percent felt that their community activities were reported to higher management. One manager commented that, "Being not involved is noticed." With respect to evaluation, 57.14 percent felt that their community relations activities were evaluated. To quote another manager, "Community relations is like an overshadowing thought in the back of top management's mind." In terms of reward and promotion opportunities, 71.42 percent perceived that community relations activities

were important. One manager commented that a high degree of involvement would indeed enhance his career, while another manager was a bit more explicit: "Mr. Heath stresses these activities and he decides who will get promoted. Since it is his decision and he thinks they are important, then they are." Another manager commented that, "Community relations affects my compensation if it affects profitability and Heath's image in the community is important in the profitability of the firm." Overall, 71.42 percent of the division level responses supported the idea that community activities are included in the performance/control systems.

The project managers and support unit managers were not as involved as upper level managers in community relations activities with only 44.44 percent both perceiving that involvement was considered important and actually participating in various community activities. Of those involved, 50 percent felt that their participation was measured very informally, and 75 percent felt that their activities were reported through letters, phone calls, etc. from the community. In terms of evaluation, 75 percent perceived that community relations was evaluated in terms of their overall job performance. One manager commented that "Heath employees are expected to help out communities in which they operate." Only 25 percent, however, felt that community relations affected their reward and promotion opportunities. In the aggregate, 56.25 percent of the project manager responses indicated that the performance/control system is affected by community relations activities.

One hundred percent of the staff members interviewed were aware that the organization wanted them involved in community activities, and 80 percent of those were actually involved in such activities in some way. None of those interviewed, however, perceived that their community activities were measured in any way, and only two out of five (40 percent) perceived that such activities were reported informally to higher level management. Also, none of the staff felt that promotion and reward opportunities within the firm were affected by their community activities. Overall, only 12.5 percent of the staff responses supported the idea that community activities affected the performance/control system.

When all of the responses are considered, a total of 75 percent of all those managers interviewed indicated that they felt the organization wanted them to participate in community activities and 68.75 percent actually participated in such activities. Of those participating in such activities, 63.63 percent felt that their community activities were reported to higher management, 45.45 percent felt that these activities were measured, 45.45 percent felt they were evaluated and 50 percent felt they were rewarded. In total, 51.14 percent of the responses from managers involved in community relations activities supported the idea that the performance/control system was structured to include community relations activities.

Figures 4 through 9 graphically depict by level the degree to which the managers of the Heath Corporation perceive that the

Figure 4

Perceived Impact of Community
Relations on Measurement by Level
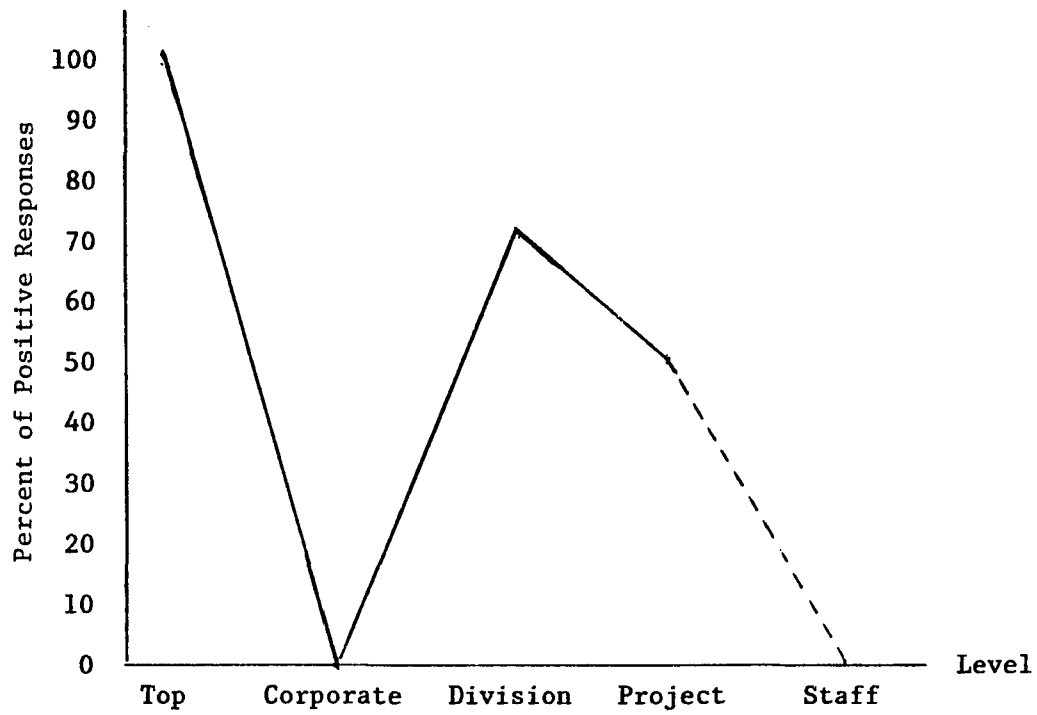
Figure 5

**Perceived Impact of Community
Relations on Reporting by Level**

Percent of Positive Responses

100
90
80
70
60
50
40
30
20
10
0

Top   Corporate   Division   Project   Staff
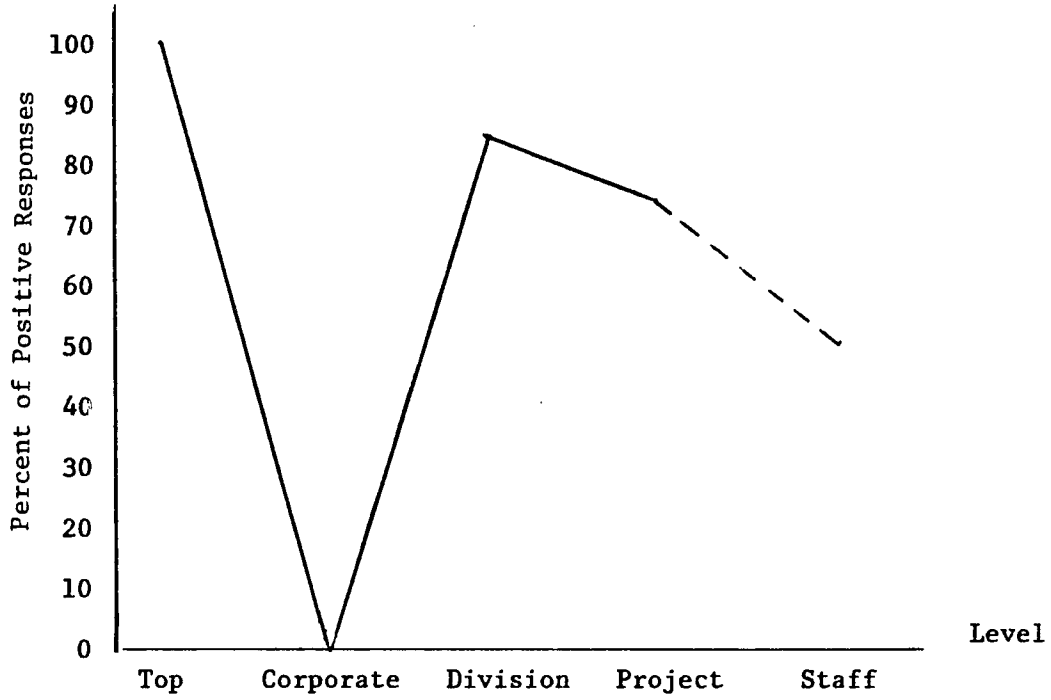
Level

Figure 6

Perceived Impact of Community
Relations on Evaluation by Level
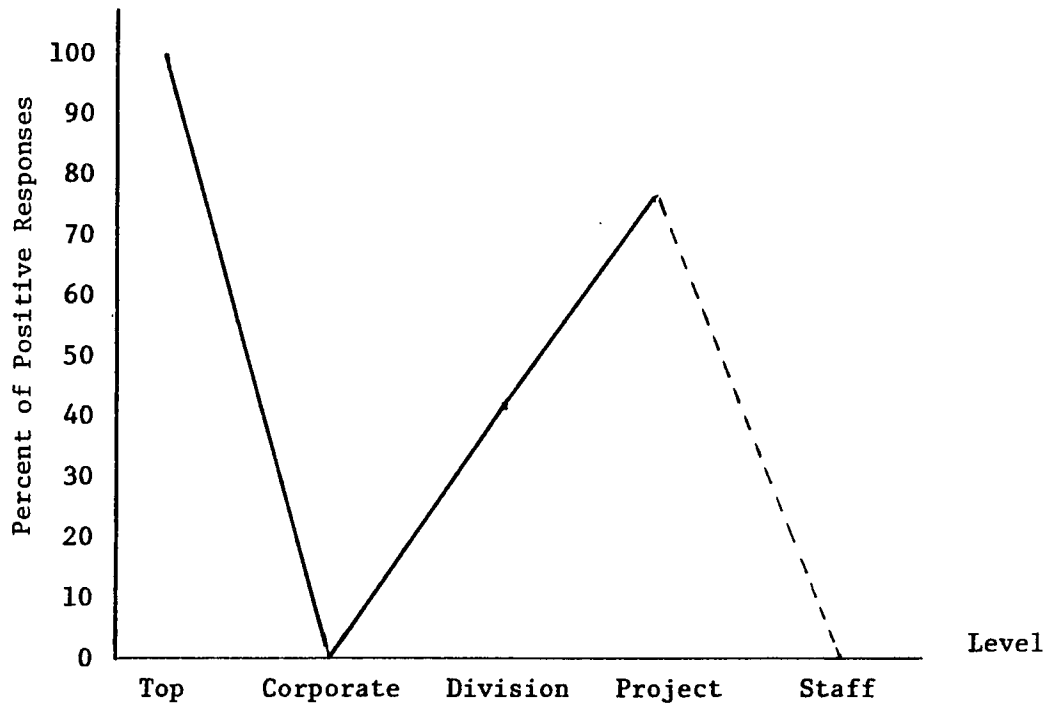
Figure 7

Perceived Impact of Community
Relations on Reward/Promotion by Level
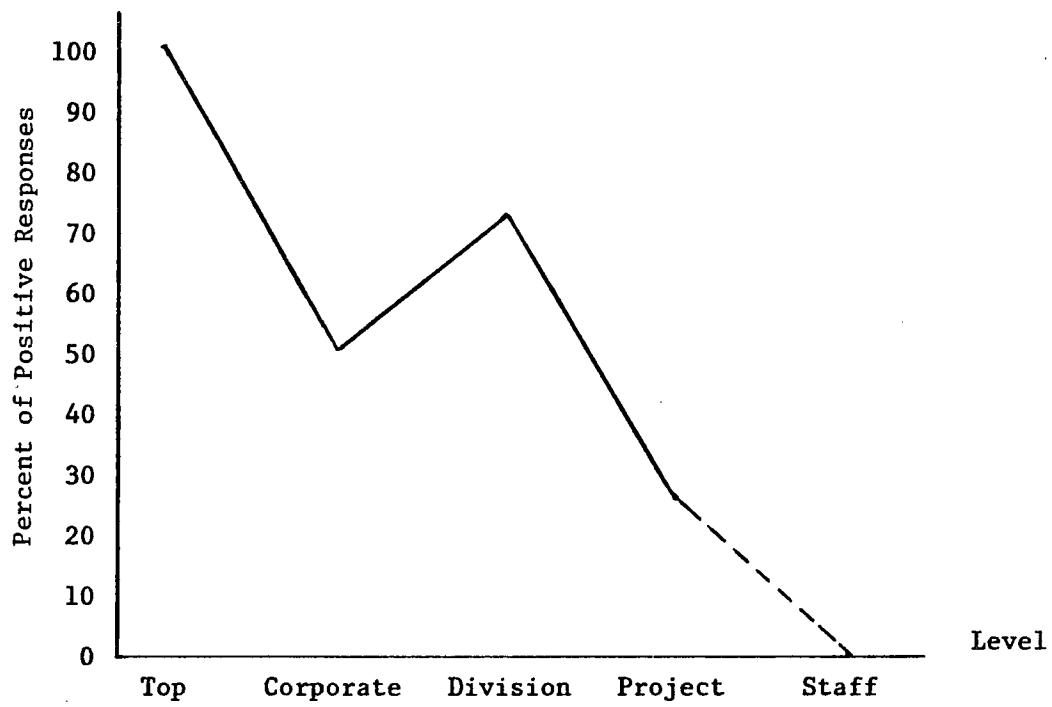
Figure 8

Perceived Impact of Community Relations on
Performance/Control Systems by Level
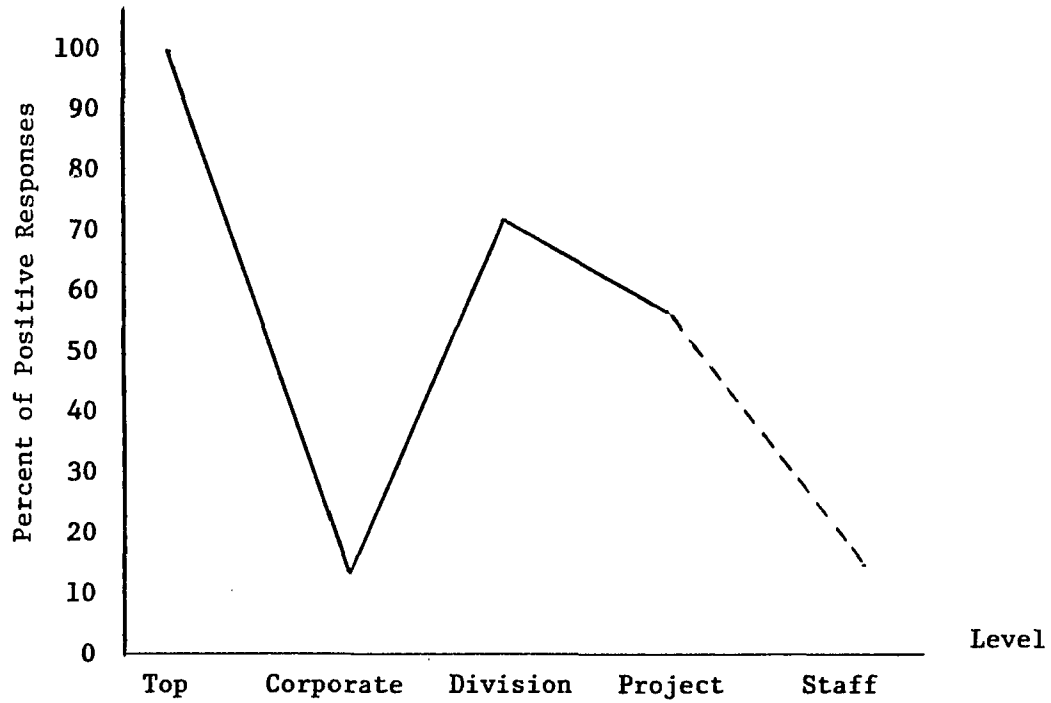
Figure 9

Overall Positive Response Pattern
by Performance/Control Variable
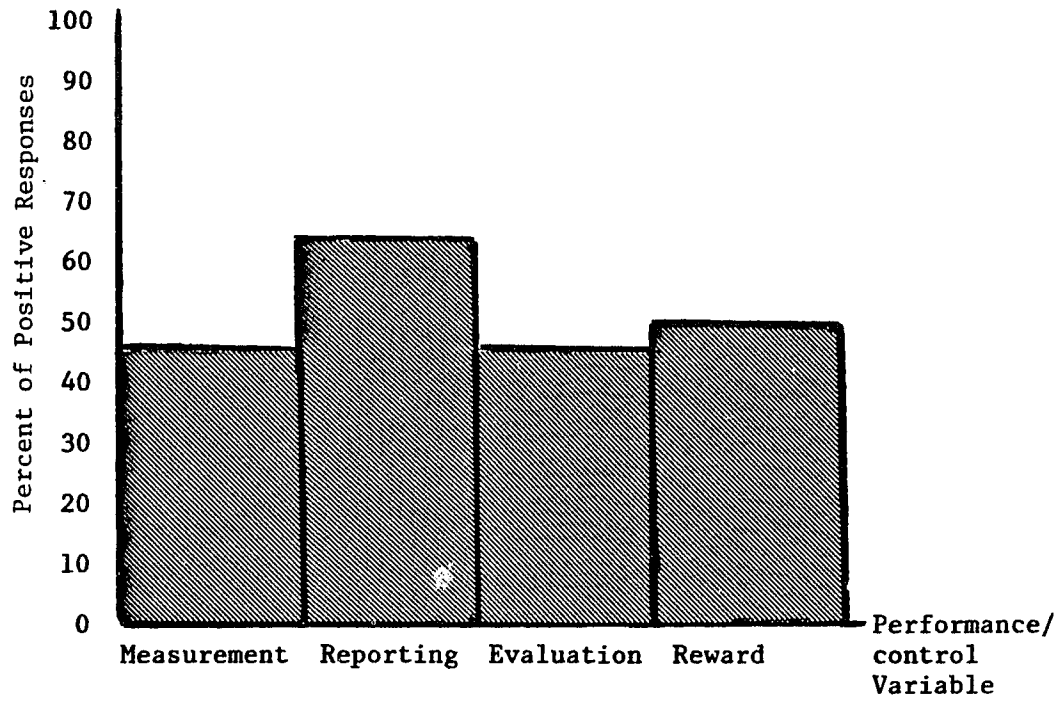
company's performance/control system is modified to incorporate the community relations activities of the managers.

Impact on Operations

The impact on operations will be analyzed in terms of the degree of involvement of the managers within the community relations program. As previously mentioned, 68.75 percent of all those managers interviewed were directly involved in community relations activities. This degree of involvement, however, varies significantly among levels. At the top management level, as would be expected, there is a 100 percent involvement with community relations. Further, the extent of involvement by the top management triad is quite extensive--especially the involvement of Mr. Randall Heath. According to the top management triad, significant involvement on their part is the primary means of communicating their expectations to their managers. All three are in agreement that good community relations is an important factor in their organization's effectiveness.

At the corporate level, there is also a 100 percent involvement of those interviewed; however, the extent of involvement at this level is not as great or time consuming as that of top management. In interviewing the division managers it was found that there was a 63.63 percent involvement in community relations, while at the project manager level only 44.44 percent were involved. In terms of the staff, there was an 80 percent involvement rate. Figure 10 depicts these findings.

Figure 10

Involvement in Community Relations
By Hierarchial Level
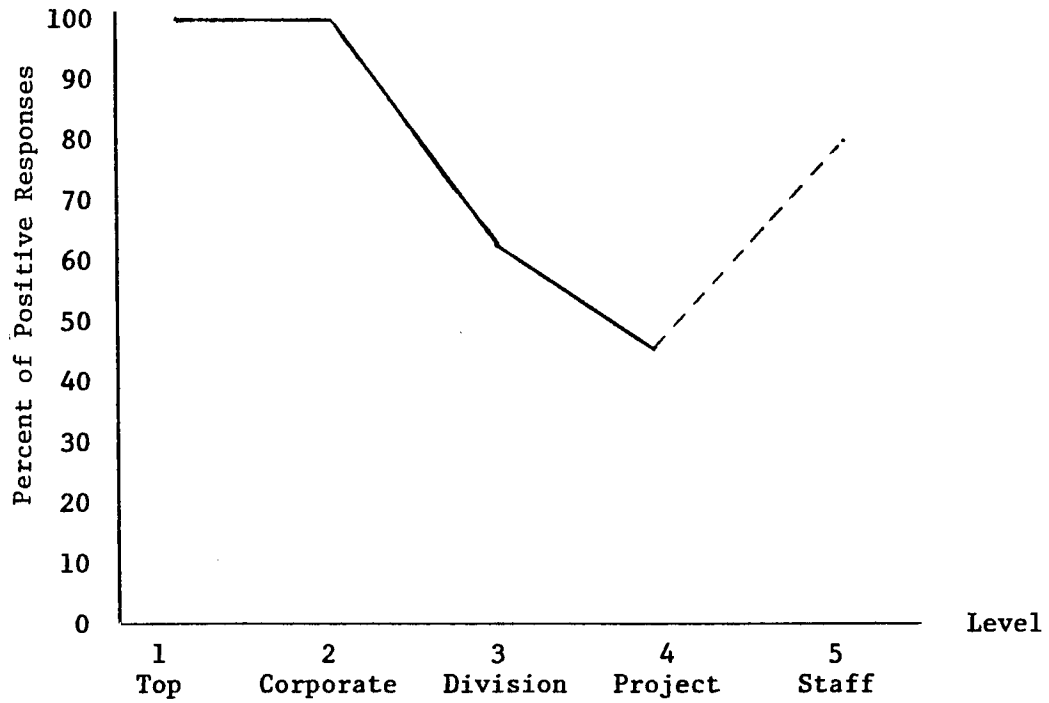
With such a great deal of top management time and energy occupied with community activities added to the fact that 68.75 percent of all managers interviewed actually participate in some way in such activities, it must be concluded that Heath's community relations program has a significant impact on the day-to-day operations of the firm. Further, with 68.75 percent actually involved and 75 percent recognizing that the corporation desires such involvement, it must also be concluded that the community relations program has definitely become a part of Heath's normative structure. As can be seen by examining Figure 10, the rate of involvement in community activities and the perception of their performance go down as one moves down the hierarchy.

