

**PAGES MISSING
WITHIN THE
BOOK ONLY**

UNIVERSAL
LIBRARY

OU_168914

UNIVERSAL
LIBRARY

~~OUP-301-294-12-10000.~~

OSMANIA UNIVERSITY LIBRARY

Call No. *658 H78M* Accession No. *14069*

Author

Title

This book should be returned on or before the date last marked below.

PITMAN'S HIGHER STUDIES IN COMMERCE

**MANAGEMENT
SURVEY**

MANAGEMENT SURVEY

THE SIGNIFICANCE OF MANAGEMENT IN THE
MODERN COMMUNITY

BY

F. C. HOOPER

B Sc, F I A

*Formerly Joint Managing Director of Lewis's, Ltd.,
and Associated Companies*

*Sometime Director of Business Training,
Ministry of Labour
and National Service*



LONDON
SIR ISAAC PITMAN & SONS, LTD.

1948

First published-1948

SIR ISAAC PITMAN & SONS, LTD.
PITMAN HOUSE, PARKER STREET, KINGSWAY, LONDON, W.C.2
THE PITMAN PRESS, BATH
PITMAN HOUSE, LITTLE COLLINS STREET, MELBOURNE
27 BECKETTS BUILDINGS, PRESIDENT STREET, JOHANNESBURG

ASSOCIATED COMPANIES

PITMAN PUBLISHING CORPORATION
2 WEST 45TH STREET, NEW YORK
205 WEST MONROE STREET, CHICAGO

SIR ISAAC PITMAN & SONS (CANADA), LTD.
(INCORPORATING THE COMMERCIAL TEXT BOOK COMPANY)
PITMAN HOUSE, 381-383 CHURCH STREET, TORONTO

PREFACE

MANAGEMENT is a universal activity. It is practised, perforce, on one scale or another by almost every one every day. Its principles extend from the home to the hospital, from the sweet-shop to the Army, and are fundamental to success in each one of them. Unlike the recognized professions, no licence is required to practise it, even on the largest scale. There are no university degrees in management, there is little organized teaching upon it, and its outstanding practitioners, the real giants of management, have, as a rule, few or no letters after their names. They are in most cases self-taught, having learned on the job as they went along. Of no activity of comparable importance could such things be said.

How has this come about? Briefly it derives from the fact that the importance of management in its present professional sense is of relatively recent growth. It has grown as the scale on which business is conducted has grown, till management has come to mean above all business management. As businesses have extended in size and developed in complexity, management has shifted more and more from the proprietor to the salaried official, from the amateur to the professional. With the full-scale industrialization of western civilization and the emergence of the big business unit as the representative social institution of the age, management, in both its general and its specialist aspects, has become one of the key activities, and the manager one of the chief figures of society.

This emergence of the manager has far wider implications than those usually associated with conceptions of technocracy. It is certain, notwithstanding popular expositions of the managerial revolution and of the so-called reign of technocracy, that the place and functions of managers and management are still little appreciated by the lay public, and not always even by those who work in, or live off, business. To most of us the manager represents a figure very ill-defined, of whose work, and its significance to society, we know little. The manager himself, immersed in his immediate problems, seldom has time or energy, even if he has aptitude and inclination, to sit back

and take the large view of his functions. The young man, wondering whether or not to go into business, is certain to be even more vague.

This book is an attempt to fill the gap, to present to the layman, to the beginner in business, and even to the manager of experience, the broad picture of management in its contemporary setting.

F. C. HOOPER

12 CLARGES STREET, W.1

NOVEMBER, 1947

ACKNOWLEDGMENTS

The author gratefully acknowledges his debt to many writers, both in and outside the field of management, and particularly to C. A. Oakley, Walter Puckey, Lt.-Col. Leonard Urwick, and Peter F. Drucker.

CONTENTS

CHAP.	PAGE
PREFACE	V
1. WHAT MANAGEMENT IS	I
2. SCIENTIFIC MANAGEMENT	II
3. MANAGEMENT AS AN ART	48
4. MANAGEMENT AND THE CLIMATE OF WORK	61
5. MANAGEMENT AND INCENTIVES	96
6. WHAT MAKES A MAN A MANAGER?	120
7. BUSINESS AS A CAREER	152
INDEX	171

CHAPTER I

WHAT MANAGEMENT IS

THE frontiers and functions of management have never been strictly defined in the public mind. It is thus the more necessary to make one's terms clear at the outset. By management, within the context of this book, we mean management as distinct from the framing of policy: that is, the complex of operations which, in a business, extends from immediately below the Directors when acting corporately as a Board, down to and including the lower supervisory levels.

It is true that the two functions of policy-making and management intermingle at many points. They meet in the person of the Managing Director, who is at once the highest level of management and a prime mover in policy. In most businesses, individual Directors exercise active managerial functions. Moreover, management and policy react upon and tend to modify one another all the time. None the less the distinction remains, and is useful in that once in mind, there is less likelihood of slipping into the error of blaming policy for shortcomings which are essentially managerial, or at least are capable of managerial solutions.

It is the task of policy to lay down strategy: to assign objectives, establish priorities and set the time scale. It is a part of policy to lay down the broad limits in money, manpower, and resources generally, within which the programme must be carried through. It is the task of management to carry policy into effect with the fullest efficiency within the limits assigned: that is, with maximum success at minimum cost. It is the part of management, in short, to create conditions which will bring about the optimum use of all resources available to the undertaking in men, methods, and materials. Thus the scope of management is immensely wide. At one end of the scale it may be concerned with technical details such as the number and the order of movements made by the hands of a worker, or the best method or most suitable type of material for a particular job. At the other, it is concerned with such intangibles as morale,

or "working climate"; with the administrative problems presented by the handling of experts and the co-ordination of the network of human relationships and responsibilities which go to make up the concern. Above all, it must build up the whole into a team, with a working pattern, a rhythm, and a balance of its own.

Just as a man in good health is vastly more than a mere assemblage of organs and attributes, so, and similarly, a "going concern" is something far greater than the sum of its parts. The difference lies in the combination of the parts into an organic entity, with purpose and personality, and, not least, momentum. It is management, and nothing else, which brings this about. Success in doing it is the hall-mark of quality in management. It is the decisive element in the success of any undertaking, because it is, in the long run, the only way in which the optimum use of all resources can be brought about. It is the best guarantee of survival-power, because an organization thus built up is a flexible instrument, highly resistant to shock, able to change, to adapt, and to expand. Moreover, an undertaking to which good management has given a "soul" is a place worth serving and worth working in. It inspires its people, and attracts the right type of recruit, and thus powerfully re-insures its own future.

The achievement of General Eisenhower in building up SHAEF represents a notable instance along these lines of top-level management in action. In the words of the Cambridge Public Orator: "He showed himself such an example of kindly wisdom, such a combination of serious purpose, humanity, and courtesy that the others soon had no thought in their minds save to labour with one common will for the success of all."

If we add the dictum attributed to Rockefeller "that it is the task of management to enable ordinary people to do the work of superior people," we get a useful picture in very broad terms of what management does.

Seen thus, it becomes evident that management calls for a blend of two distinct skills: it is both art and science. This dual nature of management is often overlooked. The result is to confuse a number of issues which centre round management, particularly in selection and training, and which are closely bound up with the status of management as a profession.

On the one hand we find the view, sometimes expressed by those of scientific bent, particularly those with a technical training or technological bias of mind, that management is, first and foremost, "Scientific Management"—something that can be analysed, studied, and learned like anatomy or physiology. And that, unless a man has mastered this scientific side and has fully equipped himself with the specialist learning it can offer, he cannot be first-class at management and is scarcely, if at all, entitled to claim the professional status of a manager.

At the other extreme there is the view that, since management is mainly applied common sense, managers are above all born rather than made: and that if a man "has it in him" and masters the technical side of an undertaking by spending enough time in it to gain practical experience, it is a waste of his time to worry about the science of management. The use of the term "science" may have a good deal to do with it. In this country science has long been the province of specialists, a sort of cloister, from which laymen keep out. So that "scientific" management has become quite wrongly synonymous with a cult or a mystery. It is this view, by and large, which has held good in Britain until recent times, and, indeed, still holds good in many quarters.

The explanation is simple enough: the British have a natural aptitude for the art of management; they have a profound and well-tested respect for the "practical man," and a distrust for what seems over-logical or smacking of theory. Moreover, so many men in Britain now at the very summit of management with a long record of success behind them, have risen there virtually without management training in any scientific sense, that as a result the case for the latter has not been very obvious to ordinary people.

Much the same has been true of athletics, for which also the British have a high natural talent. For decades our golfers, high jumpers, and tennis players could afford to rely on native ability—and hold their own. Now ability alone, however great, has ceased to be enough: study, science, and training are needed to add that little more between first place and third.

The parallel between management and sport is close. Management under modern conditions has become equally exacting. Managers nowadays need to become as proficient in

the science of management as they have hitherto been good at the art. It is important, therefore, to get rid of the view that the scientific side of management is too difficult and subtle for the ordinary man of good intelligence; that it is too remote and "theoretical" for the man of practical mind; or that it has little of value to offer to the man of inborn managerial talent and personality.

We shall be able to arrive at a sounder view only if we keep in mind very clearly the nature of the two aspects of management, as art and science, and thus the limits under which each must be approached. Briefly it comes to this: That the art of management turns mainly on personality; that is, upon the possession of, and the relation between, certain qualities. These qualities can be armed by study. They can be developed and brought into balance by experience as the character and personality itself matures, develops, and becomes rounded-out and integrated. Training and practice can give them a keener edge. But if the necessary qualities are not already there in the first place, or at least latent close below the surface, no amount of training, however scientific, will put them there. Nor can the art of management, as such, be made the subject of examination; least of all written examination. Such results, except in so far as they may reveal the stature of a personality, are not only of little use but are almost certain to mislead. There is only one valid test for management as an art—the production of successful results on a sufficient scale over an adequate period of time.

By contrast, the science of management is very little dependent upon personality beyond the possession of an adequate intelligence, an orderly habit of mind, and an ability to see a subject whole while keeping track of the parts. Scientific management is based on analysis and is by definition well suited to the theoretical approach. It can be taught and studied in a class room, and the degree of mastery acquired can be tested validly and to a useful extent by written examination.

Let us sum up the point which we have reached: We have distinguished between management and policy. We have seen management as the driving force that inspires an undertaking, knits it into an entity, and creates the conditions and the relationships which bring about a full use of all its powers and

resources. We have analysed the nature of the blend of skills required as being both art and science, and have glanced at the approach appropriate to each. To complete the picture of what management is it remains to consider the particular importance that quality of management has at this present time.

The answer is that its importance can scarcely be over-estimated, both in the short term and in the long term. The benefits of material re-equipment cannot be made available, or their effects felt, except over a period of years. By contrast, managerial skill can make its contributions immediately by making the most of what we have. It is management alone that can maximize output with the means, the men, and the materials already available. Thus the challenge of the present economic situation lies very largely upon the managements of the country.

So, perhaps, does the economic challenge of the future. To see the reason we must glance at the basis of our trade supremacy in the past and the changes which now beset us.

British business derived its lead in the industrial era mainly from technical developments and inventions, many of them in the application of power- and machine-methods. For long Britain led the world in cheap power and in many forms of industrial research leading to new products or new methods which the country was well-placed to exploit. We had access to cheap and abundant raw materials drawn from all over the world. We had ample labour and were a low-cost country. Britain occupied much the same sort of position relative to the post-Napoleonic world that the United States does to the present one. British goods and British capital (generally in the shape of capital equipment) poured into almost every country. In Britain then, with an expanding economy, and with labour at home under the heavy discipline of a buyer's market, the main problems were predominantly technical rather than managerial. The accent was upon the technician and the man of practical experience as the foundation of our competitive supremacy.

Scarcely one of these factors remains to-day without radical change. Britain is no longer a leading country for cheap power.¹

¹ It is too early to talk of atomic possibilities in applied power, but it would be unjustifiable to assume they could place Britain in the unique position her coal mines did during the first century and a half of the industrial era.

We are short of labour, and are on the way to becoming a high-cost country. Though, as the war has shown, in Radar, the jet engine, Pluto, the cross-channel portable petrol pipeline, the Mulberry harbour, and many other brilliant achievements of scientific research and technical team-work, British inventive genius is still at the top of the class, we no longer enjoy the specially advantageous position in technical research which once we did. Our principal competitors are, or readily can be, not less well-equipped. Thus inventions and special processes can no longer be regarded as secure or exclusive to the extent once deemed possible; they may be re-discovered or by-passed in a few years. In short, though technical ability is every whit as important as ever, and any falling back would be quickly disastrous, the dividend to be derived from it grows proportionately less as technical advantages are tending more and more to even out and become common property as between this country and its principal competitors. As in a motor race, where the cars are nearly equal in quality and closely comparable in power, it is the skill of team and driver that makes the winning difference, so in modern business it is likely to be quality of management that proves the decisive "variable" in competitive efficiency.

In this respect British management has, over the country as a whole, a good deal of leeway to make up. There is no need to look abroad for our models to countries whose methods are by no means always applicable to British conditions or to the British industrial pattern. Where the approach to optimum efficiency is concerned, nations (and their markets) can and do differ as radically as individuals. What is needed is to find out, not once, but as a continuous process, what our best businesses are doing in each trade in order to spread their methods, which have been proved to suit the British scene, as widely as possible in that particular trade, and, where applicable, in the field of management generally. Were this to be widely done, there is every reason to believe that the people of this country would find an ample justification for pride in the skill, quality, and efficiency of British industrial management. It would also reveal the far too considerable and often needless gulf that separates the best concerns from the worst. For while the best British managements undoubtedly can

stand comparison with the best in the world, there are a number of concerns where modern methods of management could bring about considerable increases in output in relation to cost, increases which though they might be much enhanced by material re-equipment and more mechanization, are by no means wholly dependent upon either. The fuel crisis of January–February, 1947, provided a whole crop of examples in the one field of fuel and power. Faced with the need to economize drastically or close down, many firms turned their attention to wastages which had been taken for granted for years, and whose elimination under duress yielded remarkable savings without any corresponding reduction in output efficiency. The situation is not hard to understand. Most basic British industries, and many individual businesses, have grown up over the last fifty or hundred years. That is, they were planned originally in Victorian, or at most Edwardian times. And Victorian England, in particular, was distinguished by an astonishing lavishness of labour and materials, man-power and coal-power. The houses and the factory-layouts of that period bear witness to it, and so too do many businesses and the type of thinking that goes with them. To-day we no longer have all the raw materials of the world on our door-step. We have to consider whether we can afford to import them. We may have, for some time at least, to learn, as we did in war, to compete from a basis of scarcity rather than superfluity. From now on, management in not a few respects must go in for string-saving.

Moreover, the justification of cost-no-object, get results and never mind the cost, has gone with the war. But the mood remains, deeply ingrained after seven years, and built in to the rising generation who have known no other. To eliminate it will not be easy. War speeds up technical progress to a fever-pitch. Each war seems to have done so more intensely than the one before. The last war crammed perhaps twenty-five or more years' worth of normal technical advance into five or six. The very urgency of the mood that makes this possible also sweeps aside all the normal barriers and inhibitions of prudence and economy. We see it in the public mentality which spends money in the shops like water and swallows astronomical budgetary items, debts of thousands of millions, without a

tremor. In business, costs lose their meaning when they can, in effect, be debited against taxation, and when, the normal competitive checks of a buyer's market being absent, anything sells at almost any price, and every increase in cost can be passed on more or less complete to the consumer; or when, as is usually the case where price controls are in operation (as under a controlled economy), the prices fixed are such as to allow the less efficient end of the controlled trade to operate, leaving the efficient business without a competitive spur to maintain, still less to increase, its existing state of efficiency.

This disregard of the cost-factor is not limited to any section or level of business. It finds expression in the board room and the manager's office, and on the workroom or factory floor. The fact is that business at all levels has got to get back to the idea of living competitively and without mortgaging the future. In the case of business, it is management that has the difficult and thankless task of giving the lead and seeing that it is followed. In setting out to achieve this, management must reckon with the fact that numbers of junior executives have, to-day, known no other condition than that proper to a war economy.

Nor is this by any means all. Technological changes, revolutionary inventions, and to a lesser extent shortages and economic crises, strike the mind and capture the imagination. They are impressive to write about and easy to grasp. In this way they come to seem vastly important, as indeed they are. But there are other changes far more subtle, and all the more powerful on that account: sociological changes, for example. These steal upon us unawares. They are so close to us, so much a part of our lives, that we take them for granted and easily miss their significance. For business and industry are entirely human and social activities, and anything that affects society materially, affects business profoundly.

In the last six years we have seen a sociological change which may make even the technical possibilities of atomic power seem relatively small, at least as far as the problems raised in terms of management are concerned. We have seen the scales of power veer over from managements to men. It is true that the scales have been some time a-tipping. We have been building towards this situation for some generations; the

war, coupled with the fact that for a generation at least we are likely to be faced with a shortage of labour, has only completed a movement already begun. The full results are still largely masked by the momentum of the old situation, the force of old habits, loyalties, and modes of thought. But the changes cannot long remain masked by stabilities derived from a vanished situation. Already people are no longer content to do as they are bid, just because they are told to. They will question, and revolt if the answers do not square with their views of sense and justice, and in the short term at least they can do so with considerable impunity. Their views may be irrational or ill-informed. That does not make the situation any less real, and it makes the problem for management harder. As G. S. Walpole has remarked in his book *Management and Men*, "Society having assumed the responsibility of educating 'lower orders' and teaching them how to think, cannot now deny them the right to exercise that power—or insist that their thoughts shall follow a pre-determined line."

Thus management is presented with a revolution whose full implications may be harder to assimilate than all the combined technical changes of the century. The internal combustion engine, the jet engine, and now the atomic pile, represent, after all, a sequence of changes in the same general direction. It is possible to see broadly where they lead and to anticipate, up to a point, their impact upon us. But the social change, implicit in the transfer of political mastery from managements to the managed, is a change so basic that we are still far from being in a position to measure the probable consequences or see where they will lead us.

One thing, however, remains quite certain, indeed inescapable: that management is more than ever of moment. The more we see discipline founded on employer-power relaxed, the more surely is management needed to give shape and direction, and the greater is the skill needed to do it.

Nearly half the nation finds its living in business and spends the greater part of its working life there. By consequence, management is in closer touch with most of us than any other single force or factor in our lives—far closer for instance, and for longer periods at a time, than schools, churches, political parties, or trade unions. The managements people work under

may, and often do, colour their whole lives, and condition their outlook on life. They have it in their power to unite and stabilize, or to irritate, antagonize, and frustrate. At times of intense and rapid social change, like the present, the role and the opportunity given to management is almost incalculably great. Faiths may and do crumble or lose hold; leaders lose their stature or at least their following; old sanctions go; the very tracks and grooves along which the lives of millions used to run with well-oiled steady motion get torn up or come to sudden stops—and, as C. A. Oakley remarks,¹ we all need grooves to support us. They are few indeed who can stand free. But however great the flux, men have to go to work. The job remains. The business as an entity goes on, providing a fixed focus-point of working social life, whatever else may change. At times like the present, when we are, in a very real sense, between two worlds, one dying and the other struggling to be born, the daily, quiet, commonsense human influence of sound and steady management may stabilize millions of people and thousands of homes without any fuss being made about it or indeed anyone recognizing consciously that a job of such magnitude is being done. The quality and skill of British management may therefore prove not only a decisive economic but a decisive social force. The challenge—one should not say burden—of the present sociological changes, however sharply it may fall upon politicians, educators, trade union heads, upon publicists and the leaders of thought, falls first and foremost upon management, and it is the reaction of management to the situation that may well be the most decisive of them all in determining the shape of things to come.

¹ C. A. Oakley, *Men at Work*, page 53.

is also the scientific application of the analytic method to selection-by-interview. It is clear, however, that vocational selection by this method has all the difficulties inherent in the analytic test, plus others of its own, particularly the complications that arise from introducing a fresh set of unknowns. These unknowns include not only the limitations of interviewing in general and of variations in interviewing skill, but also the intrusion into the equation of the personality of the interviewer, and, in addition, the effects, which may be as great as they are incalculable, of the reaction between interviewer and interviewed. Nor is certainty increased by substituting a panel for a single interviewer and thus multiplying the unknowns several times further. In short, an interview, however well-conducted in terms of scientific method, remains highly personal and thus far more art than science. Except for the special case where fitness for the job depends in large part on the personal relationship between selector and selected, as for instance in a secretary or assistant, who will work for and with a particular person, selection-by-interview is at best a hit-or-miss affair and to speak of "scientific interviewing" is probably a misnomer, and to regard it as a technique of scientific management is perhaps misleading.

Science enters into the picture of selection again, however, in passing judgment upon the efficacy of the tests. This will be shown by results in three principal ways—

- (i) In higher output, better quality of output, or lessened wastage;
- (ii) lower labour turnover; and
- (iii) the emergence of a characteristic type in those selected by test.

This characteristic type, if the test is a good one, should approximate in its main features, both of personality and performance, to those workers already in the concern whose work and stability have stood out over a number of years. At the same time, no management can afford to overlook the possibility of going too far in standardization of a type. It is possible to envisage tests with so fine a screening mesh that they might tend to reproduce something of the rigid uniformity of a caste system. The absence of greater certainty than we

now possess of the abilities required for most types of work, as well as the value of elasticity and adaptability under modern conditions, should render management cautious in proportion as scientific technique makes methods of selection increasingly effective.

Moreover, no selection-system at "vocational" level can afford to neglect the need of a firm to grow an appropriate proportion of its own management timber. Any firm that fails to do so prejudices its survival power in several critical ways. Yet the qualities needed for management, and therefore the type of test which would reveal potential managers, are radically different from those applicable to almost any job at vocational level. It is often men who show up relatively poorly at the latter but possess high general intelligence, initiative, ambition, and personality, who will ultimately stand the test of promotion. This is not an argument in favour of trying to combine two incompatible types of selection-test—that for job-aptitude and for potential management-calibre; we simply make the point that an enthusiasm for vocational selection which made the mesh too fine would over-reach itself most unscientifically. As Oliver Wendell Holmes has said: "Science is a first-rate piece of furniture for a man's upper chamber, if he has common sense on the ground floor." In no sphere does this come closer home than in selection.

There is little doubt that selection-tests yield their best dividend, and are on suitable ground, at the vocational level. None the less, when all is said and done, we have still to admit that, however scientific in conception and successful in the immediate application, they can seldom rank higher than appraisals, or their findings apply with any certainty beyond the present or at most beyond the immediate future. They are not final. They can guide, but they cannot predict. The unknowns remain too many and too great. One example may suffice. We may, for instance, appraise with accuracy what the individual is likely to do at the job: but we have not, as yet, found means to forecast, or to measure except after the event, what the job may do to the individual. Yet the latter may have a decisive effect upon the real suitability of a man for a particular job or type of job.

We are familiar with the dictum that absolute power

corrupts absolutely. This is, in effect, an avowal of what the job of dictatorship does to the dictator. In industry, as Reavely and Winnington have pointed out,¹ it is possible that certain types of repetitive, semi-automatic work can induce in certain types of person of good intelligence a brooding state of mind, accompanied by fantasies and *idées fixes* which, if allowed to persist (i.e. if not consciously tackled and eliminated by the worker himself) would almost inevitably unfit him for that type of work, notwithstanding that an aptitude test might have shown him, quite correctly, as well-fitted for it. The sight of miles and miles of earth before the plough, day after day, has been known to make skilled tractor-drivers bloody-minded, and the reaction of "salt water unbounded" on landward spirits is well-known, however good they may be at the technicalities of navigation or seamanship. Drucker² quotes "as a fairly representative view" a statement by an American industrialist to the effect that no one with intelligence above moron should be allowed to work upon an assembly line. This is a palpable overstatement; its interest lies in the implication that work of such a type may do something to people selectively according to their general intelligence, and that what it does may be adverse to their output and stability at work. Yet it would certainly prove difficult to incorporate in a test the reaction of the job upon the individual. Scientific management will no doubt work towards it, but until this and many similar problems equally obscure can be brought into the category of things knowable and calculable, selection will remain just that much art as well as science.

Training and the Introduction to Work

It has been said that eighty-five per cent of all industrial jobs in the U.S.A. could be learned in a fortnight: also that our victory in the last war was due largely to the training which enabled several hundred thousand inexperienced workers, many of them women, and not a few of whom had never been inside a factory before, to do precision work of a kind which, traditionally, would have been regarded as possible only to

¹ Reavely and Winnington, *Democracy and Industry*, pages 79, 99.

² P. F. Drucker, *Big Business*, page 155.

men with an apprenticeship of several years behind them. There is no reason to suppose this to be an overstatement. The war has shown not only the vast extent of latent skill in ordinary people of no very obvious attainments, but what training can do to bring it out and harness it. We know now that performance can be brought to a high pitch by skilful training independent of previous habits or experience and that the process can be made to occupy a far shorter time than has hitherto been looked on as essential.

This advance has been brought about entirely as a result of applying scientific methods. These operate in three ways—

(i) By breaking down, under analysis, a job into its constituent parts, until each part or operation is brought within the skill-compass of the labour available (production-planning);

(ii) by finding out the way in which each operation can best be carried out by the individual worker—carried out, that is, with most effect for least effort and in the shortest time (time-study and motion-study);

(iii) by scientific training towards that “best way.”

It is this last with which we are concerned here.

One of the important contributions of science, in this case the science of industrial psychology, to training is to make plain that introducing and equipping a person for a career, a type of work, or a particular job, involves a great deal more than merely teaching how to do a thing in the most effective way: that training, to be fully effective, must result not only in the acquisition of method or technique and the skill to use them with dexterity, accuracy, and consistency, but the acquisition also of an outlook, of an attitude to the job and the whole climate of work. This aspect of training is generally known as “job-introduction.” It has its foundation in management principles not less scientifically conceived than are those of the formal training in job-skill. Its purpose is to bring the will into play, first in learning and later in doing. To do this it must promote interest, enthusiasm, and legitimate ambition. Most people bring something of all three with them to a new job, but they need to be encouraged and directed. This process of “conditioning” commences with the reception at the door

on the first day of work, and should continue right on through training, whether of a month or a year. The impact on the trainee, young, often straight from school, of the first day and the first week at work may affect decisively for good or ill the whole of his career. As Lao Tze has said: "The tree of ample branches grew from a tender shoot; a single step begins the journey of a thousand miles." The twig is easily bent in the beginning, so hard to bend later, and the first step may decide the direction travelled for many a mile.

The immediate requirements of job-introduction are three-fold: the newcomer must feel himself an integral part of a team, sharing common aims, a common will to success, and joint responsibilities; he must feel these aims are worth working for; and he must feel that he himself plays or can play an essential part in their success. This requires that the trainee shall be led to gain for himself (it may be rejected as suspect if attempts are made to impose it on him ready-made) a clear picture at the outset of what the concern does as a whole, the nature and extent of the service it offers both immediately to the whole network of business and thus to society, how it offers that service, and why and how it has reason to be proud of it. And, finally, he must be enabled to see clearly the significance of his own place in the whole effort, and thus, even while a trainee, to gain a sense of importance and meaning, and seem significant to himself.