Analysis in Terms of Relevant Literature

The purpose of this section is to examine the community relations data gathered in this study in terms of the relevant current literature in the field. In examining Heath's community relations program, it seems apparent that the CEO made a basic policy decision to lead public expectations in the community relations area in 1965 after receiving the bid to construct the River Ridge Expressway. This proactive response pattern in community relations established a highly visible social image for Heath in the communities in which it operates, is evidenced by not only the voluntary civic projects undertaken by the CEO and his organization but also by the involvement of 68.75 percent of Heath's managers in community relations activities.

Why does a proactive response pattern exist in community relations at Heath? It appears that the answer to this question is the CEO's commitment to the idea that his organization is a part of the community and therefore should make a meaningful contribution to the community. According to Ackerman, "How the CEO conceives of the company's obligation to society and his affinity for a particular issue at hand are the critical determinants in the emergence of corporate policy."[1] Thus, Ackerman argues that social policy should be a concern at the corporate level and that the response tends to be a "top-down" affair in terms of initiative, analysis, and commitment.[2] This certainly appears to be the case at Heath.

The structure of response to community relations, however, varies from the response process outlined by both Ackerman and Murray. Phase II (the learning phase) is characterized by the appointment and development of a staff specialist. As previously mentioned, there is no community/public relations specialist at Heath. Randall Heath maintains that his employees know what is expected of them and that there is no need for a special staff person to guide their activities when community relations should be a part of their job.[3] This philosophy is consistent with the organic nature of the firm. As Burns and Stalker note, in the organic system tasks and requirements for action "cannot be broken down and distributed

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[1]Ackerman, The Social Challenge to Business, p. 66.

[2]Ibid., p. 287.

[3]Mr. Randall Heath, July 14, 1982.

among specialist roles within a clearly defined hierarchy. Individuals have to perform their special tasks in light of their knowledge of the tasks of the firm as a whole."[1] This characteristic is quite evident at Heath in that each project manager is responsible for his project's impact on the community, whatever it may be. Thus, it appears that the omission of a staff specialist in the response process may be attributed to the organic nature of the firm.

With respect to the institutionalization of the community relations program at Heath, it seems that it has become a part of the normative structure of the organization measured by the high degree of participation. With respect to Ackerman's definition of institutionalization, it appears that the community relation program has achieved sustained organizational commitment with 68.75 percent of the managers interviewed involved in and commited to maintaining Heath's highly visible social image.

With respect to the performance/control system's role in institutionalization, the results are interesting. As was noted extensively in Chapter 2, the literature strongly suggests that an activity must be supported by these systems if it is to be fully institutionalized. Of all the managers interviewed, 75 percent perceived that the organization wanted them to be involved in community activities and 68.75 percent were actually involved. Yet of those involved, only 63.63 percent felt that their community relations were reported in some way while only 45.45 percent felt that

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[1]Burns and Stalker, The Management of Innovation, pp. 5-6.

such activities were measured. Also, only 45.45 percent of those involved perceived that their community activities were part of their evaluation, and only 50 percent felt that these activities were rewarded or affected their promotion opportunities in some way. There is information in the literature that may partially explain this phenomenon.

In Murray's research in the banking industry, he delineated ten factors that he thought might affect social responsiveness. (These factors are size, visibility, profitability, policy, organization, measurement and control systems, long range planning, incentive systems, organization culture, and leadership.) Of these ten factors Murray found that "leadership by the chief executive seemed to be the most closely and consistently related with the effective implementation of social policies .... In order to be effective, commitment had to be demonstrated by the chief executive's shaping of corporate strategy to include social responsibility as well as setting a personal example for other officers."[1] And Ackerman found that "the corporate response to a social demand hinged on the CEO's interest in pursuing it."[2] With respect to the Heath Corporation, it is apparent that Randall Heath's commitment to his community and his personal example have been instrumental to the implementation of the community relations program. Mr. Heath believes that "most things stem from the leadership."[3] The

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[1] Murray. "The Implementation of Social Policies," p. 3-37.

[2] Ackerman, The Social Challenge to Business," p. 290.

[3] Mr. Randall Heath, July 14, 1982.

leadership at Heath has played a major role in the implementation process.

Another factor influencing the institutionalization of community relations at Heath is the convergence between social policy and other business policies. Murray found that implementation depended a great deal on "how effectively social policy (written or unwritten) is integrated with other business policies."[1] Murray noted in the banks he studied that managerial perceptions of the situations encountered in the environment affected the degree of organizational responses to social issues. He observed four ways of looking at a situation (perceptual contexts) and a sequenced progression through the different perceptual contexts. Initially, the bank managers perceived the issue as an economic threat and soon as a social threat. Over time they began to perceive the issue as a social opportunity and finally as an economic opportunity.[2] This convergence graduatlly took place over time in the banks. Murray observed " a progression of organizational adaptations which helped transform what was at the outset essentially a social issue into more a routine form of banking activity."[3] Murray concludes:

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[1]Murray, "The Implementation of Social Policies," p. 3-21.

[2]Ibid, p. 10-4.

[3]Ibid., p. 6-24.

Within certain limits--both social and economic--there may actually be a response which serves both social and economic needs in an optimal balance which in the past has been referred to as 'long-term profitability'. In effect, one could argue that a person working for long-term profitability might end up doing the same thing another person would do in the course of working for social responsibility. This would suggest that the earning of profits and fulfillment of social needs are not necessarily contradictory or mutually exclusive activities, but rather potentially compatible.[1]

At the Heath Corporation, it appears that the convergence between community relations and economic/business policies took place early in the evolution of the community relations program. It was during the River Ridge Expressway project in 1965 that Randall Heath perceived that good community relations was good business in terms of dollars and cents. In other words, Randall Heath's perception of community relations was initially from the context of an economic opportunity. From that time on, the philosophy at the top has been that community relations is a part of the job. This view permeates the organization and may account for why many of the Heath managers do not believe that community relations is rewarded separately from good job performance. One project manager, for example, told how he called the historical society and museum when his men pulled petrified trees from a port they were constructing. The museum ended up using the trees in a project and wrote Randall Heath expressing its appreciation. This project manager felt that this was just part of his job. Another division manager said, "Heath's image is such that we are expected to be involved and concerned with the community--much more than other companies."

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[1]Ibid., p. 6-27.

It appears that community relations is implicitly tied into the reward system at Heath. In other words, it seems that community relations objectives and economic objectives converged early in the development phase of the program and that good performance is rewarded at the Heath Corporation. This means good economic as well as social performance.

CHAPTER 5

AN ANALYSIS OF WORKER SAFETY AT HEATH

Worker safety at the Heath Corporation is a legally mandated program, although it was in existence long before the passage of the Occupational Safety and Health Act in 1970. As in Chapter 4, the format to analyze the worker safety program is an examination of the phase of organizational involvement, the role of the performance/ control systems, the impact on operations and an analysis with respect to the literature.

Phase of Organizational Involvement

The purpose of this section is to examine Heath's worker safety program from the standpoint of the phase of organizational involvement it has achieved. This will be accomplished by examining the evolution of the program utilizing the Ackerman model as a framework.

Since the inception of the firm in 1946, safety has been a major concern for the CEO, Randall Heath. Because Mr. Heath served as general superintendent, concrete mixer, operator, carpenter, and laborer on his first projects, he experienced first hand that a "safe job was a profitable job."

Over the next several years, as the organization grew in size, complexity and projects, Mr. Heath realized that his

organition needed a specialist in charge of safety. Thus, during the mid-1950s the Heath Corporation moved into Phase II of the Ackerman model with the appointment of a safety director.

Initially it was the safety director's responsibility to communicate top management's concern for safety to the managers at the project site and to develop safety policies and procedures. When Congress passed the Occupational Safety and Health Act in 1970, those requirements specifically aimed at the construction industry were incorporated directly into the existing safety program. During these years, with the appointment of a specialist and the development of a safety program, the organization certainly experienced the learning (technical and administrative) which is characteristic of Phase II as defined by Ackerman and Murray.

Today the organization has a detailed, written safety policy which goes beyond the basic requirements of OSHA. Mr. Heath feels that:

> Heath's most valuable assets are our employees. Accidents extract a needless toll in hardship and suffering for our people and their families. I truly believe that accidents are preventable. It is our goal to reduce the incident rate of accidents below industry national averages. To reach this goal and then maintain it, each project manager must accept a personal responsibility to prevent accidents to people and equipment through careful pre-planned management. Everyone should strive to establish the most efficient and safest work environment possible, thereby protecting our employees, equipment, and the public. The costs of compensation, medical benefits, liability claims, damage to equipment and property often determine the success of a project.[1]

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[1]Mr. Randall Heath, forward to the Heath Corporation's safety policy.

Thus, it is Mr. Heath's belief that accidents not only cause suffering to the people involved and their families but also can determine whether a project will be profitable. Therefore, the organization puts a great deal of emphasis on safety management.

The safety program establishes general guidelines to be followed on all projects. In addition to the guidelines established by Heath, the specific regulations stipulated by OSHA according to the particular project are also carefully reviewed and followed. This is accomplished through supervisory safety meetings once a month as well as employee safety meetings each week. The suggested format of the weekly safety meetings includes:[1]

(1) A review of a recent accident that relates to the present operation.

(2) Using group participation, a review of any near accident that could have caused injury or property damage.

(3) A call upon a person to review safe operating practices within his field of work or trade.

(4) A call upon an individual to review some phase of emergency medical treatment or first aid.

(5) A call upon a key person to review some portion of state or federal safety requirements that apply to the particular project at hand. OSHA regulations are a source document.

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[1]Heath's Safety Management Program, p. 7.

(6) Review current and future operations for hazards and discuss means to avoid or eliminate them.

(7) Hold an open discussion session as appropriate to obtain employee safety input.

(8) Request safety recommendations from the crew.

These weekly safety meetings are separated from other company business and announcements to insure that employees recognize the organization's emphasis on safety.

In addition to the safety meetings, educational programs in the field are delivered to help employees become aware of proper work procedures and how they can contribute to safe job performance and avoid accidents. A safety suggestion program has also been implemented to obtain input from employees in establishing controls for safe work practices and conditions. Thus, the current safety policy at Heath includes a great deal of employee participation since it is of the utmost importance to the employees that they work in the safest environment possible.

Although it is really impossible to delineate exactly when the program moved from Phase II into Phase III, it is apparent that the program is indeed institutionalized today with 84.38 percent of those interviewed recognizing that the organization wanted them involved with safety and 78.13 percent actually involved. Figure 11 summarizes the development of the phases of organizational involvement of the safety program at Heath.

Figure 11

Phase of Organizational Involvement in Safety

Phase I - Recognition/Policy Development	Phase II - Learning	Phase III - Institutionalization
Recognition of issue in 1946 with the inception of the firm. Development of verbal policy that a safe job is a profitable job. A written safety policy eventually developed.	Appointment of a staff specialist during the mid 1950s. Data gathering and reporting systems developed for safety. Each project manager made responsible for safety on project sites.	84.38 percent of Heath's managers perceive that the organization wants them involved in safety. 78.13 percent of Heath's managers are actually involved. 81 percent of managers feel that performance/control system is modified to include safety.

Performance/Control Systems

This section will report the findings gathered from inter-
viewing informants at all five levels in the organization with
respect to the role the performance/control systems play in the
safety program. First, an attempt will be made to establish "what
is" with respect to these systems by analyzing the data gathered from
the top management triad and the staff safety specialist. Then the
findings of "what is perceived" will be reported from analyzing the
data from the other three levels. This research design is depicted
in Matrix 7.

At the top, there is agreement that a "safe job is a
profitable, well managed job." According to Randall Heath, "You have
to have an accident free work place to make money. Safety must
originate with the leadership."[1] Top management is therefore in full
agreement that their managers' evaluations and rewards are affected
in the sense that a manager's effectiveness is directly related to
his safety record. Thus, the top managers feel that they reward good
performance, and good performance is directly related to safety in
the workplace.

Since safety is a legally mandated program, Mr. Heath was
asked about the impact of OSHA on his program. "Laws don't make
people do right. People do right because they want to do right.
They believe it is the thing to do."[2] Therefore, OSHA is viewed as

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[1] Mr. Randall Heath, July 14, 1982.

[2] Ibid.

Matrix 7

An Analysis of the Safety Data

Data Sources	Degree of Involvement		Performance/Control Systems				
	Perceived	Actual	Measurement	Reporting	Evaluation	Reward	Overall
Top Managers (3)	100%	100%	100%	100%	100%	100%	100%
Corporate Managers (4)	75%	75%	66.67%	66.67%	66.67%	100%	75%
Division Managers (11)	90.9%	81.81%	88.89%	88.89%	88.89%	77.78%	86.11%
Project/ Support Managers (9)	100%	100%	88.89%	55.55%	100%	55.55%	75%
Staff (5)	40%	20%	100%	100%	0%	0%	50%
Total (32)	84.38%	78.13%	88%	76%	88%	72%	81%

totally unnecessary at the top since Heath had its own safety program some fifteen years before the passage of the Act.

To ascertain the specifics of how safety is incorporated into the performance/control systems, the Loss Control Officer (safety specialist), Ed Koontz, was interviewed in depth. According to Koontz, the safety program is funded strictly out of project overhead rather than being funded from some form of supplemental or specially earmarked account. This follows the basic Heath philosophy that safety is considered just part of the job.

Koontz indicated that several basic measurements are used to monitor workplace safety at Heath. For accidents and injuries to employees the incident rate is used. The incident rate, which is the equivalent number of injuries and illnesses per 100 employees, is published by the Bureau of Labor Statistics. These rates are published according to specific occupational classes within the industry. Heath's rates are compared to the industry average to determine the effectiveness of its safety management program. (It should be noted that Heath's computation is more stringent than that of the BLS because Heath's incident rates include any employee who sees a doctor while BLS only counts injuries with lost work days.) Regardless of the differences in computation, Heath's goal is to be below the industry average and according to Ed Koontz, Heath generally achieves this goal. Another measure utilized by Heath is a computerized list of accidents by project. This listing includes damages to both people and property. This report entails such items as the details of the accident, third party damage, damage to

equipment, etc. (The insurance department at Heath is responsible for compiling both the incident rate and accident reports.)

Another measure of effectiveness is the experience modification rating, an insurance rating that reports how safe a company is as compared to others in its industry. A 100 rating is what would be expected for the average company--meaning that the company pays 100 percent of the premium that an average company pays. The rating is then adjusted according to the firm's safety record. (For example, a 61 rating means that because of the safety record of the firm, it only pays 61 percent of the premium the average firm would pay.) The current experience modification rating for the Heath Corporation is 56. Thus, the safety program is quite effective in terms of the experience modification measure. In sum, the measurement system used in safety management is fairly structured and formalized.

Reporting is also a fairly structured system. Each month Ed Koontz receives the incident rate report and the detailed list of accidents. He evaluates these reports and reports his findings to division and top management. He also receives on a monthly basis an inspection report from the field on equipment. After each weekly safety meeting, the project manager also writes up a report. These reports are kept on site, but are often seen by Mr. Koontz when visiting the project site. (See Appendix D for copies of reports.)

The evaluation and reward systems are much less formal than the measurment and reporting systems. According to Ed Koontz, the

project managers are held accountable for their safety record, but safety is not considered separately from economic performance within these systems. (It is Mr. Koontz's feelings that these systems need to be a bit more structured with respect to safety.)

It appears that the measurement and reporting systems are fairly structured with respect to safety, while the evaluation and reward systems are very informal in this respect. The remainder of this section will deal with managerial perceptions about the modification of performance/control systems to incorporate safety.

At the corporate level, 75 percent (3 out of 4) of the corporate officers were involved with safety and all three indicated that they were aware that the corporation wanted them to be involved. Of these, 66.67 (two) percent felt that safety was measured and 66.67 percent also felt that safety was reported. The same percentage (66.67) also felt that safety was evaluated but not in a measured way. But with respect to reward, 100 percent of those involved perceived that safety was rewarded to the extent that it affects profitability and overall performance. Considering all performance/control variables in the aggregate, 75 percent of the corporate level responses indicated that the performance/control system was modified in some way to incorporate managerial safety performance.

At the division level, 90.9 percent of those interviewed perceived that the corporation wanted them involved in safety and 81.81 percent were actually involved. Of those involved, 88.89 percent perceived that safety was measured--usually by written reports through the insurance department. Twenty-five percent of

these, however, felt that safety was only measured when their safety record was unsatisfactory. In terms of reporting, 88.89 percent of the division managers felt that safety was reported through incident rate and accident insurance reports. The same percentage (88.89) also felt that safety was evaluated. One manager commented that safety was an integral part of the job which certainly affected profitability. Twenty-five percent of these managers, however, perceived that safety was only negatively incorporated into the evaluation system. "Only my failures and bad records are evaluated," commented one manager. With respect to reward, 77.77 percent felt that safety affected their compensation and promotion opportunities. Comments such as "safety is rewarded through profitability" and "safety has a tendency to say a lot about how effectively you are working" were common among the division managers. Again, 28.57 percent perceived that safety was negatively rewarded. For example, one manager expressed the following: "No one recognizes the difference between a good and average safety record. Promotion opportunities will only be affected if a bad record exists." Overall, 86.11 percent of the division level responses supported the idea that managerial safety performance was included in the performance/control systems.

At the project level 100 percent of the managers perceived that the corporation wanted them involved in safety management and 100 percent were actually involved. The perception at this level was that safety was measured--88.89 percent of the managers had this perception. Fifty percent, however, felt that it was measured

in a negative sense. The term management by reaction was used by several managers, while comments such as "noncompliance is only measured" were also common. Only 55.5 percent of the managers felt that safety was reported. All of the managers (100 percent) however perceived that safety was evaluated. "Safety affects profits" and "always an important part of the job" were common comments. Yet 44.44 percent felt that it was tied to the evaluation system in a negative manner. One manager said, "I'm only evaluated in terms of the frequency of accidents on projects." Interestingly, only 55.55 percent believed that safety affected reward and promotion opportunities and 40 percent said it was negative. "Only noncompliance affects promotion" was one common comment. In the aggregate, however, 75 percent of project/support unit responses indicated that safety performance was incorporated into the performance/control systems.

When all the responses are considered together, a total of 84.38 of all managers interviewed indicated that they felt that the organization wanted them to be involved with safety management and 78.13 percent were actually involved. Of those participating in the safety program, 88 percent perceived that their safety performance was measured; 76 percent felt that their performance was reported to higher management; 88 percent felt that it was evaluted; and 72 percent felt that it was rewarded. In total, 81 percent of the responses from managers involved in the safety management program supported the idea that safety performance was incorporated into the performance/control systems. Interestingly, 25.93 percent of these

managers perceived that their safety performance was negatively tied into these systems.

Figures 12 through 17 graphically depict by level the degree to which the managers of the Heath Corporation perceive that the company's performance/control systems are modified to include the safety performance of the managers.

Impact on Operations

The impact on operations, measured in terms of the degree of involvement of line managers, indicates that 78.13 percent were directly involved in the safety management program. The percentages, however, did vary according to organizational level.

All of the top management triad were involved in the safety management program. This, of course, is not a direct involvement as with the lower level managers, but an involvement in a policy formulation sense. Top management feels that safety is directly related to profitability and therefore is of the utmost importance. This policy is communicated verbally and in writing.

At the corporate level, 75 percent of the managers were involved with safety, while at the division level 81.81 percent were involved. At the project level there was a 100 percent involvement rate. Figure 18 shows the involvement according to hierarchial level. When only considering line positions, there was an 88.89 percent involvement rate in safety management.

Since project managers are responsible (according to Heath's safety policy) for the safety of the workplace, it is reasonable to find a 100 percent involvement of those interviewed.

Figure 12

Perceived Impact of Safety
on Measurement by Level

Figure 13

Perceived Impact of Safety on
Reporting by Level
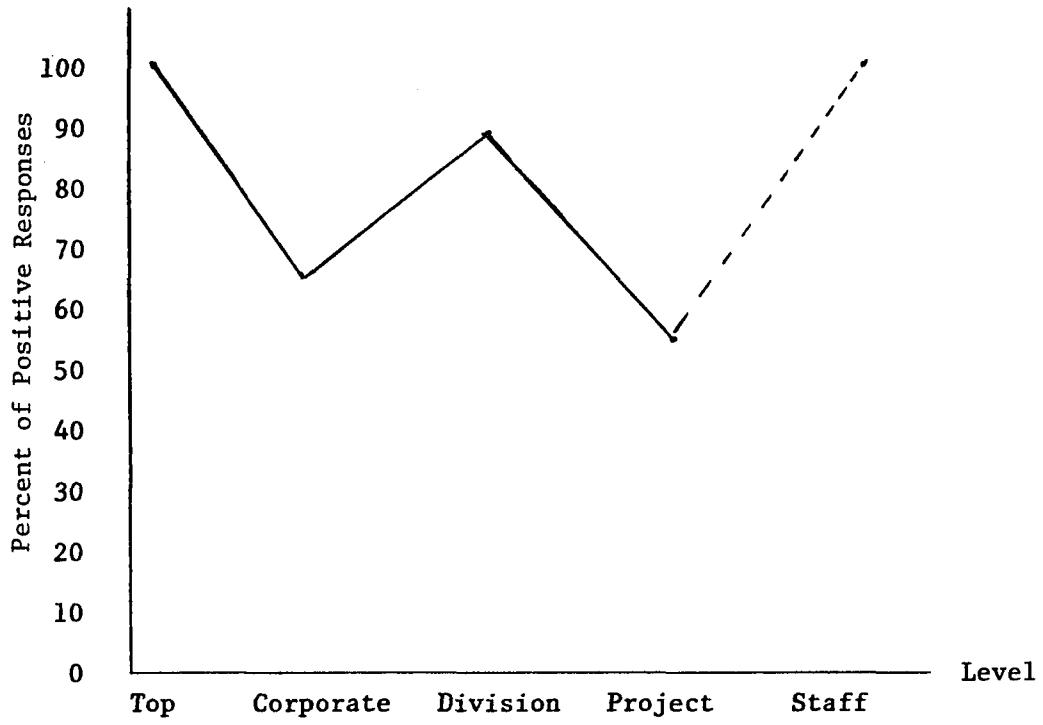
Figure 14

Perceived Impact of Safety on
Evaluation by Level
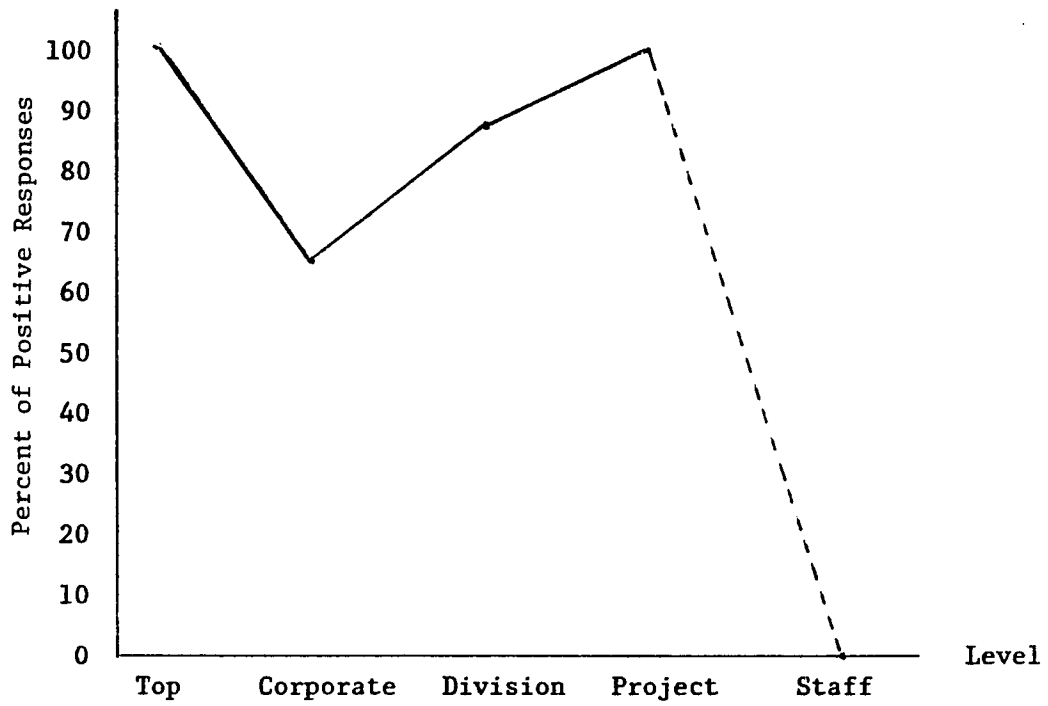
Level

Figure 15

Perceived Impact of Safety on
Reward/Promotion by Level
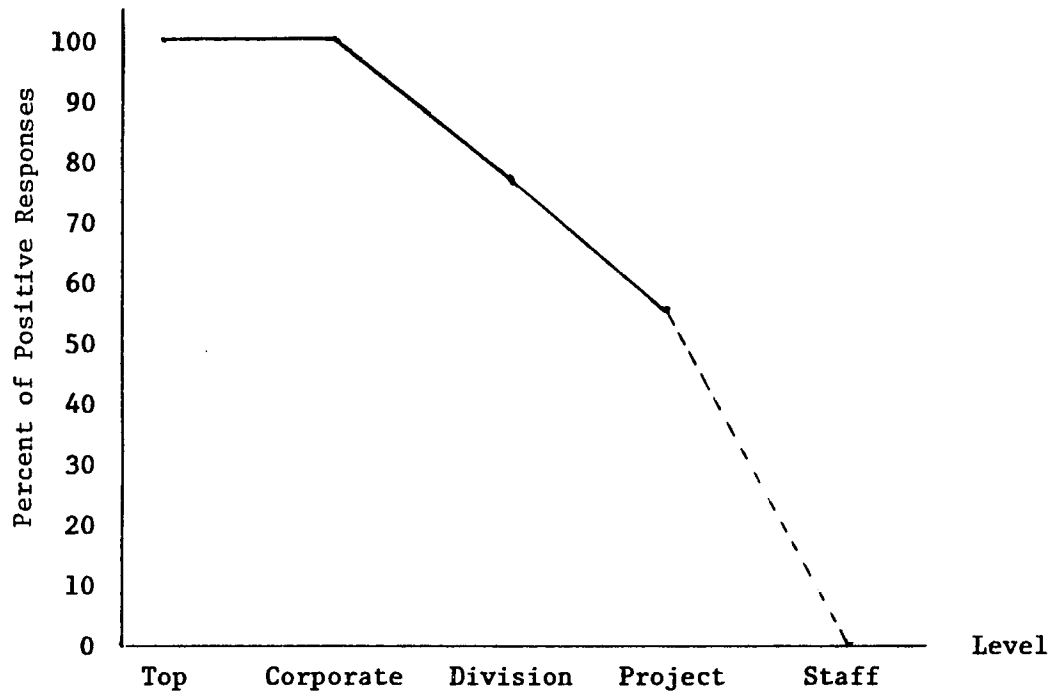
Figure 16

Perceived Impact of Safety on
Performance/Control Systems by Level
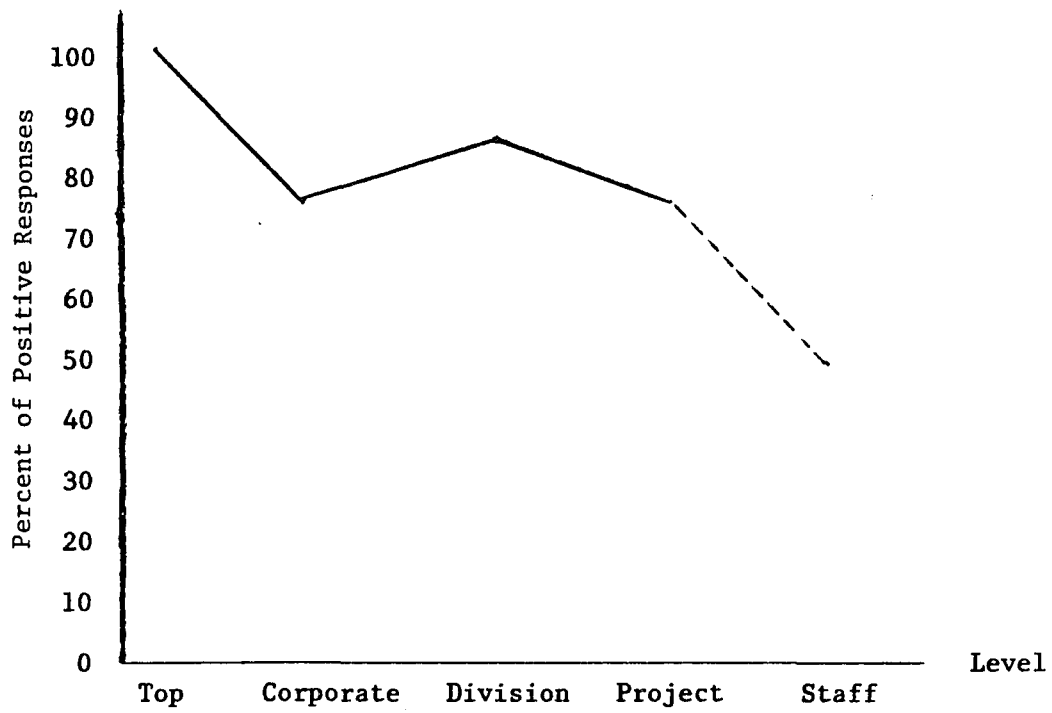
Figure 17

Overall Positive Response Pattern by
Performance/Control Variable
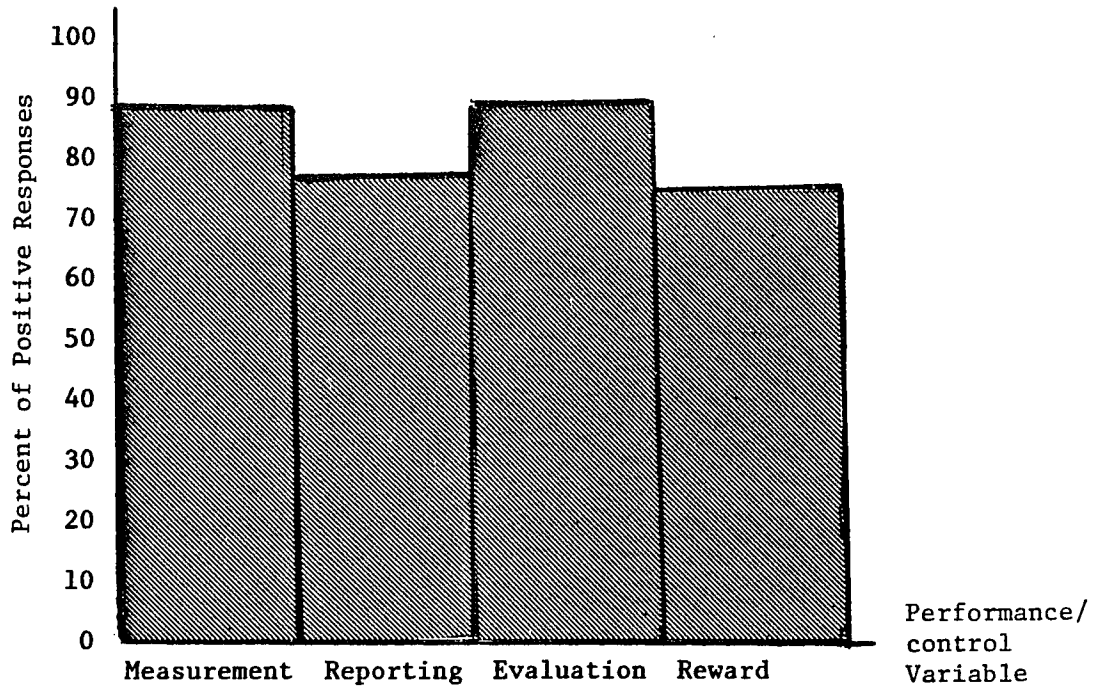
Figure 18

Involvement of Line Management in Safety
by Hierarchial Level
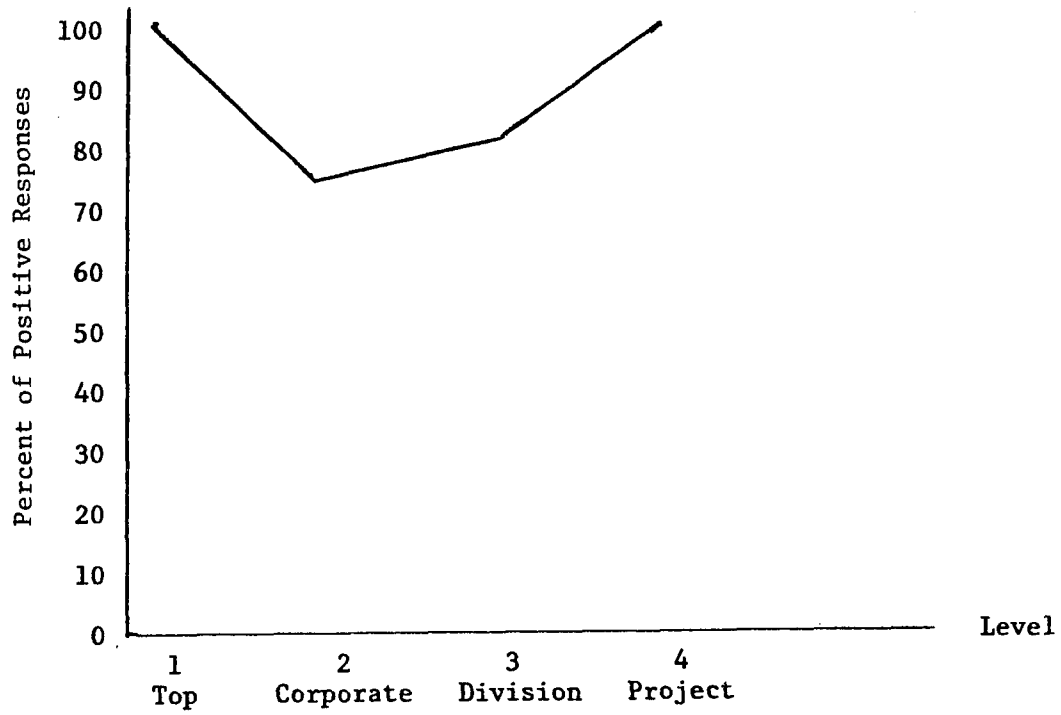
As the levels become more removed from the project site, it is not surprising that the rate of involvement declines--81.81 percent for division managers and 75 percent for corporate officers. As would be expected, those not involved in the safety program tend to be those who have no direct policy making or operational responsibility for it.

With 78.13 percent of all managers interviewed actually involved in safety management and 84.38 percent recognizing that the corporation desires such involvement, it must be concluded that Heath's safety management program has a significant impact on the day-to-day operations of the organization.

Analysis in Terms of Relevant Literature

In examining Heath's safety management program, it seems apparent that the Heath Corporation has adopted a proactive response strategy with respect to worker safety. The organization chose to lead public expectations in that its safety management program had been established some fifteen years before it was required by law. In Ackerman's terminology, the organization proactively planned and implemented its safety program during the zone of discretion when uncertainties existed with respect to the issue. Thus, Heath had more freedom in formulating its safety program than it would have after the 1970 legislation. This response strategy may be characterized as anticipatory and proactive in nature or socially responsive.[1]

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[1]Sethi, "Dimensions of Corporate Social Performance," p. 60.

The structure of the organization's response to the worker safety issue essentially followed the Ackerman model of responsiveness. From the beginning of the organization, the CEO was cognizant of the importance of safety, not only as a social concern but also an economic one as well. After his organization began experiencing growth, he appointed a staff specialist. Today the safety management program is institutionalized, with 88.89 percent of the line managers actually involved.

It appears that the performance/control systems have been modified to include safety performance. Of all the managers interviewed, 84.38 percent perceived that the organization wanted them involved in safety management and 78.13 percent were actually involved. Of those involved, 88 percent felt that their safety performance was measured, while 76 percent believed that it was reported to higher management. With respect to evaluation and reward, 88 percent felt safety to be a part of their evaluation and 72 percent perceived it to affect their reward and promotion opportunities.

The interesting aspect of these findings is that many managers felt that safety was negatively tied into these systems. In other words, many managers perceived that only accidents were measured and reported, and that it was only a bad safety record which had an impact on their evaluation and reward opportunities. Of the 88 percent who perceived it was measured, 31.84 percent said it was negatively measured; of the 76 percent who perceived it to be reported, 10.5 percent said it was negatively reported; of the 88

percent who perceived it was evaluated, 31.8 percent said it was evaluated negatively; and of the 72 percent who perceived it was rewarded, 27.78 percent said it negatively affected rewards. In light of the fact that the measurement and reporting systems focus on accident occurences rather than prevention and also that the exception principle appears to be a management philosophy permeating the firm, the high percentage of respondents who feel that it is tied to these systems in a negative manner should not be surprising. Thus, whether positively or negatively, safety does indeed appear to be tied to the performance/control systems.

Another factor which probably influenced the high percentage of managers perceiving that safety was tied to the performance/control systems is the fact that there is a convergence between economic and social objectives. As previously noted in the chapter, Mr. Randall Heath initially perceived the safety issue as an economic opportunity. It is not suprising then that a common perception among the managers was that safety directly impacted profits. Therefore, to have a profitable project it must be a safe one. This is consistent with the philosophy at the top management level. Thus, it appears that the legally mandated safety program at Heath is both tied to the performance/control systems and fully institutionalized within the organization.

CHAPTER 6

AN ANALYSIS OF EQUAL EMPLOYMENT OPPORTUNITY AT HEATH

Equal employment opportunity (EEO) is the second of two legally required programs of the Heath Corporation to be discussed. The phase of organizational involvement the program has achieved is presented first. Next the role the performance/control systems played in implementation will be examined, followed by an analysis of the impact the program has had on operations. Finally, the relevant literature will be examined.

Phase of Organizational Involvement

The purpose of this section is to analyze Heath's EEO program from the perspective of the phase of organizational involvement it has achieved. This will be accomplished through examining the evolution of the program utilizing the Ackerman model as a framework.

The passage of the Civil Rights Act in 1964 and the signing of Executive Order 11246 (amended by Executive Order 11375) in 1965 were the external stimuli which brought the issue of EEO to the attention of the Heath Corporation. Thus, it was federal legislation that determined the position that the corporation adopted with regard to EEO--to obey the law. This was the motivation which moved the organization into Phase I of the Ackerman model.