This underlines the desirability that the trainee should come early into touch, not only with those at the top or in official charge of his fortunes, but with those among his future working group whose influence counts and is exercised in the direction of harmony and in building up the organic unity of the concern. Such "builders" may be very simple people, and their "building" may be largely unconscious, but it will not on that account be less real. To put it another way, the trainee must fall into good hands, as the best insurance that he will not fall into bad—i.e. into the hands of the grouseurs, the disintegrators, and the maladjusted generally, who form a small but often potent minority in most working groups and are quick to look on newcomers as a promising audience for their grievances. He must be shown the way round, not only at work (this will be part of his formal training), but during breaks, meal-times,

and (if he is a stranger to the locality) off duty too. In short, he must be made to feel one of the family.

The sponsor system, in which an older man of influence and character is encouraged to act as "guide, philosopher, and friend" to a newcomer is a useful development along this line. It is, in effect, a re-discovery or re-statement by scientific management in terms applicable to modern industry of the old master-apprentice relationship, or, for example, of the old sea-going principle by which the young hand or apprentice had a "sea-daddy." The sea-daddy, generally self-appointed as a result of natural affinity, showed the youngster the "ropes" in life as well as literally in the working of the ship, and provided guidance and influence when most needed at the early stages of adjustment to what is virtually a new life in a new world, at a most difficult and impressionable age.

In contrast to this genuinely scientific approach is one which makes, to use Oakley's phrase,¹ "the mistake of thinking logically, without first thinking psychologically" about the needs of the trainee. Such an approach is apt to result in the trainee being subjected to a barrage of complex information, ranging from the firm's regulations and penalties to wage-rates and benefits to which he may be entitled. These not only mean little to the trainee, being completely out of the line of interest natural to a person in his first days, but may do actual harm by imparting a false balance to his impressions and by setting his mind off into wrong channels. Occasionally, even, one may run up against the view that newcomers need to be broken-in, and preferably the hard way, a process which is apt too often to include breaking him down by introducing him to the dirtiest, most meaningless, and most tedious sides of the work or the business. By contrast, it is an important part of scientific management applied to training to work out what the psychological needs of the individual trainee are likely to be, and to find means to match each one of them from the outset of training. In doing this, though the general principles already mentioned will commonly apply, anything that savours of a hard-and-fast approach should be avoided, since the more each trainee can gain the feeling, from the way he is treated and his needs have been studied and even anticipated, that he

¹ C. A. Oakley, *Men at Work*, page 109.

is looked on as an individual and not just lumped in as one of a crowd, the better approach he will make to formal training and later to the job itself.

Formal training has been usefully analysed¹ under five basic aspects or headings as follows—

PREPARATION. To get the mind of the learner fixed on what he is going to learn.

PRESENTATION. To demonstrate and explain what he is going to learn.

APPLICATION. To let the learner try it out and correct his methods.

PRACTICE. By constant repetition to “fix” the correct methods.

TESTING. To put him on his own and see if he has learned it.

The final goal, in terms of the acquisition of skill, is not merely a mastery of a series of individual steps in an operation, but the arrival at a rhythm of work in which all the individual elements of skill and dexterity used in the operations become combined and integrated into a working pattern, by which the trainee can attain not only optimum performance but a sense of ease and certainty.

The opportunities for scientific methods of management in all this are many, since the increments of skill produced by each phase or method of training on a particular individual can often be reflected in terms of output-ability or similarly measurable forms of achievement. Broadly, scientific management sets out to do three things—

- (i) To measure the growth of skill ;
- (ii) to find out and foster the contributory causes ; and
- (iii) to find out and eliminate the reasons for slow or insufficient progress.

There is, for example, the part played by demonstration, by trial, by “chance,” and by a sudden flash of perception or “insight” in securing a marked advance ; there is the occurrence of “flattening out” in the learning-curve, at which skill seems to stand still or even decline slightly, and the significance of these, their position and number, and of the nature of the learning-curve itself. There is also the nature of the relationship

¹ *Training New Entrants to Industrial Work.* Min. of Labour, 1943.

between trainer and trainee, and the optimum approach to different psychological types. In this respect we may remark that it is not enough to be willing to learn, it is also necessary to know how to learn—in itself a very real obstacle in the case of certain positive minds who find receptivity difficult even when they most desire it.

Finally, there is the absolute importance (the basis of the Gestalt theory of training) of enabling the trainee at an early stage to “see the job whole,” and further to see that he retains this “whole view” right through his training as a reinforcement and background to his study of a part. The importance of the “whole view” lies in its being one of the main keys to the meaning and significance of the job, and thus of the training also. Without a sense of the meaning and significance of what one is doing, enthusiasm and interest falter and the sense of personal importance (and therewith of satisfaction) is hard to keep alive. And it is these in the short as well as in the long run that are likely to be most effective in enlisting the will of the trainee to learn and to stick at it when progress seems to slow down or halt.

Examples quoted by Drucker¹ from American war industries producing carbines, bomb sights, and plane parts with labour not merely raw to the job but new to factory life, show beyond doubt that where the “whole view” has been well-gained training is made quicker and more effective, production increases, and labour-turnover falls, even with the most unlikely human material. In the case of carbines, on which unskilled women were employed, newcomers were taken out to the range and given a chance to handle the weapon and fire shots. They were shown the part they were to make and what it did. Also what happened if it was too big or too small by this or that fractional inaccuracy. One wonders how many British automobile workers have the chance on joining of being driven in one of the firm’s cars, and identifying themselves personally with its appearance, prowess, and performance.

It may be added that much that has been said so far of the application of science to training applies not only to the training of labour, but also to a training-problem inseparable from it, namely the training of trainers, which the “Training

¹ P. F. Drucker, *Big Business*, pages 187–8.

within Industry" service imported by the Ministry of Labour from the U.S.A. during the war has placed on an increasingly strong footing. T.W.I., as it has come to be called, is one of the most significant current contributions of the scientific method to management both in determining the qualities needed in selection, the way they shall be trained, and the methods which the men, when they have become trainers, will themselves use in bringing out similar talent in others.

Finally, there are the social implications to which the scientific conception of training cannot remain indifferent. For training in business cannot but have a considerable side-effect upon training for citizenship. Habits of life and habits of mind are formed. Attitudes are implanted, and "lived" for hours at a stretch five or six days a week, fifty weeks in the year. They cannot but influence, perhaps more strongly than is often realized, the direction we may take, our reactions to events, and our stability under stress. We are all familiar with the results of training implied in the "engineering mind," the "scientific mind," and the "military mind." But the effects of training do not end with the professions. In this respect technical training in business and industry has a common frontier with wider forms of cultural training which, though often conducted by businesses and under the aegis of the same department of management, are more usually regarded less as training than as a form of further education.

The Physical Background to Work. Fatigue, Accidents, and Safety

The physical background to work, whether in office or factory, may be divided broadly under three headings: necessities, including light, heat, and ventilation; nuisances, including such things as noise, dust, and smells; the actual physical conditions under which work is done, the appearance and arrangement of the office or workshop, covering a combination of layout and "housekeeping." To each of these science has made distinguished contributions to management. All bear, in one way or another, either directly or indirectly, on fatigue, accidents and safety, as well as upon the immediate problem of output-efficiency.

Take the case of light. Science has shown that seeing is not, as some of us have long been inclined to imagine, a more or less instantaneous activity. It takes time. Moreover, the time it takes bears a measurable relation to the intensity of the light. It has been found, for example, that while an intensity of six to ten foot-candles may be reckoned adequate for most jobs up to "fine," and that an intensity of ten to twenty-five foot-candles is a generally accepted range for fine work, visual acuity continues to improve up to an intensity of 1,200 foot-candles. And the results of better light can be surprising. Oakley¹ quotes a case in which the more regular cleaning of 16,000 sq. ft. of skylight increased output by six per cent, reduced errors by five per cent, and cut accidents by ten per cent. Shadows also have their effect—not always adverse. To "stand in one's own light" has become synonymous with folly, but an optimum working light is not one in which all shadow is banished, since in that condition seeing may actually become harder; it is a matter of having enough shadow, in the right places and with the right angle of incidence. Optima of this kind become very much the concern of scientific management.

The effects of temperature and ventilation on working conditions, and thus on health and output, may be equally great,² though some of their effects may be harder to isolate in terms of scientific measurement. In a large department store it was a matter of experience that the girls working in a fully air-conditioned sub-basement had a better health record than those more exposed to the hazards of direct ventilation above ground level.

The pre-scientific method was to look on disabilities of ventilation and particularly of temperature as hazards or discomforts more or less natural and inevitable to a type of work; as things that one should expect to put up with rather than attempt to overcome, more or less on the principle that since men have suffered in silence that way in the past it is reasonable and proper to continue to suffer. Adverse effects on output tend to be neglected not because they are necessarily negligible, but because they have never been measured.

Another type of outlook on temperature and ventilation,

¹ C. A. Oakley, *Men at Work*, pages 182-186.

² *Men at Work*, page 198.

common in many offices, and equally unscientific, is to look on fresh air direct from outside as the only true means of ventilation, and to leave the precise amount let in to be fought out room by room between the fresh-air-fiends and the fugsters in each department, a method which results in the losing side being irritated and ill at ease, so that strain increases and output must suffer.

Scientific management measures the cost of such discomfort in terms of output and working efficiency; it sets itself to find out the underlying causes of the discomfort and aims at establishing optimum working conditions according to the type of task, with the right combination of warmth and freshness. Investigation has established that a good working atmosphere depends far less upon the chemical purity of the air than had once been thought. The difference between a feeling of comfort (in which no one at work is aware that there is a ventilation or temperature problem at all) and one of discomfort in which a proportion are being nagged at by draughts, heat, cold, or stuffiness, is dependent upon a combination of three main factors—

- (i) Temperature;
- (ii) air-flow;
- (iii) humidity.

There is also a possible fourth factor, namely the way in which the heat is conveyed, whether by convection currents or direct radiation (e.g. from heated wall-panels) the latter being considered by some to have a more exhilarating effect, at the expense of less actual heat. In addition there is the effect derived from slight variations in temperature between different parts of a room as distinct from a uniform atmosphere. These variations, though slight, help to create the contrast upon which the sense of freshness so greatly depends.

Much work has been done upon all these points. For instance, figures arrived at by the Industrial Health Research Board¹ suggest airflows from twenty feet per minute in winter and thirty feet per minute in summer as probable optima for light sedentary occupations. Similarly a rate of turnover of the air of from four to six times per hour (for experts differ) has been

¹ *Industrial Health Research Board Annual Report for 1938*, page 12.

put forward as generally suitable, though the figure will vary with the type of work, the space per person, and the season of the year. It may also vary with the cleanliness of the workpeople. The amount of air-space needed per person as well as rate of air-flow is appreciably lessened where there is little smell of humanity from clothes and person.

Though dealing with technicalities of this type is primarily a problem for the specialist heating and ventilating engineer rather than for management in the ordinary sense, these matters have a direct bearing upon the practical day-to-day problems and thus upon the scientific study of management.

Turning next to "nuisances," the effects of such things as dusts, fumes, etc., have long been studied and their elimination or control accepted as part of good management by modern standards, whether they have been proved to be directly deleterious to health or not. That this is far from being mollycoddling or mere humanitarianism is shown by the gains in output, which can be great. Oakley¹ refers, for instance, to a perfume factory at which output increased by fifteen per cent consequent upon an improvement in the extraction of ammonia fumes. People may and do get used to stinks, but that does not mean they will not work more enjoyably, and therefore in the long run better, without them. Moreover such matters are increasingly likely under modern conditions to have a telling effect on the number as well as the grade of recruits. Those who can afford to choose their work—and that means most people nowadays, and especially the best types of worker—will not choose distasteful conditions.

Similar considerations apply with equal force to noise, though the effects of noise are less well understood and the nuisance itself is far harder to neutralize or eliminate. Not only is there the volume of noise to be considered, but also the type of sound, and even the effects of sound-frequencies which may be potent, though inaudible.

The approach of scientific management to the problem of nuisances is a threefold one—

- (i) To measure the effects of the nuisance upon workpeople, as reflected, for example in output, health, absenteeism, labour-turnover and the accident-rate;

¹ C. A. Oakley, *Men at Work*, page 197.

- (ii) to trace the nuisance to its source; and
- (iii) to devise means to neutralize or eliminate it which will be psychologically acceptable as well as technically effective.

Quite as many well-intentioned innovations by scientific management founder through lack of psychological knowledge as from technical difficulties, though these are frequently great. The golden rule is to apply the safeguards or counter measures to the nuisance at source rather than to the worker, who is apt to rate immediate comfort, convenience, trouble-saving, or personal appearance before less tangible and longer-term benefits and even before personal safety, especially if long usage and apparent immunity have accustomed him to think little of the possible ill-effects.

Science also enters into the approach of management to a great many aspects of factory or office arrangement and upkeep. We are not here referring to arrangement in the direct sense of a lay-out designed scientifically for a sequence of production operations, but to what is sometimes referred to as factory "housekeeping." There is, for example, the psychological effect upon the worker of cleanliness of machines. Painting machines in gay, light colours instead of the dark colours traditionally looked upon as serviceable has been found beneficial to morale and thus to output, to upkeep, and also in lessened accidents. Similarly, studies of the effects of colour schemes on the working atmosphere suggest that the results are far from inconsiderable, though we have some way to go before these can be considered as placed on a genuinely scientific basis. Certainly cleanliness, orderliness, light and colour have measurable tonic effects, and thus come within the ambit of scientific management in its search for optimum conditions for output. It can no longer be complacently assumed that "where there's muck there's money." It is far more likely to indicate avoidable waste. To take a single example: As Oakley points out,¹ "it is not commonly realized that illuminating engineers when planning installations have to introduce into their calculations a quite considerable coefficient of utilization (twenty-five to fifty per cent) to allow for dirt settling on lamps, fittings, windows, and walls between cleaning times." Where the latter are few and far between

¹ C. A. Oakley, *Men at Work*, page 186.

the bill will be paid not only in terms of current used, but in morale, slovenliness, accidents, losses, and waste generally in many directions.

On the other hand, it would be unrealistic and therefore unscientific to overvalue the effects of considerations of this kind. We have all seen work of the highest quality, both of hand and brain, produced in what are apparently most discouraging conditions: and the converse, places in which a lack of genuine efficiency exists hand in hand with most impressive physical conditions. In fact, the effects of old custom, and the mentality and stage of development of the work-people, enter into the matter enormously. Conditions which would spell hell to some people may seem quite normal and even positively "cosy" and likeable to those who have never known others. For example, John Fischer¹ makes the point, very apposite here, that the dictum of an American industrialist—"the best rough test I know of the efficiency of any factory is its cleanliness. Any dirty shop is sure to be an inefficient one"—however generally applicable it may be to the long-industrialized Occident, would be misleading in present-day Russia. Given their present labour-force it is Fischer's view that their output may often not be far from the optimum, notwithstanding a virtually complete disregard of what we look upon as elementary standards of good industrial housekeeping.

FATIGUE, ACCIDENTS, AND SAFETY. The analysis of fatigue is another field in which science has contributed considerably to management. It poses the pregnant question: How physical is fatigue? A great deal of it is certainly nervous and psychological rather than physical; perhaps under modern working conditions the most significant part of it. Everyone is familiar with the way a child will seem tireless so long as it is fully interested, and how it will suddenly become "tired-out" and fractious the moment the spell of interest is broken. We are all aware of occasions, very common during the war, when we recorded a similar situation in ourselves. A search for the inner causes of fatigue at work, and the ways to combat them, have led to inquiries such as the following—

(i) The anatomy of boredom;

¹ John Fischer, *Scared Men of the Kremlin*, quoting Mr. Eric Johnston.

- (ii) the value to output of rest-pauses and music while you work, and their nature, duration, and timing;
- (iii) the beneficial effect on fatigue of rhythm in movement;
- (iv) the relationship between the intensity of physical effort and the time needed for recovery;
- (v) the relation between output and the length of the working day and working week;
- (vi) the relation between incentives and fatigue.

There is clearly a very sharp difference between conditions, for example, of keen intrinsic interest or high-money-gain, which stimulate us to overcome tiredness or which render us temporarily oblivious to it, and conditions which actually lessen tiredness by relieving us of certain burdens. These last may range from the burden of too much monotony to the burden of making continual decisions, i.e. of too little; and from the fatigue consequent on making unbalanced or unnecessary movements to that which comes from holding a single posture too long at a stretch.

In its approach to accidents, scientific management has followed three main lines of investigation—

- (i) Accident proneness in the individual;
- (ii) analysis of the incidence of accidents and the isolation of the true causes;
- (iii) the formulation of effective counter measures.

The study of accident-proneness includes the devising of such things as sensori-motor tests of the speed and quality of a man's reactions, and the study of temperamental and other factors, e.g. a tendency to become flurried or "lose one's head" in a crisis, any of which may lie at the root of accident-proneness. The analysis of accidents and of the incidence of accidents is no less revealing. It has shown for example the high cost of accidents in lost time, since any accident that is at all serious generally involves the disruption of the work of a great many people and the unsettlement of many more, as well as the direct losses due to the person involved. It has shown how far these costs may exceed the cost of prevention. It discloses the need on occasion for changes in method or organization. The scientific elimination of the causes of accidents includes counter measures which are psychological as well as those

that are mechanical. It has shown that the former is far from being merely a matter, as is often loosely thought, of making people accident-conscious. "Safety first" is a thoroughly bad rule for life, and, as Oakley shrewdly remarks, to make a man frightened for his safety does not necessarily render him safer. It may well do the opposite. On the other hand, the inculcation of safety-habits and of instinctive patterns of behaviour and of reactions which operate in the direction of safety are an essential foundation for safe working. The debt of management to science here is fundamental.

Safety at work is, we now know, a very complex growth. It is true that a great deal turns on matters mainly material, such as too little or badly-placed light, glare, noise, dirt, faulty stacking, and the bad upkeep of equipment, to nearly all of which, as we have seen, scientific management opposes positive answers. But much is psychological. There is a close relation between accidents and fatigue. Mental distractions and worries, including those that stem from private life play a considerable part; so even, at times, may a tendency to recklessness or "showing off." There is also the type of accident brought about by the sheer stupidity or carelessness of a third party. This can amount to an indifference to the welfare of others which borders on the anti-social. The long-term remedy for this is in the main educational. But to the extent that any of these considerations enter the four walls of office or factory they become subject-matter for the attention of modern scientific management. Nor is there any ground for conflict of interests between the advances in this field and in those, for instance, of production. By and large it is safe to say that wherever management establishes optimum conditions for high and stable output it will in general also have brought about conditions which maximize health and minimize accidents. Every real improvement in working conditions which scientific management can make tends thus to be a potent, if indirect, contribution to safety and well-being at work, and it is probably no less safe to say that the converse is equally true.

Time Study; Movement Study

The principles of time and motion study as applied to

CHAPTER 4

MANAGEMENT AND THE CLIMATE OF WORK

By "climate of work" we mean the overall conditions within a business, particularly the non-material conditions—social, psychological, and personal—under which people in that business must do their work. These conditions, which make up between them the climate of work in that particular business, are essentially the product of human relationships. They are created by the interplay between management and men. Thus their creation is a dual affair, in which both participate and therefore bear a measure of responsibility. But, since management is the senior partner by virtue of the fact that its directive functions place it in authority, it is with management that the initiative and the real burden of responsibility must lie as to whether the climate created be adverse or favourable.

It is not suggested, in stressing the primacy of the non-material considerations in this respect, that material factors cannot substantially affect the climate of work for good or ill. The presence or absence of good equipment, order, cleanliness, ample lighting and ventilation, cheerful colours, and so on, or good wash-places and a nice canteen may, as we have seen in Chapter 2, do a great deal. But these things, where the climate of work is concerned, are secondary; valuable trimmings perhaps, but still trimmings. They are not the primary cause of a good working climate, any more than fine plumbing and furnishings decide the atmosphere of a home.

A good climate is one in which no worker dreads the return of Monday, hates work, goes to it reluctantly, feels exploited while doing it, wishes while at it that he was elsewhere, and would leave it gladly and at once if it were not that he needed the money. On the contrary, it is one which makes him go to his work in the morning with a sense of pleasurable anticipation and sends him back in the evening with a serene mind and a pleasant sense of accomplishment. He may and indeed ought to be tired, but he is not strained or fussed, because his effort has been the product of his own interest and enthusiasm; it

has come freely from within himself and not been forced out of him by authority from above. He does not think or speak to his wife when he gets home of the firm or the management as "they," and of the rest, including himself, as "us." He speaks and thinks of the whole business unit he works in as "we," in the same way as a man at cricket or football says "we" when he talks of his team.

On the human and personal side, his contacts at work have been a source, not of frustration or irritation, but of active satisfaction. He has enjoyed the company and comradeship of his mates and equals. He has been genuinely glad to see and meet his superiors during the course of the day's work. Seeing them in action, he has felt a sense of affection and proprietary pride in their quality at their job, and he knows they feel the same way about him and his integrity and skill. If he has had occasion to speak to them, it has been with the openness of mutual confidence. He has found it easy to respect others and has felt his respect returned.

In short, he has enjoyed his day, and can look forward with good cause and confidence to enjoying it equally to-morrow and the day after. He does not say "roll on my retirement" even if he has a pension coming, because his working life represents present fulfilment, not a long-term sentence from which to gain release.

That a climate such as this can exist, we know. It is the proud, and just, claim of many an old-fashioned business run on patriarchal and family principles by a dynasty of autocrats that they have succeeded in creating and maintaining just such a climate, sometimes for over a century. There are modern businesses in which the science of management is as much in evidence as it was absent in the other, which have that climate in an equal degree. Both, if asked, would no doubt claim that it is their particular system that has created it: in the one case, that they have succeeded because they have had no truck with the new-fangled notions of scientific management; in the other, that it is scientific management applied to labour relations that has enabled them to do the trick. We should, perhaps, be nearest the truth if we said that the true cause is that both were real masters of the art of management, and that the presence or absence of conscious

science in their methods was secondary at best, and had little to do with it. But, however produced, the fact remains that such a climate is not common. Under old-fashioned or modern management alike, it is the exception rather than the rule.¹ It is our view, for which reasons will be given in a moment, that the time has come when every possible effort must be made to see that this situation is reversed, and that, if British business is to regain and hold its lead, such a climate must become the rule and not the exception. It is the purpose of this chapter to make it evident that it is for management to do it, because only management can do it, and to suggest some of the lines along which it may be done.

It is not sufficient for a management to excuse itself from the task with the phrase "One can't make a silk purse out of a sow's ear," or "We have a rough lot here and we can't expect that sort of spirit with our grade of labour." It is for management to find means equal to the challenge of any human conditions, and though the techniques used may and will differ widely with different grades of human material, the result in terms of organic team-work and a good working climate should be one and the same.

Before we get down to the considerations which help determine the climate within a business—considerations which are largely within the control of management—it is worth looking at the all-embracing social climate under which management itself must operate to-day. For this social climate has undergone what is virtually a complete revolution, and the actual turn of the wheel that has finally accomplished the revolution is still only a year or two old.

One of the many profound observations made by the late Dr. G. S. Walpole in *Management and Men* was to the effect that the greatest and most significant changes of our time are to be looked for less in technical advances, even though these include among them the possibilities of atomic power, than in

¹ Cf. Harry Lauder's song—"Beautiful Sunday—I wish it would never come Monday. . . ." Its extreme popularity in its day indicates how deeply it touched the average working man's heart. It did so because it was true—and not only of the working man either. Many a man of 40 or 50 in any rank of business can count himself fortunate indeed if, for at least half his working life as a junior or subordinate, he has really been able to look forward to a new day's work with an anticipation of genuine pleasure. If he asks himself "why?" the answer will almost certainly be "climate."

social changes, particularly those that affect the British working man and woman. There is no doubt that he is entirely right. A new source of mechanical power does not constitute a revolution. The technical development of nuclear fission for atomic power is, after all, a logical continuation of old lines of development in the application of mechanical power, which has seen the reciprocating internal combustion engine replace steam, and the turbine the reciprocating engine. Its trend is not incalculable. Its implications can be broadly foreseen.

By contrast the implications of the social revolution are still incalculable, because they are as yet scarcely understood, far less assimilated, by the masses who are at once the cause and subject of the changed situation. Their response to the new situation is still undetermined, because the significance of the situation is still largely unrealized by them, and until it is there is no means of telling what trend events may take.

We refer to the swing in the balance of power from employers and managements to organized labour. Few will doubt that this trend will go on. To imagine otherwise would postulate a reversal of the extension of the franchise and of popular education which have been the main contributors to the change—both inconceivable.

The implications for management are clearly tremendous. They mean that managements, since they can no longer hope to rule by the force of dominant authority, must rule in future by superior wisdom, superior knowledge.

To rule by straight power, by what is, in effect, the use or threat of brute force, is by comparison the easy and slipshod way out. For both reasons, it has always made a big appeal to the laziness and ignorance of man. The power developed through the use of superior wisdom is far harder to attain and calls for qualities of an altogether higher managerial order to evoke and manipulate. But it is no less a genuine form of power, and need be not one whit less effective in action.

To come down to more mundane terms, the change amounts to this: that managements have to make up their minds, once and for all, to abandon "power over" their labour forces, to use Mary Follett's phrase, and replace "power over" by "power with." Those managements that do not will presently find that they have no power at all. And if there is one position

that represents more than another the utter abdication of management it is to be in the position of authority without power, a sort of puppet management.

Once again, it may be said that the power developed through "power with" a working group need be no less than that developed under the old methods in terms of "power over." Indeed, it is likely to be far greater, because it derives from and is vested in the whole working group as an organic team, and not merely in a few at the top. Such power is not only likely to be greater in amount; it will also be broader based, and therefore more stable. "Power over," like the personal rule of a dictatorship, is always in the position of having to fear and suppress its supplanter. "Power with," like the rule of a genuine democracy, is almost invincible against anything short of a complete break-up of the working group from within. What, then, are the key requirements that can make it possible to manage a business on the lines of "power with" its labour force at every level?

Since power is to management much what petrol is to a car, it follows that the first need is to generate enough power to enable management to do its job effectively. It is evident equally that power proceeds from persons. In the case of management by "power over," power proceeds from the managerial heads. In the case of management upon the principle of "power with" a working team or group, power must be generated by the entity, the personality of the group itself. If that personality is united and integrated internally it will be real, and if it is real it will generate power, but otherwise not. No personality, no "power with." So that it comes to this: that the first principle of management upon the basis of "power with" its working group must be the creation in the first onset of an effective personality out of the human material of the group, and that all that can contribute to building up this personality and giving it reality should be looked upon not as "frills" but as a vital step in the right direction.

The position of management in relation to this personality, so far from being that of a figurehead or puppet, is analogous to that of a man's head to the rest of his body. It is at the top, and evokes, conditions, and directs the power developed by the organism as a whole.

Put like this it may all seem very obvious. But if there is one rock more than another on which an attempt to establish management upon the principle of "power with" is likely to wreck itself at the outset, that rock is surely the failure to evoke, or even to realize the need for evoking, through and with its group, enough power to make management at every level dynamic and effective.

Moreover, if a concern can, by skilful handling from the top, be welded into an organic team with a real personality, it will be found that almost every condition mentioned at the beginning of this chapter as a hall-mark of a good working climate will have come about automatically.

In short, a good climate, power in the form of "power with," and the personality of a concern, are links in a single chain. But the first link, the key to all the rest, is the creation of the personality. In discussing the latter, therefore, we are arriving at the way to the rest as well.

The subject of this chapter thus begins to present itself in a new form. We find ourselves asking the question: "What are the principles, and the lines, on which a working group can be given this real sense of a united personality?"

Confidence

The first need, undoubtedly, is mutual confidence, particularly confidence on the part of those below in those above them in the hierarchy.¹ Confidence is primary, because without it almost everything that is said and done by management will be suspect, and the lowest possible interpretation will be put upon even the most genuine statements and actions. Indeed, where a state of suspicion (i.e. of non-confidence) rules, the more transparently genuine a statement, the greater are the lengths to which fantasy in misinterpretation will not infrequently go, on the topsy-turvy principle that what

¹ Nor is the importance of mutual confidence confined to the relationship between those above and those below. It is the essential prerequisite of the growth of comradeship between those on the same level. Cf. the remark to his officer of the sergeant in charge of the training of a squad of new recruits: "They no longer lock up their belongings, sir. Life in a barrack-room is intolerable if you have to lock up your watch, or your cigarettes, or your pay. They don't have to now. We are making progress." (*Blackwood's Magazine*, November, 1947.)

looks good cannot possibly be true, and that the dark motive must be there and will be found if it is looked for long enough.

One key to the creation of confidence lies in the principle of full and frank information. In management, as in the case of the administration of justice, it is not enough that the right thing should be done; it must be manifestly seen by all concerned to be done. This links up with the point that the right time for information or explanation is before, not after or concurrently with, an event. Most people need time to adjust themselves to any matter, and anything that comes upon them suddenly carries a shock and is almost automatically resisted as arbitrary, even when harmless or even beneficial in itself. Moreover explanation, if given after the event, wears the air of an excuse, or has the colour of being extorted by pressure from an unwilling giver. In the latter case it will foster rather than lessen suspicion. Either way it loses much of its effect.

A policy of full and frank information can be carried out through many channels. Of these, house journals are one. As with the public press, so in a business of some size, the resources of journalism may have a power to inform, guide, and unite opinion. They help work-people to feel that they are "on the inside." But the parallel between house organ and the public press is not and cannot be exact. The former is in the position of a Government organ without an opposition Press, and however much the management may disclaim control over free speech, it is a truism that under such circumstances news is almost bound to be "inspired" and speech cannot be regarded as free and unfettered. This means that there is a decided limit to the direct employment of journalism, as such, where the creation of internal confidence is concerned. The methods and principles of journalism can, however, be employed indirectly in other ways, for example, in the handling of contacts with the public Press, and internally in the presentation of notices, general memoranda, and similar information-material.

But above all, confidence will depend on the skill used in handling and establishing personal verbal contact between management and men. This amounts to a natural extension of the art of keeping touch as part of the normal function of

management at all levels. This might be called the art of internal public relations. To be fully effective, the flow should be two-way from centre to periphery, matched by an equally frank and free reciprocal flow in the opposite direction. Reciprocity is vital. No worth-while human relationship can be one-sided. It can neither be built up, nor nourished when it is built, by a one-way flow. In friendship, for instance, where there is no real reciprocity between the two parties there is no real friendship either. Similarly, in internal public relations, unless management establishes the real reciprocity implied by a two-way flow, it will have the appearance of a policy of internal public relations without the reality.

The absolute need for reciprocity as the foundation of internal public relations should not lead to reciprocity being confused with heartiness or emotional equalitarianism, in which discipline soon follows dignity down the drain. Men are not equal. But even if they were, the exercise of functions and responsibilities would still place one above another, as order-givers and order-takers. Right discipline depends on this recognition. A business is not a classless but a hierarchical society, and it cannot be otherwise. It is and should be "classless" only in the social sense of that term, in that the division into grades is based on capacity and function, and not upon the social distinctions of birth, wealth, or environment. Moreover, these hierarchical distinctions in a business are important, not merely because they derive from function, and the exercise of the function will in time suffer if they are whittled away, but because they are also the foundation of all personal dignity within the business, not only at the upper, but at all levels. There is, indeed, within business as elsewhere, little satisfaction to be gained from a dead-level society in which rank and status have no meaning. We may remember the saying, "Where everybody's somebody, nobody's anybody." Lest this be misunderstood it may be well to add that the higher one gets in a business the more, in fact, does one become the servant of it and, in a real sense, of every one in it. Reciprocity within a business, in short, can and should be real and at the same time take account of the right relationships in terms of the natural respect which accompanies and dignifies differences in position. A private may speak freely to his general, a junior

Civil Servant to his Minister, or a worker to his managing director, without calling him "Arthur." There is no loss of reciprocity because the subordinate says "Sir," or "Minister," while the superior uses, as he sometimes may, his subordinate's first name. It is better to err on the side of too much formality than too little. Real reciprocity rests, not upon a derogation of dignities, but upon mutual respect, and a confidence based on freedom from fear.

In building up such a state of affairs, management has three principal means at its disposal, each an important potential contributor to good internal public relations. These, in ascending order of importance, are—

- (i) Off-duty activities which reflect the fact that the business unit, as well as providing everyone with a living, is also, and properly, a social institution;
- (ii) the works conference;
- (iii) the joint production council.

Off-duty Activities

These are, first and foremost, fun. But from the point of view of management they have an important by-product, namely education of the "whole man" in the art of living, working, and learning. They light up the background against which we all live and work, and thus help people to understand and relate themselves to current trends and events, and to live, in general, more nearly at the level of the ideas of our times. As far as management is concerned, activities of this kind include talks, study-circles, and group-discussions, which should be serious or they will not be real, but need not and should not on that account be portentous or dull. A real interest, by definition, cannot indeed be dull. If a subject is felt to be dull, that in itself is tantamount to saying that it has no real interest, and has been badly chosen; or, more often, badly prepared or presented, possibly from the wrong angle.

Ranking with directly self-educative, co-operative activities such as these are the works or neighbourhood brass band, dance club, concert party, sports club, and so on. Each of these can be, and it is a part of managerial skill to see that they

are, genuine essays in creative self-government. Conducted at that standard they will contribute powerfully to accustoming men of all levels in the business to meet confidently, discuss common problems freely, and to think straight and work together, all of which is foundational to a good "climate."

The Works Conference

The works conference is in its essence an appointed body, seldom elective. It forms part of the regular structure of management. There is no "men's side" or "management side." It represents a collection of individuals whose bond is a directly functional one, in that they are jointly and severally concerned, usually in some executive or administrative capacity, in some particular aspect of the firm's activities. In a large business many such conferences are likely to be in existence, each with its own set, or perhaps level, of problems to handle. As Puckey has shown in his admirable book *What is this Management?* it is possible to arrange the membership of the various conferences within the business so that they overlap and the members of each level within the business meet members of every other level. In this way the circle of regular, direct, personal contact is complete from the board of directors to the factory floor.

The agenda at each meeting can, and should, be so contrived that it brings out a contribution from every level represented at the conference. An important advantage of works conferences is that they create occasions for bringing foremen and the junior supervisory levels generally into the framework of consultation. These levels are apt, otherwise, too easily to be left out of the picture or, coming as they do between the upper and nether millstones of higher management and organized labour, to play a too-subordinate role, disproportionate to their enormous influence as creators and maintainers of climate and morale generally.

A notable example of the spirit that can prevail and the good such conferences can do, both in terms of climate and in actual additions to administrative efficiency, was given in at least one of the Ministries during the war. At these round table discussions (they were fortnightly) the Minister met all his

responsible executives at headquarters. [These comprised a standing body of seniors plus certain juniors, down to and including the rank of assistant principal, from the department or section responsible for the subject on that day's agenda. There was no order of seating, no question of precedences. All present could and did say their mind whenever they had a point to make or an opinion to present, with no bones broken, and nothing held against anyone afterwards. It was a refreshing experience. As one junior official said: "These conferences are wonderful. We can say exactly what we feel, and know that the Minister will 'take it.'" Needless to add, the result, rightly handled, is never such as to undermine discipline. On the contrary, discipline is enormously enhanced, and top-level management gains stature, loyalty, and respect, with added confidence and co-operation in every decision undertaken, because such conferences prove, as nothing else can, that management is not afraid to come down into the cockpit and "stand up to it."

The Joint Production Council

By contrast with the works conference, the J.P.C. is not an executive body, but advisory. It is not appointed, but elected, at least on the men's side. It has a men's side and a management side, and it is in its very nature that it should have, for it represents the forum at which the delegates of every level of the business can gain an inside view of what management is about, can see what is being done and why it is being done, and can contribute freely and frankly of their practical experience if they see ways in which it might be done better.

The men's delegates on the J.P.C. are in effect the eyes and ears of the rank and file projected right into the field of management. It is therefore essential not only that the eyes and ears should be able to see and hear and interpret correctly all that is done there, but also, and no less, that they should be trained and equipped to report back what they see so that their reports may be both understood and believed. Otherwise the whole J.P.C. experiment will fail, both as a means of co-operation, and of education through co-operation.

When the Children of Israel sent their spies across Jordan into the Promised Land (a true simile of management where the present-day worker is concerned), it will be remembered that the spies brought back grapes and honey as tangible and ocular demonstration of the country to which they had been. They probably knew that if they did not, they would not be believed by the rank and file of doubters in the wilderness on the wrong side of Jordan. The J.P.C. delegate from the workshop floor cannot hope to return after each council meeting laden with grapes and honey in the shape of tangible benefits. There are times when he must come back with a story not of promise but of toil, tears, and sweat. His position if he returns unbriefed, to put over what he has to say to his own people, is not enviable. True, it will not be his business to issue the ensuing instructions; the appropriate organ of management will do that. But he ought to supply the background against which that instruction, when it is issued, should be set and viewed by those who have to work in terms of it. In short, he has got a difficult and vital internal public relations job to do. He must be equipped, therefore, point-device with every necessary fact and aid, so that his report-back may carry conviction. It is up to the management representatives on the J.P.C. to see that he is so equipped for his return as an effective figure in the eyes of his own people. Failure to do so is a grievous let-down of that man, in the face of what is bound sometimes to be an onerous situation. If thus let-down, the man, as delegate, has to extricate himself, and save his face, as best he may. It will be by an attack on the bona fides of the Council and of management, by which he ranges himself once more at the head of those he represents in the battle against management. It need hardly be said that this sort of thing is not only the death-blow to the J.P.C. as an instrument of co-operation; it is tantamount to education for non-co-operation.

As to the proceedings of the J.P.C. itself, it is necessary for management to remember that the men's delegates are there not only to see and hear for themselves, but to have the dignity and satisfaction of contributing at the height of their bent and to the full depth of their practical experience. Even if the higher management graduated from the factory floor, it is

odds on it being a long time since they left it. There is much of the practical that they do not know, and which it is not their business to spend time acquiring. The man who is himself there now does know. He will know less about management than do the representatives of management, but his contribution is unique in value if he can make it. "The toad beneath the harrow knows, exactly where each tooth-point goes."

We say advisedly "if he can make it." Management needs to realize that its representatives, trained, experienced, and equipped with information as they are, come in the nature of the case to the J.P.C. table far better equipped than do many delegates of the rank and file. These may have only the more limited view afforded by their section of the business to offer, possibly distorted by some ripe misconceptions as well. The result, unless contrary precautions are taken, is that the men's delegates will feel themselves at a disadvantage, and when men of the shop-steward type find themselves in such a position they will cover their difficulties by needless belligerence. They will seize on trivial talking-points to fight back, in an effort to establish on human terms the parity of importance which inferior resources of information, or narrower technical knowledge may have denied them.

The remedy here is obvious, and also easy. The agenda must not contain vague items like "Production." There must always be at least one item that is topical, clear-cut, and important. Thereafter it is for management to see that all members come to the J.P.C. as fully advised of the agenda and briefed as completely with insight into the relevant facts as are the members of higher management themselves. Coming to the meeting thus briefed, no member need feel at a disadvantage. Each alike has the same facts. Apart from the circumstance that discussion without a common view of the facts is certain to generate heat without light and make confusion of issues worse confounded, each member, alike having the facts, can illuminate them with the light of his own understanding—from the angle of management, or from the angle afforded by practical experience in some section of the shop floor. That is parity in fact, and where there is parity there need be no sense of inferiority, and half the needless battles of human nature are avoided.

If this rule is not adhered to, every matter of substance becomes a fight, probably on some irrelevant side-issue. And since no management wants to see serious matters bedevilled by fruitless battles, the inevitable upshot is to limit the J.P.C. agenda to trivialities and talking points. Such an emasculated J.P.C. will do far more harm than good.

It should be added here that nothing that has been said about the need for management to see to it that men's representatives come to a J.P.C. properly trained and equipped should be taken as implying that the members of management do not need equally to be trained for J.P.C. work; still less that the help offered is tantamount to casting a slur on the intelligence or capacity of workers' representatives. Only the very ignorant or the very "brash" will come to a committee meeting, or to the microphone for a broadcast, without taking every possible advantage to be gained from due preparation. The fact is that joint consultation of the type demanded by the times is still virtually a new venture, both difficult and experimental. It is of the utmost importance that the experiment should not fail, least of all at its first launching in a business, because, if it does, it will be doubly difficult to get it to succeed in that business next time.

In a business where mutual confidence between management and men has long been a working reality, the pathway of joint consultation is relatively easy, since it amounts to little more than giving form and extra scope to an already existing spirit of procedure. Even so there are pitfalls, to which we turn in a moment. In a business where mutual confidence is weak, the path is hard, because confidence and joint consultation have to grow up together.

The principle which makes this possible is the principle of common interest. As Drucker has shown,¹ the principle of common interest can be used as a bridge to united effort, even when the short-term interests of two parties are or appear to be in direct opposition, because their long-term interests are the same and can be built upon. Within a business there is a common interest between management and men in maximizing efficiency, that is, in getting most output for least effort and strain, provided men get the benefit of the change in the way

¹ P. F. Drucker, *Big Business*.

they want it, which may be not only in extra output but also in easier work or more leisure. There is a common interest in high earning-power, provided it is reflected as fully in wages as in the service of capital. There is a common interest in the ability of the business to pay its way and not only to survive but to expand, provided this is reflected in security and opportunity for the individual worker. There is a common interest in achieving the best working conditions, provided these do not trench overmuch on freedom. There is a powerful common interest in rendering a public service or turning out a product that all within the business can be unreservedly proud of, provided all within the business can feel themselves publicly identified with the product and its success. Any or all of these common interests may be, and usually are, overlaid by a host of sectional interests which centre round the provisos. Their power to unite a business into a single team is reduced or negated by the latter as clouds cut out the power of the sun. But in some form or another they will always be found, in any business, to exist, and therefore provide a firm foundation for joint consultation to be built upon. And in proportion as they are built upon, the sectional interests will fall back into second place, without any necessity to attack them directly, a process which in any case would almost certainly result in entrenching them more strongly.

In passing, it is perhaps worth noting that one of the prime common interests, if not indeed the greatest, between managements and men, lies in the ability of the sales side of the concern to dispose of its wares, whether goods or services, at an adequate profit. There is a good deal to be said for the view that it has been easier to solve problems of production than of distribution, and that is particularly true of international trade. It should be, but unfortunately is not, obvious that in selling the product of the business, management is selling the services of its labour-force; selling them, more often than not, in a market to which the workers, as individuals, can have no direct access, and with the addition of all sorts of advantages which the individual could neither gain nor create for himself. The individual worker at lathe or loom cannot himself or herself strike a bargain for his or her services with the Chinese peasant up the Yangtse Valley, or the negro in the interior of

West Africa, or even with his fellow Briton at the other end of the country. It is precisely this that management, through its sales side, is doing every day, thanks to the complex network of channels set up and operated by other managements in other fields of business.¹

Few things, moreover, are less-well understood by the workers' side generally, or are more open to misconceptions, than the selling side of a business. Its problems are largely unknown to them and thus tend to be undervalued. Workers have been taught to look on competition as, ideally at least, an anti-social anachronism, part of an outmoded capitalist system. The view that middlemen and sales forces are parasitical on the producer, and too numerous, has a wide currency, irrespective of the facts in any particular case; also that selling margins are too big. There is an opinion, perhaps scarcely formulated but real enough even among people otherwise reasonably well-informed, that sales and distribution ought, in effect, to take place more or less automatically, and would do so at a relatively negligible addition to production-cost, if only industry and distribution were better organized. There is no general grasp of the absolute connection between production, however efficient in itself, and effective demand; or that for mass-production the latter must precede the former; or of the time, cost, and effort required on the part of manufacturer and distributor to create among the public an effective mass-demand, and of its close relation to the psychology of price.

The title "Joint Production Council" itself helps to suggest that the only problem in the business that really concerns the worker, or in which he can share, is the direct problem of efficiency in production. A more representative name for the joint council might well be worth considering. But in any case, the J.P.C., whatever its title, should be so organized and conducted as to identify the workers with the selling side as well as the production side of the business. The sales side should be strongly represented on the council and should be encouraged to fulfil its role as the interpreter of the customer,

¹ Cf. the remark attributed to an industrial leader in the North of England: "I tell my men that I am not their employer; it is the customer that employs them; I am merely the agent for their services."

and of the market generally, to the producing side of the business.

If common interest be the first principle of joint consultation, the second is equality of status between the representatives of management and non-management. Since organized labour now has the power to demand equality with capital and management, that status cannot be withheld, even if it were desired to withhold it. Normally the chairman will be a member of management, but he will be *primus inter pares*, and his vice-chairman will be a representative of non-management, probably a shop-steward. This is not to say that all members on the J.P.C. will be equal in weight. As Samuel Grafton remarked of the comity of nations:¹ "Even after you have given the squirrel a certificate that he is quite as big as any elephant, he is still going to be smaller, and all the squirrels will know it, and all the elephants will know it." There will always be squirrels and elephants on J.P.C.s as among nations. But they can have an equal voice in council for all that. Neither the light-weights nor the heavy-weights are likely to be all on one side of the council.

A third principle, one probably seldom violated, but perhaps worth stating, is that it will kill the committee to have either a nonentity or a junior as chairman and vice-chairman, since they can settle nothing of themselves, speak with no authority, and must refer everything of substance higher up. The committee, to succeed, must be as strong as the business can produce. This in turn presupposes that it will deal with real live issues, none barred, even if they set the Thames on fire. Otherwise the committee's business will degenerate into an agenda of trifles and talking-points. Next, the bigger people start to send deputies instead of coming themselves, and when that happens the committee is virtually dead, however long it may remain before it is buried.

A fourth principle of joint consultation is that already touched upon in Chapter 3, viz. that there must be on the part of all members of the J.P.C. a genuine will to agree; a determination to reach by unforced agreement solutions which will be in line with the convictions of both sides and not an outrage to one of them. That is, solutions which represent a response

¹ *New York Post*, 23rd November, 1943.

to the "law of the situation"¹ and are dictated by the logic of facts and events, and not by the superior power of either party at the table. The alternative is for the council table to break down into a battlefield and joint consultation into open, albeit bloodless, warfare, with every decision a defeat imposed by one party upon the other as a result of superior power—a defeat which will rankle. A compromise, as Mary Follett has pointed out, is no real advance on this situation, since a compromise is no nearer a true solution than is a decision representing a defeat of one party by the other.

Joint consultation in which managements face men on bargaining terms is, however, not merely bad as being a misnomer, since it is a form of warfare, not consultation; it is likely in the long run to prove worse than no formal joint consultation at all. The more firmly it establishes itself, the more harmful it will be, for the following reasons—

Firstly, because it creates, consecrates, and perpetuates a vested interest in cleavage into "men's side" and "management side," a cleavage which extends with mischievous effects right up through the individual business and the industry—a cleavage which it is the job of joint consultation to remove.

Secondly, because it is likely to prevent any but the most minor matters being dealt with quickly and on the plain merits of the case, since in any important issue there is almost certain to be an official "party line" which may, but more likely will not, represent the best way out of the issue, and in any case may easily involve the whole weight of officialdom on one side or on both.

And finally, because organized labour has achieved something approaching parity of industrial power, joint consultation, which has degenerated to bargaining or veiled warfare, is likely to lead towards a state of affairs in which good management would become less and less possible in that business. The position would be broadly comparable to two-party government in which management as the minority party is in office but not in power, while organized labour holds the balance of power and remains in permanent opposition. The result would not merely be dyarchy, but bureaucratic dyarchy, in which many of the most vital qualities of good management—

¹ Mary Parker Follett, *Dynamic Administration*.

flexibility and speed of decision, initiative, personality, and judgment—would be heavily discounted if not frustrated altogether.

While on the subject of the works conference and joint consultation, there is one thing that needs to be said in the plainest fashion possible, namely what these things are not. Neither is an end in itself. Their purpose is not to demonstrate democracy, still less to ensure that the workers run the business. The sole purpose of conferences and consultation is to advance the object for which management and men alike go to work each morning, that is, to produce the goods or services that are the products of that particular business, to improve its efficiency in terms of output per man-hour, to improve quality in relation to cost, and to create a working climate favourable to all these things. So doing, they enable the business to make an always more effective contribution to the general fabric and living standards of society.

Since the conduct of the business in doing its job in these terms is, by definition, vested in the management, it follows that it is a valid test of the success of works conferences and joint consultation that they add to, and never detract from, the power wielded by management, or from the full and effective exercise of the responsibilities that go with its functions. It cannot be said too often that it is the job of management to manage. If the rank and file of a business or of a cricket team can do the job of management or captaincy better than those who hold those offices, then let them come to the top and do the job better. There should always be ample scope for promotion from the ranks to the highest levels of management to enable exactly that to happen, and there should be no false sentiment about it. But whatever interchange there may be between the lower levels and the top (and the way to that interchange should be as open as possible) there will still be a top, and there will still be a bottom. There will be those at the head and front who lead and make decisions, and those at the back who accept those decisions and are led. In practice, the rank and file of a business, like the rank and file of an army unit, have no desire whatever to have the burden of leadership thrust upon them. They are neither equipped to bear it nor paid for bearing it. Nor do they want to carry the personal

consequences in terms of risk involved in bearing it. And they would rightly regard any attempt by management to shuffle off its burdens on to their shoulders as an intolerable and rather despicable dereliction of office, a sign of weakness, and an indication that the management is not up to its job.

The fullest use of discussion and joint consultation in management, therefore, cannot rightly lead, and must never be allowed to lead, to a situation in which the J.P.C. usurps, or gets landed with, the functions of management. It is for the council to recommend, if need be in the strongest and clearest terms, and its members must be given full and free access to and assistance in interpreting all the relevant information necessary to enable the council to do so. It is for management to decide, having received that recommendation, and to bear the full after-consequences of its decision. If joint consultation has developed on the lines sketched in here, these consequences will not be mild. Mistakes will not be let off lightly or in silence. As G. S. Walpole has so shrewdly said, the rank and file may not know enough to run the business, but they do know enough to know when management is making a mess of it.

Rightly understood, there is nothing intrinsically inconsistent in management giving full play to these two separate functions of deciding and advising. They are complementary to one another. The council fulfils the true function of consultation in illuminating the subject from every angle and from the depth of practical experience of which its members are capable of contributing. It remains for top-level management, from its functional position at the head of affairs, and the advantage in judgment, and experience that goes with that position, to decide from the various views thus presented what is, in fact, the "highest light" on the point at issue, and to embody that "highest light" in the resulting decision. This is as it should be. It is what they have been picked and are paid for. If those in top-level management have not got the larger vision, judgment and experience needed to do that, it means that they are ill-equipped for their job and should not be there. It may be added that the better the quality both of management and the J.P.C. the more often will the recommendations of the latter find direct reflection in the decisions of the former, till they come to be virtually identical nine

times out of ten, or even ninety-nine times out of a hundred. But there will always be the crucial hundredth time, when management must decide differently or abdicate its position.

In short, if and when J.P.C.s start to decide and manage to follow, it is tantamount to evidence that management is unequal to its job, and that the J.P.C.s don't know theirs.

Where real confidence exists, and the climate within the business is right, this division of function can always be applied without anyone feeling overridden. Indeed, the more deeply one reflects upon the matter, the more one can but realize that it is this principle which really enables those below honestly to speak out. It enables them to contribute all they have on a problem, with an easy mind, even if they have only a partial view to offer, because they know that nothing they say will lead those at the top to abdicate their own proper judgment.

From joint consultation, as one vital manifestation of good management in an industrial society, we turn to another, closely connected with it, namely, to the ability of working groups to choose their own leaders and those whom they will work with. By leaders is meant their immediate leaders. There is nothing in any sane or workable conception of democratic method that would suggest that top-management (the industrial equivalent of the Prime Minister and the Cabinet and permanent heads of the Civil Service departments) should be elected, maintained in office, or changed by ballot from below.

Let us start with choosing leaders. There are few subjects more easily clouded by misconceptions. It is not the intention to go deeply into this here, but simply to suggest that there are two ways by which the rank and file can choose their leaders, one right because practicable and conducive to better management, better team-work, and a better climate, and the other wrong because it produces results that are the reverse of these. We will take the wrong way first.

The wrong way is to assume that workers have the direct right to appoint those who will be over them, for instance by election. This works well enough when the person to be chosen is to act as delegate or representative, as, for instance, upon

a J.P.C. But when he must manage them and exercise discipline, probably in the carrying out of difficult, technical, supervisory functions, which he must understand better than they do, it is clearly impossible that the rank and file can be the right arbiters. Those in management, at whatever level, like guides on a mountain, are expected to know, and are engaged and paid precisely because they are expected to know more of the ground the party has to cover than do the people they lead. For this reason, if for no other, the final say in every supervisory post (and the more technical the post the greater the say) must belong to the higher management and not to the group managed. Moreover, if foremen and the like could be voted in and voted out, no foreman worth having would stay on the job. He would have no security, no continuity. It would put a premium on the lickspittle, the nonentity, or the demagogue. Real management and discipline would cease to exist, until out of the very unhappiness of the resulting anarchy someone arises in the group who really wields the power with a strong arm and no nonsense allowed, because he is a powerful personality. In leadership as in every walk of life, the elected head will quickly be superseded, in fact if not in name, by the man who wields power because he has it in him. It would be the same in management at the supervisory levels. For this reason all officials and managers must be appointed, not elected. The trade unions have, within their own body, always recognized this in standing out against the demand that union officials should be elected from below rather than appointed from above. There is no doubt that they are right.