To comply with the federal regulations (i.e., to fill out necessary forms, quotas, etc.), the EEO requirements were integrated

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into the normal duties of the personnel director, Frank Donland.
Therefore, Mr. Donland became the staff specialist in charge of the
EEO program. Most of the technical and administrative learning,
which involved developing an understanding of the law as it relates
to the construction industry, developing advertising procedures, etc.
necessary in recruiting quotas of minorities on the job, learning the
proper governmental reporting procedures, etc., has been primarily
related to fulfilling the requirements of the civil rights legisla-
tion. This is in keeping with the goal to obey the law espoused by
the management of Heath.

It appears from the data that Heath's EEO program has moved
into Phase III of the Ackerman model but has not become fully insti-
tutionalized. Only 53.13 percent of the managers interviewed
perceived that the organization wanted them involved with EEO and
that same percentage (53.13) were actually involved. Of those
involved, only 55.88 percent perceived that the performance/control
systems had been modified to include managerial EEO performance.
Figure 19 summarizes the development of the phases of organizational
involvement of the EEO program at Heath.

Performance/Control Systems

This section will report the findings gathered from informant
interviews at all five hierarchial levels in the organization with
respect to the role the performance/control systems play in the EEO
program. Interviews with top management and the personnel director
will attempt to establish "what is" with respect to these systems,

Figure 19

Phase of Organizational Involvement in EEO

Phase I - Recognition/Policy Development	Phase II - Learning	Phase III - Institutionalization
Recognition of issue in 1964/ 1965 with passage of Civil Rights Act and Signing of Executive Order 11246. Development of verbal policy to comply with the law.	Personnel Director appointed EEO staff person. Technical learning concerning the law as it relates to the construction industry occured. Administrative learning involving quota filling procedures occured. Project managers given responsibility of filling quotas.	53.13 percent of Heath's managers perceive that the organization wants them involved with EEO. 53.13 percent of Heath's managers are actually involved in EEO. Of those involved, 55.88 percent perceive the performance/ control systems to include managerial EEO performance.

while interviews with the corporate, division, and project levels will attempt to establish "what is perceived." Matrix 8 depicts this research design.

In an effort to establish corporate policy with respect to EEO, the top management triad was interviewed. The CEO, Mr. Randall Heath, refused to comment on EEO. Mr. Dick Edwards and Mr. Bob Heath, however, were in agreement that the basic policy of the organization was to comply with the law. Mr. Edwards said that managerial rewards were generally negative for noncompliance rather than positive for compliance.

The personnel director, Mr. Frank Donland, was also interviewed to establish the relationship between EEO and the performance/control systems. According to Mr. Donland, measuring the effectiveness of the EEO program at Heath primarily involves keeping track of the number of EEO complaints filed and the disposition of those claims. (This seems quite consistent with its basic policy of complying with the law.) In this regard, Mr. Donland said that since the passage of the Civil Rights Act the firm has had a total of six (6) complaints, all of which had been satisfactorily settled without going to court. With respect to individual manager performance, Mr. Donland indicated that this was in no way measured. With respect to reporting, EEO performance is reported to him through computerized personnel records which are coded by race and sex. Each month he sends a 257 contract compliance report for each project to the Labor Department. (See Appendix D for a copy of the report.) With respect

Matrix 8

An Analysis of the EEO Data

Data Sources	Degree of Involvement		Performance/Control Systems				
	Perceived	Actual	Measurement	Reporting	Evaluation	Reward	Overall
Top Managers (3)	66.67%	66.67%	100%	100%	100%	100%	100%
Corporate Managers (4)	25%	25%	0%	0%	0%	0%	0%
Division Managers (11)	63.63%	63.67%	57.14%	71.42%	71.42%	28.57%	57.14%
Project/ Support Managers (9)	66.67%	66.67%	83.33%	50%	50%	33.33%	54.17%
Staff (5)	20%	20%	0%	100%	0%	0%	25%
Total (32)	53.13%	53.13%	64.7%	64.7%	58.82%	35.29%	55.88%

to the evaluation and reward systems, EEO performance is not incorporated. The managerial perceptions of these systems with respect to EEO follows.

At the corporate level there was only one officer out of four involved in EEO. It was his perception that EEO was not measured, reported, evaluated, or rewarded.

At the division level, 63.63 percent perceived the organization wanted them involved with EEO and 63.63 percent were actually involved. Of these, 57.14 percent perceived that EEO performance was measured. With respect to reporting, 71.42 percent felt that their EEO performance was reported (50 percent of these perceiving it was negatively reported). Reporting through personnel records was the common perception of how the reporting was done. With respect to evaluation, 71.42 percent felt that their EEO performance was evaluated (40 percent negatively), while only 28.57 percent perceived it was rewarded (50 percent negatively). Overall, 57.14 percent of the division level responses indicated that the performance/control systems had been modified to include EEO performance.

According to top management, it is the project manager's responsibility to comply with the law. Interestingly, only 66.67 percent of these managers perceived that the corporation wanted them involved with EEO and 66.67 percent were actually involved. Of these, 83.33 percent felt that their EEO performance was measured, with 60 percent saying it was negatively measured. Comments like "its measured only when you screw up" were common. In terms of reporting, 50 percent perceived that EEO performance was reported.

The same 50 percent believed that their EEO performance affected evaluations (33 percent negatively), while only 33 percent perceived that it had an effect on their compensation and promotion opportunities within the firm. One project manager commented, "EEO non-compliance does not affect promotions. Well, maybe it would if I had an EEO suit." Overall, 54.17 percent of the project level responses supported the idea that EEO performance is included in the performance/control systems.

When considering all the responses together, a total of 53.13 percent of the managers interviewed indicated that they perceived that the organization wanted them involved in EEO and 53.13 percent were actually involved. Of those involved, 64.7 percent felt that their EEO performance was measured; 64.7 percent felt that their performance was reported to higher management; 58.82 percent perceived that it was evaluated; and 35.29 percent felt that it was rewarded. In total, 55.88 percent of the responses from managers involved in EEO supported the idea that the performance/control systems were structured to include EEO performance.

Figures 20 through 25 graphically depict by level the degree to which managers at the Heath Corporation perceive that the company's performance/control systems are modified to include managerial EEO performance.

Impact on Operations

Using the degree of involvement in EEO of managers as a measure of impact on operations, it appears that the EEO program

Figure 20

Perceived Impact of EEO on Measurement by Level
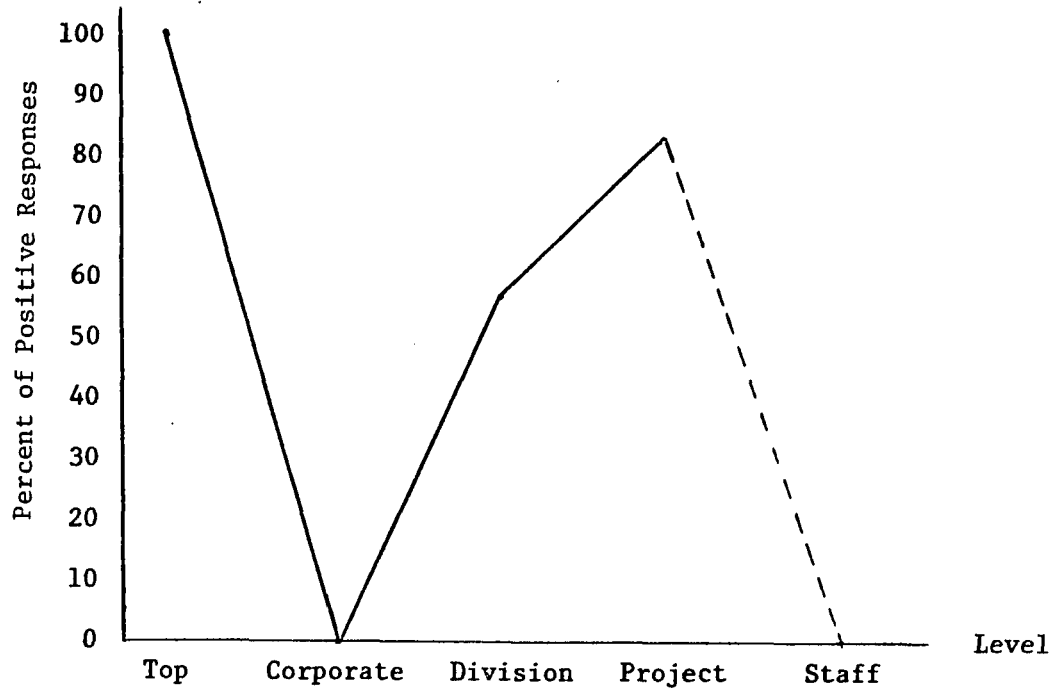
Figure 21

Perceived Impact of EEO on Reporting by Level
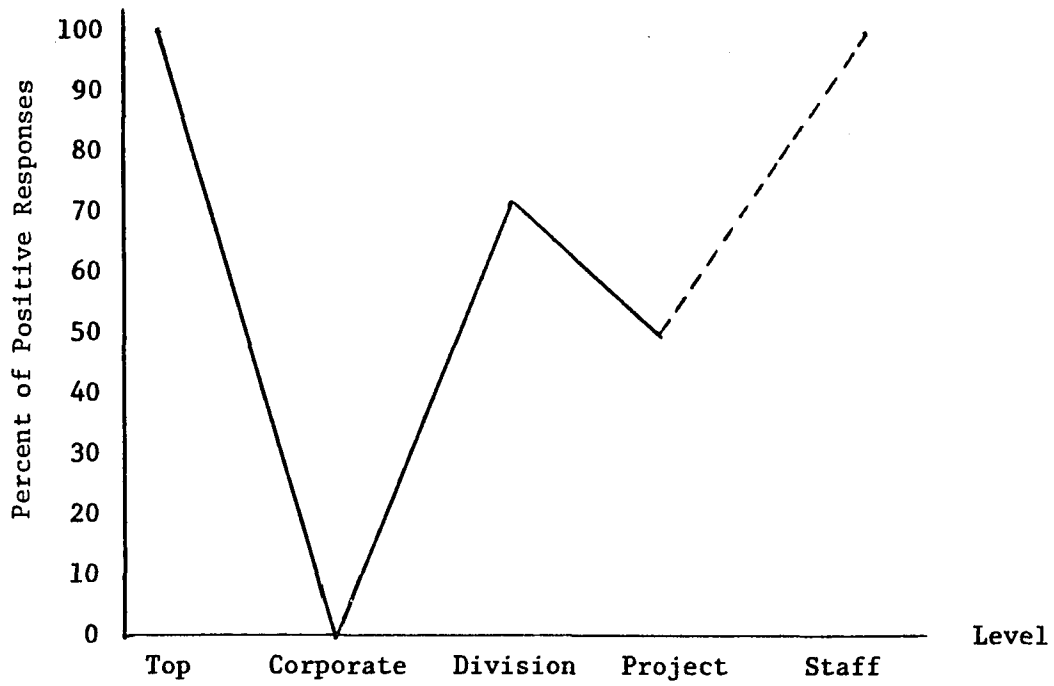
Figure 22

Perceived Impact of EEO on Evaluation by Level
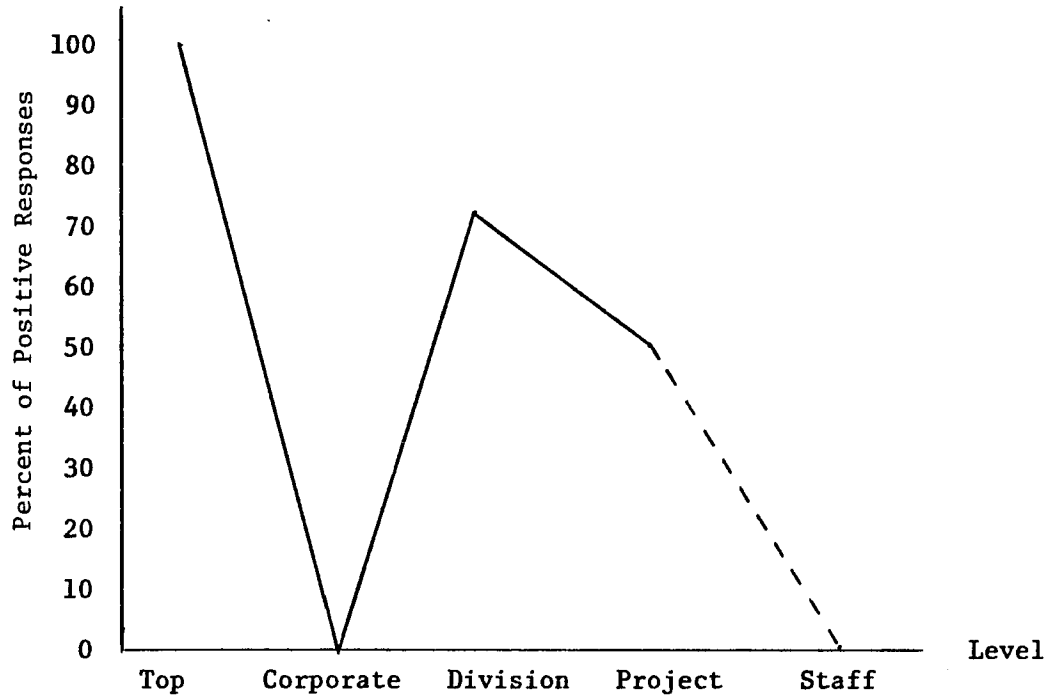
Figure 23

Perceived Impact of EEO on Reward by Level
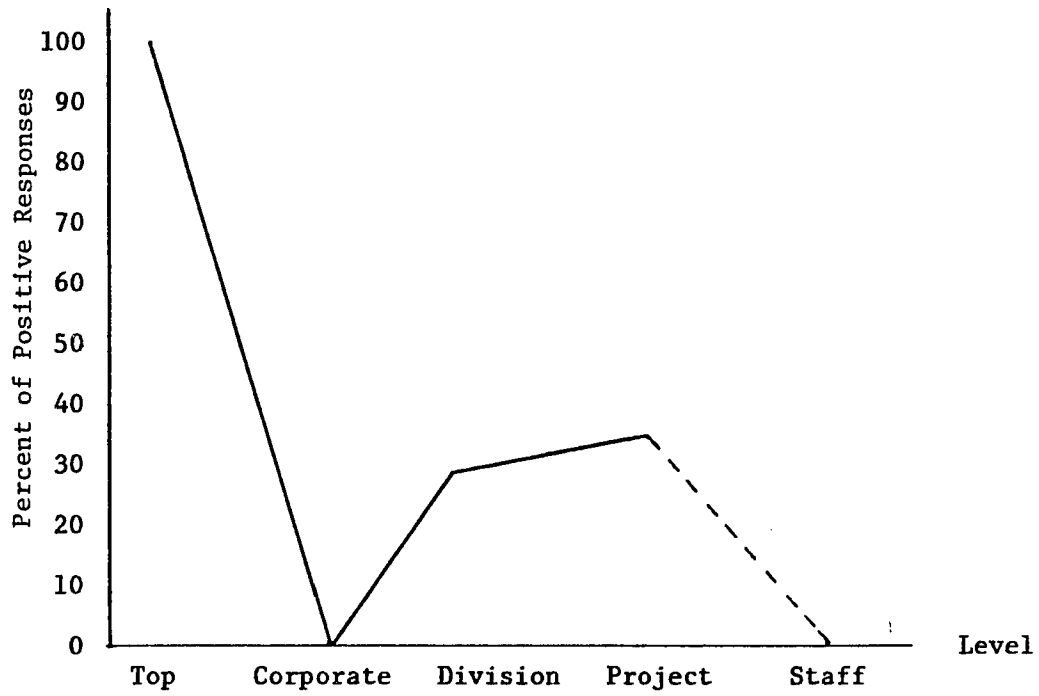
Figure 24

Perceived Impact of EEO on Performance/Control
Systems by Level
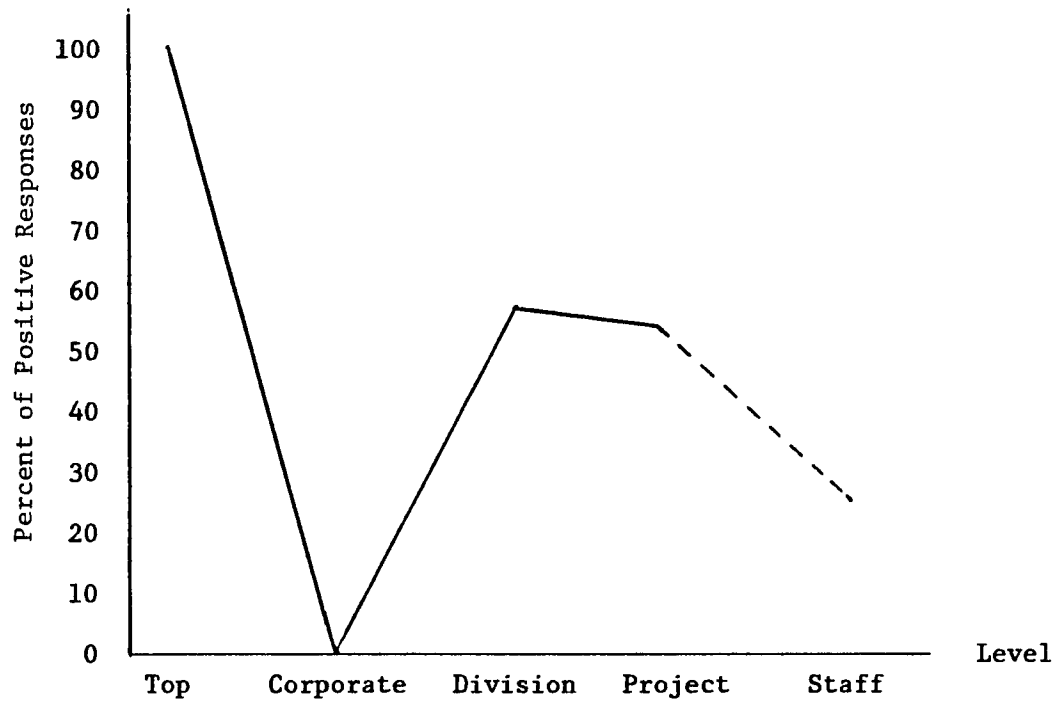
Figure 25

Overall Positive Response Pattern by
Performance/Control Variable
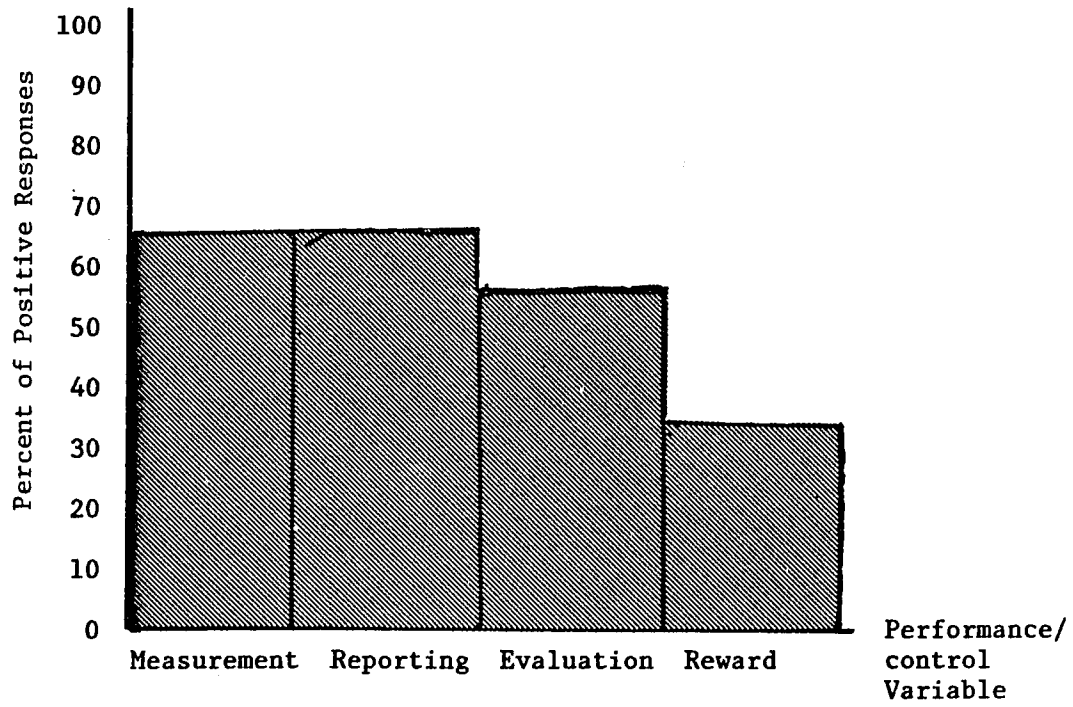
has had less of an impact on operations than community relations or safety. Of all the managers interviewed, only 53.15 percent perceived that the organization wanted them to be involved with EEO and 53.13 percent were actually involved (compared to a 68.75 percent involvement rate in community relations and a 78.13 percent involvement rate in safety). The rate of involvement in EEO, however, did vary according to organizational level.