There remain, however, two ways in which the rank and file can choose their immediate leaders and do so most effectively. One way is negative and indirect and has always existed. The other is positive and direct and is worth bringing into action by management wherever circumstances make it possible.

The first is by not taking a job under the leader you dislike, or, if someone you dislike becomes appointed over your group, for the group to make it clear that he is unwelcome. Even if no such conscious effort is made, there are hundreds of ways, from the output sheets to the absence and sickness lists, by which higher management will soon be made aware that a

group leader is not fitting his niche, and, if they are wise, will amend, remove, or transfer him. Most working groups have their own, and often audible, ways of indicating their dissatisfaction with the leaders imposed on them, which lose nothing in effectiveness for not being set down in rule-books.¹

The direct and positive way of choosing leaders and groups is for management to allow work-people, and particularly newcomers, as far as practicable to opt for the group they will work in and the man they will work under. If and when it becomes clear that certain leaders, and therefore groups, have few or no willing takers, the way to the remedy is sufficiently obvious—those men are in the wrong place as leaders.

Quite remarkable gains in team-spirit and quality of climate may be had in this way. Dr. Sutherland, in a lecture at the National Institute of Industrial Psychology, has referred to the case of an American reformatory institution for girls which was facing a breakdown in morale from within, to the extent that it was impossible to produce useful results. A psychologist was called in, and as an outcome of his studies and recommendations the girls were given two choices—

- (i) Of the woman under whose immediate care they would come; and
- (ii) of the other girls whom they would like best to be with.

So far from freedom to make these choices adding to indiscipline, the gain in morale was immediate and lasting. Not least was the practical assurance that the choice gave them that they were no longer mere "cases," but persons, individuals whose wishes were considered and actually counted.

There is nothing fundamentally new in this. Good managers in businesses, public departments, or Service units have always tried to match up personalities, in the interests of harmony and team work and thus of good output, and have been ready to change a man who shows obviously that he is in his wrong niche. What is new is the substitution of the positive approach of choice for the negative approach of registering dissatisfaction,

¹ E.g. we are told of the existence of the practice in a machine-shop of "ringing" an unpopular man, i.e. dropping a spanner on the lathe-bed by accident-on-purpose, whenever he comes in the vicinity, till his movements become as noisy and as miserable as those of any belled cat.

coupled with the recognition that the individual ought, and must, as part of his human and social status as a person, have a genuine say in those whom he works under and with. Thus he becomes, in yet one more department of his life, a self-responsible entity, and not a mere pair of hands driven hither and thither at the whim of blind forces.

Personal Dignity

This leads us by natural transition to another factor in the creation, in a working group, of the sense of being a single organic team with corporate purposes, and possessing a real personality in which all share, and to whose building up all contribute. This is the sense of personal dignity. Nothing has done more to promote and embitter the cleavage between management and men, and between capital and labour, than the economic materialism of the last century, which degraded human beings into "hands," into mere units in an economic structure. The doctrines of selection and determinism seemed so readily to lend scientific justification to a state of affairs in which "The rich get rich and the poor get nothing," and the weakest quite properly go to the wall. As life's failures in the struggle for existence, they did not seem to deserve a better fate. Even the sanction of religion appeared to reinforce the essential rightness of the situation. One may remember the hymn "The rich man in his castle, the poor man at his gate, God made them high or lowly, He ordered their estate . . ." with its easy connotation that the gulf between rich and poor, between master and man, was ordained by Heaven and that it would be impious to alter it.

The specialization of modern business, inescapable in a highly industrialized society, has made it additionally easy for this to come about, and has lent impetus to it. The man with a genius as financier or accountant, or as a technician in production, or administrative organization, is seldom your humanitarian type by temperament. It is easy for him to see "things," to see facts, figures, systems, and organizations rather than people; to be among people and to handle them, perhaps to direct them, but not to be "of" them. More often, and increasingly in modern business, his work keeps him aloof from

the factory floor. His life certainly does, since his schooling, his tastes, his amusements, even his very drinks, are often different. He lives in a different suburb, reads different papers, listens to different radio programmes, and exists, in short, in an entirely different world. Most of the atrocities perpetrated by man on man in modern total war are only possible because we veil the reality by talking of "drawing the sword" when we mean atom-bombing Hiroshima. We think in terms of impersonal concepts like "wizard prangs," or collective symbols like "Hanover," or "Jerries" instead of in terms of the effects on individual men, women, and children. So, too, in society (which includes business) it becomes fatally easy to perpetrate inhumanities and even barbarities that are not less inhuman or barbarous for being done at the behest of the science of economics and through the instrumentality of business and not bombers. "The casual inhumanity of the economist" can be all too real and is not lessened because both economists and the managers of businesses compelled by economic considerations may be among the best of men. Moreover, to the inhumanities of the economist we may in future have to add those of the social planner.

One of the most important casualties has been human dignity, the dignity of a human being as an individual. The greatness of the loss is measurable by the amount of nonsense that has been talked in an attempt to redress it—the doctrine for instance, that all men are equal, when they are patently nothing of the kind; that the bottom dog, in the shape of voters in the mass, is all-wise, when we know that collective decisions are seldom as well, and usually far worse informed than individual ones made at the directive levels of human society. In no sphere of modern life has the loss of human dignity through de-personalization been greater than in business, and every step towards centralized bargaining and control through large units, whether of labour or of management, tends to make it more so. Moreover, the whole trend of modern mass-education and political education has been to make the rank and file worker acutely conscious of the loss. Business, that is management, has thus got to the point at which it must work hard to restore dignity to labour if labour is not to be left to vindicate its dignity by taking arbitrary

action which is likely to be subversive to the functions of management, and thus to the country's ability, in the broad sense, to earn its living.

It is one of the most fundamental objects of internal public relations, group-discussion, and really effective joint consultation that they should restore dignity, by not merely conceding on paper and as of grace, but by establishing as a fact and in function the equality of the worker at every point where that equality can genuinely be established; but not, be it noted, where it cannot.

This implies that management will seek ways to hand over, that is, to devolve or decentralize upon labour, all sorts of functions of a human and personal order. Of these discipline, the power of the sack, and therefore individual security are among the most important. But there are others as well. For instance a case was quoted in Chapter 2 in which unskilled workers were given the dignity and satisfaction of planning their own production operations. There are and always will be a number of matters, from savings clubs to sports grounds, in which jurisdiction and initiative can beneficially be taken out of the hands of paid officials and put into the hands of unpaid volunteers from the ranks of workers, who are given status and allowed time off to do the job. This is simply a recognition of the fact that a business is a social institution even while it earns us a living, and that to succeed fully it must succeed in both aspects.

It is of the utmost importance to note that this devolution in no way represents an abdication of management. On the contrary, it represents an advance of the art of management to the high point referred to in Chapter 3. Management, so far from abdicating its functions and responsibilities, has stepped back a pace, that is all, leaving its people to do for themselves those things that they can do, and thus to gain the vital sense of creative satisfaction, dignity, and personal importance that come from so doing. Even if the devolution results, for a time at least, in lower efficiency, as for instance in a savings campaign where the totals gathered in by volunteers might be less than when the job was done officially by the welfare department, the management should resist the temptation to take over. The gain in terms of intangibles, climate, and personal

dignity, far outweighs the loss in material efficiency. In any case the loss is likely to be transitory. The art of management lies not in withdrawing the devolved powers, but in stimulating and helping those upon whom they are devolved to reach higher. In not a few cases the result of devolution in this way, so far from representing a loss, may represent an immediate and positive gain in efficiency. Such was the case over the sports ground of a large city firm. The sports ground occupied a valuable site and was virtually unused. The club was "carried" by management at high cost in more senses than one. When the club was informed that the management would withdraw, that it was "up to them" and if they could justify use of the ground over a trial period they could have it—provided they made themselves wholly responsible—the results were electric. The club became a centre of activity and never looked back. The challenge of threatened loss had provided the stimulus to meet it, and the skilfully-calculated withdrawal of management, throwing full onus personally on to the club members, at once gave them a proprietary pride and a personal responsibility such as they had never felt before, and could probably never have been induced to feel or shoulder in any other way.

In short, the ultimate aim of modern management is to develop its people to the point at which it can devolve as much self-government upon them as possible, while remaining in the background, as it were unseen, yet always there when asked for. So doing, management assumes a position far more onerous and difficult, because it requires far higher managerial qualities to achieve results through people by suggestion, than by giving the orders and doing the job oneself. In any case, there will always remain a vast sphere in which management must retain direct functional control. There is never the least fear that management will decentralize itself out of a job and out of existence, however far decentralization may go. The old anarchist doctrine that authority ultimately withers away as society grows up, is wrong. Authority—management—does not wither. It is raised to a higher order of power with each advance towards self-responsibility of those below it. It remains the head of the entity of the concern or the society, however much that entity may grow.

Side by side with the devolution of self-government there is the further question of co-partnership, in which the individual worker is able to gain a recognizable stake in the firm and a measurable share in both its immediate and long-term prosperity. A stake in the firm is a great promoter of dignity. There is a world of difference between an employee and a partner.

Since it is the purpose of this book to deal with management broadly, and mainly in terms of its principles, it would be out of place to go into the merits or demerits of the large number of systems of profit-sharing and management-sharing which make up what is known as industrial co-partnership.¹ It is sufficient to say that a sharp line should be drawn between the aims and principles of co-partnership and the systems through which attempts have been made to give these aims and principles a formal working mechanism. The latter show a high mortality rate, have not infrequently done harm instead of good, and at best must be judged in terms of each individual business and its market situation. The aims and principles, however, have a universal value, and it is not too much to say that their application by management, in one form or another, suited to each individual business, is rapidly becoming desirable.

One basic aim of co-partnership is to give labour a creative share in management. This subject has already been discussed in terms of the principles of joint consultation, discussion, and devolution, and need not be added to here. The other basic aim, as has been said, is to confer a share in the profitability of the business. The range of possibilities here is vast. It commences, in its primary form, with the payment of the highest regular wages, grade by grade, that the business can bear without jeopardizing its competitive position or fleecing the public as ultimate consumer. Beyond that, it extends from simple systems of payment-by-results, with or without bonuses on output, sales, or profits, to the most complex systems of accounting-checks and ascertainties, in which management gives its people pledges on the future and embodies these pledges in trust deeds.

These two basic aims of co-partnership are not, however,

¹ See the publications of the Industrial Co-partnership Society.

ends in themselves. The real purposes of co-partnership are to provide incentives to higher output; to promote social justice in the form of fair-shares between capital and labour, and to confer dignity through the sense of partnership; to increase confidence—in a word, to build up morale or climate. The point to watch here is that the results of whatever system is adopted do not fall foul of, or outright frustrate these purposes, as they very easily may do. For example, a certain share-out based on an ascertainment of profits may be entirely fair, and yet may not seem so. The precise considerations which make it fair may be completely impossible to explain to the rank and file, or indeed to anyone less well-equipped than a financial expert or accountant. Confidence will slump as people feel puzzled, disappointed, resentful, or cheated. In passing it should be noted that people usually feel cheated if they fail to get what they hope to have and which they feel they might perhaps have had, if things had turned out differently. Logically, we have no right to treat a lost hope as an actual concrete loss, as a right denied. But in practice most people do, especially if they have counted on the money. If profit-sharing is to succeed there must be a close correspondence between what people expect or hope to get and what they actually do get. Even so, there is always the objection that people either tend to count on what they haven't got, or conversely to regard bonuses as windfalls and "blue" them. Either way, bonuses are too seldom incorporated into the family budget, and thus fail to make as beneficial a contribution to the family standard of living as the same sum would if it were received in higher regular wages.

It is considerations such as these which lead to attempts to fulfil the profit-sharing aims of co-partnership by tying matters up in advance with trust-deeds. Some businesses may do so safely, and have done so successfully over many years, but few can expect to be in such a secure trading position. In any case such advance agreements are double-edged. They not only assure the labour "leg" of the co-partnership of something; they bind the management to fulfil it, generally by limiting distributable profits and the share of profits put to reserve.

This may place management on the two horns of a dilemma,

one sure to impale it if the other fails. For example, a business may, as a result of some change in external trading conditions, find itself in a position in which it ought to reorganize completely, or switch its production, a change entailing a drastic cut of profits for at least a year, perhaps for several years, and a heavy "ploughing back" into the business of any distributable profits that are made. In such a situation, management must either do the wrong thing in terms of policy and perhaps jeopardize the business in order to satisfy its people's expectations, or it must sacrifice the latter, in the short-term at least, to sound policy. In the latter case the existence of the whole profit-sharing scheme may become a heavy liability instead of a prop to morale, just when maximum morale is most needed to pull the business through a difficult period.

All in all, the following principles will probably be found to be satisfied in any scheme that is successful in promoting morale, confidence, and good working climate.

- (i) The scheme must be such that anyone can understand it.
- (ii) The basis of payment must be known in advance and the payments themselves must be calculable, and capable of being seen to be fair, without the need to attempt to initiate the rank and file into the financial structure and higher policy of the company.
- (iii) The payments must be closely related both in amount and in timing to the effort that earns them; e.g. they should be monthly or quarterly rather than yearly or half-yearly.
- (iv) The payments should take account (a) of individual contribution, and (b) of the prosperity of the business as a whole, thus avoiding the cultivation of a sectional or selfish outlook, and giving the individual and his immediate working group an interest in the organization as a whole.
- (v) The payments must be large enough to make an appreciable addition to basic wages.
- (vi) The terms must be such that they do not fetter or hamper decisions or higher policy.
- (vii) The scheme should not be such that the rank and file of the business jeopardize both their job and their savings in the event of a failure. Risk-bearing is a function of capital, for which it should be fairly-paid. It cannot and should not

be a function of the weekly wage-earner, under any form of co-partnership. For this reason schemes by which workers gradually acquire collectively a substantial proportion of the capital of the business they work in ought to be regarded as much less attractive in fact, than they appear in theory, or on the surface. As far as the interests of the workers are concerned, shares in an investment trust run by the company may be a far sounder proposition. Such a trust has the additional merit, by no means negligible, that it will educate the worker to understand for himself the organic interdependence of the country's business as a whole.

Finally the scheme should be regarded by all concerned as "our" scheme; as something the men themselves largely work and administer, and not as something, however idealistic or benevolent, handed down from above.

The notable success of the Nunn-Bush scheme in Milwaukee, for example, has just such a foundation. Its building-up has been an act of continuous creation, largely by the work-people themselves. They believe in it and make it work precisely because they have built it and have grown up with it. Indeed, it is not too much to suggest that the benefits of the scheme derive principally from the results of the efforts made to create and run it, rather than from the intrinsic merits (great as they may be) of the scheme itself. The scheme, in short, has provided the nucleus and the stimulus for a creative act of self-government, to which the real results are attributable. It is not the grit in the oyster that is valuable, but what the oyster builds round it. Any suitable grit will do, if it can provide the opportunity and the stimulus to produce a pearl.

Work should have Meaning

Finally there is the need that a man's work should have meaning; meaning, that is, for him as a person, as great as the meaning its due fulfilment has to management. There can be no sense of human dignity in work that seems meaningless, and scarcely any satisfaction. A job, if without meaning for oneself as an individual, seems to stretch ahead in a grey vista of unrelieved monotony, in which each morning brings the

question "How much longer can I, must I, stick it?" and the reward lies in two things—the pay and the relief of escape to other and interesting activities. It is not the monotony nor the triviality of a task that degrades, so much as the lack of meaning. Nothing can be more monotonous, for example, than tending livestock seven days a week, teaching an infant class trivial lessons, or changing the nappies on an endless succession of other people's babies. Yet stockmen, infant teachers, and monthly nurses not uncommonly spend lifetimes at their jobs, retain their interest and enthusiasm, and find them spiritually rewarding. The reason, undoubtedly, is a double one, because those jobs have for them a real meaning, and that meaning is illumined and kept alive by the sense of personal initiative and responsibility—particularly of responsibility.

We have already glanced at some of the methods by which management has been able to give meaning, including the sense of initiative and responsibility, to jobs that appear, on the face of them, to have none. It is sufficient here to say that to keep the meaning alive in every job in the business must be regarded, like management itself, as a continuous process, and not one that ceases with training or job introduction. People at every stage of life, and whatever their job, must be enabled to see, and still more to feel, beyond its immediate frontiers; to feel its connection with, and place in, a larger whole; its intrinsic importance, and its far-reaching results to others as well as to themselves if well done.

We have now run briefly over the elements that go to make up a good climate in business. We have seen what a good climate means in human terms, and, by implication, what a bad climate is. We have assessed the primary responsibility of management in creating a good climate, and we have considered some of the factors, such as the creation of a corporate personality, the two-way switch of internal public relations, joint consultation, co-partnership, dignity, and meaning that are essential to it. These have been dealt with in terms of principle, i.e. in terms of what is permanent.

There remains, however, one set of circumstances which is topical rather than permanent, and yet of key importance. We refer to the forces at work with which management must cope in its attempt to use any or all of the means at its disposal

in creating a good working climate. These forces are the result of close on a hundred years of effort by organized labour to combat the adverse industrial-social climate of the past, identified with autocratic employer-power and the exploitation of individual insecurity, and to establish a new and better climate based on social justice. Now that the balance of power may be passing to organized labour these forces become of paramount importance. Paradoxically, they stand arrayed, as things are to-day, not against the kind of working climate we have envisaged as good, and which organized labour itself wishes to see brought about, but against the basic attitude of mind on the part of workers which is the essential prerequisite of a successful attempt to create such a climate. To understand this paradox one must glance back at the Labour and Trade Union movements.

Trade unions, as Drucker has pointed out,¹ are traditionally antibodies. They were formed to combat and curb the power of employers; to meet what amounted to a severe attack on the individual, brought about by the industrialization of our society, an attack, utterly irremediable except by organized defensive effort; and to redress, in favour of labour, an existing adverse balance of power. The enemy was soon seen to extend far beyond the individual employer. It came to embrace, inevitably and logically, the capitalistic system itself and, by a further extension, the economic-social structure which centred round that system, and from which capitalism largely derived its power. The ultimate vision was of a society in which the employer should be no more, a state of affairs hazily identified with public ownership, and upon which the Coal Board furnishes a somewhat wry commentary. But, in the immediate sense the warfare was essentially defensive, against those three ever-present enemies, injustice, insecurity, and want, of which the employer and the private enterprise system were felt to be the chief embodied instruments. The result has been the creation by organized labour of a veritable Maginot Line of defences, of which the basic principle is the solidarity of organized labour everywhere in its common front against the encroachments of the "boss-class"—capital, management, the employer.

¹ P. F. Drucker, *Big Business*.

This is entirely understandable. It is simply an instance of the working of the law of challenge and response that, as Toynbee¹ has shown, operates so decisively to stimulate the growth of movements and empires among nations. But understandable or not, the fact remains that a defence-system of this kind, guarding, as it does, what is looked on as a hostile frontier, is, by its very nature, a monument to labour's suspicion. Indeed the integrity of the defences depends upon the maintenance of that suspicion unrelaxed. It becomes an article of faith, in which the rank and file must be indoctrinated, that there is a frontier, and that those on the other side of it—the employer, management—cannot be trusted; that if they are given an inch they will take an ell; that if one barrier of labour's defences is lowered or left unguarded they will take instant advantage to entrench themselves, and a long and bitter effort will be required to dislodge them. This fundamental suspicion has been powerfully reinforced by the political education of labour, which has disseminated for more than a generation, and with an almost religious fervour, the doctrine that employers as a class are not only anti-social, but are, into the bargain, fundamentally incompetent at their job.

Moreover, it is not only the efficiency and solidarity of organized labour's defences which depend on the need for keeping suspicion keen. The prestige and even the very existence of trade union leadership demand that suspicion be maintained and therefore that it be taught and inculcated. Suspicion of an opponent is the basic reason for according confidence and obedience to those who lead the battle against him. Were there to be no longer an enemy to oppose or be suspicious of, there would be no need for the antibody either.

Thus there is an absolute connection between the character of the trade unions as antibodies and the continuance of cleavage and suspicion. There is, in fact, a vested interest in the maintenance of suspicion of employers by the trade union movement, and this vested interest will stand just so long as the movement retains its character as an antibody and the teachings and principles that arise from that character. The virtual certainty that the existence of such a vested interest goes unrecognized by the best of trade unionists and indeed

¹ Arnold J. Toynbee, *A Study of History*.

would be hotly repudiated by many of them, only renders it that much the harder to eradicate. It is our unacknowledged limitations, unacknowledged because unknown, that are always hardest to deal with.

In a tussle as to whether confidence or suspicion shall prevail, it is virtually certain that suspicion will win. It is so much easier to feed. Management is thus not likely to get very far towards the creation of a really good climate of work until the leaders of organized labour can join with it in the reduction and elimination of suspicion of management, not merely within each business or working unit, but more fundamentally as between labour as a class, and employers as a class. This presupposes that the trade unions will gain for themselves an entirely new conception of their functions in which the antibody conception has no longer a place, and, what is more, can succeed in educating the rank and file to accept this new view of trade unionism with equal loyalty and enthusiasm.

Clearly it will not be easy. The transition of a trade union from being an antibody to management into being a co-partner of management, sharing a joint common interest, while retaining power of effective leadership over its own rank and file, calls for as delicate a piece of leadership as anything well could. The natural tendency will be for the rank and file to accuse those of their leaders who attempt it as "ratting" on the labour movement, and to transfer their allegiance to new unofficial leaders who will continue the antibody role as active grievance-headers. For this reason it is certain that the trade union movement, if it is to take up its new place and responsibilities as the times dictate, will need all the understanding that management can give it. It will be a part of that understanding not to embarrass the leaders of organized labour by insisting too soon or too openly on the identity of interest between labour and management. It must be for labour and its leaders to make the discovery for themselves, as they are bound to do in time as a result of the education of events. It is for management to see that the way is left wide open and that every advance is cordially met at each step on the way.

CHAPTER 5

MANAGEMENT AND INCENTIVES

WE start by asking, "Why do men work?" The short, blunt answer is "because they have to." But that is only the beginning of the matter. It is like saying that men swim because if they do not they sink. That is true enough, but it does not explain the difference between swimming enough to keep one's head above water and the whole range of speed strokes which gives a man mastery over water and makes swimming a thing of delight.

It is that difference which is covered by the word "incentives." It reflects the fact that, though men work because they have to, they also work because they want to. And it is that last increment—the increment that comes of willing work—which really generates power, and produces pretty well all that is worth having in the world. Incentives are strong magic. Given incentives, men will face dirt, hardship, want, and danger, and count these things as nothing. The difference between the absentee miner and the same man working to exhaustion at the risk of his life to rescue comrades trapped in the pit till he has to be ordered to the surface, is a difference of incentives. They are of supreme interest to management in search not only of high and rising output, but of a good climate of work, in which Monday is as good if not a better day than Sunday.¹ Incentives are at the root of all that a good climate means to those at every level that work in it, to the success and stability of the business and of the society in which the business forms an important representative social institution. There is nothing more pitiful than a man or woman who merely drags along, unless it is their business counterpart—the firm in which almost no one works because he wants to. It is the very essence of an effective incentive that it should be "something a man can see and feel all round him at his bench or his desk on a wet Monday morning"—as Nigel Balchin has put it.

What makes men want to work? The motives are as mixed

¹ W. Raphael, *Times Review of Industry*, October, 1947.

as are men themselves. They range from the reply given by a bus conductor "To get away from my old woman"—to the situation represented by some writers, artists, musicians, or scientists, whose work is nothing less to them than their life's culmination.

Moreover, to all the usual answers, there is now a new one to add, namely that we feel a moral obligation to work. We feel we owe it to society to work, and work hard, and have an uncomfortable sense of shirking if we do not. To play a game in working hours on a week-day has come for most of us to seem somehow slightly immoral, and our appearance out of working clothes as something we need to explain with a faint hint of apology.

This is, relatively speaking, a new situation for the majority of people of all social classes, and has nothing whatever to do with Ministerial strictures on eels, butterflies, spivs, and drones. The change has been happening ever since World War II, which may, probably with truth, be said to have started it. Before that time, to be a man of leisure was a matter for envy, even of admiration, certainly not of reproach. If a man could satisfy the needs of himself and family on three days work a week, he was a wise and clever man, and good luck to him. This "went" equally for all classes. Indeed it was often the recognized "working classes" who took their day off most freely if they felt like it. The miner who forsakes the pit for the St. Leger is merely keeping up what was once a nearly universal habit, expressed in one way or another. We have, as a nation, undergone an ideological revolution in this matter, which as yet has been scarcely realized, overlaid and masked as it is by economic pressures.

To return to the more ordinary reasons why people want to work. Various as the answers are, they admit of being analysed. The first broad division of incentives is into carrots and goads, those things that draw us to work harder and those that drive us.

The great driver is fear. It is the shark behind the swimmer. The usual forms are fear of the sack; fear of the future, and of insecurity generally; fear of reprimand or reprisal at work and of loss of prestige among the neighbours and at home. There will always be some men who will not work hard without the spur of fear to force them. So complete an absence of ability

to respond to better incentives amounts to a state of disease. Such men are cases for the psychiatrist rather than for the manager, and in the absence of effective treatment by the former their best hope is to fall in with a tough and not too scrupulous employer—a Roland for an Oliver. That is their natural end, since the good firm, if it cannot reform them, will not keep them long. They sift down, and they are a small minority anyway. We are considering those—the great majority of workers—over whom incentives other than fear in its various forms have a definite power.

For this majority, modern management has to consider fear as an outmoded weapon. The whole trend of the times, summed up in the pregnant words of the Four Freedoms, is towards attempts to establish freedom from fear and freedom from want, which is a form of fear. Social insurance legislation is a direct step to that end. So is the determination of the nation as a whole to maintain what the popular mind calls “full employment” and official sources, more accurately, a “high and stable level of employment.” The efforts of organized labour are, and always have been, directed to the same ends, and the recent trend in the balance of industrial power from employers to organized labour crowns their campaign with success. Moreover, even if none of this were true, it would still be the case that the use by management of fear as an incentive belongs to the old conception of “power over” and not to the modern conception of “power with.” And the latter, as we have seen, is clearly the only hopeful managerial pattern for the future.

In saying that fear as an instrument of management is outmoded, we do not, of course, mean that there will not be times when individuals, particularly those who are young or under training, do not need to have the wind put up them. We have already given reasons for suggesting that it is true in business as in Holy Writ that the fear of the Lord is the beginning of wisdom. Shock-treatment in order to instil it will always be needed at appropriate times, and should be used as ruthlessly as is necessary—as ruthlessly and as sparingly as a surgeon’s knife and for similar reasons. But that is not a use of fear as an incentive in the continuing sense.

Accepting, therefore, that fear as a normally-current incentive

is now largely out of court, what then remains to management? The answer lies in the old saying: "It's love that makes the world go round." Old sayings have a knack of being both profound and true. This one is. If those in authority, whether in management, in business or elsewhere, wish to unleash the full forces of enthusiasm, zeal, self sacrifice, and latent power, it is to men's loves that they must make their appeal.

Where management is concerned, these loves are, broadly speaking, four in number, that is to say, they follow four main strands or kinds. They are—

1. Love of self.
2. Love of "belonging," i.e. of affiliation.
3. Love of creation and accomplishment.
4. Love of service, i.e. love of others.

These four "loves" are there, at least potentially, in all of us, though the relative proportions of them, the degree, that is, in which we respond to one or another, will vary very considerably from person to person. Incentives deriving from one or more of these four kinds will be found potent with, if not paramount over, almost all kinds of men. The man on whom they have no effect is, as we have suggested, virtually either dead or diseased, or—for there is one further alternative—he may be the subject of some powerful disincentive whose effect is to cancel and negative the type of incentive to which he would normally be most ready to respond; to negative it at least in the business context in which alone it can be offered to him by management. Social maladjustment, for instance, either with a man's working group or with the larger society outside, may make nonsense of economic logic and of much else in the way of incentives as well.

We shall come to disincentives at the end of this chapter. Meanwhile we will analyse further these four types or strands of incentives, and see where they lead in terms of human response, and how they may be appealed to and satisfied.

In doing so, management should keep in the front of its mind Nigel Balchin's brilliant dictum, that an incentive "must be something that a man can see and feel all around him on a wet Monday morning—not a huge principle in a public speech."

But before we go further, there is one point to clear out of

the way, namely the question of "high" or "low," where incentives are concerned. The conception that incentives should be graded in terms of high and low is admirable in a philosopher or in a man seeking to improve his spiritual stature, but to management such a distinction is largely, if not entirely, irrelevant, and the temptation to think of incentives in such terms should be firmly resisted by management.

This point of high and low incentives is relevant here because it is fashionable at the moment to regard an appeal to love of self as not quite nice, as pandering to the baser side of human nature (which it does) and therefore as an undesirable form of appeal (which it is not).

What matters in an incentive is that it should have power to appeal. And so long as love of self is a powerful strand in the make-up of human beings—and it is certain that it will remain so for any foreseeable future in the case of most of us—for just so long will incentives based on it be effective, and be desirable because they are effective. One does not debase a self-regarding man by enticing him with self-interest any more than one debases a dog by enticing it with its favourite tit-bit; always provided, of course, that the purpose of the enticement is a good and legitimate one, which in the case of business incentives designed to achieve higher and more efficient productivity, it quite clearly is.

But in avoiding the mistake of the moralist, management must take care not to fall into the almost worse mistake of the materialist, by taking the view that human nature is essentially selfish, and that self-interest in terms of personal profit is the main or only thing worth appealing to. This narrow view, much in fashion among self-styled realists, has results which are doubly unfortunate. On the one hand, the pulling-power of the other types of incentive is lost by being unused. How great the incentives of, for example, service and self-sacrifice may be the war has well shown. On the other hand, if management, by concentrating on appeals to personal profit, makes it clear that it assumes that men are likely to be moved by nothing better, it is long odds in favour of the men in their turn taking precisely the same view of management. The climate of work will suffer heavily where this happens.

We are, perhaps, nearest the truth when we say that the

type of incentive to which a person most strongly and readily responds is directly related to his social growth and moral grading. And the fact is that the moral standing-places of individuals are as various as their make-up. The grades in a business, as in any other social institution, will range, so to speak, from saint down to sinner, and the latter is no more all-black than the former is all-white. Any system of incentives, to be fully effective, must therefore be as complete as possible. Like a good supply-drop to a Chindit column, it must contain within it the full range of potential needs of that particular group of people. It must appeal to all four types of "love." It will not treat one type as higher or lower than another, because in order to appeal to one man or another, each type in turn will be equally necessary. But it will strike a very carefully calculated balance between them, based on the degrees of growth most in evidence in the group being dealt with.

1. Love of Self

With this must be set the love of family, which is, in effect, simply the love of self writ larger. This is the most nearly universal of incentives, given the average grade of any nation. The response of most people, for instance, to a chance of increasing their incomes, or otherwise "doing better" by themselves and their family, will be as invariable as that of Colonel Chinstrap to the offer of a drink—"I don't mind if I do."

Completely selfless people to whom this does not apply are rare enough even in religious orders or the purest forms of social service; they are even rarer among the ordinary folk who earn their livings in business.

Incentives based on self-interest are therefore basic, and though they need not be, and probably are better not placed at the head of the list or published as the forefront of the system, they can never be omitted or ignored.

Normally they will take two forms: (a) a direct appeal to higher income; (b) an appeal to ambition in terms of place, power, and prestige, generally, though not necessarily, accompanied by a corresponding increase in income.

The former is served strongest by high and regular wages and salaries. It also covers the many various forms of

payment-by-results, profit-sharing, bonuses and so on. The point in each case is to give the rank and file worker a stake in the company, and therewith as much a direct money-interest in the success of the firm's product or activities as the money-interest enjoyed by the management and the shareholders. Some of the basic principles which govern success in schemes of this kind have already been outlined.

The schemes themselves must inevitably vary so much from business to business that no general review of them would be of service here. It is for the student to pick from the many published examples of actual schemes at work those that most closely fit a given case, if he wishes to see how they work out in detail.

One point not yet made may, however, be worth making: namely, that money is not the only form which payment-by-results may take. It may also take the form of shorter hours and thus less work, or a less arduous performance of the same amount of work at the same money. A worker can extract a better proportionate return for his services just as well by doing less for the same money as by doing the same work for more money; and he may quite legitimately prefer the former way of taking a rise.

In practice, a payment-by-results scheme which takes account of all three forms of incentive—greater earnings, more leisure, and easier working—is likely to be among the most successful.

An instance has been quoted of a Midland laundry where the workers were free to go when they had done their daily stint represented by a particular batch or batches of work. The result was that the workers habitually left well before official closing time. The same principle was applied also to overtime work, represented in this case by one or more batches of work over and above the normal day's stint. The morale and the output efficiency of that laundry were high.

Instances in industry could be quoted analogous to that in which a man spent an appreciable sum from his own earnings in equipping himself with carbide-tipped cutters and other special tools. By doing so, he was able to maintain his output and rate of pay at considerably less cost in effort to himself. He took things easier while working the same total hours. In the upshot, in such a case, neither management nor output

benefits at all. Indeed, rather the contrary, for the net result is a man-versus-management attitude, tending to undermine the general climate as well as the individual's own morale. What makes such an example significant is that the scope for an incentive appealing to self-interest is so clearly present in a case of that sort. Had the man been free, as were the laundry workers, to go home on reaching his target-figure, he might well have felt it worth while to set himself to raise his own target-figure (and thus his earnings) yet higher and still have enough margin to go home somewhat earlier. It is certainly true that if a man knows he can go when he likes he will often elect to stay late, while if he is told he must stay he will go at the first moment he can, and, what is more, exact a full pound of flesh from management by taking maximum advantage, and no thanks offered, of any easements such as the ten-minute allowance for washing hands before knocking off.

Not a few people will, on inquiry, be found to have a private target-figure for their earnings; an income "ceiling" which they have no desire to exceed because, for one reason or another, personal, family, or social, it will bring them no advantage big enough to outweigh, in their opinion, the extra trouble and effort involved in getting it. With such people—they are found at all income levels and at a time of high taxation and shortage of consumer-goods they become increasingly numerous—appeals to self-interest couched in terms of more money will not be effective, because the value set by them on ease and leisure makes a stronger counter-appeal to their self-interest. The incentive provided by management to be successful with a man in that frame of mind must therefore be skilfully compounded of easier work, extra leisure, and extra earning power in such a way that the man can, to a considerable extent at least, decide for himself the precise relative balance from one day or week to another in which he will take his extra reward over and above the normal or standard of output. If the rest of the incentive-system, compounded of the other types of incentive we have mentioned, has been well-devised, there is every expectation that the man may himself, in due time, alter the balance of his intentions. He may, and probably will, come to prefer to increase his output (and thus his pay-packet) and not merely take his advantage out of the business

in terms only of easier working and shorter hours. Given the type of man who values the two last highly, there is probably no other way in which higher output could be obtained.

From the appeal to self-interest in terms of income, ease, and leisure, we pass to the appeal to ambition. This is clearly a more limited appeal, because ambition commonly means higher place, more responsibility, and therefore greater risk. Many a man who has attained to be master of his present surroundings would rather remain in that genuinely happy and soul-satisfying situation than move into a higher sphere of which he may be unsure. He prefers to be even a small fish in a small pond rather than risk himself in a larger sea where he may find himself a minnow among tritons. His sense of ambition may be satisfied vicariously—in the participation of his representatives in management through the works J.P.C.; in the success of corporate bodies to which he may belong, his church, his political party, or his trade union. It is a commonplace in management to find that it is hard to find enough people willing to accept the risks and burdens of increased responsibility. There is no doubt that a man is wise in recognizing his own limitations, and management will be equally wise not to disturb him. His contentment is his strength. Were there no contentment such as his, there would be little happiness in the world.

But there are others, and an increasing number, albeit perhaps still a minority, who will wish to get on, cost them what it may, and who will prefer to take an appreciable part of their extra reward in the form of a chance of promotion, though they will not be averse to extra wages also.

The incentive for these is to have within the business a real ladder of promotion, leading from the lowest rungs of the business to the very highest levels of management.

It is sometimes said, and it is a shrewd remark, that it is useless to talk of co-operation, or of education for co-operation, when the managing director arrives at the business in a Rolls-Royce and the men on buses and bicycles. Further, that the self-evident fact that management as a functional class is generally (though not always) better paid, and able to live at a higher standard than the rank and file must poison co-operation at the root and render the appeal to ambition so

much specious clap-trap. To this there is a fair answer. The envious are, and will be, always with us. We are not speaking of those into whom the iron of class-hatred and suspicion has entered so deep that their outlook is beyond remedy. They are incapable of co-operation and too late for education. Both must be reserved for their sons. We refer to the ordinary man, and it is virtually certain that such a person does not grudge his boss a Rolls-Royce or a better suit or a larger home in a more expensive suburb, provided—repeat *provided*—that he knows the way is wide open for him to attain to these things for himself, should he have both the ability and the desire to do so.

He must be able to see that the doorway to opportunity is wide open; that from the door leads upwards a definite, established ladder to the highest ranks, bar none, of management; and he must be able to see for himself that others, like himself, starting from the same level of business and with nothing better save their native talents, are actually climbing that ladder here and now. He must know, if he is too old or no longer desires to climb that ladder himself, that it is at the disposal of his son, if he wants it and can “make the grade.”

Nor is that all. He must feel and know that the management wish to see him on that ladder, and will help him to set his foot on it; that if he fails his disappointment will be their disappointment, and that if he succeeds, his success and achievement will be theirs also, a source of real satisfaction to them both.

In providing thus for the incentive of self-interest through ambition, management must be prepared to accept with equanimity the possibility that the man may leave the business, once he has been equipped to fly and has begun to feel his wings. It is impossible to satisfy real ambition by appeals to self-interest couched in limited terms: to say, in effect, “Thus far you may go, but no farther.” The answer is, not for management to debar him from going, but to make it worth his while to stay. The latter reinforces the appeal to self-interest. The former course would, in effect, simply cancel a large part of this incentive. It would cut the pulling-power of the incentive most with those to whom it is most intended to appeal, namely the most able and ambitious. Little as a firm may like to see a promising trainee, on whom they have spent a great deal of time and money, go out of the firm, perhaps to a competitor,

the risk must be accepted in installing the incentive. It remains the lesser of two evils and is likely to be far slighter than imagined. A firm with an enlightened training and promotion policy in this respect is unlikely to be the sufferer in the long run, whoever of its young men may leave it. Moreover, since men are seldom moved most by logic, to leave the door wide open for egress is often the surest way of securing that people will exercise their freedom to stay in.

In passing we may note that there are firms, and not necessarily all small ones, in which plum jobs are almost invariably earmarked for the proprietor's family and friends. Such firms soon acquire a reputation for this, with the result that promising young men keep out. Or, if they come in, they do so purely for the sake of the training they will get and with no intention of staying longer than suits them. It is instructive to compare the British tradition of succession to the family business with the view widely current in America, and almost with the force of an axiom, that sons ought never to succeed to their fathers' businesses.

2. Love of Affiliation

The love of "belonging" is both strong and universal. It is no namby-pamby attribute. Paradoxically, it is just as strong among people famous for their hard-bitten individuality as among those less well-marked persons who make up the masses. If this were not true it would be scarcely possible to account for the clan-spirit among Scots, or the choir and brass-band movement in Lancashire and Yorkshire, and these counties' fierce corporate partisanship at cricket, which exceeds anything to be found in the so-called "softer" south. The fact is that almost every one finds it a heart-warming thing to belong to some organization greater than himself. It provides a channel for his devotion and loyalty. The individual, so insignificant and transient when alone, becomes invested with a larger dignity and significance through corporate union with his fellows. The achievements of his group are his achievements also. In the reciprocity within the membership of the group his spirit enlarges itself. When Shakespeare wrote "We happy band, we band of brothers" it was no chance juxtaposition of ideas.

We have already examined the vital importance to management of building up the entity of the undertaking. In that chapter we saw the building up of the personality of the working group as the prerequisite and effective source of its power. Here we see that conjoint personality as the focus-point of the individual's love of belonging. The consciousness of that personality, one with, yet greater than the individual, into which he may give and build, is the foundation of all loyalty, self-sacrifice, and devotion. More immediately, it is the foundation of team-spirit and comradeship, and the intense personal satisfactions embodied in the phrase "I am one with my kind."

Appeals to the love of belonging must start with the provision and the building up of something clear-cut to which to belong. This group must be clear-cut, for if amorphous, it will be without personality; it should not be too large, or the individual will not feel able to identify himself easily with it. The first and most important is the immediate group in and with which a man works. Beyond this primary, intimate group which "conditions" his working life, will be the other groups of which his working group forms, and of which he through his group will feel himself a constituent part. Each one of these is larger than the next, until the final term in the series is reached with the concern as a whole. The power of these different groups, at different levels, to evoke loyalty, and thereby confer the incentives and satisfactions that come from the sense of belonging, may vary very greatly. Nowhere is this better demonstrated than in the varying loyalties accorded to different kinds of Service unit. Management will be aware which groups in the business are real entities in this respect (as distinct from merely necessary parts of an administrative machine) and will set itself to build them up into always better integrated and therefore more effective focus points of group-feeling.

It is an important part of training and job-introduction to show the newcomer his place and thus weld him into the group-structure at every level from his immediate working group up to the concern as a whole.

Side by side with the building up of the group structure comes the building up of the common interests which the

group as a whole exists to serve. This presupposes joint targets to which, in proportion as the individual contributes, he can enjoy what Kipling listed as one of man's most precious possessions—the well-earned esteem of his peers. It follows, as a corollary, that a man who fails to assimilate and can gain neither affection nor commendation within his group should be quickly withdrawn from it. Not only is he certain to be out of sorts with himself (a strong disincentive); he will tend to become a butt and break the unity of the group. He becomes an intrusive body, and unlike the irritant in the oyster, this type of intruder seldom results in a pearl. By contrast, he may produce a real pearl elsewhere.

It is the very essence of the satisfaction of "belonging" that our share in the group should not only be real, but should be felt by us to be real, and our individual contribution effective. It is impossible in this matter to fob off anyone with words if the share does not exist in a real and tangible form. For management to give that real sense of sharing at the level of the immediate working group should be relatively easy (though it is by no means always done), but to establish a similar sense of reality at the level of the larger unit, generally of the concern as a whole, is hard indeed.

It is here that the various methods of co-partnership and joint consultation come into the picture. These have been dealt with at some length in Chapter 4 and need not be repeated. It is sufficient to say here, that where every major group in the business genuinely shares with management, through its elected representatives, in solving the common problems of the business, there is likely to be little talk of "we" and "they." The business, like the immediate working group, has become "us"—something to which, because of that magic monosyllable, it has become a real source of inner satisfaction to belong.

3. Love of Creation and Accomplishment

Drucker¹ tells the story of an ex-automobile foreman, turned garage mechanic, whom he met in a wayside garage, and who said: "When I finish a repair job here and the car rolls

¹ P. F. Drucker, *Big Business*, page 156.

out, I have done a job; back in Detroit the stack of sheet steel always remained the same however many fenders we turned out." Not all men would have changed their jobs. But the love of creation and the sense of accomplishment is strong in most men, and if scope is denied it in the business it will find its outlet at home, or in the garden.

In the past, when work generally meant hand-work, and we were largely a nation of craftsmen, the individual sense of creation was never far off. Now, paradoxically, when machine methods and machine power have done so much to make even the most unskilled worker capable of creation at a speed and at a level of finish unsurpassable except by the most highly-skilled craftsman, the satisfactions of the creative power he wields have been largely taken from him.

The reason is well known. It lies in the subdivision and specialization which lies at the root of our industrialized society and of most machine-production and all mass-production. Few people ever have a chance to see a job through, or to feel themselves identified with the final product as a whole. We have already drawn attention to one way in which attempts have been made to get round this problem which, as Drucker has shown, is not an inherent part of the basic concepts on which mass-production and flow-production rest. Broadly stated, the instance quoted by Drucker was a production-technique which first assisted the individual worker to break down a product into a series of semi-skilled operations and then enabled him to see the whole series through himself from start to finish. Far-reaching as this conception may yet prove to be, it clearly cannot provide a universal or general solution to the problems of providing for a man's love of accomplishment. The fact that nearly two-thirds of the processing and manufacturing industries in Britain work, not for the public in terms of complete jobs, but for other manufacturers in terms of finished or semi-finished products, parts or materials, would put paid to that.

But even relatively simple repetitive jobs are not necessarily devoid of satisfaction to the people who do them,¹ and even if

¹ W. Raphael, *Times Review of Industry*, October, 1947. The case of a girl fitting corks in tooth-paste tube caps, who said how interesting she found the job as the corks were "always coming up different."

they were intrinsically unsatisfying when judged in isolation, it should be possible to imbue them with satisfaction, by linking them up to a larger sphere of creation. The undertaking as a whole exists to do a job, and the individual needs to feel that he is doing that job well.

The lines along which this may be done may embrace the individual, or his immediate working-group, or both at once. They are four-fold—

(i) To give meaning or additional meaning to the job by showing clearly how it fits into the firm's products to which it contributes. This is an essential part of job-introduction.

(ii) To give a definite sense of responsibility to the worker, by enabling him to see and feel for himself the importance of the contribution made by him and his group, to success if done well, and to difficulty or failure if done badly.

(iii) To confer personal and group responsibility in fact and not merely in general by devolving, through decentralization, as much initiative and responsibility as possible upon the individual or the group, even at the cost of some sacrifice, in the short-term at least, of immediate administrative efficiency.

(iv) To underline and personalize responsibility by welcoming every creative effort the worker or the group may make in improving the product or service, or their share in its production.

The possibilities to this end of joint production councils and of works conferences have already been touched on in Chapter 4. To these may be added the works suggestion scheme.

The essence of a successful suggestion scheme is two-fold: firstly, that every accepted suggestion should be openly credited to the person or group that makes it, that is, paid for in prestige as well as being paid for in cash where this is appropriate. Secondly, that every suggestion that is not acceptable should be discussed with its maker, and the reasons for rejection worked out together in a creative spirit between management and the man.

If handled in this way, unsuccessful suggestions may make almost, if not quite, as valuable a contribution to education and co-operation as suggestions that are acceptable, since both alike provide direct meeting points between management

and men in terms of creative approach to common interests. They cannot be too many. The acknowledged fact that unsuccessful suggestions usually preponderate over the successful at the ratio of several hundreds to one should not be regarded as evidence of a failure. The vital thing is that every man should feel fully convinced that the management are every bit as interested as he is in a joint and creative approach to all that is being done in the business, in which their common interests make them *de facto* partners.

4. Love of Service

When we hear a person telling in public about his love of service, we are apt to become vaguely uncomfortable. There is a flavour of the emotional. We shy off, and we are probably right, because those who most serve and love their fellows commonly speak little about it, and least of all in public. Moreover we all know the benevolent busybody who is always trying to make us happy his way, and who is probably more in love with himself and the power he wields than with others.

But a proper personal reticence in the matter of service to others should not allow us to overlook the real importance of the sense of service and its corollary, love of others, where management is in search of incentives to build up a good climate of work and high and rising output.

For most men have inborn a genuine and deep-seated need—it is more than an urge—to serve something greater than themselves, the need to serve a leader, a cause, an ideal, good or bad, or simply to feel that they are serving other people, whether in the guise of mankind at large, or through the more definite channel of some humanitarian movement. Both World Wars have shown that the British possess the talent for service beyond self in a very high degree, and that it is found in every social class in the country. The self-evident fact that Britain is the country *par excellence* of homes and voluntary humanitarian institutions of all sorts, for cats, dogs, children, foreign missions, and social and public services of every conceivable complexion and kind, at home and abroad, should go far to underline the very real nature of the need for such an outlet in peace-time, if nothing else did.

Yet to this need business, through management, has hitherto appealed very little, if at all. It has certainly never gone directly to its people and shown in convincing fashion the value of the work being done inside the business in terms of its social contribution to the well-being of the street, the neighbourhood, the district, the country, and, in a great many cases, to mankind at large.

It is true that the war saw the spot-light placed on certain munitions industries, largely in an effort to compensate the workers there by helping them to feel on a par with the front-line soldier, sailor, or airman, and as we write, some efforts are being made through public propaganda to surround mining and one or two other industries short of labour with an aura of public service. But these efforts are small and fragmentary, and there is no sign whatever of attempts to extend a similar sense of public service to the workers in businesses of every kind throughout the country as a whole.

Indeed it is safe to say that relatively few people have ever paused to consider that business in general, still less the individual business that finds them a living, could properly be looked on as a form of community service at all, or as in any way capable of being equated in this respect with churches, missions, schools, libraries, and homes, and rescue work for the poor and needy.

This is an extraordinary paradox, for it ought to be self-evident in a country like Britain, where almost everybody who works does so in business of some sort, that business is not merely a form of community service, but the one essential, paramount form. Not only does business provide us with the means to live, and, as it succeeds and progresses, to live more abundantly, but its surpluses provide the means from which all other social activities are financed. These latter are, in fact, by-products of the primal social activity of business as the great provider. One might, indeed, legitimately go farther, and say that the more fully and successfully business fulfils its primary role of our most important representative social institution, the less need will there be for a whole host of minor humanitarian efforts of a remedial order, many of which are little better than poultices applied to the body of society.

It has been said that it is a wise and humane nation that

builds an ample supply of workhouses and almshouses for the poor and needy, but that it is a still wiser nation that concentrates its efforts on keeping people out of them. This last is, above all, the social province of business—of every individual business—and therefore of management.

Nor should this view of business as the paramount social service be limited to a few "essential" industries. The limited view is justified in war and even in periods of intense economic reconstruction when the challenge may be almost as severe and final as the challenge of war itself, and to survive at all is everything. But in normal peace to survive is not enough. Life, to be worth living, must be on far broader terms than mere survival. And once one says that, the line between essential and non-essential business becomes increasingly difficult to draw. To civilized living, to the graces as well as the necessities of life, the banker, the insurance-agent, and the shop-keeper contribute scarcely less than the miner or worker in heavy industry. The wheels of the country revolve on rubber, and the rubber-planter and the rubber-broker take their places with the tyre factories as links in the chain that make it possible. Transport is civilization, wrote Kipling. It is modern transport, and the men in millions of offices and workshops who combine to contrive and to work it, that keep famine at bay over at least half the globe. The businesses that make pins, buttons, and dress-fasteners do as much for the world, and far more for most people, than the concerns that make the instruments and the drugs for the hospitals—yet these are contributions from business that have saved more lives than every consciously planned life-saving organization since time began. Every railway traveller is familiar with the advertisement "They come as a boon and a blessing to men, the Pickwick, the Owl, and the Waverley pen." But it is long odds that this has been looked on merely as a genial joke, and not as the sober reality it undoubtedly is, when we remember the contributions made by the pen-maker to modern civilized society. It is indeed possible that the creators of the advertisement themselves may not have taken their own words literally.

But what, you may ask, has all this to do with incentives? The answer is—a great deal. Management in business, no longer armed with the spur of fear as it once was, cannot

afford to neglect the drawing power of the incentive derived from love of service. It is also clear that this incentive may be great, and may grow greater. Signs are not wanting that service to the community, to something greater than self-seeking, has a wide and growing appeal, particularly to the young of all classes.

If management can find ways to appeal to this incentive of public service, two benefits will ensue: (a) it will release enthusiasm, resulting in a greater and more efficient output of the products of the individual business; (b) it will open up new and fertile ground for improvement in the climate of relationship between managements and workers, in that a sense of partnership in community-service lifts a drive for high and rising output above the level of a mere matter of self-interest in high profits for employers and high wages for workers, without attacking the latter or rendering the satisfactions derived from them any less real.

Conversely, if management fails to provide outlets for this incentive, increasing trouble may be expected. For the man or woman in whom the humanitarian sense, the love of service to others, is strong, can easily be a most disruptive force within a business. It is in the nature of your humanitarian to be ruled rather by his heart than by his head. He is, by definition, apt to be emotional. If he is also a powerful personality, his emotional surges may run far and create all sorts of trouble. It is for these reasons that humanitarians, with a strong love of others, are often at the root of much of the discontent and trouble in a business. Such people are like boilers with full steam up. Their head of steam needs to be released carefully, so that the power stored up is put to use beneficially, instead of blowing-off at random, or blowing up the place.

The safeguard is simple, namely, for management to canalize the sense of service of humanitarians within the business, so that it may contribute to the stability, solidarity, and happiness of the business, instead of disrupting it.

There is no need to suggest in detail means of doing this. In principle, however, they are likely to follow two main lines—

- (i) By making clear in practical terms the value of the service offered to the community at every level; e.g. the

town, the district, the country, and the world, but especially those closest at hand and easiest for ordinary people to see for themselves, even on a wet Monday morning;

(ii) by providing, through decentralized activities, and particularly group activities covered under Incentive (3), a direct outlet for humanitarian energies in selfless service.

It is true that appeals to the rank and file of business to work harder or more efficiently because the community needs it of them have been more often marked by failure than success. Nelson's signal, so stirring as the fleet ran into battle with the enemy line before them, might have proved thin, it would have had far less appeal, and might even have proved downright irritating, had it had to do duty as the slogan of a protracted campaign, comparable to the economic struggles of an industry. People are not easily persuaded to make efforts, still less to keep them up over a course of years, for ideological reasons.

But that fact (and it must be admitted as a fact) should not lead us to suppose that to appeal to men's ideals is a waste of time, and therefore should not be done. It is more than probable that such appeals (and they have been very numerous in this generation) have failed, not because they were inherently foredoomed to failure, but because they were not made by the right people, in the right setting, or in the right way.