At the top, there was only 66.67 percent (2 out of 3) involvement in EEO. Mr. Randall Heath, the CEO, apparently has no involvement in EEO. (Since Mr. Heath refused to comment on EEO, this perception was ascertained through observation and informal conversations.) This is significant in light of Murray's research which will be discussed in the next section. Therefore, at the top management level there are only two of the three top level managers involved with EEO (in a policy formulation sense).

At the corporate level, 25 percent (1 out of 4) of the corporate officers were involved in EEO, while at the division level there was a 63.63 percent (7 out of 11) involvement rate.

An interesting aspect of these findings is that there was only a 66.67 percent involvement of the project managers in EEO. This is significant in the light that it is these managers that are solely responsible for recruiting and hiring to fill the specific quotas for each project. The perception of these managers, however, is that EEO is not a very important concern at the top. This probably helps explain why EEO has much less of an impact on

operations than community relations or safety. Figure 26 depicts the involvement in EEO of Heath's managers by level.

In sum, with only 53.13 percent of Heath's managers involved with EEO as compared to 78.13 percent in safety and 68.75 percent in community relations, it can be concluded that the EEO program does have an impact on operations but it is not as significant as safety or community relations.

Analysis in Terms of Relevant Literature

The purpose of this section is to analyze the EEO data gathered in this study in terms of the current literature in the field. In examining the EEO program at Heath, it seems apparent that the organization has adopted a reactive response strategy. In other words, the organization's strategy has been to let public expectations change and then to react to those expectations. In Ackerman's terms, the organization allowed the EEO issue to pass through the zone of discretion before addressing the issue. Dealing with the EEO issue late in its life cycle resulted in less freedom in the formulation of the EEO program at Heath. This type of strategy may be described in McAdam's terms of "do what is required."[1] The stimulus underlying this type of response strategy has been described by Hinckley and Post as a legal mandate which creates an involuntary response.[2] Thus, top management at Heath allowed the external

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[1]McAdam, "How to Put Corporate Social Responsibility into Practice," p. 12.

[2]Hinckley and Post, "The Performance Context of Corporate Responsibility," p. 295.

Figure 26

Involvement in EEO By Hierarchial Level
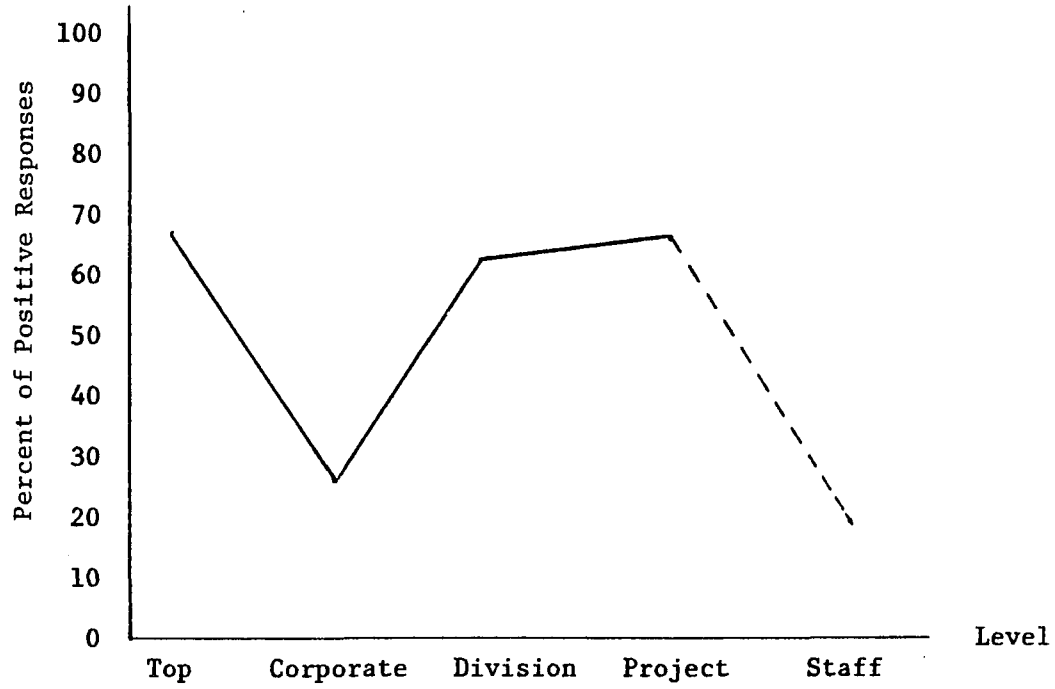
environment to change first and then responded to that change, i.e. federal legislation.

The structure of the response to EEO does not explicitly follow the three-phase response process described by Ackerman and Murray. The response was essentially an involuntary one; thus the policy established during Phase I was one of mere compliance. This type of response is discussed by Sethi and Votaw in their pressure-response model.[1] Although there is a staff specialist whose duties include EEO, there was apparently little administrative learning with respect to the issue. The technical learning phase consisted of familiarizing the organization with the specific governmental regulations. Thus, Phase II was not fully completed in the sense described by Murray and Ackerman. With only 53.13 percent of the managers interviewed involved and only 55.88 percent of these managers perceiving that the performance control systems have been modified to include EEO performance, it can be concluded that the EEO program at Heath has not completed Phase III.

This finding is not surprising in light of the research conducted by Murray and Ackerman. As previously mentioned, Murray found that leadership on part of the CEO was the single most important factor influencing responsiveness. Ackerman also contends that commitment by the CEO is one of the most important factors in implementation. The reactive response strategy at Heath is directly related to the lack of commitment to EEO of the CEO. This is no

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[1]Sethi and Votaw, "Do We Need A New Corporate Response," p. 13.

doubt a major reason why the EEO program has not generated the involvement of management that the community relations and safety programs have. Thus, it appears that leadership is a critical element in the incomplete institutionalization of EEO at Heath.

A related factor which seems to have had an impact on the incomplete institutionalization of Heath's EEO program is the fact that, unlike the safety and community relations programs, there does not appear to be a congruence between EEO objectives and economic objectives. The top management group views EEO as an economic and social threat not as an economic or social opportunity.

CHAPTER 7

AN ANALYSIS OF THE HIGHWAY CLEAN-UP/YOUTH
EMPLOYMENT PROGRAM AT HEATH

As previously discussed, Heath's highway clean-up/youth
employment program is a purely discretionary program. The purpose of
this chapter is to analyze this program with respect to the phase of
organizational involvement, the role of the performance/control
systems, the impact on operations, and its relevancy to the
literature.

Phase of Organizational Involvement

This voluntary program originated in 1973 when Mr. Randall
Heath was driving to work one morning and noticed trash all along the
side of the highway. Having built a number of Illinois highways and
roads, Mr. Heath had a certain pride in them and was appalled at the
amount of trash and debris tossed from automobiles by careless
citizens. He decided to combine this concern with the company's
policy to provide summer employment for high school and college
students. This was the external stimulus which motivated Mr. Heath
to institute a social program which would lead public expectations
with respect to litter and youth unemployment. Thus, the program
moved into Phase I of the Ackerman model.

Phase II was immediately entered in that Mr. Heath appointed
the personnel director, Mr. Frank Donland, as the staff person

responsible for the program. The program was implemented in the summer of 1973. Mr. Donland hired eleven high school students and a football coach, placed them in company overalls, and equipped them with tools and trucks.

In 1982 the program employed 38 area teenagers, a general foreman, two field supervisors, two dump trucks, and two pick up trucks. In 1981 the cost to Heath for the program was $113,612. Although there is only a 9.4 percent involvement rate (the CEO and two staff) in this program, it appears that this nine year old, purely discretionary program is a part of the normative structure of the organization and has therefore entered Phase III of the Ackerman model. More will be said on this in the next section. Figure 27 traces the development of the phase of organizational involvement of the highway clean-up program at Heath.

Performance/Control Systems and Impact on Operations

It is the purpose of this section to analyze the interview data with respect to the role the performance/control systems play in the highway clean-up program and the impact the program has on operations. As previously mentioned, there was only a 9.4 percent involvement rate in the program--the CEO and two staff members.

It is the belief of the CEO that the highway clean-up program is a contribution the organization can make to the community in which it operates. This program is consistent with the community relations philosophy of top management which was discussed in Chapter 4.

The other organizational members involved in the program are both staff members. Mr. Donland, who oversees the program, perceived

Figure 27

Phase of Organizational Involvement in Highway
Clean-Up/Youth Employment

Phase I - Recognition/Policy Development	Phase II - Learning	Phase III - Institutionalization
Recognition of litter problem in 1973 (company already had a policy for employing area youth).	Appointment of personnel director as staff person in charge of the program. Program was implemented in 1973.	Program has been in existence for 9 years. 9.4 percent of Heath managers are involved in highway clean-up. 58.88 percent of involved managers perceive the performance/control systems modified.

that his performance was measured, reported, and evaluated, but not rewarded. Mr. Koontz, the loss control officer, was only involved in the program with respect to safety and considered it just to be part of his job. Thus, by examining the degree of involvement and the performance/control systems, it became apparent that the clean-up program had little impact on operations and was essentially staff related.

Can a totally staff related social program enter into Phase III and become a part of the normative structure of the whole organization? It appears so at Heath. Although none of the line managers (except the CEO) were directly involved with the clean-up program, most took a great sense of pride in the program sponsored by their organization in the Peoria community. During the summer of 1982 when this data was collected, there was little work in the construction industry and the $113,612 spent on the clean-up program was an expense that could have been cut. No one in the organization, however, would consider eliminating the nine year old program. It is a trademark of the Heath organization in the Peoria community. One manager commented, "The community now expects us to do this each summer. It's our image--we couldn't eliminate this program." Thus, it appears that the highway clean-up program is institutionalized within the organization even though it is an essentially staff administered program. The next section will analyze the clean-up program in terms of the relevant literature in the field.

Analysis in Terms of Relevant Literature

In analyzing the implementation of the clean-up program, it again became obvious that leadership and commitment of the CEO were critical factors in implementation. Mr. Heath's commitment to clean up the litter on the highways, employ area youth, and his feeling that his organization is a part of the community were essential to the quick implementation of the clean-up program. As Ackerman points out, "Corporate response to a social demand hinges on the CEO's interest in pursuing it."[1] This appears to be the most important variable in the implementation of this program. Another factor which played a role in implementation was the philosophy at the top that good community relations is good business. By employing a proactive response strategy with respect to litter and youth employment, the Heath organization established a very visible social image in the community. This program is used as image advertising for the company and is an important element in the corporate purpose. For example, at the end of each day the bags of litter collected from the roadside are taken to a central location which is selected for its visibility to motorists. The litter is allowed to pile up at this location for as long as it takes to clean up the area. The trash pile is accompanied by a sign which identifies the Heath Corporation and the clean up project itself, as well as pointing out to the community the amount of trash that is disposed of on the highway and encouraging more socially responsible behavior by highway users. Thus, like the

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[1]Ackerman, The Social Challenge to Business, p. 290.

other institutionalized programs which have been examined (community relations and safety), the highway clean-up program represents the merger of social and economic objectives. It is essentially good business. One corporate officer commented, "When someone wants to sue us, we always tell them to do it in Peoria." His point, of course, is that Heath's image is so positive in the community that a law suit would be hard to win against them.

In sum, it appears that the clean-up program is indeed a part of the normative structure of the organization, although it is staff related. The commitment of the CEO to the program as well as the congruence of economic and social objectives were the two most important factors in implementation.

CHAPTER 8

AN ANALYSIS OF THE EDUCATIONAL ASSISTANCE
PROGRAM AT HEATH

As documented in the methodology chapter, the educational assistance program at the Heath Corporation is a purely discretionary program. The purpose of this chapter is to analyze this program with respect to the phase of organizational involvement, the role of the performance/control systems, the impact on operations, and its relevancy to the literature.

Phase of Organizational Involvement

Mr. Heath's experiences at the University of Illinois while obtaining his civil engineering degree are the basis of his personal commitment to education. It was after his graduation that he realized that a background in oral and written communication was essential for anyone, engineers included, to be successful in life. This realization was the personal stimulus for the educational assistance program at Heath. Therefore, the CEO recognized the issue that schools and universities needed assistance to have the necessary resources to educate those desiring a good education. This recognition took place early in the life of the organization and the CEO developed a verbal policy to give educational institutions assistance whenever possible. Thus, the educational assistance program moved into Phase I of the Ackerman model.

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As mentioned in the methodology chapter, Mr. Heath has a direct personal involvement with educational institutions and activities in Illinois. And as previously stated, the organization also participates in educational assistance activities, such as the Co-op program and summer student work program. There has not, however, been an appointment of a staff specialist to handle this program. Mr. Heath himself administers most of the facets of the educational assistance program. Therefore, Mr. Heath is technically the staff specialist in charge of the program. The only learning with respect to the program has been on the administrative level. The small degree of administrative learning has been in terms of filling out reports on Co-op students. It does appear that Phase II has been completed, but not in the precise manner described by Ackerman and Murray.

The institutionalization phase does not appear to have been entered. The performance/control systems have not been structured to include educational assistance and the managers interviewed did not as closely associate themselves with the educational assistance program as they did with the highway clean-up program. Thus, it appears that the educational assistance program is not really a part of the normative structure of the organization. Figure 28 summarizes the phase of organizational involvement of the educational assistance program at Heath.

Figure 28

Phase of Organizational Involvement
in Educational Assistance

Phase I - Recognition/Policy Development	Phase II - Learning	Phase III - Institutionalization
CEO's personal commitment to education was the stimulus which led to the verbal policy to assist educational institutions.	No staff specialist appointed. The CEO serves in this capacity. Relatively little technical and administrative learning.	25 percent of Heath's managers are involved in educational assistance program. 12.5 percent of involved Heath's managers perceive that educational assistance is incorporated in the per- formance/control systems.

Performance/Control Systems and Impact
on Operations

The purpose of this section is to analyze the impact the educational assistance program has had on the performance/control systems and the daily operations of the firm. Overall, there were 25 percent of the Heath managers involved with the program and 12.5 percent of those involved perceived that the performance/control systems had been modified to include educational assistance activities.

At the top management level, the CEO, Mr. Randall Heath, as previously documented, played a major role in the educational assistance program. Mr. Heath perceived that the performance/control systems did include his performance in this area (as much as any CEO's performance is incorporated into these systems).

At the corporate level, there was a 25 percent involvement rate, while at the divisional level 27.27 percent of the managers were involved. All of the division managers who were involved were in charge of filling out reports on Co-op students. At the project level there was a 22.22 percent involvement rate, while at the staff level 20 percent were involved. The involvement at all levels (except the division level) consisted of making contributions to schools and colleges. None of those involved (except the CEO) perceived that their educational assistance activities were incorporated into the performance/control systems. Figure 29 depicts the degree of involvement of the Heath managers in the educational assistance program.

Figure 29

Rate of Involvement in Educational Assistance
by Hierarchial Level
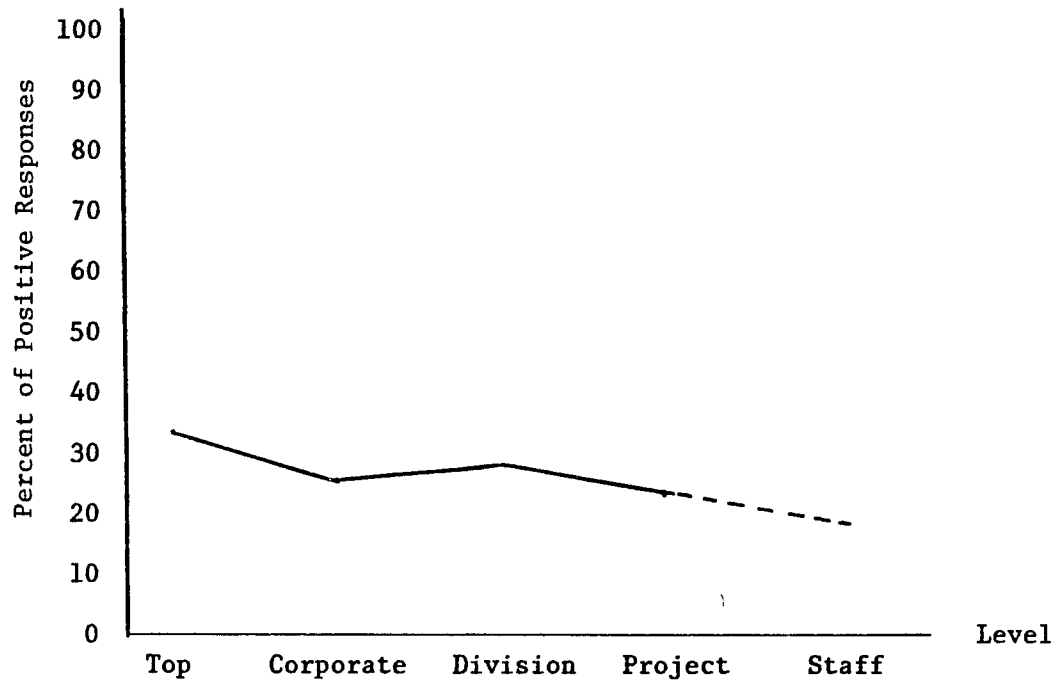
It is apparent that the most involvement in the program is at the top management level. It is the CEO who is the cornerstone of the program. Thus, the educational assistance program at Heath has relatively little impact on operations and is not a component of the performance/control systems. The next section will attempt to analyze the educational assistance program in terms of the relevant literature.

Analysis in Terms of Relevant Literature

The organization has adopted a proactive response strategy with respect to educational assistance. This is evidenced by such activities as various grants and contributions to schools and colleges, an establishment of a writing lab in a regional college, generous contributions of the CEO's time to educational activities, etc. Therefore this response strategy can be characterized in McAdam's terms of "lead the industry."[1] Sethi also describes this type of response strategy as socially responsive and anticipatory in nature.[2]

The structure of the response does not explicitly follow the Ackerman model. Phase I, the decision of what position the corporation should adopt with regard to educational assistance, was entered early in the life of the organization. The commitment to education

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[1]McAdam, "How to Put Corporate Social Responsibility into Practice," p. 12.

[2]Sethi, "Dimensions of Corporate Social Performance," p. 60.

of the CEO is the sole factor in the establishment of the proactive posture of the organization. The CEO can also be considered the staff specialist in charge of the educational assistance program since he administers the program himself. It appears that Phase II has been completed. Phase III, however, has not been entered and it does not appear that the CEO had any intentions to have the educational assistance program become part of the normative structure of the organization. In other words, the program has achieved its intended objectives--assistance to educational institutions in the Midwest--without having to have a sustained organizational commitment from the managers at Heath. This deviation from the Ackerman model suggests that not all social policies need to become part of the normative structure of the organization to be implemented as planned. Thus, the objective of some social programs may be only the completion of Phase II as described by Ackerman and Murray. (More will be said on this in Chapter 10.)

In sum, it can be concluded that the educational assistance program has been implemented as planned by the CEO without being institutionalized within the organization.

CHAPTER 9

A COMPARATIVE ANALYSIS OF THE SOCIAL
PROGRAMS AT HEATH

The purpose of this chapter is to provide an overall comparative analysis of the five social programs examined in this study. The Summary Matrix (Matrix 5) developed in the methodology chapter will be used as the framework for this analysis. Specifically, the analysis will entail a comparative examination of the programs with respect to the performance/control systems, phase of organizational involvement, and impact on operations.

Performance/Control Systems

In examining the overall impact of the programs on the performance/control systems, it became apparent that the safety program had been incorporated into these systems to a larger degree than any other of the programs. More managers were actually involved in safety then in any other program, and of all those involved (78.13 percent), 81 percent perceived that the performance/control systems had been structured to include managerial safety performance. The highway clean-up program had the next largest impact with 58.33 percent of the managers perceiving that their performance within the program was incorporated within these systems. (It should be noted,

however, that there was only a 9.4 percent involvement rate in the program.) The EEO program, with 55.88 percent, and the community relations program, with 51.14 percent, followed in terms of managerial perceptions of the impact of the program on the performance/control systems. The educational assistance program, with 12.5 percent, was perceived to have the least impact on the performance/control systems. Figure 30 compares these programs in terms of their impact on the performance/control systems.

In examining each system separately, the safety program was perceived to have the greatest impact on the measurement system, with 88 percent of the managers involved perceiving that their safety performance was measured. The highway clean-up program followed with 66.67 percent (2 out of 3) of the managers perceiving that their performance was measured. With respect to EEO, 64.7 percent of the involved managers perceived that their EEO performance was incorporated within the measurement system, and 45.5 percent of the managers involved with community relations perceived that their activities were measured. The educational assistance program had the least impact on the measurement system with 12.5 percent perceiving their activities were incorporated within the system. Figure 31 summarizes these programs' impact on the measurement system.

The safety program had the greatest impact on the reporting system, with 76 percent of the managers perceiving that their safety performance was reported. The next three programs were clustered together with respect to their impact on the reporting

Figure 30

A Comparative Analysis of the Impact of Social
Program on Performance/Control Systems
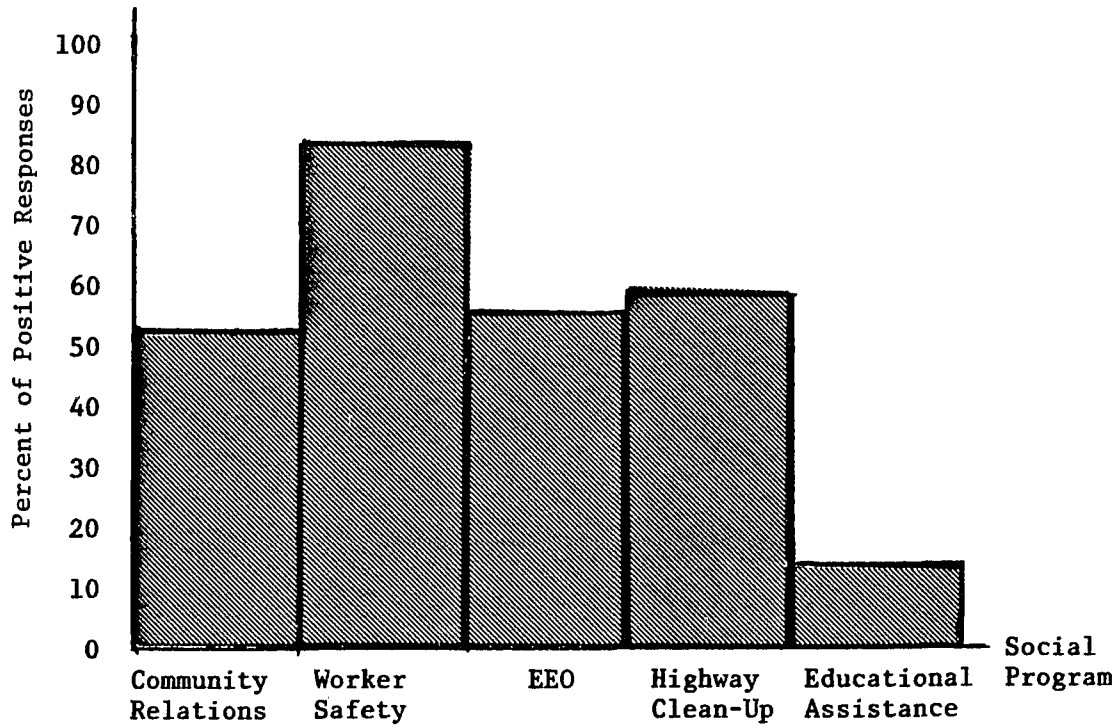
Figure 31

A Comparative Analysis of the Perceived Impact
of Social Program on Measurement
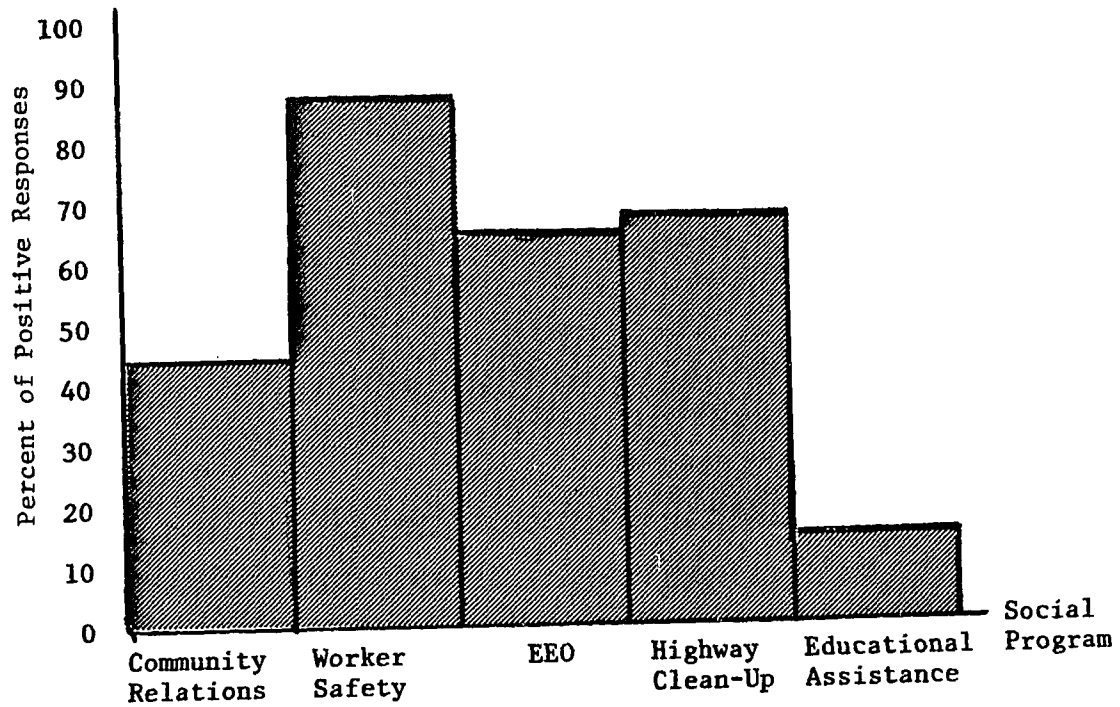
system. Highway clean-up, with 66.67 percent, EEO with 64.7 percent, and community relations with 63.6 percent all had about the same impact on the reporting system. Educational assistance, with 12.5 percent, had the least impact on reporting. Figure 32 compares the perceived impact of each program on the reporting system.

In terms of the evaluation system, safety again had the greatest impact, with 88 percent of the managers involved perceiving that their safety performance was evaluated. The highway clean-up program, with 66.67 percent of the involved managers perceiving their performance was evaluated, had the next greatest impact on the system. The EEO program, with 58.22 percent, and the community relations program, with 45.45 percent, followed in terms of perceived impact. The educational assistance program again had the least impact on the evaluation system, with 12.5 percent of the involved managers perceiving that their performance was evaluated. Figure 33 summarizes the perceived impact these programs had on the evaluation system.

With respect to the reward and promotion system, safety had the greatest impact, with 72 percent of the involved managers feeling that their safety performance affected their reward and pro-motion within the firm. Interestingly, the community relations program had the next greatest impact, with 50 percent of the involved managers perceiving that their community relations activities affected their reward and promotion. Of those managers involved in the EEO program, only 35.29 percent perceived that their EEO per-formance affected their reward and promotion opportunities, while

Figure 32

A Comparative Analysis of the Perceived Impact of
Social Program on Reporting
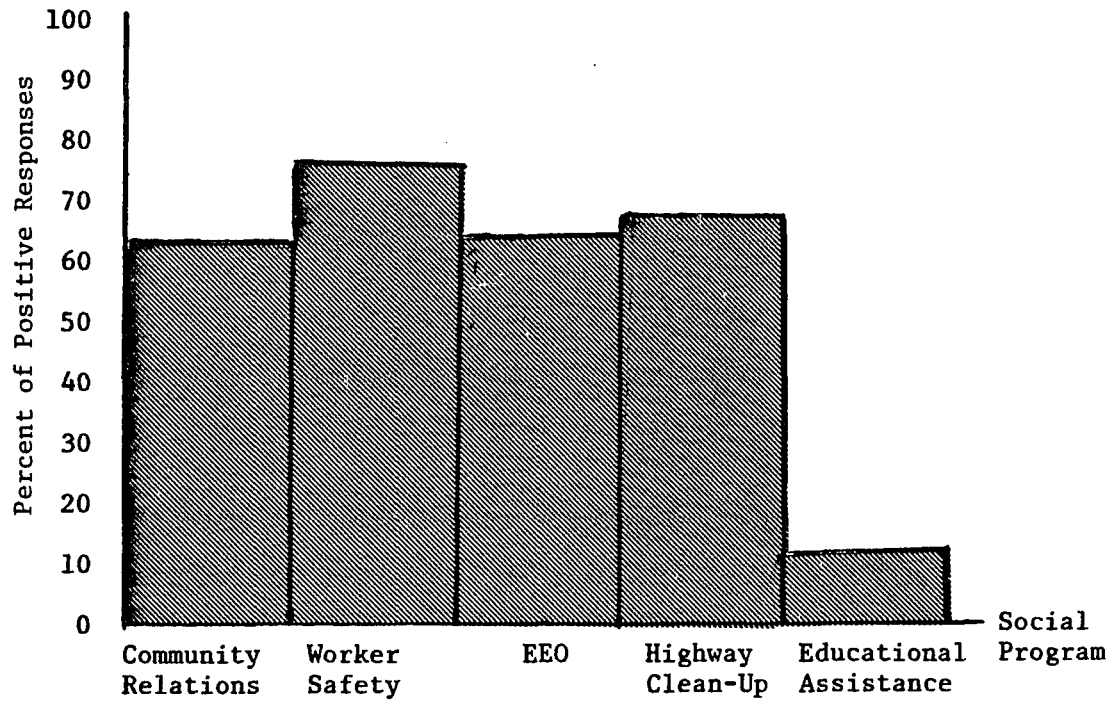
Figure 33

A Comparative Analysis of the Perceived Impact
of Social Program on Evaluation
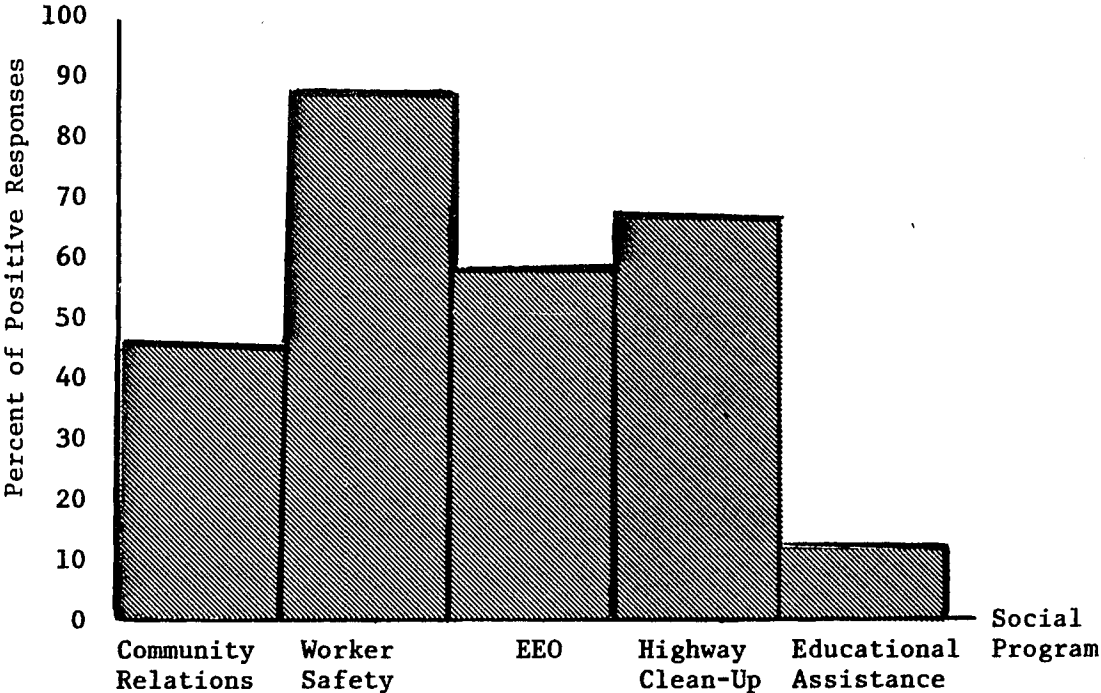
33.33 percent (1 out of 3) of the managers involved with the highway clean-up program felt that their performance affected their rewards. Again, the educational assistance program had the least impact, with 12.5 percent of the involved managers perceiving that their activities had an impact on the reward system. Figure 34 compares the perceived impact of the social programs on the reward and promotion system.

After examining each of the performance/control systems separately and overall, it can be concluded that the safety program has been incorporated within these systems to the greatest degree.

Phase of Organizational Involvement

The purpose of this section is to compare the social programs at Heath with respect to the phase of organizational involvement each has achieved. Figure 35 summarizes the phase each program has achieved.

Of the five programs studied, it appears that three programs --community relations, safety, and highway clean-up--are institutionalized within the firm. The EEO program, although not fully institutionalized, does meet its stated objectives--to comply with the law. The educational assistance program is the result of a specific commitment to education of the CEO and is not institutionalized in the sense described by Ackerman. It does, however, meet its stated objectives--assistance to State of Illinois educational institutions. Figure 36 compares the social programs studied in terms of the percentage of managers perceiving that the organization wants them involved.

Figure 34

A Comparative Analysis of the Perceived Impact
of Social Program on Reward and Promotion
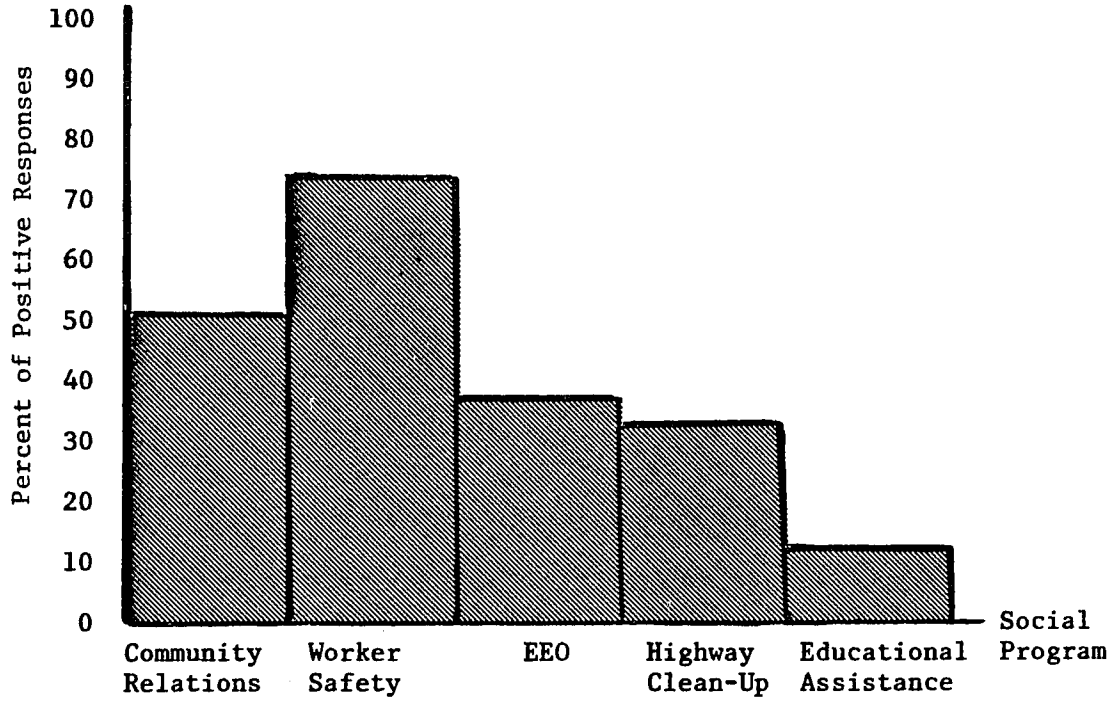
Figure 35

A Comparative Analysis of the Phase of Organizational Involvement
Achieved by Each Program

	Community Relations	Worker Safety	EEO	Highway Clean-up	Educational Assistance
Phase III	75% perceived that organization wanted them involved. 68.75% of managers involved. 51.14% of involved managers perceive P/C Systems modified.	84.4% perceive that organization wanted them involved. 78.13% of managers involved.		9.4% perceive that organization wanted them involved. 9.5% of managers involved.	
Phase II	Integrated into managers' job. Techniques developed. (River Ridge Expressway). Learned that good community relations was good business.	81% of involved managers perceive P/C systems modified. Reporting and measurement systems developed. Safety director appointed in mid 1950s.	53.13% perceive that organization wanted them involved. 53.13% of managers involved. 55.88% of involved managers perceive P/C systems modified. EEO requirements integrated into the duties of personnel director.	58.33% of involved managers perceive P/C systems modified. Program implemented in summer of 1973. Personnel director appointed to administer program.	25% of managers involved. 12.5% of involved managers perceive P/C systems modified.
Phase I	Issue recognized in 1965.	Issue recognized in 1946.	Issue recognized when legislation was passed in 1964/65.	Issue recognized in 1973 by CEO.	Personal Commitment of CEO.

Social Program

Figure 36

Percentage of Managers Perceiving that the Organization
Wants Them Involved in the Firm's Social Programs
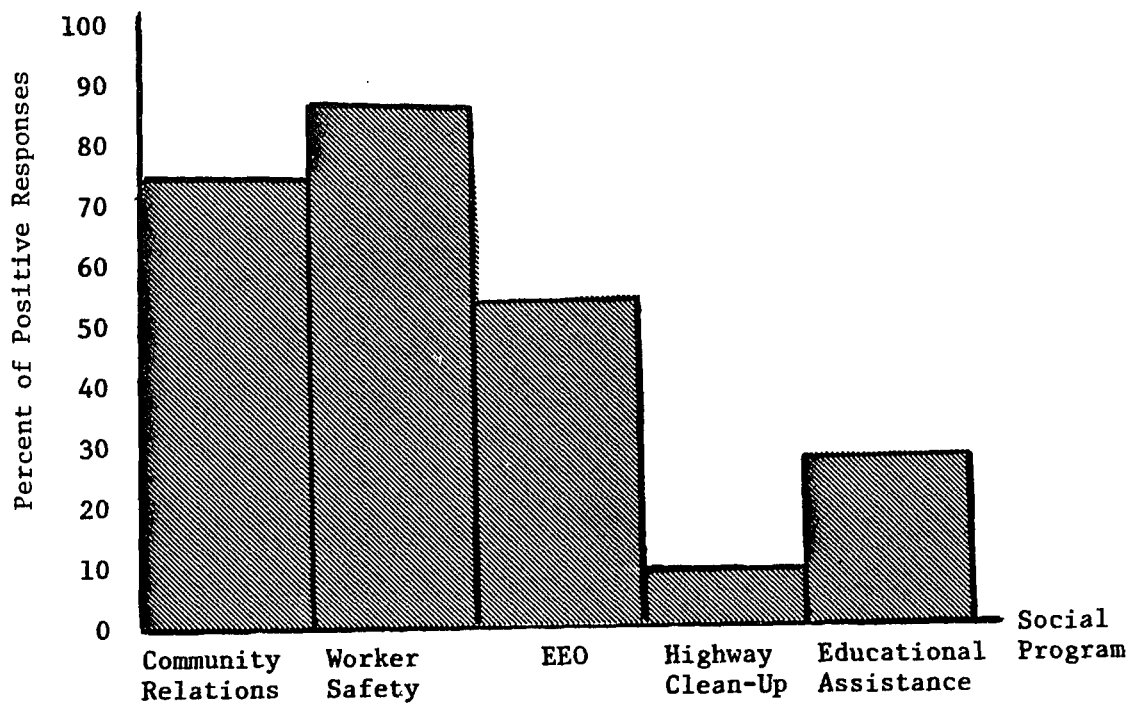
Impact On Operations

The purpose of the section is to examine the degree of impact each social program had on the operations of the firm. The degree of impact was measured in terms of the number of managers involved in the program.