Appeals to work for the sake of the community tend to be made by party-politicians who, even if they speak outside party, cannot divest their listeners' minds of adverse party connotations. In the second place, the appeal is, inevitably, a mass-appeal. The response can easily be left to the other fellow; nor is it possible to couch a mass-appeal in concrete terms which will be found directly and personally applicable and stimulating by millions of diversely-situated people. Finally, and above all, such appeals, even when they are directly for more output, nearly always take the form of by-passing management, of an attempt to go over the heads of managements to the rank and file of their people. There is little reason to suppose that Nelson's signal would have caused a single heart in the fleet to beat more strongly had it been sent, not by Nelson among his fleet in person, but by some worthy in remote Whitehall. Appeals, if they are to succeed,

need to be made by someone we know, trust, and like, whom we can see face to face every day, and who can see our response for himself—or the lack of it. Managements in business are always in that latter category. They ought to be, can be, and often are, trusted and liked.

Appeals made through such a channel are likely to prove as successful as mass appeals to the same ends by public figures are commonly the reverse. It is premature to say that appeals to man's sense of service to others cannot work until they have been made a genuine part of the policy of individual managements. This does not, of course, imply that leadership at the larger level is unnecessary, or that public figures should not make appeals to public service. It implies only that, in doing so, and where business is concerned, they should not by-pass the chain of management if they wish for results.

In seeking to carry out an appeal to the service-incentives at the level of the individual business, a note of warning should perhaps be struck. We may recall Whistler's epigram when a critic said Whistler's "*Symphony in White*" had much of other colour in it—to the effect that a symphony in F did not mean playing F F F F—FOOL! An appeal to output may have service for others as its key, but it must have much else besides. To continue the musical analogy, it must have its movements, its phrases, and its memorable melodies. In more concrete terms, the appeal must have objectives, targets, visible and close at hand. Most men being rhythmic creatures, fond of change, preferring to work in fits and starts rather than at a smooth invariable tempo, these objectives must be constantly varied. They must stand in a succession, like road-turnings on a country walk, with always a new view coming up round each corner. There should be competition in order to give achievement its perspective. Such competition may be as effective when it takes the form of a man competing with his own past output as with the output of others.

Disincentives

Finally, we come to disincentives: anything, that is, which acts as a counter and a brake on the incentives we have already outlined and thus tends to cause workers to withhold effort,

or co-operation with management; that disguises or weakens the sense of confidence and common interest, and thus militates against high efficiency and rising output. These at present are many and potent. Whether they remain so depends not a little on the skill used by management in applying in each particular business the types of incentive already described, because it is probably true that disincentives, though easier to propagate than incentives, seldom gain ascendancy unless and until incentives have been lost or so weakened as to let them into the field. Disincentives admit, broadly speaking, of being classified under three headings—social, economic, and ideological.

By social disincentives we mean those which arise from some maladjustment between a man and the group he works in, or lives in outside working hours. The remedies for the former class of maladjustment are frequently within the scope of management, since they usually refer to the climate of work; the remedies for the latter class are not, except in so far as an imaginative and well-trusted welfare system may enable a business to extend some help to a man's private life without either sapping his own proper self-reliance or incurring the charge of Nosey-Parkerism. Such things can be done. The organized extension of help in this way might well be one of those fields to which decentralization may be made to apply, particularly in cases where the root of the maladjustment may be partly economic. In the case of disincentives deriving from social maladjustment, the immediate and most effective contribution of management is to enable the man to seek a genuine compensation in his work.

The economic disincentives are principally those that centre round taxation, shortages of consumer goods, and the like: i.e. those which tend to penalize efforts to increase one's income and generally make greater efforts at work ineffective in raising the individual's standard of living. In so far as disincentives of the economic order can be countered by management within a business, it must be by means of incentive (3)—love of achievement—and incentive (4)—love of service.

The ideological disincentives are far harder nuts to crack. As we have already seen in Chapter 4, they stem from one of the most impressively successful educational efforts of our

time, namely, the political and social movement of trade unionism and socialism. The effect of these mass-educational efforts on nineteenth and twentieth century business and society has been as revolutionary as the effect of Soviet policy in the field of twentieth century international politics and world affairs. The fully-indoctrinated worker faces management in a private-enterprise system across a gulf almost as wide and deep as that which separates the conditioned Soviet citizen from the Western conception of society.

In the business field, as in the international political field, there is the same defence-in-depth under which the Left has built up and with which it hopes to secure its position. This defence system is manned and maintained alike in each case by a long-standing and carefully-inculcated gospel of suspicion directed against the opposite party.

In the labour field, the defences are represented by the network of trade union practice and precept. This includes the principle of the solidarity of organized labour against employers and management, in contradistinction to the solidarity of business itself, management and labour, as an organic unity. This should not be taken as implying that there are not a great many "happy ships" in business, but simply that, if it comes to a showdown, it is loyalty to the union or to fellow-workers that will take first place, and not loyalty to the business or to the industry.

Suspicion engendered is not only of the motives, but of the competence of management. For as in the international field, so in the labour field, the competence of the other party, and indeed its power to survive at all in the face of the challenge of the age, is called in question. Indeed, the incompetence of employers and the anachronistic and "unethical" nature of private enterprise generally are basic articles of faith. The true Marxian Socialist or even the believer in that milder version endemic in Britain, if he follows his beliefs with as much logic as conviction, may well feel called to consider whether in making any terms with private enterprise he is not supping with the devil.

It is clear that the full remedy is a long-term one, in the hands of the remorseless and impersonal education provided by the inescapable logic of events, assisted in due time, we

may hope, by the leaders of organized labour. But it is also clear that management's contribution to reducing the schism, and finding a common orientation to face a joint interpretation of the current facts of the century, may be great and probably decisive. Some of the directions it may take were touched on in Chapters 3 and 4. In addition, incentives must be stepped up. The best answer to ideological disincentives is to overrule them with a positive counter-appeal. In doing so, management has three main approaches: the appeal to self-interest, through a genuine system of promotion; to love of "belonging" through a genuine system of partnership for the common ends of the business; and a clear appeal to the logic of the outstanding service a well-run business of any kind can make to society and mankind generally.

CHAPTER 6

WHAT MAKES A MAN A MANAGER?

THE field of management covered by this chapter is that field which extends over the full range of executive and administrative functions from the managing director, as the highest level of management, down to those in what are sometimes referred to as the junior "commissioned ranks" of industry immediately above the level of foreman.

This implies no slur on foremen, who are among the main pillars of any business. Indeed, Drucker in his book *Big Business* makes out a cogent case for regarding foremen as the first step within the "commissioned ranks," insisting, in our view rightly, that they should look on themselves as fully identified with management, of which they form an integral and important part. It is, moreover, entirely desirable that the promising man who graduates to foremanship should be regarded, and should be encouraged to regard himself, as having set his foot on the first rung of a promotion-ladder which can lead, if he himself wishes and has it in him, to the highest levels of management, and not inevitably to the alternative goal of many a career—the business equivalent of senior non-commissioned and warrant rank. Though foremanship, if this view is taken, need not, and should not, be regarded as a dead end, as non-commissioned rank in the Services so often used to be, it still remains true that the qualities and the training needed for foremanship, as such, are of an order different in important respects from those required in the case of the man who hopes, and is likely, to pass beyond foremanship. It is with men of this calibre that this chapter is concerned.

The Importance of Getting the Right Men for Management

We have already seen something of the vast array and wide scope of responsibilities which face the man who enters modern management. It is no over-statement to suggest that it is upon the vision and skill with which these responsibilities

are carried that not only the success and survival-power of individual businesses, but the power, prestige, and economic well-being of Britain must largely come to depend. Whether that vision and skill will be adequate to the need, depends in turn upon the quality of the men now being brought into the managerial grades, and thus upon the skill shown by present higher management in their selection, training, and general development. Particularly is this true of those who are trained and are destined to be occupied in primarily managerial duties, as distinct from the man trained and selected primarily for his qualities as a technical specialist, notwithstanding that the latter normally is considered as part of the corps of management and that his duties may involve him in a certain amount of administrative as well as purely technical work. It is the calibre of those engaged in management, as such, that will be above all, and increasingly important.

At first sight it may seem a case of putting the cart before the horse to make a claim for the primacy of management as against the overriding importance of the modern technician, at a time when the "rate of change of the rate of change" in technical matters has reached an unexampled high peak, or to suggest, as we did in Chapter 1, that the claim should be carried to the point at which we look on quality of management as likely to prove, from now on, the decisive "variable" in competitive efficiency.

Quality of management can, however, be doubly decisive. It is the very essence of good management to attract to itself the best technicians and to create by its skill the necessary conditions without which their special skills cannot bear full fruit. It is, moreover, wholly the province of management to establish and maintain those sound labour-relations and incentives discussed in Chapters 4 and 5 without which the successes made possible by technical genius must always be in jeopardy, if not frustrated outright. Arguments such as these have a double force when, as is likely to be the case of Britain in future, a country's labour force is no longer either cheap or superabundant and is no longer subject to the pressures of a buyers' market for labour. Thus one may concede that Britain will need the highest technical genius and expertise in the years that lie ahead, and yet be on sound ground in

considering that highly-skilled management must be the over-riding factor in success.

The Avenues to Management

Before going on to selection and training, it is as well to glance at the main avenues by which men commonly graduate to management. By doing so we shall see better the human situation with which selection and training must be framed to deal.

There are, traditionally, three main avenues of approach to management as defined in the context of this chapter—

(i) By promotion from the ranks. This usually implies entering business as a school-leaver and working up from the bottom.

(ii) By promoting (or transferring) specialist technicians to positions that are primarily managerial, generally after they have had a considerable and successful experience in some technical side of the business.

(iii) By relationship to the proprietor or to the managerial heads of the business. The traditional emphasis here is generally less on training for management in the modern sense than on gaining a broad practical experience of the business from the standpoint of management.

To these three avenues will now be added a fourth, which is likely to become of increasing importance, namely, the recruitment of carefully-selected young men of suitable education and some maturity (a high proportion may be either university graduates or of graduate calibre), with the direct purpose of training them for management in the business. These men and those in avenue (iii) are alike in this respect: that they are management-recruits brought in with that end in view from outside the business. As such they fall, to all intents and purposes, into a single training category.

It should be said at this point that none of these four channels is inherently superior or inferior to another. Each one has produced, and will continue to produce, outstanding personalities in management. What is important is that a business, in its selection and promotion policy, should maintain a skilfully

calculated balance between all four types of recruit to its higher managerial levels. The precise nature of the balance—the optimum proportion of one group at the higher levels of a business relative to the others—is one which each business will decide for itself. It is possible to envisage a business in which a very high proportion of its “management-timber” is quite properly “home-grown” and from the ranks; or another business, in which the higher managerial levels are with equal propriety recruited very largely from those who entered the firm or the industry in the first place as technicians. Both these methods, however, vital as they may be to the creation of good morale, or necessary because of the technical demands of a business, have inherent defects. For a firm to grow its own management timber is admirable, provided the product is first class and will stand comparison with any other management-material elsewhere. But even when the quality is intrinsically first class, there is always the difficulty, in the case of a man who has grown up and trained wholly or mainly in one firm, of avoiding the parochial outlook that is fatal at the higher levels of management.

In the case of the technician-turned-manager, the danger is of a different type. It lies in losing a first-class technician and gaining a second-rate manager; one, moreover, who may be blind to the fact that he is second-rate and that his change of job implies the acquisition of a whole new range of skills and perhaps even a good deal to unlearn. This risk reaches its peak if the person thus promoted proves unable to put his previous technical status behind him, and cannot refrain from interfering with the technicians under his command on the strength of his past expertize, instead of doing his proper job. The result of such a situation is that the technician turned manager not only does not do his own job, but that he does not allow his subordinates to do theirs. Incidentally, the more expert such a man has been as a specialist, the more quickly does his specialist knowledge get out of date—a fact he may be both unable and unwilling to realize.

The danger in the third avenue to the ranks of management is that sentiment rather than intrinsic managerial quality may influence selection. Many a business, and indeed many a man, has been sacrificed by the custom of bringing sons, relatives,

or friends into a business to train at managerial level. However good the man may be, there is a great deal to be said for the view that a son should train anywhere but in his father's business. He can always be brought in later if and when he has won his spurs outside. The real objections to the dynastic approach to management are, in short, strictly practical, and the present tendency to describe this avenue of selection by the ill-coloured term "nepotism," as if it were inherently immoral, anti-social, or at least undemocratic, is wholly to be deprecated. There are occasions when there is much to be gained by a son or other member of a family following on, particularly in the smaller and medium-sized business, and there is no reason, moral or social, why he should not, provided he can fill the bill. The ties of blood or friendship can be real and valuable in a business as elsewhere, and a man whose forbears have built up a business or otherwise achieved a place in the directive levels of our society is not necessarily "the tenth transmitter of a foolish face."

The right solution is to be found, as we have said, in striking a balance between those groomed for management from within a business, both rankers and technical staff, and those brought in from outside, and to see that each receives the training appropriate to his standing place—a training which must not only develop his qualities but should be designed to make good any deficiencies that his background may have left him. Such a balanced selection-policy for management has the additional merit that there is the constant stimulus of cross-fertilization. Moreover, each category of trainee acts as a yardstick to the others. In making comparisons of the relative merits of the different avenues of selection, in order to arrive at a policy upon it, there is this, however, to be remembered, namely, the need to compare like with like, and in particular for the members of higher management to allow for the vast differences in their own degree of knowledge of the personalities under review. A man who has worked with us for many years may seem the better man because we have known him longer and therefore know him better than the man whom we may only have seen in action for a few months or perhaps a year, and whose qualities and true stature have scarcely begun to reveal themselves in the business.

Who Make the Best Managers?

At this point we may ask, irrespective of the channel by which a man's approach may be made: "What type of man is likely to make the best manager? Is there a type? Can the qualities which mark the 'born manager' be stated?" The answer, on all counts, is undoubtedly "Yes."

Before, however, we carry our inquiry further, it is important to draw a line clearly in our minds between what a man is or is potentially by virtue of the qualities built at birth into the fibre of his being, and the result of the impact which education, environment, and training has had upon him before he comes to us in business. The former qualities are part of the man himself. Whether present and patent or potential and latent, they are there, and can therefore be developed, built upon, brought into balance, and equipped. They are the true index to what he may become. By contrast, acquired qualities may prove under stress or further development to be superficial and temporary rather than real and permanent. If favourable, they form no solid foundation for management-training to build upon, and if adverse, they should not necessarily lead to a man being turned down. In attempting to assess the key qualities whose possession indicates one who is likely to make a good manager, we shall therefore go first for those qualities that are in the grain of the man. If a man has these, or a sufficiency of them, he may be considered to be of managerial calibre. Given reasonable teachability, the rest of his equipment can be added to him afterwards.

Briefly, these personal qualities embrace all that goes with leadership; the ability to carry people with you and to put a plan across; to choose the right subordinates and experts, to balance them up and weld them into a team animated by a common enthusiasm; to evoke by the nature of one's personality a loyalty and devotion which makes the work seem worth while—men do not give their best if they wish they were elsewhere; to exact discipline from subordinates in the form of self-discipline, and with the rarest recourse to overt power; to be able to praise and to reprove, and know how and when to do so; to be able to admit an error and know how and when to make a change.

These things require the possession in a high degree of

influence or dominance, and acceptability to others. They require the objective mind, and the solid common sense that gives a man the ability to distinguish essentials from frills, to grasp a situation whole and in proper perspective, and see right to the heart of it; above all that indefinable thing called judgment, that makes his decisions right more often than they are wrong; the personality to wring success even out of a wrong decision.

It is also true that management, like leadership, can never afford to go too far ahead of its rank and file. For this reason great managers are generally found to have a full share of earthiness. They thrive on the gross air of everyday affairs. They have the common touch. They like people. They have a deep zest for life. They are essentially well-balanced men, broad-backed, with a certain straightforward simplicity of nature and the sense of proportion that goes with a sense of humour. So far from shrinking from difficulties, they would find life savourless without them. Problems attract them like mountains do the born climber. They itch to get at them. They may have ambition and the urge for power—these add driving force—but they are no substitute for the real zest for life and human contact. They may have, indeed must have, considerable gifts of intellect, but they are not intellectually aloof. They are men to whom management is one of the supreme arts of life. The success of British industry has been founded on people of this vital type.

Education and Management

Though the qualities included in the foregoing portrait are undoubtedly primary where selection for management-training is concerned, it is equally true that they will be immensely enhanced if found in alliance with the right type of educational background. It is worth touching upon the latter, therefore, at this point, if only because it serves to define a field in which business may usefully seek for men who show evidence of possessing the basic qualities we have listed.

We have already taken the line that a business is an important social institution, and that the influence of management has possibilities, and therefore responsibilities, which stretch far

beyond the four walls of the individual business. Any person occupying a managerial position is, whether he likes or recognizes it or not, occupying by virtue of that fact a position in the directive levels of our society. He is, or should be, a member of what Toynbee has called the creative minority of our society. If he is a member of higher management his influence is potentially just that much greater still. Thus the finest practice of top-level management on the scale of a modern business calls for qualities of mind and culture far wider than those which a specialist managerial or technical training can set out to give, and of an order which no amount of practical experience in business can be expected to convey. To neither of these can we look to give the wide grasp of the humanities and of the basic principles of living, the sound scale of values, for which there is an increasing need in those who are likely to be called upon to fill the higher management positions in business—men who must, above all, have a highly-trained capacity to appraise the "total situation," and to meet and deal with people and events at every level. It is true that this fundamentally educational equipment may be gained in more ways than one. In some cases it may be gained over the years from the education of life itself. In others it may be implanted by the efforts of formal education, which life itself will build upon and bring to full flower. But however it is done, one thing at least is certain. The equipment must be provided, and if it is not provided the resulting cultural vacuum can have unfortunate and far-reaching consequences.

On this point Ortega y Gasset has some pregnant things to say.¹ "Civilization," says Señor Ortega, "has had to await the beginning of the twentieth century to see the astounding spectacle of how brutal, how stupid, and yet how aggressive is the man learned in one thing and fundamentally ignorant of all else. Professionalism and specialism, through insufficient counterbalancing, have smashed the European man in pieces."²

¹ Jose Ortega y Gasset, *The Mission of the University*.

² See also Toynbee, in his *Study of History*. "The fifth-century Greeks had a word for this lopsidedness: 'Banausia.' The 'Banausos' was a person whose activity was specialized, through a concentration on some particular technique, at the expense of his all-round development as a social animal. . . . The Spartan concentration on military technique was, for example, 'Banausia' incarnate." (Edit. Somervell, page 305.) The condemnation extended equally to all forms of specialization when unbalanced by a general competence in the art of living.

He is undoubtedly right. Had he been writing in the 1940's instead of in 1933, he might have been even more emphatic.

This is in no sense a plea that people at the directive levels of society, including managers in business, should not specialize. Such a plea would be useless if made. Specialization is forced upon us to-day by the sheer magnitude and complexity of modern knowledge, which far exceeds the capacity of any but the most exceptional mind to grasp with any approach to completeness. Not only, therefore, are we going to continue to have to specialize in professions, but specialization is going to become narrower. Each profession, the profession of management among them, is in its turn becoming split up into a number of channels, each virtually a specialist profession in itself. What is needed, as Ortega points out, is adequate counterbalancing, a training of the "whole man," so that specialization, when it comes, as it is sure to do, may not play havoc with his outlook. There is little doubt that the best time to train the "whole man" is in the early, formative years of general education.

It is on this ground that the supporters of a liberal education, as the best foundation for management, base their advocacy. Such an education will achieve many things, all essential to the full deployment of management quality. It will train the mind, confer the ability to tackle a subject, to distinguish sharply between fact and opinion, between details and principles. It trains a man to ask "Why?" and to seek the fundamental answer; it trains him in intellectual integrity as it trains him in intellectual power. It helps him to master the art of expressing himself so as to be as fully effective in exposition as in analysis. All in all, it will found within him an objective attitude of mind, an attitude to life and its problems, which will make a decisive contribution to his quality in management. It was not for nothing that the Chinese regarded the Confucian scholar, the "Enlightened Man," classically trained in the art and principles of right living, as the true pillar of administration.

Business and the Man with a Liberal University Training

It is for such results as these, to be derived from a liberal

university training, that business should look to the university man in general, as distinct from the graduate-technician. It is the value which such qualities can have as a foundation for later, practical training, both in the techniques and principles of management and in the techniques and needs of a particular business, that alone can justify business in recruiting men of general university background with the intention that they shall work up to management level.

In stressing these qualities we need not assume that they can be gained or developed only by means of a particular type of university education, e.g. "Greats," or even "Modern Greats." Suitable, and indeed admirable, in their results as these studies have been proved to be for certain minds, there is ample evidence that the same broad ends, at least as far as the standpoint of business is concerned, can be attained in other ways. Our plea must be towards the relevance to business of any of the accepted, proven fields of degree-training, provided they are handled at the high level of a university. It is their contribution to the making of the "whole man," the approach, the culture, and above all a certain attitude of mind, at once objective and creative, to be derived from these, that matter.

The relevance of all this to business is far from academic. Up till relatively recently the bulk of university graduates came from a fairly narrow stratum of society, whose members possessed both the time and the means (and means spells time in this case) to postpone their earning period by two or three years. A university career was thus determined more by social position or financial means than by innate intelligence and ability. Most of the rest went more or less direct into business. Since intelligence and ability are very evenly distributed through our population as a whole, a full share of both were to be found among those non-university men and women who went direct into business.

The last fifty years and the steady development of the scholarship system have brought about a great, and more recently an increasingly rapid, change in this situation. Already a large proportion of university students are scholars or others from State schools. This proportion will undoubtedly continue to increase. The universities have a great programme of expansion. There will thus be a tendency for the universities

to "cream" off a far higher proportion than hitherto of the best intelligences of the country, leaving a correspondingly smaller proportion of the best intelligences to go, as school-leavers, direct into business. The loss, moreover, will be progressive. Business clearly cannot afford to view this progressive loss with equanimity. The remedy is for business to secure its fair share, a far higher share than hitherto, of university men, and particularly the best university men.

The change of attitude demanded of both sides in order to bring about such a situation is considerable. The university man needs a new, and a far sounder view of business than he is apt to get. The traditional distrust of business for the university man is not wholly ill-founded, and it is reinforced powerfully by the fact that business generally has not hitherto had much experience of the best type of university man. At the same time business as a whole requires to gain a new approach to the university man, an approach which includes both training and treatment, and is in line with the methods of those leading firms that have a long and successful record of employing university men.

Firms are, and always have been, ready to accept the trained technician—engineer, industrial chemist, and so on. He is normally offered a reasonable salary and prospects and, if ambitious and capable, he can often hope to step later in life from his specialist career to a post in general business administration. But to the university man of liberal education—the classical student; to the student of history, economics, English, etc.; in short, to the man not vocationally educated—business in general has usually extended a very cold hand. He is too often made to understand that his previous academic training is beside the point in business, if not a downright waste of time; that his academic distinctions are valueless, at least during business hours; that in consequence, he must expect to start at the bottom, and work up like any other junior who has had the good fortune to enter the firm straight from school. It is impressed upon him accordingly that, in the immediate sense of business values, his earning power, and thus his market status, is low. He is offered commonly only a little better than the equivalent of the junior who has already spent some years in business and is by now beginning to earn his keep. This starting salary compares unfavourably with the

starting salary of an administrative grade trainee in the Civil Service, or even of a Secondary School teacher. True, the long-term prospects in business may well be financially brighter than those in either of the alternatives mentioned. But that long-term prospect is, in the case of a graduate going into business, a speculation which may not come off, while the advantages of the professional career are real and immediate, and its prospects, though more modest, can be counted on to mature with time. The answer to this situation is for business to give the graduate a starting salary, status, and prospects at least commensurate with those that the same man would find in the Civil Service, or, say, in teaching. To these must be added a type of training adapted to a man who has already been expensively trained over some years to think things out for himself, to go to the root of a matter, to see a problem whole, and to work it out in a true balance of all its parts.

There should be no place for the view that the only way to "break a man in" is to break him down by setting him to the dirtiest and least intelligent tasks for some considerable time. It is important that the graduate should not find himself treated like a child, simply because he is new to business; set down for indefinite periods on routine tasks, at which he is inevitably inferior to the youngster alongside him recently from school; placed under the control of superiors who may have all the practical man's contempt for the scholar and the theorist, and may be jealous and distrustful of the graduate, in whom they see a threat to their own position and to the prospects of their own protégés. It has to be recognized that in any business there will almost certainly be those, particularly at the middle levels, who derive a certain satisfaction from seeing the graduate-trainee from outside the business make a fool of himself, even if they do not go so far as to arrange matters purposely in order that he may trip himself up and "get himself in wrong" with higher management. In short, the graduate recruit to business needs not only training but protecting as much as any Chindit entering the Burmese jungle, and not least from the consequences of his own over-zeal and inexperience, if the business is not to write him off as a failure and add one more notch in the count against university men who are not vocationally-trained as technicians.

Selection for Management

Turning from general considerations of quality and background to the practical problem of spotting quality, or potential quality, we find the field divided clearly into two sets of candidates. One set is represented by men of whom management already knows a great deal; viz. the potential trainee, whether ranker or technician, from within the business. The other set includes all those men of whom management knows next to nothing; that is, those coming from outside the business, whether from school, university, the Services, or from some other firm or section of industry.

In the case of the former, the fullest use may be made of psychological selection-test methods with far greater confidence than would be appropriate to the latter set of candidates, since the business will have ample evidence in their records from which to supplement and cross-check the findings. Even so there are dangers, to which we will refer later.

To appraise the second set of candidates—those virtually unknown except for such evidence as can be deduced from their past records, is the harder task. Attention has already been drawn to the necessity of caution lest we find ourselves appraising one man as better than another, not because we have real grounds for knowing that he is, but simply because we know the one man well and the other little or not at all. This point becomes of considerable importance when a mixed batch of candidates, some from within and some from without the business, are being considered in competition for a limited number of vacancies.

It is in assessing a man's probable "effectiveness in action" that the difference comes before us most acutely, for the man already in the business has been in action under the eyes of management for some time; the other has not, or not directly.

"Effectiveness in action" has been usefully defined as a function of all the qualities of a man's personality in combination, plus the quality of his innate intelligence. Though applied psychology has made considerable progress in methods of assessing personal qualities, the task is a difficult one, and it still remains true that the only factor which can at present be measured with any considerable degree of accuracy is that factor which is measured by intelligence tests. The results of test-

ing university students and members of the Services have shown that a high degree of intelligence, as thus defined, is essential for effectiveness in the professions and in administration.

By no means all those who reach a high standard under intelligence tests are able to make effective use of their gifts. The latter represents a potential which may, or may not, be realized in performance. A man in this respect may be compared to a car, his intelligence under test to his horse-power, and his personality to the integration of all the parts of the mechanism in combination with the skill of the driver. The level of the performance he puts up will depend not only on the horse-power, but on the nature of the relative balance between the parts of the car, and above all on the driver.