Of all the programs studied, the safety management program had the greatest impact on operations with an overall rate of involvement of 78.13 percent. This impact included the involvement of 88.89 percent of the line managers. Since this program is institutionalized and since safety is primarily a concern of the line, this high percentage of involvement is not surprising.

The community relations program had the next largest impact on operations, with 68.75 percent of the managers involved. Of the managers interviewed, 75 percent, however, perceived that the organization wanted them involved. This relatively high percentage is not surprising in light of the fact that the company considered community relations to be part of the job.

The EEO program did have an impact on the operations of the firm. The degree of impact, however, was not as great as safety or community relations. Of those managers interviewed, 53.13 percent were involved with EEO. This involvement rate included 59.26 percent of the line managers. Since EEO is primarily a concern of the line and since there is only a 59.26 percent rate of involvement of the line, it is not surprising that the EEO program is not completely institutionalized in the sense described by Ackerman.

The highway clean-up program is essentially a staff administered program and therefore the rate of involvement was low-- 9.4 percent. The educational assistance program is primarily the concern of the CEO, but 25 percent of the managers were involved with educational activities (primarily contributions). Both of these programs had primarily a financial impact rather than an operational impact on the firm.

Figure 37 compares the degree of impact each social program had on the operations of the firm. It can be concluded that of the programs studied, safety had the greatest impact on daily operations.

Thus, in sum, it can be concluded that the five social programs had varying impacts on the performance/control systems and the daily operations of the firm. The safety, community relations, and highway clean-up programs completed Phase III of the Ackerman model while EEO and educational assistance did not. The next chapter will attempt to analyze the factors influencing the various stages of implementation and to generate some research questions with respect to social strategy implementation.

Figure 37

A Comparative Analysis of Impact on Operations
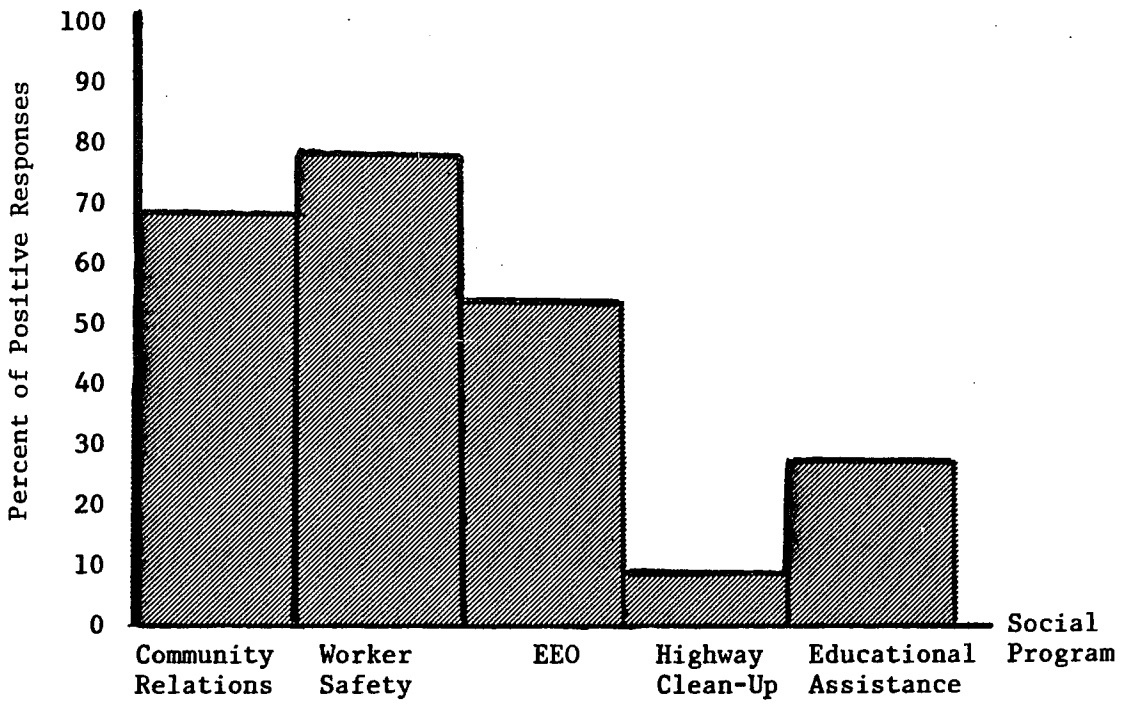
CHAPTER 10

SUMMARY AND RESEARCH QUESTIONS

The purpose of this chapter is to examine the findings of
this study in order to pose pertinent research questions with respect
to social strategy implementation. The initial section of the
chapter will deal with the important role that the organic structure
of the Heath Corporation played in this investigation. Next, the
chapter will examine the nature of the implementation process itself.
This will be followed by sections which present a look at the role of
the performance/control systems and other factors in social strategy
implementation. A discussion of the differences found to exist
between proactive and reactive strategies at the Heath Corporation
will next be presented. The information examined in all of these
sections will then be sythesized into pertinent future research
issues in the form of hypotheses and other questions.

The Role of Heath's Organic Structure in
this Investigation

Although the nature of the organizational structure
was initially viewed as a limitation because organic systems are

relatively unstructured and thus difficult to measure, the organic structure has also provided some distinct benefits to this study. The only available research on social strategy implementation (Ackerman and Murray) was carried out in mechanisticly structured organizations. Ackerman studied the process in two, highly decentralized, manufacturing firms and Murray focused on two commercial banks with centralized, functional structures. Although it is recognized that many organizations today have various forms of bureaucratic and/or mechanistic structures, there are also many organically structured firms facing similar environments as the construction industry. Further, because many experts predict increasing environmental turbulence and complexity for the upcoming decades,[1] many business organizations will likely be moving toward more organic structures. This reasoning follows the research findings of Burns and Stalker[2] and Lawrence and Lorsch[3] which suggests that organizations facing turbulent environments should employ a more organic structure to ensure effectiveness and long-term survival. Thus, based on the fact that the business environment is predicted to become even more turbulent and that the organic form is the best suited organizational structure for organizations facing

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[1]Stephen P. Robbins, Organization Theory, pp. 147-148.

[2]Burns and Stalker, The Management of Innovation.

[3]Lawrence and Lorsch, Organization and Environment.

environmental turbulence, it seems that research on social strategy implementation in organically structured organizations such as the Heath Corporation should be invaluable to social policy researchers.

Further (and more important to this study per se), the organic nature of the organization broadens the research base in social strategy implementation by expanding the limited structural scope of the previous studies to include those organizations employing more organic systems. This provides a research base which spans a very broad range in terms of the structural settings in which the studies have been conducted. Thus, any of the findings of this study which support those of Ackerman and Murray will expand the generalizability of their findings beyond the bounds of highly structured organizations. Because of this broad range, these consistencies will be stated in the form of hypotheses at the end of the chapter. Also, any differences which may be found to exist between this study and those of Ackerman and Murray will be presented in the form of research questions which must yet be addressed in the development of a viable model of the social strategy implementation process.

The Nature of the Implementation Process

The basic focus of this study has been on the implementation of corporate social policy in an organically structured organization. The conceptual framework used to analyze this process is the one described by Ackerman (and later expanded by Murray) as the social response process. Since Ackerman and Murray have done the primary

research in this area and have identified three distinct phases of the social response process, it was one purpose of this study to examine whether this process is similar in all organizations. Murray found that the process in commercial banks (with centralized functional structures) was "broadly similar" to that one found in Ackerman's highly decentralized, manufacturing firms.[1] Like Ackerman's model, Murray's response process consisted of three phases (policy, learning, and institutionalization), and spanned a period of six to eight years. He did find that the process in banks differed in three ways from Ackerman's manufacturing firms--top management intervention, two types of learning, and lack of organization trauma.[2]. Murray concludes, however, that the process in banks was basically the same as the one found by Ackerman.

This study has examined this process in an organization which is organically structured and has found some differences as well as similarities with Ackerman's conceptual model. Overall this study revealed an implementation process which generally followed the three phases outlined by Ackerman. These phases, however, were not as distinctly evident as those described by Ackerman and Murray.

Phase I

According to Ackerman, Phase I of the social response process is considered a policy phase. It is during this time that the CEO

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[1] Murray, "The Implementation of Social Policies," p. 11-13.

[2] Ibid., p. 11-14.

becomes personally committed to the idea that his firm should take an active part in addressing a specific social issue. Therefore, the critical issue at this point appears to be whether the CEO chooses to take a proactive or reactive posture with respect to the specific social issue. In other words, it is a matter of strategic choice on part of the CEO as to when his firm will enter Phase I. If the CEO chooses to employ a proactive strategy, Phase I will be entered during the early phases of the social issue's life cycle. This was vividly demonstrated at the Heath Corporation where Mr. Randall Heath chose to employ a proactive posture with respect to safety, community relations, highway clean-up and educational assistance. This concept of strategic choice was particularly evident when comparing the firm's response to the two legally mandated programs. In regard to the safety program, the organization had effectively planned and implemented its program some fifteen years before it was required to do so by OSHA (early in the issue's life cycle). On the other hand, the CEO chose a reactive strategy with respect to EEO and waited until the Civil Rights Act was passed to react to the issue of equal employment opportunity (late in the issue's life cycle). Thus from the research data gathered in this study, it appears that strategic choice is the essence of Phase I. This finding is consistent with the findings of Ackerman and Murray.

Phase II

Phase II is characterized by Ackerman and Murray as one of learning both the technical nature of the issue as well as the

administrative learning of the organization itself. Learning with respect to the social issues at Heath did occur but not in the delineated fashion described by Murray. "The initiation of Phase II, or the learning phase, was marked by senior management's designation of specialists to head up a unit."[1] This process was not nearly as clear at the Heath Corporation. Of the five programs studied, only one--safety--was characterized by the appointment of a specific staff specialist whose sole responsibility was administering the program, and his appointment occured several years after initiation of the program. In the EEO and highway clean-up programs the role of the staff specialist was incorporated in the duties of the personnel director. The responsibility for administering the community relations and educational assistance program were never actually assigned to any staff specialist. Instead, the CEO himself assumed the responsibility for their administration. Although this deviation from the findings of Ackerman and Murray may be related to such factors as the size of the program itself or the size of the firm, these explanations seem unlikely in this case since (1) those programs which seem to compare favorably in size (i.e., safety, EEO and community relations) vary significantly in terms of staff specialist appointment and (2) the Heath Corporation is certainly large enough to hire staff specialists it if perceives the need. This deviation of not appointing a specific staff person in charge of each program can more likely be attributed to the organic nature of

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[1]Ibid., p. 6-14.

the firm. As noted by Burns and Stalker, in the organic system, tasks "cannot be broken down and distributed among specialist roles within a clearly defined hierarchy. Individuals have to perform their special tasks in light of their knowledge of the tasks of the firm as a whole."[1] This characteristic is particularly evident at Heath in that the personnel director was required to perform his specific tasks with respect to the EEO and highway clean-up programs in light of his knowledge of the Heath corporation's goals and operations. Thus, it appears that in organic organizations such as the Heath Corporation the appointment of a staff specialist for each program may not be a necessary requirement for the learning phase.

Administrative learning, according to Murray, was one "in which an improved understanding of the organization itself was acquired."[2] Murray found that this phase evolved due to the complex interaction of administrative systems. "To deal with this problem, senior management broadened the scope of designated staff specialists in order to attack organizational resistance on a more comprehensive basis. An important staff activity in this regard was the development of data systems with which to track and analyze social performance of the organizaton."[3] At the Heath Corporation with its unstructured administrative systems, administrative learning appeared

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[1] Burns and Stalker, The Management of Innovation, pp. 5-6.

[2] Murray, "The Implementation of Social Policies," p. 6-15.

[3] Ibid., p. 6-16.

to be an ongoing process with the organizational member closest to the issue becoming the primary agent of the organization dealing with the issue. In the safety program, for example, the loss control officer developed data systems as he saw the need for them arise. The personnel officer as well would have the freedom to develop a more sophisticated system of data gathering than the personnel records he now uses for EEO if he deemed them necessary. Top management has played no role in "broadening the scope" of their activities but rather left it up to the person in charge to decide on the data systems used to track social peformance. This is clearly a characteristic of an organic system. According to Burns and Stalker, any individual's job in the organic system should be as little defined as possible, so that it will shape itself to his special abilities and initiative.[1] Thus, due to the organic nature of the firm, top management made no attempt to "broaden the scope" of the activities of the safety staff specialist or the personnel director because the nature of the individual task in an organic system is determined by that individual's knowledge of the common task of the organization as a whole.[2] This deviation from the administrative learning phase as described by Murray can be attributed to the organic nature of the Heath Corporation.

As previously stated, it appears that the learning phase at Heath is an ongoing process rather than a sequenced progression from

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[1] Burns and Stalker, The Management of Innovation, p. 92.

[2] Ibid., p. 122.

technical to administrative learning. The project managers at Heath, for example, are ultimately responsible for the implementation of the organization's social programs affecting the line and are therefore the primary agents of the organization dealing with the issue. In the community relations area, for example, it is up to each project manager to decide how his project will impact the community and take the appropriate action. In other words, the project managers at Heath perform two important functions: (1) the internal functions which consist of the technical and managerial functions and (2) the boundary spanning function. In particular, the project manager's boundary spanning function includes representing the organization to the communities in which it operates, scanning and monitoring the environment, and information processing and gatekeeping.[1] Since the environment of the organization can be characterized as turbulent, the boundary spanning roles of the project managers are quite autonomous and flexible.[2] Thus, the project managers as the agent of the organization dealing with community relations have the freedom to decide the degree of impact their project has on the community and to take the appropriate action. This is charactistic of an organic organization facing a turbulent environment in which boundary spanning roles are nonroutine, informal, and tend to have increased decision-making and autonomy.[3] Therefore, learning on part of the

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[1]Robert H. Miles, Macro Organizational Behavior (Santa Monica, Cal.: Goodyear, 1980), p. 320.

[2]Ibid., pp. 341-342.

[3]Ibid.

project managers was not a sequenced progression but rather an ongoing process on each project they managed. Thus, the learning phase as observed at Heath is not characteristic of Phase II as described by Ackerman and Murray.

Phase III

Phase III is described by both Ackerman and Murray as the institutionalization phase which results in a sustained organizational commitment to a specific issue. This phase is characterized by working the specific social issue into the normative structure of the organization through modifying the performance/control systems to include managerial social performance. In other words, managerial norms are modified to include commitment to the issue by reinforcing the appropriate managerial behaviors within the performance/control systems. Ackerman and Murray both contend that this institutionalization is essential for effective implementation. According to Murray, the institutionalization phase is where the actual implementation of the social policy occurs at the operational level.[1] Since both Ackerman and Murray focused on only those social policies affecting the line, they maintained that working the specific social policy into the normative structure of the operating managers through modification of the performance/ control systems was essential for effective implementation.

At the Heath Corporation three programs were found to have full sustained commitment as described by Ackerman and Murray:

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[1]Murray, "The Implementation of Social Policies," p. 1-24.

community relations, safety and highway clean-up (see figure 35). Community relations and safety directly impacted line operations. Institutionalization, as described by Murray and Ackerman, seemed to play a very important role in the implementation of these programs. Highway clean-up, a staff administered program, did appear to be a part of the normative structure of the whole organization although modification of the performance/control systems was not essential.

The other two programs of EEO and educational assistance were not institutionalized in the sense described by Ackerman and Murray (see figure 35). However, both programs were being implemented as planned by the organization. In other words, both were achieving their intended objectives. As previously noted, the EEO program, which directly impacted line operations, was a reactive strategy designed to comply with the law. The educational assistance program which was administered by the CEO also was achieving its intended objectives--assistance to Midwest educational institutions. In both of these programs, full institutionalization was not necessary for effective implementation. This finding differs from those of Ackerman and Murray and brings into question the exact role institutionalization plays in implementation.

Speed of the Response

Both Ackerman and Murray found in their research that the process of implementation of social policies spanned six to eight years. The time frame of implementation found in this study, however, appeared less than this. The highway clean-up program, for example, only took several months to be implemented. The River Ridge

Expressway experience provided enough stimulus for the recognition that community relations was good business (in monetary terms) that each project manager was immediately made responsible for community relations on the project he supervised. The early perception that a safe workplace added to profitability enhanced the speed of implementation of the safety program. Each project manager was made responsible for the profitability of his project and it was recognized early that safety impacted the profits. Although a specific time frame for implementation cannot be determined for the institutionalized programs, the speed of the response was certainly faster than eight years.

Several factors may account for this. First of all, Murray points out that if the convergence between economic and social opportunities had been perceived at the outset "the final response of the banks may very well have been arrived at more quickly and more efficiently."[1] At Heath this perception did take place in the early development phases of the institutionalized programs thereby speeding up the response process. Another factor which played a role in the speed of the response was the fact that the Heath Corporation is privately owned (85 percent by Randall Heath), and the CEO therefore had more freedom and flexibility in dealing with social issues than he would have had in a publicly held corporation. And finally, the nature of the organizational structure appeared to enhance the speed of implementation. Murray found that "the tendency to attend to

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[1]Ibid., p. 10-14.

functional and product line specialties as well as the distinction between line and staff management posed problems of coordination among various areas of the bank."[1] Thus, Murray contended that the highly centralized, functional structure of the banks he studied posed as formidable organizational barrier to social policy implementation as the decentralized, diversified manufacturing companies studied by Ackerman.[2] The organic structure of the Heath Corporation, however, posed no organizational barrier to overcome in the implementation of the firm's social policies.

It can therefore be concluded from this study that the early convergence of economic and social objectives, the nature of private ownership, and the organic organizational structure of Heath all played a role in speeding up the response process. Thus, the speed of the response was found to be much quicker than the time frame observed by Ackerman and Murray. The next section will examine the role of the performance/control systems in the implementation process.

The Role of Performance/Control Systems in Social Strategy Institutionalization/Implementation

Murray points out in his research that the effectiveness of the performance/control systems did not hinge on their sophistication.[3] Due to the organic nature of the Heath Corporation, by

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[1]Ibid., p. 3-21.

[2]Ibid., p. 3-25.

[3]Ibid., p. 3-28.

definition, these systems were very unstructured and informal. Since these systems were not sophisticated or well-structured, each manager has his own set of perceptions of what managerial behaviors were incorporated within these systems. It was therefore important to examine these managerial perceptions to determine the relationship between the performance/control systems and social policy implementation.

Of the three programs which directly impacted line operations (safety, community relations, and EEO), over 50 percent of all involved managers perceived that the performance/control systems were modified to include their social performance. Of these programs, community relations and safety were considered to be fully institutionalized. Safety, with a 78.13 percent involvement rate, had 81 percent of the involved managers perceive that these systems were modified. Community relations, with a 68.75 percent involvement rate, had 51.14 percent of the involved managers perceive these systems to be modified. The EEO program, although not fully institutionalized but achieving intended objectives, had 55.88 percent of the involved managers (53.13 percent) perceive that the systems were modified. Thus, it appears that these informal performance/control systems have been perceived to be significantly modified to include these programs and therefore have played a role in the implementation process to the degree that institutionalization is important for effective implementation. The performance/ control system, however, was not the only factor influencing institutionalization/implementation. The next section will examine these other factors.