In the course of the work done by the War Office Selection Board in choosing men for training as officers, it was found that, of the men in the top intelligence group, which would include about one and one-half per cent of the population, only sixty per cent were selected as having the type of personality necessary for Army officers. It would be unwise to assume that the relation between intelligence and effectiveness as a personality which was found to hold good for the managerial levels of the Army would also be found directly applicable to the managerial levels of business, but there is no reason to suppose that the two would differ at all widely.

All in all, the following appears fairly to summarize the position—that in appraising a man's potential for effective action, his intelligence, as such, counts heavily; that the degree of his intelligence, which connotes also his capacity to reason, can be tested with considerable accuracy; that the extent to which intelligence will be translated into effective action depends on the possession of other qualities, and upon their mutual balance and the resulting combination, and that so far no means have yet been devised of testing these other personal qualities accurately.

Methods of Selection

It would be an error, however, to regard ourselves as left wholly in the dark merely because the managerial qualities we have listed, including effectiveness in action, cannot yet be

measured under test conditions with scientific accuracy. We can accept the caveat without going all the way back to selection by the haphazard exercise of intuition, hunch, and the more or less inspired guess implying the possession of special and semi-magical qualities on the part of the selector, with the immense scope for self-deception which this provides. That some people genuinely possess the capacity of seeing further than others into the personality and character of certain types of men, and that such a capacity can be cultivated and improved with practice, we have no reason to doubt. But there are not and never will be enough such men to meet the demands of all the businesses and departments of businesses at which highly critical selection decisions are constantly being made. And even if there were, the need would still remain for a business, or a panel, to have some clear-cut basis upon which findings may be recorded and valid comparisons between man and man may be made.

Modern selection methods provide just such a serviceable half-way house. By applying one or other of these methods, evidence of the presence or absence of the qualities required, and some inkling of the degree of their presence, can usefully be systematized, and the resulting deductions placed at a considerably higher level than a mere unaided hunch.

There are two directions in which evidence of quality may be looked for—

(i) In the present showing, in bearing and speech, of the man at his selection-interview;

(ii) in the evidence of his past record, particularly the use or non-use made of opportunities; the nature and degree of his reaction to this challenge or to that; the way he fitted into, and mastered, or was mastered by, his environment, particularly his fellows in his working group.

In the case of the man already in the business, the evidence under (ii) will normally be considerable. Moreover this evidence, being first hand and factual, can be more confidently built upon than in the case of the man from outside. In the latter case, evidence from the past, whether much or little, is normally less a matter of cold fact than of interpretation of facts, of which the whole story may not be known. Moreover, where

the facts under interpretation are set against a background of which the interpreters may have little first hand or up-to-date knowledge, interpretation is just that much less likely to be reliable. A case in point would be a civilian attempting to evaluate the intricacies of a Service career. In such cases it is safest to restrict attempts at interpretation of past facts to a few, simple, salient points on which it is difficult to go wrong, and to accept positive, favourable testimony as likely on the whole to be more reliable than negative testimony, or the mere absence of positive evidence. In short, one should look for the good.

The technique of selection-interviews may vary very greatly, and it is not our purpose to go deeply into them here. It suffices to indicate the range. At one end of the scale is the selection-test method developed by WOSB¹ in choosing men for officers' training units. This was adapted to Civil Service requirements in the form of CISSB,² and has been used also by some businesses. The essence of this type of test is that it is both extended in time and intensive in its demands on the man. The candidate is kept under observation and at full stretch for a number of hours each day, in the case of CISSB for two days. During that time he is put through a battery of different tests, written and oral, singly and in a group with other candidates, his performance in each being rated by skilled observers. These tests are designed, both severally and in combination, to reveal the existence of a wide range of qualities, including, or in combination with, intelligence. The test is thorough to the point of being exhaustive, and indeed exhausting. To many sensitive or diffident men who have not yet "found themselves" in life, a test of this kind is a major ordeal.

The liabilities to weakness in tests of this type here are threefold. Firstly, in carrying matters to the point of using a steam-hammer to crack a nut. It is tempting for the psychologist to allow professional enthusiasm to carry him away, and so to multiply tests as to turn the occasion into a sort of psychologist's field-day at the expense of the candidate and with very little practical addition to the prime purpose he is brought there for. It may often be possible, for instance, for

¹ War Office Selection Board.

² The Civil Service Selection Board for Administrative Leaders.

a skilled observer, used to dealing with that age-group or type of man, to spot the likely winners in any group within the first hour or two, and for his judgment to be in no material way distinguishable nineteen times out of twenty from the final result of the whole complicated battery of tests.

The second liability to weakness lies in the fact that the battery of tests may be almost too accurate, that is, it may provide too fine a mesh, so that the men selected under it will conform altogether more closely than is desirable to a narrow range of types. The counterpart of this point is that the closeness of the mesh and the nature of the ordeal may exclude far too large a number of suitable men, among whom may well be some of the best of the batch, and the grounds of exclusion may be fortuitous and with no relation to ultimate quality. A man, for example, who would pass well at thirty might be faulted at twenty-two simply because, as a late developer, he lacked at the younger age the necessary confidence to get on top of the tests. Unlike an army in war-time, which must get quick results at all costs, a business is deeply concerned in what a man of managerial calibre may become ten, twenty, and even thirty years hence.

The third liability is the ease with which one or more significant qualities or subtle combinations of qualities may have been left out of the original job-analysis on which the battery of tests is based. This liability is, indeed, almost a certainty. We know far too little about what makes men succeed in particular jobs at management level to be confident about them. In managerial matters, as in human diet, trace-elements, hitherto undiscovered, or the existence of a particular balance between qualities—a balance far too subtle to define even if it could be recognized—may be all-important for success. In such a situation, over-precision in a system can easily become a fatal weakness. We can only afford to be precise where we know, and here we do not know.

The WOSB/CISSB system is perhaps as rigorous a selection-test method as is likely to be applied in picking men of management calibre. It is possible to use the same principles while being a good deal less extreme. The extended-observation method may be used without such an intensive battery of psychological tests, nor need the latter be so close-meshed.

The internal balance between the tests may be altered to give greater prominence to this or that set of qualities, or formal tests, as such, may be largely dispensed with, and yet the general value of the principle of extended observation by skilled observers under predetermined conditions may be retained. The technique of what may be called the week-end interview, in use by some leading firms who hand-pick their management-trainees very carefully, is a case in point. Under this method, men under scrutiny for selection are asked to stay at a private house or other suitable centre for a week-end, during which they take part in a number of predetermined activities and are kept under very keen surveillance by a number of the firm's principals.

At the other end of the scale is the simple interview of from half an hour to an hour, in which the man is seen alone either by a panel or by a single interviewer. This method clearly cannot stand comparison with the far-reaching and far more exact methods outlined above. It can, however, within its limits be made equally the subject of the scientific approach. Where this is well done, the simple interview can be made to yield useful, uniform, and reasonably reliable results. It was adopted, for example, by the Ministry of Labour Appointments Department in screening men and women on release from the Forces for admission to the Government's Business Training Scheme. In this case the findings of the official interviewers were subject to review by independent panels of leading local business men, which acted as courts of appeal and not infrequently re-interviewed cases which they felt to be border-line. It was significant that the findings of these panels seldom diverged, and never markedly, from the findings of the interviewer, and, although several interviewers were necessarily at work in each region, the level represented by a "pass" proved remarkably uniform.

No claim is made for the system, however, as being specially good or complete. It was a tool designed to do a particular job, in this case to "vet" within the shortest possible time several thousand people streaming into civilian life all over the country. Under less exigent circumstances the tool could no doubt be materially improved while being adapted to the needs of particular businesses.

What makes the method of interest here is that the problem which faced the Ministry's officers was very close to that which faces any business, large or small, in interviewing a potential trainee straight out of school, the forces, or university, or perhaps from some other career—a man, that is, of whom the business knows next to nothing at first hand, and whose experience and achievements to date have little or no direct relevance to the subject-matter of the business, or possibly even to management.

The purpose of the interview was strictly limited to a single issue, namely to establishing whether or not the man was likely to prove, when he got into business, to be of management calibre.

The basis of the interview was equally simple and fundamental. It was directed to ascertaining, on broad lines, the man's personality, character, and temperament, assessed in terms of four key qualities. Each of these qualities was selected as bearing a direct relation to success in management in business, irrespective of the actual line of business the man might afterwards engage in.

The method used was the usual one of the indirect approach, in which the man is first set at ease and a bond of sympathy established as far as possible by the interviewer, and the man encouraged to speak freely. As the subject-matter and manner of the conversation passed before the interviewer, much in the manner of a moving conveyer-belt bearing a mixed array of objects past an observer at a fixed point, the interviewer noted mentally the internal evidence of the absence or presence, and degree of presence, of the four key qualities he was on the look out for. These four key qualities were as follows—

1. Ability to speak, express himself, and generally to handle his side of the interview. This calls for an easy, confident (but not over-confident) grasp of the interview, and a clear, concise, and vigorous mastery in his handling of the subjects dealt with. This includes evidence of ability to distinguish principles from details, to go to the root of a matter and to think straight, not to allow oneself to become "rattled" or flurried.

2. Possession of incentive or stimulus. Suitability for a career in business depends greatly upon the possession of

adequate stimulus, or zest for success in business. The man rates high who 'is ambitious, enjoys competition, prefers opportunity and responsibility, with its attendant risks, to security with less prospects; i.e. is prepared to be the architect of his own security and to tackle any business field if good prospects are there, and to work anywhere to realize them. Conversely, business management would almost certainly prove a false choice for the man who reacts positively against competition and avoids it; is a definite "safety-first"; wants a quiet, secure life, and has no ambition for the risks and responsibilities of high pay and position, or the prizes that accompany them; or sets limits as to where he will work or what he will do; who is preoccupied with grade and status—always supposing, of course, that these limitations are in the grain of the man, and not merely in the veneer of upbringing or education.

3. Acceptability to others. The quality of acceptability ranks high where management is concerned, whether in business or elsewhere. Appraisal accordingly covers general personal appearance; absence of unpleasing mannerisms; the existence of pleasing ones; the absence of disturbing or flamboyant traits of character. It takes account of how the candidate gets on with others, and whether he has poise and is at ease in company.

4. Influence or dominance. This quality provides a measure of the candidate's effectiveness in relation to people; his strength of character; persuasiveness; his capacity for getting things done. In short, much that goes with the positive side of leadership.

It may be noted in passing that a man may rate high under (3) acceptability, and (4) influence, without possessing the humanitarian quality of liking people, or even of understanding them particularly well.

Beyond the man's rating in these four key qualities are the other general considerations which can be taken into account in assessing the interviewer's general impression of the man in terms of an executive position in business. Has the man, for instance, shown evidence of imagination? Does his record show that he has grasped with energy and pursued with

determination such opportunities as have come his way? Is there any very marked evidence in terms of bent and aptitude such as might suggest that the man may "find himself" better along one general line than in another, e.g. has he a bias to the production side or the marketing side of business? To the human aspect of business? Has he marked aptitude for dealing with figures? Or has he any other specially marked aptitudes or aversions, such as might indicate a congenial line or one clearly to be avoided?

It will be seen that this appraisal gives the maximum weight to the decisive inborn qualities of personality and character, and combines these with some account of aptitude to indicate lines of congeniality which at this initial stage of selection are always broad and never detailed.

Management is, in its very nature, the very widest of all possible professions, and aptitude or bent for some special aspect of business is often wholly irrelevant to the development of a man who is being selected in the hope that he will in time rise to a high position in management. It is true that those at the top of business will nearly always have something of the card-index memory, and, still more, have the mathematician's ability to "see" and think in terms of figures. But these are qualities of such wide application that they can hardly be considered aptitudes in the vocational sense. The higher one goes the more nearly is it true that the only vocational aptitude that really counts decisively is aptitude in the art of management itself.

Finally, it may be said that it is perhaps not least because selection for management is so vital to success, that we need to approach it in the spirit of humility. There is certainly as yet no such thing as a tested system of scientific selection where human beings are concerned, and any assumption that there is, still more that it is near-infallible, would be in the highest degree unscientific and must quickly expose us to ridicule, and, worse still, to needless mistakes. For however perfect our system and however skilled the interviewer both in appraising a man and in establishing that sympathetic "rapport" which will make him show his paces, we are forced to recognize in all humility that our selection is still only a guess. It is not an expression of fact, still less a prediction.

A man's career is, above all, a developing thing, dependent for its course and peaks on factors hidden and incalculable, because unknown and in the future. It may take a new course, and hitherto latent potentialities take an unexpected prominence, within minutes of the interview. The instruments of such changes are as diverse as they are potent—the kind of wife he may marry, the friends he meets, a religious experience, a choice in politics, the sudden death of a relative, drink, the responsibility of children, a slight from a rival. All or any of these may operate with decisive force to provide a stimulus hitherto lacking, to alter the whole direction of a career, or to nullify and frustrate promises whose fulfilment once seemed probable. Nor will the Admirable Crichton be forgotten. No one can tell when a man may meet his moment, or what the after-effects may be.

As Toynbee has shown in his brilliant analysis of challenge and response,¹ optimum response will only be produced by a challenge of optimum severity, and this optimum will vary incalculably from one case to another. Too severe a challenge will overwhelm; one insufficiently severe will evoke an insufficient response with too little impetus behind it. There is not, and cannot be, any easy interpretation of a golden rule.

Moreover we have to recognize that a challenge which may have proved too severe at one point of a man's development might prove to be the optimum at another and later stage in his career when the man himself may, by attaining to a new internal balance in his qualities, have become to all practical purposes a new man. The continuing development of a career not infrequently follows a series of steps describing what is virtually a half-circle, each step a tangent, setting off at a slight angle from the one that preceded it, and yet dependent upon the latter for its due starting point. Steps are seldom retraced; thus past and present experience offers in such a case little obvious indication of what may prove to be the right step for the future, and any attempt to base prediction upon the evidence of the past is almost sure to be actively misleading. Nor can one safely make the assumption, however much assisted by the best of selection systems, that a man can save himself the journey of the circle and somehow cut straight

¹ Arnold J. Toynbee, *A Study of History*, Chapter VIII, "The Golden Mean."

across from A to Z. The weight of evidence is too heavily to the contrary.

Two cases may be quoted to exemplify the case for humility, given mere mortals as interpreters, of applying even the best of systems of selection to individuals. In Case I, the board of a large firm, with years of actual records of an applicant's work before them, ample cross-checks on his ability, and a well-tested, modern selection system as a basis to go upon, turned down a certain candidate for junior management four years running. In the fifth year the applicant was appointed *faute de mieux*—and proved one of the best at the job.

It will be seen at once that the firm in this case, though already in possession of an accurate and complete appraisal of the candidate's knowledge and experience in that particular side of the business, failed completely to evaluate correctly the way the candidate's personality would react to the challenge of his new responsibilities—and this in spite of having as arbiters experienced men with far fuller information at their disposal than would be the case of most interviewers.

Case II was of a university man, diffident, shy, a poor mixer, afraid of "people," completely uninterested in "things," and almost wholly immersed in matters of the mind. Under any interview system he would have been faulted for entry into a competitive business, and he was only taken on for special personal reasons. He developed very slowly and did not lose his fear of people till his early thirties. He then became a first-class manager of men. To have regarded that man as suitable to take up almost any career except management in business would have been as inevitable, on the factors in sight, as it would have proved wrong in the final issue. It would have robbed business of the very type of man that the country is going to need at the higher levels in future. Incidentally, it was only by skilful manipulation that his qualities were evoked and he himself saved from dismissal at the hands of superiors impatient for results.

It is, indeed, probably true to say that out of the outstanding personalities of our time, from Mr. Winston Churchill to Mr. Roosevelt, or from Lord Nuffield to Lord Woolton or Mr. Bevin, few of their assessments under any selection system at the age of say twenty-five would have had demonstrable

relevance to their later career and achievements, and the findings, had they been at all slavishly followed, might have proved actively misleading. Conversely, large numbers of men, showing on selection "form" at an early stage the highest apparent fitness for, and promise in, their chosen career, have signally failed to come up to what would have been expected of them on the basis of interview-appraisal.

Training for Management

Technician, ranker, graduate, or proprietor's son, each alike needs three things in his training for management, though the degree of emphasis placed on each will differ in each case. He needs—

1. A general training in the principles and in the science of management, such as would be equally applicable to any business.

2. A practical training leading to a knowledge and grasp of the structure and details of the particular business he is entering. This training is from the practical side but from the standpoint of management. It includes the whole view as well as the view of the separate parts.

3. A training which will develop the "whole man" and equip his personality to express itself at the level of the ideas of the times, thus giving him a fitting basis from which he may come to practise the art of management as distinct from the science.

Let us examine these in turn.

1. **THE GENERAL TRAINING.** Each of the three categories, ranker, technician, and management-recruit from outside the business, can be expected to stand equally in need of this part of the training. The ranker has had the valuable experience of seeing management in action from below, but not from the managerial level. The technician may, for all his superior status in the hierarchy of the business, be in little better case. The very qualities that have caused him to excel as a technician may, unless newly-tempered and adjusted by further training, hamper rather than fit him for a new sphere in which technical knowledge takes second place to managerial skill.

It is a fallacy to suppose that people, even those with the most acute minds and every advantage of university training in a specialist field, can be expected to distil principles—in this case the principles of the science of management—for themselves from day-to-day experience. They are much more likely to ignore their existence, conceive that they know them already, and generally to underrate their importance. If they do distil principles, the latter are as likely, indeed more likely, to be wrong than right. It takes the rare mind, the mind that occurs a few times in each generation, to distil sound principles from current practices and events. We may remind ourselves that apples had been falling to earth for some thousands of years under the eyes of most acute observers before Newton deduced the principles of gravity and motion. Indeed, in the case of business, the distillation has not seldom been done at its best by those in the advantageous position of standing slightly aloof from the pressure of day-to-day administration.¹

The general training in management is best given, and indeed in most cases can only be given, outside the field of business, as for instance at a Technical or Commercial College or similar institution. It should be intensive, and preferably whole-time, though it could also be taken part-time while working in a business. In military terms, this training would be broadly analogous to the study of strategy and the principles of logistics, which can be taught in a class room, and which should form the foundation upon which a sound *sens du practicable* can be built up later by practice in a particular business.

As a result of the need for resettling ex-service men and women of management calibre, who had lost their chance of training in business due to the war, a general management course of the kind envisaged has already been worked out and made available at principal centres throughout the country. This course follows the recommendation of an influential committee on which business-men were strongly represented.²

¹ Cf. Mary Parker Follett, whose interest was directed to business management from public administration. Also the action of General Motors (see *Big Business*), who engaged Mr. Drucker to study what the Corporation was doing in order that he might "see" its activities in terms of basic social concepts and their implications in business principles.

² The Committee on Training for Business Administration, convened in February, 1945, under the Chairmanship of Sir Frank Newson-Smith. See the Committee's report, published as Cmd. 6673 in September, 1945.

It was designed as a three months' whole-time course, or proportionately longer if taken part-time. There is every reason to suppose that a course of this kind, designed for the matured ex-service man of potential management calibre, of the middle-twenties and upwards, would be equally applicable to the ranker being groomed for promotion, the technician being groomed for administration, or the management-recruit from outside the business, since each of these may be said to fulfil the main proviso for a course of this kind, namely, that they are mature enough, and have been given or have themselves acquired in life, a sufficient education to profit by a training at this level.

The course thus forms a valuable first step in a promotion-ladder such as we referred to in Chapter 5 for men of promise from the ranks to the highest levels of management.

2. THE PRACTICAL COURSE. The foundation thus provided by the General Training will require to be built upon by a practical training in management in the particular business. Such practical training courses are simply a means by which a trainee who, even if he has already spent some years in the business, may have been preoccupied hitherto with one small part of it, is enabled to pass through all the principal departments or aspects of a business in turn, doing practical work in each of them, with the direct intention that he shall gain an insight into the work done there from the angle and standpoint of management.

Such courses may, and will, vary very greatly in detail and extent with the nature and complexity of the business, but there should be certain basic elements in common. They will be primarily practical, rather than theoretical. They will usually be given wholly or mainly within the business.¹ The experience given will be so arranged and ordered as to enable every aspect or problem of the work to be viewed from the standpoint of management, and the training, though it may, and in most cases will, lead in the near future to a particular and possibly specialized managerial post, will be such as to

¹ In some cases, theoretical technical instruction, essential to the equipment of all at managerial level in a particular business, may be given in parallel with the practical work of the course, generally in a nearby technical college or other professional institution.

enable the trainee to gain at the outset and maintain afterwards a coherent picture of the business as a whole and of the whole field of management in that particular business. It is, indeed, of the very essence of a good course of this kind that it should be specialized only in the sense that it is related directly to management in that special business, not specialized in the sense of being devoted to one aspect of management within that business. The time for such narrower specialization is later.

Management courses, which are in effect practical courses such as we have described, designed for candidates for management whether by promotion from within the business or by direct recruitment from outside it, have been in operation in many leading businesses for a number of years. There is no doubt that the time has now come when any substantial business should have a course of this kind as an essential and well-understood part of a promotion-ladder for its young men of promise, as well as those who may be brought in from outside the business.

3. FURTHER TRAINING IN SPECIALIST ASPECTS OF MANAGEMENT. It is at this stage, when the candidate for management has received his full grounding, both generally and in the conduct of his particular business, that he can safely be encouraged to carry further more detailed studies of aspects of scientific management appropriate to the line of his choice. In this field a number of recognized institutions have long been catering for the specialist in different branches of management, while the Institute of Industrial Administration provides a series of well-recognized tests and qualifications in the general management field. Coming at this point, specialist training will not, as it otherwise might, have the effect of narrowing his outlook as a manager, or cramping the general balanced development of his personality. He will be enabled to keep a sense of perspective, and himself flexible, and thus be more able to answer any calls, whether to new work, promotion, or increased responsibility, which the development of the business may place upon him. It was particularly noticeable in the field of war-production how adaptable and successful was the man trained in the general principles of management in

comparison with the man trained purely as a specialist technician who often found himself seriously at a loss when pitchforked outside his accustomed field.

Finally, in the sequence of management-training, there is the Administrative Staff College. It exists to take those who have reached an age of some maturity and have already achieved a position of marked promise and some practice in business management, and to give them the opportunity to add a cutting edge and a final polish to their previous training and experience. As we have said, the higher levels of management, on the scale of modern business, call for qualities of mind and general culture far wider than those normally associated with a particular business field, or even with business as a whole. This larger view the Administrative Staff College sets out to give. Since it draws its students not only from among rising administrators in business but from those in Government, Local Government, and Public Services, it should be in a position to provide a useful opportunity for cross-fertilization, of considerable value to a nation whose social and economic activities, both of public and private enterprise, are tending to become always more closely interdependent.

The parallel with the Military Staff College, though close at many points, is by no means complete. Indeed, it is misleading. The military staff course in its initial stage takes one year, and in its entirety takes some two years. The soldier who goes to it has not got to worry about his job when he has finished the course. By contrast, the rising man in business, if he were away from the active life of the business for as long as two years, or even one year, would have every reason to worry a very great deal. It is to be assumed that he has reached the peak of his career as a rising junior executive, or he would not be picked for the Administrative Staff College. That means that he is certain to be intensely interested in his work, and is reaching out keenly, and with a right ambition, for promotion. He is in the eye of his superiors, and he knows it. To such a man, at that stage, a relatively short absence from the business, of the order of three months or so, will not seem too onerous. In that short time, he will not lose touch too much, nor disappear too completely from the business scene. His board,

looking ahead across those three months, can, and no doubt in many cases will, give him the assurance of a particular promotion-post at the end of it.

But to be absent for a period longer than that is to take a very definite risk of being "out of sight, out of mind." The business must go on without him. Another man will step into his shoes and earn laurels at his old job. Others will come up and replace him in the limelight. Few firms are in the position, even if they are in the mood, to leave the firm reversion of a promotion-post open much beyond six months. Moreover a man who, by definition, is keen, competent, and ambitious at his job, will not himself wish to lose touch completely for as long as that with the day-to-day run of the business. Nor is a business likely to wish to spare its best young men for so long a period at a time.

In short, the needs of the business and the psychological situation of the potential Administrative Staff College aspirant are fundamentally different from the needs of the Army and the regiment, and from the situation of the military officer who goes to staff college. The needs of the business and of the rising business executive meet at this point—that a staff course will be regarded by both as excellent provided it can be short. Which (since there is a great deal of ground to cover) means that it must also be very intensive, working the man at least as hard as he is accustomed to working in the business. In the case of many men the need would be for what amounts to a mental revolution. The course, therefore, must be of high impulse-giving value. It is not unreasonable to suppose that a fertilizing impulse of the highest value could be given within the compass of some three months by an organization with the right kind of attitude, and that seeds could be planted in that time which would germinate and bear fruit for long after, when the man is back in business. It is the intensity and not the duration of the experience that counts. If the Administrative Staff College finds itself unable to mould itself to these circumstances, the expectation is that many managements and the best young men will be forced to see eye to eye in not availing themselves of the services it offers. None the less, the need for giving a final finish, an impulse, and a cutting edge to our best young men will remain, and is certainly real enough,

if business is to be assured of a sufficient flow of the right type of leaders. Since the need is there, it follows that managements must find means to meet it, by one means if not by another.

Business Organization as a Factor in Management Training

Among the many luminous remarks to be found in Drucker's book¹ are two which bear directly on this question of higher training in management as a factor in providing for leadership in business.

One is to the effect that at least one great business made it a principle of its policy when selecting a man for promotion or for a new post in the business, to choose a line in which he had as yet no experience, or was likely to be weak. This is a genuinely educative approach directed to developing the whole man, and is the opposite of the usual one which keeps a junior along the line in which he has already been tried and proved good. One interesting corollary of this approach to training is to see that all managerial trainees are trained, developed, and tested by responsibility and experience in personnel work. The firm in which personnel work is looked on as a specialist technical subject and the personnel manager as a specialist technician among other managerial specialists, who need, thanks to him, know little or nothing of personnel work, is riding for a very serious fall. The art of managing men is fundamental to every managerial function, outside a few wholly specialist technicians, though even they would not be the worse for it. In all others, the art of managing men should be a *sine qua non* both of training and final promotion, especially to the higher levels of management.

Drucker's other remark is to the effect that there are times in every business, particularly in a big business, when considerations of output-efficiency must take second place to the need to provide for an ample supply of recruits of leadership quality from within the business. Short-term output efficiency is quite compatible with, and is often secured by a highly-centralized administration in which each man specializes in the job he fits best. Provision for leadership, on the other hand, requires the highest possible degree of decentralization in

¹ P. F. Drucker, *Big Business*.

which genuine authority and responsibility are carried far out from the centre towards the periphery, thus providing plenty of scope for promotion and an ample proving-ground for ability to bear responsibility, at a level where, and at a time when, a failure will educate the sufferer and not bring down the business. The only way to train for responsibility is, after all, to have to carry it. The time to start is when young, when one can stand correction, and profit flexibly from failure. The well-decentralized business has a survival-value, and therefore a final efficiency, far in excess of the highly-centralized administration consisting of a high proportion of more or less one-eyed specialists in life-long grooves and niches. More and more is it to be expected that British business will find the need to decentralize in order to train leaders, and the adaptability this gives to a business, forced upon it by the economic logic of events.