Role of the CEO in Influencing
Institutionalization/Implementation

As pointed out above, the performance/control systems did play an important role in implementation to the degree that it is affected by institutionalization. Another factor found to influence program institutionalization/implementation were CEO commitment.

As previously discussed, Murray found that "leadership by the chief executive seemed to be the most closely and consistently related factor with the effective implementation [again equated with institutionalization] of social policies."[1] Ackerman also found that "the corporate response to a social demand hinged on the CEO's interest in pursuing it."[2] The findings of this study reaffirm Murray and Ackerman's contention that CEO commitment and leadership are critical factors in institutionalization. Of the three social programs found to be fully institutionalized (community relations, safety, and highway clean-up), the CEO demonstrated his personal commitment through example and policy statements. His interest in these programs appeared to be a critical factor in their institutionalization. On the other hand, the reactive posture of the CEO with respect to EEO was considered to be a major factor in that program's incomplete institutionalization. It should be noted, however, that the EEO program's objectives were being implemented--compliance with the law. The commitment of the CEO was also

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[1]Ibid, p. 3-37.

[2]Ackerman, The Social Challenge to Business, p. 290.

instrumental to the effective implementation of the educational assistance program even though that program was not institutionalized. Therefore, the exact role of institutionalization in effective program implementation is again questioned.

Role of the Convergence of Social and Economic Objectives in Influencing Institutionalization/Implementation

Another important factor found to influence institutionalization was the early convergence of economic and social objectives. Murray found that implementation (institutionalization) depended a great deal on how effectively social and economic policies were integrated.[1] As noted in Chapter 4, he observed four perceptual contexts through which the bank managers viewed specific social issues and a sequenced progression through these perceptual contexts. This progression consisted of the initial perception of the social issue as an economic threat then as a social threat followed by a social opportunity and finally as an economic opportunity. Murray found, however, that this final perception of the convergence between economic and social objectives took place over time.[2] This early perception of both social as well as economic opportunities took place in the institutionalized programs of the Heath Corporation. It has been well documented in the analysis chapters that top management viewed this congruence in the early development phases of the community relations program ("Good community relations is good business"), the safety program ("A safe job is a profitable job"),

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[1]Murray, "The Implementation of Social Policies," p. 3-21.

[2]Ibid., p. 10-3.

and the highway clean-up program ("We get free image advertising from the things we do"). Thus, by viewing their environment from the perspective of both social and economic opportunities, the top management group enhanced the institutionalization of these programs. This suggests that social responsibility and profitability are not inherently contradictory but are rather potentially compatible.

The perception of EEO, however, was from the perspective of being an economic and social threat. Top management's reactive strategy was to obey the law, nothing more. Thus, top management perceived no social or economic opportunities with respect to EEO. This is considered to be one of the primary reasons for the incomplete institutionalization of EEO. It should be noted, however, that the reactive EEO strategy was being implemented as planned by the organization.

Overall it can be concluded that CEO commitment, the early convergence of social and economic objectives, and the modification of the performance/control systems all played a major role in program institutionalization. These findings essentially reaffirm those of Murray and Ackerman.

Proactive Versus Reactive Response Strategies

As previously mentioned, it is a matter of strategic choice on part of the CEO as to whether the organization will take a proactive or reactive posture with respect to a particular social issue. In other words, the choice is at what phase in the social issue's

life cycle will the organization begin to formulate a policy with respect to the issue. At the Heath Corporation, the researcher identified four proactive strategies--community relations, safety, highway clean-up, and educational assistance--and one reactive strategy--EEO.

The proactive strategies appeared to have several common threads. In all of the proactive strategies the CEO was directly involved and commited to the particular issue. Another common element was the early convergence between economic and social objectives. (This was true in all of the proactive strategies except educational assistance which was the "baby" of the CEO and whose success was directly related to the time and energy expended by him.) In the strategies directly affecting the line, the proactive strategies of community relations and safety, had a high level of managerial involvement, 68.75 percent and 78.13 percent respectively. The performance/control systems were also percieved to be significantly modified in the community relations and safety programs with 51.14 percent and 81 percent respectively.

The reactive EEO strategy, on the other hand, did not exhibit the above characteristics. The top managers were only commited to obeying the law, and they did not perceive the congruence between EEO objectives and economic objectives. Although EEO should directly impact line operations, only 53.13 percent of the managers were involved and only 55.88 percent of those involved perceived the performance/control systems to be modified to include their EEO performance.

In sum, it appears from this study that the following charac-
teristics differentiate proactive and reactive response strategies:

(1) Commitment of the CEO, which directly affects the timing
    of strategic choice;

(2) Perception of the convergence of economic and social
    objectives;

(3) Rate of managerial involvement in strategies affecting
    the line; and

(4) Modification of the performance/control systems of
    strategies affecting the line.

Areas for Future Research

As previously discussed in the methodology chapter, the
purpose of an exploratory case study such as this one is to generate
hypotheses and research questions. Therefore this section will pro-
pose hypotheses and research questions concerning the social strategy
implementation process. As noted throughout this study, the primary
research on social strategy implementation is quite limited, with
Ackerman examining two manufacturing firms and Murray two banks.
From their research, however, they have concluded that the social
response process involves three distinct phases. This study has
found some similarities as well as differences with this conceptual
model:

(1) The policy phase, Phase I, was essentially one of
    strategic choice. It was during this phase that the CEO
    became committed to the issue and decided that his firm
    should take an active role in addressing the issue.

This finding is consistent with those of Ackerman and Murray.

(2) The learning phase, Phase II, took place but not in the delineated fashion as described by Ackerman and Murray. The appointment of a staff specialist solely for administering the program was not seen as a necessary requirement for learning. Technical and administrative learning were on-going processes rather than a sequential progression.

(3) The institutionalization phase, Phase III, differed in one major way from the previous research. Both Ackerman and Murray contend that the institutionalization phase is where the actual implementation of social policy occurs. This study found that institutionalization was not a necessary requirement for effective implementation in all programs. Thus, the social strategy implementation process may not require institutionalization for all strategies and therefore may be somewhat different from the corporate social response process in this respect. The completion of Phase II may be all that is necessary for successful implementation in some programs.

From the above findings, the following hypotheses and research questions are proposed:

The timing of the CEO's decision to enter Phase I along with the timing of the convergence of economic and social objectives will determine whether the response strategy will be proactive or reactive.

In addition, these findings lead to two further research questions:

(1) To what <u>degree</u> do convergence of economic and social objectives and the timing of the CEO's decision influence the type of response strategy employed?

(2) What other factors influence the type of response strategy employed?

As noted above, some basic differences in Phase II were found in this study when compared with the previous research. Because of these differences, the following research questions can be asked:

(1) Is it necessary for effective technical and administrative learning that a separate staff specialist or special unit be created or can the same results be achieved through less formalized (more organic) structural changes?

(2) Can learning be realistically viewed in terms of a sequential progression from technical to administrative learning or should this be considered as an ongoing process rather than a clear, distinct phase?

This study also found some similarities as well as differences with respect to Phase III. Based on the similarities the following hypothesis is proposed:

> The factors of CEO commitment and leadership, modification of the performance/control systems, and the convergence of economic and social objectives must be present to achieve full program institutionalization.

Based on the differences found with respect to Phase III, the following research question can be asked:

Is it necessary to institutionalize all social
programs within the organization in order for them to
be effectively implemented? In other words, must a
social program be a part of the normative structure
to achieve its intended objectives?

This question can be broken down further into several relevant
research questions:

(1) Is effective implementation always equated with Phase
III (Institutionalization)?

(2) Can certain types of programs achieve effective
implementation upon acquiring a necessary degree of
technical and administrative learning (Phase II)?

(3) Is the social response process necessarily synonomous
with the social strategy implementation process?

As earlier, the speed of the implementation process observed
in this study was somewhat faster than the one observed by Ackerman
and Murray. Because of this difference, the following research
question can be asked:

To what degree do structure, ownership, and timing of
the convergence of economic and social objectives
influence the speed of the response? What other
factors influence the speed of the implementation
process?

The differences identified above lead to the conclusion that
the implementation process cannot be identified by a specific time
frame, does not necessarily involve a sequential learning process,

etc. Rather the process is contingent upon various elements within the organization and its environment. This study has identified several possible contingencies. These include:

    (1) the structure of the organization,

    (2) the ownership of the firm,

    (3) the timing of the convergence of social and economic objectives,

    (4) CEO commitment, and

    (5) the organization's performance/control systems.

These findings imply that future research needs to be performed in order to (1) examine more specifically the degree to which the variables influence and/or influenced by the social strategy implementation process, and (2) identify any other variables which may have influence and/or be influenced by this process.

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APPENDIX A

Interview Guide for Top Management

I. Objective: To ascertain the basic philosophies and policies of top management with respect to the social programs chosen for this study.

II. Questions:

A. Would you describe what your basic philosophy is concerning your firm's role in society?

B. Would you comment on the following Heath social programs:

1. Safety management:
   a) Purposes?
   b) Policies concerning manager's role?
   c) Are evaluations/rewards/promotions of involved managers affected?
   d) How are these policies communicated?

2. Community Relations:
   a) Purposes?
   b) Policies concerning manager's role?
   c) Are evaluations/rewards/promotions of involved managers affected?
   d) How are these policies communicated?

3. Educational Assistance:
   a) Purposes?
   b) Policies concerning manager's role?
   c) Are evaluations/rewards/promotions of involved managers affected?
   d) How are these policies communicated?

4. Highway Clean-up/Youth Employment:
   a) Purposes?
   b) Policies concerning manager's role?
   c) Are evaluations/rewards/promotions of involved managers affected?
   d) How are these policies communicated?

5. Equal Employment Opportunity:
   a) Purposes?
   b) Policies concerning manager's role?
   c) Are evaluations/rewards/promotions of involved managers affected?
   d) How are these policies communicated?

C. I have read in several documents that the evaluations/
    rewards/promotions of managers at Heath are based on
    performance. I wonder if you could:

    1. Give me your basic definition of performance?

    2. List for me those factors which you feel are important
        for effective managerial performance?

    3. Of those factors, give me some idea as to the relative
        importance of each?

APPENDIX B

Interview Guide for Staff Specialists

I. Objectives: To ask specific questions about the organization's
    social programs and to determine if and how managerial social
    performance is incorporated into the performance/control
    systems.

II. Questions:

    A. Are there formally stated corporate objectives with respect
        to the program?

    B. When did the program originate and why?

    C. What number of people in what areas of the organization are
        involved in the program?

    D. Are specific divisions/individuals assigned responsibility?

    E. How is the program funded?

        1. Are supplemental or specially earmarked funds required
            to implement program?

        2. How are such funds made available?

    F. Is managerial performance with respect to the program
        incorporated into:

        1. the performance measurement system?
            a) how?

        2. the performance reporting system?
            a) how?

        3. the performance evaluation system?
            a) how?

        4. the reward system?
            a. how?

APPENDIX C

Pre-Interview Questionnaire

The primary purpose of this questionnaire is to serve as a pre-paratory document for the interview. Essentially, the questions covered in this questionnaire are the same ones that will be explored when we meet. By completing the questionnaire, the interviewee will have more of an opportunity to think through the questions in advance, increasing the potential that the interview will be smoother, more meaningful and less time consuming.

Therefore, please complete the questionnaire prior to the interview. Answer each question as honestly and completely as you possibly can. Rest assured that your individual answers will be held in the strictest confidence. No questionnaire will be made available to other organizational members, and no data will be reported in any way that would identify specific individuals. (In this regard, please do not place your name on this questionnaire. As you might note, they have already been numerically coded. This code, as all other information, will remain confidential.) Although many of the questions require only yes/no answers, any explanatory information in these areas may also be beneficial.

Several questions will ask you to comment about the extent of your involvement in some specific activities or programs. In order to help you answer these questions, the following descriptions are provided for these activities/programs:

> Safety Management - Maintaining a safe workplace and thus protecting corporate assets by complying with the stipulations of Heath's safety policies and OSHA's regulations for the construction industry.

> Community Relations - A direct involvement in community activities such as civic organizations (Rotary, Scouts, etc.), state or local government activities, political activities, church activities, charity fund raising activities, etc. Making contributions to various charitable organizations (United Way, Heart Fund, Cancer Society, etc.).

> Educational Assistance - A direct involvement with students and schools at all levels including speeches, coaching activities, membership/leadership in educational organizations, etc. Also making contributions to schools for scholarships, research, facility improvement, etc.

> Highway Clean-Up/Summar Youth Employment - Involvement in the annual highway clean-up program employing area teenagers.

Equal Employment Opportunity - Maintaining a workforce which meets the minority recruiting and hiring standards established by the Federal government.

1. Please check the following areas in which you are actively involved:

            ____Safety Management

            ____Community Relations

            ____Educational Assistance

            ____Highway Clean-Up/Summer Youth Employment

            ____Equal Employment Opportunity

2. Do you perceive that the corporation wants you to be involved in the activities/programs described above?

3. What is the source of this perception? (i.e., written policy, verbal policy, examples set by other organizational members)

4. Do you feel that your involvement in any of the above activities/ programs is measured or recognized by the organization?

   A. If yes,
      1) Which ones (specify) do you feel are measured/recognized?

      2) How are they measured/recognized?

5. Do you feel that your involvement in any of the above activites/ programs is reported to higher management?

   A. If yes,
      1) Which ones do you feel are reported?

      2) How are they reported?

6. Do you feel that your involvement in any of these activities/ programs is in some way evaluated by the organization?

   A. If yes,
      1) Which ones do you feel are evaluated?

      2) How are they evaluated?

7. Do you feel that your involvement in any of these activities/ programs affects your compensation?

   A. If yes,
      1) Which ones do you feel you are compensated for?

      2) How do these activities affect your compensation?

8. Do you feel that your promotion opportunities within the firm are affected by your involvement in any of these activities/programs?

    A. If yes,
       1) Involvement in which areas affects your promotion opportunities?

       2) How do these affect your promotion opportunities?

9. Do you feel that your involvement in any of these activities/ programs is recognized in any other ways?

APPENDIX D

JOB SITE
SAFETY MEETING REPORT

TYPE MEETING: MEETING DATE_____

    MANAGEMENT ☐   NUMBER ATTENDING_____

    SUPERVISOR'S ☐   NUMBER IN CREW_____

    FOREMEN'S
      TOOL BOX ☐

COMPANY_____

LOCATION_____

TYPE OF JOB_____

— ORDER OF BUSINESS —

SUBJECTS DISCUSSED_____

_____

_____

_____

_____

_____

SUGGESTIONS OFFERED_____

_____

_____

_____

ACTION TO BE TAKEN_____

_____

_____

_____

INJURIES – ACCIDENTS REVIEWED_____

_____

_____

_____

_____

— SUPERVISOR'S REMARKS —

_____

_____

_____

              Signature_____

              Title_____

10006

YEARLY CRANE INSPECTION REPORT

(Mechanical Type)

CODE #209

	X	N.S.	N.A.	NOTES
1. Condition of Frame & Boom Structure				
2. Loose or Missing Bolts & Rivets				
3. Cracked or Worn Sheaves and Drums				
4. Worn Pins, Bearings, Shafts, Gears, Rollers, Locking Devices				
5. Excessive wear on Brakes, clutches, and associated Parts				
6. Load, and Boom Angle Indicator operation				
7. Power Plant Performance and Safety Compliance				
8. Chain Drive Stretch and Sprocket Condition				
9. Magnetic Particle Check Crane Hooks				
10. Malfunction of Travel Mechanism				
11. Worn or Damaged Tires				

X = Okay   N.S. = Not Sufficient   N.A. = Not Applicable

MINORITY UTILIZATION REPORT

This report is required by Executive Order 11246, Sec. 203. Failure to report can result in contracts being cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts of federally assisted construction contracts.

7. EMPLOYERS I D NO

		MINORITY	FROM:
NAME AND LOCATION OF CONTRACTOR		FEMALE	TO:
			FEDERAL FUNDING AGENCY

5. CONSTRUCTION TRADE	Classifications	6. WORK HOURS OF EMPLOYMENT (Federal & Non-Federal)												9. TOTAL NUMBER OF EMPLOYEES		10. TOTAL NUMBER OF MINORITY EMPLOYEES	
		6a. TOTAL ALL EMPLOYEES BY TRADE		6b. BLACK (Not of Hispanic Origin)		6c. HISPANIC		6d. ASIAN OR PACIFIC ISLANDERS		6e. AMERICAN INDIAN OR ALASKAN NATIVE		7. MINORITY PERCENTAGE	8. FEMALE PERCENTAGE				
		M	F	M	F	M	F	M	F	M	F			M	F	M	F
Unskilled Labor	Journey worker																
	APPRENTICE																
	TRAINEE																
	SUB-TOTAL																
Carpenter & Carpenter's Helper	Journey worker																
	APPRENTICE																
	TRAINEE																
	SUB-TOTAL																
Equipment Operator	Journey worker																
	APPRENTICE																
	TRAINEE																
	SUB-TOTAL																
Truck Driver	Journey worker																
	APPRENTICE																
	TRAINEE																
	SUB-TOTAL																
Ironworker	Journey worker																
	APPRENTICE																
	TRAINEE																
	SUB-TOTAL																
TOTAL JOURNEY WORKERS																	
TOTAL APPRENTICES																	
TOTAL TRAINEES																	
GRAND TOTAL																	

| 11. COMPANY OFFICIAL'S SIGNATURE AND TITLE | 12. TELEPHONE NUMBER (Include area code) | 13. DATE SIGNED | PAGE |
| EEO Officer | | | OF |

VITA

Jean Garner Stead was born on the snowy night of February 7, 1949, in Birmingham, Alabama to Marion and Tom Garner. She stayed in Birmingham until her graduation from The Brook Hill School for Girls in 1967. Her ambition after graduation from high school was to attend a co-ed college, so off to Auburn University in Auburn, Alabama she went. At Auburn she received her Bachelor of Science in Business Administration in 1971 and her Master of Arts in College Teaching in Economics in 1973. After leaving Auburn, she moved to the mountains of Southwest Virginia and served as an Instructor of Economics at Clinch Valley College of the University of Virginia in Wise, Virginia. She stayed there only a semester because she fell in love with a debonair banker, Ed Stead, from Birmingham, Alabama. They were married on the rainy morning of January 6, 1973.

The couple moved to Baton Rouge, Louisiana so that Ed could work toward his Ph.D. in Management at LSU. It was during this period (1973-1976) that Jean worked as an Urban Planner for the City of Baton Rouge and as a Technical Researcher for Economic and Industrial Research, Inc. In 1976, Jean and Ed moved to Macomb, Illinois where they served on the faculty of Western Illinois University. Jean served as an Instructor of Economics from 1976-1979 and earned a Master of Business Administration in 1979 from Western Illinois University. It became obvious to Jean that it would be necessary to pursue a Ph.D. in order to further her teaching career. After planning to enter LSU in 1979, Jean and Ed were surprised to

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find that their family was expanding and plans were delayed. On the cold night of February 1, 1980, a six pound, four ounce, little girl named Garner Lee came into their family.

In the Fall of 1980, all three Steads moved to Baton Rouge, Louisiana where Jean enrolled in the Doctor of Philosophy Program in Business at Louisiana State University. In the Fall of 1982, the Steads moved to the mountains of East Tennessee where Jean is serving as an Assistant Professor of Management at East Tennessee State University.

EXAMINATION AND THESIS REPORT

Candidate: Jean Garner Stead

Major Field: Business Administration (Management)

Title of Thesis: The Social Strategy Implementation Process:

        An Exploratory Investigation

Approved:

Edmund R. Bray
Major Professor and Chairman

William Cooper
Dean of the Graduate School

EXAMINING COMMITTEE:

Date of Examination:

  July 18, 1983