Some may be found to suggest at this point that so much emphasis on what is, in effect, education is out of place in a business; that businesses have got on very well in the past with very much less. The short answer is that we shall never know how much we have lost by failure to educate better for management in the past, and that, in any case our altered economic situation makes it certain we can take no risks of under-education in the future. The attitude of modern management to education for management must be (indeed of the best managements it always has been) that of the Ottoman Turks at the time of Suleiman the Magnificent, so brilliantly reflected in the memorandum of the Flemish Ambassador Ogier Ghiselin de Busbecq.¹ "I have," says Busbecq, "envied the Turks this system of theirs. It is always the way of the Turks, whenever they come into possession of a man of uncommonly good parts, to rejoice and be exceeding glad, as though they had found a pearl of great price. And in bringing out all that there is in him, they leave nothing undone that labour and thought can do. Our Western way," continues Busbecq, "is different indeed! In the West, if we come into possession of a good dog or hawk or horse, we are delighted, and we spare nothing in our efforts to bring the creature to the highest perfection of which its kind is capable. In the case of

¹ Arnold Toynbee, *A Study of History*, Edit, Somervell, page 177.

a man, however—supposing we happen to come upon a man of signal endowments—we do not take anything like the same pains, and we do not consider his education is particularly our business. So we Westerners obtain many sorts of pleasure and service from a well-broken horse, dog, and hawk, while the Turks obtain from a man whose character has been cultivated by education the vastly greater return that is afforded by the vast superiority and pre-eminence of human nature over the rest of the animal kingdom.”

So wrote Busbecq. We do not, of course, suggest that management should treat its people as the Turks treated their janissaries. Much water has flowed under London Bridge since the Turks knocked at the gates of Vienna. But it is fair to suggest that we in management, when we find a man of promise or of parts, should, in the words of Busbecq, “consider his education is particularly our business,” and not only for the uses management may have of him (as the Turks did), though these may well be great indeed, but because anything less is out of keeping with the modern responsibility of business as a social institution.

CHAPTER 7

BUSINESS AS A CAREER

SOME people drift into business. Some are forced in by circumstances. There are others to whom the decision to embrace or reject a business career represents an act of deliberate and perhaps fateful choice. This last group includes, among its members who enter business, a large share of those who travel farthest and make most mark in management. The choice for many is a hard one. It may represent a virtual revolt, made sometimes almost at the last minute, against a man's early background and upbringing. To some, it represents a choice between risk and security, to others a choice between the good life and material gains, or between a life with service as its keynote and what seems to be a purely selfish quest for money and position. How such questions have come to be possible we shall hope to show. To yet other, and less complex natures, the problem is simply the practical one that faces every young man looking for worlds to conquer. Is there scope there? Can I get on? If I do, can I do well for myself—better than in a non-business career as, say, civil servant, scientist, doctor, or teacher?

In attempting an answer we may leave on one side those for whom the choice is one of "safety first." Business has as little to offer them as they have to offer business. But the other grounds of choice are important, because they are both current and fundamental. They may be posed best in two sets of questions—

1. Is a career in business worth while in itself, apart from the money-prospects? Or, to put the question in other words, is it such as to justify the choice of business as a career by the nation's most creative minds and choicest spirits?

2. Is material success possible nowadays on the big scale of the past? Is there real scope in business for the man of ambition?

By the term "business" we mean the whole complex field

of commerce and industry, the basic industries, processing and manufacturing industries, and the network of ancillary services, distribution, banking, insurance, transport, and so on, which serve and interpenetrate the world of business as a whole. Most people who go to work throughout the country do so in some branch of business; all alike are dependent upon its output in goods and services for the fabric of their social life, and in the broadest sense its efficiency determines the whole nation's standard of living. Moreover in its field most of our children must of necessity seek their opportunities. In short, the operations of business earn the nation its living, and not merely the incomes of a few people; there is nothing whose success is more materially of moment, or which comes closer to us at work or at leisure.

With such a definition of business in our minds, the answer to the first question ought, one might be tempted to think, to be self-evident, since only the foolish would quarrel with their bread and butter. It would be more nearly self-evident in, for example, America, where business has long been taken for granted as one of the best, most creative, and therefore most appropriate careers open to a man of talent. That the answer should have come to be far from self-evident in Britain among quite a wide circle of those who might be expected to pose the question, is a paradox as disturbing as it is significant. It is scarcely too much to say that in Britain we have, over the space of a generation, been steadily approaching the point at which the status of business as a career rates low in public esteem, until nowadays those who engage in business, particularly as employers in private enterprise, seem expected almost to apologize for their existence and activities, as if there were something slightly underhand and verging on the anti-social about them. The reason is not far to seek. From the Bible with its proverbial strictures on love of money as the root of all evil, and the evil that sticks close between buying and selling, down to the present day, the scales have been heavily and consistently weighted in literature against business. Business men are the Marthas of this world, cumbered with material things, unlike Mary, who "chose the better part" in seeking the things of the mind and the spirit. It is needless to point out that Mary could not have afforded to sit and listen

if Martha had not turned-to and kept the house going. The fact remains that writers are solidly on the side of Mary. We can multiply instances parallel to Blake's "Dark, Satanic mills," but point to few sympathetic portraits of business to counterbalance them. More recently the politician and the ideologist have entered the battle against the business man, well-armed with the ammunition so plentifully provided by the idealist. We have had fifty years' intensive denigration of business and business men in general. The cartoonist always shows them as rich, bloated, hard and grasping, and withal blimps, if not downright predatory morons. But mischievous as this blackening of business has been for the standing of business as a career in the public mind, it is not the whole cause. Denigration would not have got so far had it not been powerfully supported by something else. A great part of the current public misconception of what "business is about," and thus of its true status, derives directly from the growth of specialization in every walk of life—specialization which, in large measure, is inevitable as well as increasing, since it is the foundation, part of the very warp and woof, of our machine-age society. People may understand with their minds the part played by business, but they no longer see and, above all, feel in their daily lives the organic purpose, and interdependence in that purpose, of business as a whole.

Miner, bus-driver, and clerk may feel a conscious solidarity as workers or trade unionists; they almost certainly do not do so as members of an organic business community. Those in management see, it is true, a larger picture, but by no means, as a rule, the whole. Sectionalism invades management as elsewhere. There was a time when a church (for instance) could be manifestly seen by the whole local community concerned to be built upon profits from a local staple industry such as wool, to which every member self-evidently contributed—even though indirectly—and in which he felt a stake. Nowadays it is built upon subscriptions or by public grant, and the fact that these are wholly earned or otherwise provided at base through the operations of business is lost sight of. The connection has become too far-flung. The unit has now grown so large that it has ceased to seem a unity. And in losing our sense of the whole we have lost in large measure the key to

the meaning of the individual part. The immediate effect is the frustration of a deep-set social need, the very foundation of human dignity and satisfaction—the need for the worker, in whatever field, and at whatever level, including management, to be fully conscious of his participation in a common effort, to know what he gives to others and to the community, and to know also that his contribution is recognized and he himself respected on account of it.

The separatism that has invaded our society, though largely the logical consequence of the Industrial Revolution, is not of course confined to business. It has for some time been recognized in many other fields as a social danger, and some of our best minds have been occupied in seeking a remedy. But in the case of business, the mischief, so far from being attacked by our best minds, tends to be founded on and fostered by them and the better educated generally.

The professional classes have traditionally attracted a high share of the nation's best, and best-trained, minds. These classes have long tacitly accepted the idea that business is something a little dirty and the qualities it calls for certainly inferior. It is taken for granted that those engaged in business sully themselves, and are generally crude, grasping, and unethical; that the triumphs of business are dubious and its activities of minor moment in comparison with the achievements of the intellect and of the social services; in a word, that business is very much a second-best and for second-raters.

The professional man's distrust and depreciation of business has now infected a far wider circle than the professional classes.

Some attempt, born of the economic problems of post-war recovery, has, it is true, been made at high level to correct this popular view. Public figures, including some who have helped knock the business Humpty Dumpty off his wall, have done their best to put him together again, by pointing out that managements as well as men hold the key to the country's present and future situation. So far, however, their attempts have had little effect against the strength of the old habit-pattern, firmly rooted as it is in the minds of millions of people. It is in the nature of such habit-patterns, once built up, to be a long time fading.

It is true that the old social-snobbish basis of the inferiority

of business has largely passed. The basis has become instead intellectual, cultural. Its roots have shifted, that is all. They are, if anything, now even more strongly set in school and university than they were in the old days in the upper classes who saw business as no fit career for a gentleman. Public bodies find the teachers' money; salaries are on the scale; they are not earned competitively like a business income. Save in exceptional cases the teacher has, and can have in the nature of things, little valid experience of the scope and depth of business and its problems, both human and material. He thus has few criteria on which to base a sound and balanced judgment of business achievements or the incentives which stimulate them. He undervalues, because he does not fully understand, the contribution made by business men, of whose rewards and prizes he may, indeed, be somewhat resentful, when he compares those who gain them with the leaders in equivalent fields of culture, intellect, and the professions—much, in his view, to the disadvantage of the business man. All in all, the teacher or scholar as critic is better equipped to see the defects of business than its virtues. The daily miracle of milk and morning paper is accepted unremarked by most of us—until it fails to happen.

One can almost hear the advice from many a tutor, headmaster, or professor to the young man of particularly brilliant promise, the fine scholar, the head of his house, the president of the debating society: "Business? Surely you could do better! You could write, you could teach, the Civil Service, medicine, research, the Services, the law, the Bar. I do not think you would like business, my dear boy. It would be a pathetic waste of your mind and talents to lower yourself to the level of the market-place and to the struggle for mere gain. You would get to the top, no doubt, but is the sacrifice of your finer qualities worth it?"

Reasons have already been given which suggest that business represents no sacrifice of the finer qualities; it can and should be regarded as a wholly creative activity. So far from the profitability, and therefore the success of a well-run business being anti-social, it is the firmest guarantee we have that the people of this country will enjoy a high and rising standard of living. Nor does it greatly matter what incentive it is that

drives a man to struggle for success in business. What is important is that the current incentive for each individual, whatever it may be, should be both strong and lasting enough to tide him through the early, more difficult years of hard collar-work. That incentive may well include the human interest that comes from running a great concern that you have nursed up and seen grow from humble beginnings, with the help of a team of all ranks, amongst whom you work, who know and trust you and who, in turn, you have grown to trust and like. It is certainly in that sense that the great figures of business have come ultimately to find themselves engaged in management and to look upon it as a piece of creative teamwork, a team game, of the highest order of skill and of the most stimulating and satisfying kind. It is that, and not the money, which makes them so often die in harness. It is that, too, which accounts for many a man who has gone into business with the expressed intention of retiring as soon as he can make enough money to allow him to devote himself to other and apparently more enduring interests, abandoning his previous goal, perhaps even his former interests, and staying on in business, because he has found a more creative outlet and a more vital interest in the conduct of business itself. It is long odds, indeed, that a man who has once, for whatever reason, become caught up in the absorbing job of managing a business, will find his experience making nonsense of many of his previous conceptions as to "what business is about."

Nor is this all. We have already, in earlier chapters, taken the view that modern business has become far more than a machine for earning a living. It is, of course, primarily that, and if it were nothing else, that single fact would give it importance enough, since we all have to live, and hope to live well. The man who can make two pennies breed is doing us all a good turn in the long run. But business is something else in addition. For, as we have seen, earning a living is essentially a social activity; indeed, it is the one primary and universal social activity, and the business units through the medium of which the vast bulk of that earning is collectively done are therefore, each one, organs of society and vital social institutions.

One might well go further, with Drucker, and say that the modern business unit, more particularly the big modern business

unit, is perhaps the most truly representative social institution of western civilization and therefore of our times.¹ Certainly we may call business, without any stretch of fantasy, the greatest social service in the country, if only because it pays for, carries on its back, and makes possible, all the others.

If we accept as true the view that the modern business unit is the key social institution of our times, a great deal of moment to our present inquiry follows from it. It follows, for example, that the individual business, and particularly the business of some size, if it is to be equal to its role, must not merely be up with the times; it should be the veritable spearhead of the advance of the ideas of our times. It must be so not only in the technical and economic field, but sociologically and politically, using the latter term in the humanist and not the party sense. Otherwise that business will fail lamentably in its responsibilities, and if the failure is at all widespread in business as a whole, the social order, and indeed our civilization, may well fall with it, since neither can survive overlong the failure, or even the mediocrity, of its representative institutions. In short, modern business has thrust upon it a creative role of a most far-reaching order, and the responsibility in sustaining that role rests fair and square on the shoulders of management. It may well be a daunting one: it is certainly a challenge which neither the best of minds nor the most ardent spirits need feel is too small for them.

It need, perhaps, hardly be said that the direction in which this role and these responsibilities will lead the modern business unit is emphatically not that which tends towards either centralization of management or paternalism. The latter has been outmoded, killed stone-dead, by the advancing political and social climate.

As for centralization of management, this may be said: that while it renders an immediate return in administrative tidiness, and may do so in mechanical efficiency as well, it is

¹ Lest it be thought that this last is too large a claim by some critics, we may seek the support of Toynbee. Of the twenty-six civilizations produced by the human race within historical consciousness, he lists sixteen as dead and nine others probably at the point of death, largely under the impact of our own. Signs are not wanting that western civilization is also stricken and may join the great majority, but this does not alter the immediate fact that it is the predominant one, and the only one in which the spark of creative power appears still to be alive.—*A Study of History*, Ed. Somervell, Ch. XIV.

ultimately the most sterile course for any business to pursue. The tendency of the highly-centralized concern is to dig its own grave with every increase in its size and every additional year of its growth. It tends, as *The Economist* said of the set-up of the proposed national transport organization, to produce apoplexy at the top and anaemia a short distance below. It is easy to see why. The number of inter-managerial relationships to which each member of its higher management must attend or which he must supervise is always increasing in geometrical progression, with every increment of growth, so that both in number and complexity these relationships are forever outstripping the bounds of any possible human "span of attention" except perhaps that of supermen. It has been shrewdly remarked that the continuance of efficiency and thus the survival-power of a business is closely linked to its ability to organize itself so that its affairs may be conducted by ordinary and not supermen, simply because there are seldom enough supermen to go round.

While centralization of management makes it more and more imperative for success to have nothing less than supermen at and near the top, it ensures, as nearly as any administrative policy can, that there will be a minimal flow upwards of rising leaders, let alone those of the first class. The very fact of centralization of management is almost tantamount to an insurance policy to the contrary. It robs the business of the conditions of early responsibility, individual opportunity, and initiative in which leadership is bred from within the business or by which ambitious and capable men will be attracted into the business from outside. Those who are capable and ambitious within the business will either seek a more creative sphere of initiative and responsibility elsewhere, or remain and exercise their talents in "palace-politics" and jockeying for position. In the absence of the opportunities for genuine leadership at lower levels such as decentralization alone provides, there can be no other outlet for ambition in the business. It thus dooms itself to mediocrity as well as becoming muscle-bound, and when a large business starts to suffer from either of these maladies it is certainly booked for dissolution, even though, if large enough, it may take a long time decaying.

Toynbee, in tracing the growth and decline of civilizations,

presents us with the idea that the final phase of a civilization is the phase represented by its erection or incorporation into a centralized universal state, and that, by contrast, a civilization when it is in the full tide of creative growth towards maturity is marked by great decentralization and a multiplicity of self-responsible unit-elements. The parallel with business is altogether too apt to be neglected with impunity. The fact that centralization is almost everywhere on the march in industry and society, and that centralizing tendencies are being pressed forward as if they represented a gospel of salvation, does nothing to lessen the significance of the parallel. On the contrary, it increases it.

Turning from the broad view to the personal, we ask the second of our two original questions, namely "Can a young man of vision, competence, and ambition, make a success out of business to-day comparable with that made by the giants of the recent past?" In other words, is there a chance to-day, and will there be a chance in the foreseeable future, for men to start from scratch, as did Carnegie, Leverhulme, Nuffield, Ford, Ellerman, Beaverbrook, and others, and reach the top of the business ladder? Or have conditions changed so radically and irrevocably that the individual creation of personal fortunes or of great undertakings is a thing of the past?

The popular view is that there is no room for giants nowadays, in the century of the Common or Little Man; that the era of great opportunity is past. Such a view can be dismissed as altogether too superficial. Similar statements have probably been made, in one form or another, since the dawn of time. "Men were giants in those days"—but seldom in our own. The truth is, perhaps, that we are always too close to our own times to see them clearly. To get an answer that will be more than superficial it is necessary to look to the principles on which opportunity is based. If we do that, we find that there is no reason whatever to suppose that the day of great successes is over but that, on the contrary, the way is still open, not perhaps as widely as it was, or upon quite the same terms, but widely enough for all practical purposes for those who are both fitted and determined to take it. Our grounds for making this statement so uncompromisingly are that there are two contributory factors to great success in business as elsewhere.

One is the quality of the man, the other the quality of his opportunity. Let us take opportunity first. Is there under present conditions likely to be the same wealth of opportunity in business as there has been in the last eighty years when the big businesses were built, and the great fortunes made. The answer in broad terms must be "Yes." It is true that in a great many fields a newcomer would find opposition of the heaviest calibre in positions apparently impregnable to anyone without large capital resources. But there are other fields and always new ones coming along, and even the most established lines of business are less impregnable than they seem. The basic creator of business opportunity is change, in alliance with developing power to produce, and both change and growth of productive power are to-day as great as, or greater than, ever before.

The half-century from the 1860's to 1914 saw, indeed, a staggering succession of changes. Sail replaced at sea by steam; first wood then iron replaced by steel; the world's railways built; whole continents virtually opened up; populations pyramiding. At the same time productive power increased enormously. The result was a field of opportunity which bred a vast uprush of enterprises, many growing to the largest size.

After 1918 many people felt, as others do to-day, that the golden age of expansion was past. They proved to be entirely off the mark. Instead we entered a new era of change, and productivity made a further vast increase.¹ When one thinks back to the number of entirely new industries, or sectors of existing industries, that developed in spite of slumps in the twenty-odd years between the wars one is amazed at the astonishing spectacle of an almost revolutionary expansion of techniques, social standards, and social needs. They included things as far apart as the creation of the modern car, broadcasting and radio industries, the world development of road haulage, rayon, plastics, and the soft drinks industry, and new conceptions of retailing and similar customer-services.

Can we say now that the pace of change and the increase

¹ American industry produced its recent prodigious war output on top of almost all her current civilian pre-war production—and did so, moreover, with ten million of her labour-force away in the Services.

of productivity show any sign of slackening? On the contrary. Productivity has reached at least potentially a new high peak. A dozen developments, in the air, in electronics and chemical synthesis, far-reaching as they already may seem, are only yet in their infancy. In power resources the internal combustion engine has come of age; we have the jet engine, and the incalculable promise of atomic energy. Socially, the rate of change is scarcely less great than it is in material matters. Fashion, taste, habit, the distribution of wealth, all that makes up the pattern of living and spending are in flux. Vast areas of the world, involving millions of people, are struggling towards new and better standards of life. In short, we stand to-day at the threshold of changes and expansions as vast and unpredictable in their kind as ever did the Victorians who watched the trains and early steamships run their trials. If, as we may believe, this is wholly true, the chances of the young man of the right type who starts in business to-day are not less great than were those of the Ellermans, the Fords, and the Nuffields of a generation back.

There is of course the contention that the modern growth of big business makes it impossible to get started on any effective scale without large capital, and that to-day high taxation and social legislation between them combine to make it virtually impossible to build up capital quickly. Up to a point that is true. But a man may still either set himself to climb the ladder of management in some great and growing business that exists already, or choose some line in which great expansion may be possible and, taking his chance at the right time, set himself to make it grow. The emphasis, it will be noted, is upon choosing a business that is growing or can be made to grow. The one fatal choice is of a business, or line of business, that has lost its vital spark. One cannot graft a strong and healthy growth on dying tissue. It is here that so-called luck or genius in judgment tells. There are businesses which, like the whited sepulchre of the Scriptures, are all fair without, but inwardly are full of dead men's bones. They are too far gone to be revived by any transfusion of new blood. But if the choice is sound (and if it is not, it can usually be altered in time), there is nothing in present-day conditions that makes it impossible for an ambitious man, by either of the

means outlined and well within his working life-time, to reach the head of a business empire as great as, or greater than, any in the past.

In the case of the man who goes in as an employee and works up to the top, it is true that his financial rewards may be limited by taxation, though we may hope not always at the present crippling rate, but his contribution and the satisfactions which flow from his achievements need be not one whit less.

In the case of the man who sets himself to build his own business, though it is unlikely that he can build up a great capital in the ordinary way by saving out of current earnings, he can build up the equity of the business. He can plough back into it most of the profits after taxation. If he prospers and has gone into the right line at the right time and at the right place, the expectation is that the value of his business, and thus his capital asset, may double and treble or quadruple itself within a single generation, notwithstanding all the checks and brakes. In this way it is still possible to become ultimately the owner of great capital resources, represented by the equity of a successful company. We have seen this happen in retailing, where single small shops have grown into flourishing chains. We have seen the same type of development in publishing, in manufacturing industry, and in every type of business. The process has gone on under war-time and post-war conditions of taxation and control, and there is no reason whatever to suppose, given the right choice of circumstances in the first place and the determination and ability to make use of them, that the same thing cannot continue to happen indefinitely, always presupposing the continued existence of private enterprise.

This brings us to the second factor in business success—the man himself. One at once calls to mind the eminent economist who said that he had often known many business men attribute their success to a number of virtues—early rising, abstinence, hard work, and the like—but very seldom state publicly how much was due to luck or lack of scruple! Certainly, if a man wants success on the grand scale, he must be prepared to pay the price, and the price demanded of the front rank in business management, as of the front rank of boxers, musicians, scholars, or divines, is a very heavy one. If owner as well as manager, he must resist the temptation to enjoy the profits when they

start to come in; they must be resolutely ploughed back into the business. More than that, whatever his stake or status in the business, he must plough himself into the business too. He must be prepared to give it his time, his will-power, his heart, and his whole interest, and as owner he must be prepared to risk the lot, as manager to risk his career. At a certain point, perhaps more than once, a business, like a man, will face its Rubicon. Fate will stand upon a single decision, with complete failure if the decision is wrong and a great prize, or at least the way open to great prizes, if it is right. It is almost certainly true to say that an examination of the history of every one of the great businesses, as of the great careers of to-day, whose success has been spectacular, would reveal some crucial occasion at which everything was at stake, some decisive act of judgment which turned out right, and after which that business or that man never really looked back. Some people might call that luck. It is safer to call such judgment a form of genius. The line between luck and a genius for right judgment has never been easy to define in business management or in generalship: the point is that it is as decisive in the one as in the other. For this reason it is the talent which a well-managed business will be quick to recognize and reward, and for which it will, and rightly, pay the highest price. It is the type of man who has it in him to pick and handle a good team, evoke their loyalty and confidence, and carry them with him and direct their efforts with the right decisions at the crucial times, who is likely to travel farthest in business. To such men success on the highest scale is as possible to-day, and effort to that end is as worth-while as ever it was.

Before concluding this chapter and this book, there is one further train of thought that is perhaps worth following out, since it bears so sharply on the attitude which management, and particularly the rising generation of managers, must bring with them into business, and the nature of the demands which will be made upon them both in intellectual equipment and managerial skill. We refer to the part played by the management of a business, both directly and indirectly, in the social education of our times.

Management makes its contribution in two ways. One is by the conscious efforts in training which it may initiate or

with which it may co-operate. The other way is by the force of the example it sets in the manner and spirit in which it conducts its day-to-day functions. Actions always speak louder than words, and the working climate which management creates and maintains by its day-to-day functional activities in pursuance of its conscious policy in carrying out the ends of its business, speaks with the loudest tones of all.

We have heard of a man saying of a change of employers that when he left "A" and went to "B" it was like stepping into heaven out of hell. That was a graphic description, but not overdone. A change of working climate can seem just that. The social effects of a bad working climate need not be embroidered here: it is enough to say that they constitute a liberal education in destructive revolution. But the social effects of a good climate are worth a moment's consideration, because the worth of this aspect of management's indirect educational activity is seldom fully appreciated, even by those managements that are best at it.

In that climate a man spends eight hours a day, fifty weeks in the year. He may see more of the members of his working group than of his own family. The influences of his supervisors and management generally is closer to him and for longer at a time than are the influences of the leaders in Church, State, or politics. The climate he works in may be decisive upon him, upon his happiness or unhappiness, upon his outlook on life, upon his attitude to work; in a word, upon his whole stature and stability as an individual within the social order. Such—no less—is the profound nature of the indirect contribution of good management to social education.

Before turning to the direct contribution that management may make, it is necessary to examine the background against which it is set.

We are aware that the people of a nation can live full and fruitful lives in either one of two educational extremes—

(i) When as a nation they are so well educated socially that the great majority have learned the art and principles of living. That is a state of social maturity.

(ii) When the nation remains in the simplicity of uneducated ignorance under the skilful leadership of a deeply-cultured creative minority. That is a state of social tutelage.

This country has outgrown the latter, and has not yet advanced to the former. We are, as a nation, at that most difficult stage—educational adolescence: a nation of semi-literate people who have learned enough to wrest the reins of power from the former directive minority, but have not learned how to use the reins; who have learned enough to become deeply disturbed and dissatisfied, and too many of whom are now impatient for advancement beyond their capacity. As a nation we are, in short, at the stage of the youngster who needs someone to use the hammer on him. Signs are not wanting that world events may use the economic hammer to that very end. But hammering hurts, and the economic hammer hits hardest the very poorest. We do not want to have to learn the hard way.

We do not want to see the clock put back, and the masses returned forcibly to a state of social tutelage. For one thing, it would almost certainly be the tutelage of the Komissar. Our only hope, therefore, is to speed the advance to social maturity, that is, towards reaching a high state of education in the art and principles of living. We have, as Señor Ortega y Gasset has said in his brilliant book *The Mission of the University*, to regain a genuine cultural synthesis at the level of the ideas of our times; to enable our people to see life whole.

The first difficulty in doing so is that the one-time directive minority in this country have not only ceased to be the universal model to which the masses aspire, which is obvious enough, but that they may have lost capacity to "make the grade" called for by the new situation.¹ It is not at all fantastic to suggest that it is the managerial grades, especially at the higher levels in business, who must step in and man the breach, because only they are in the necessary position of influence to do it. This finds us up against the almost complete breakdown, over the last thirty years, of the belief in humanistic education, and the resulting triumph of the mechanists over the vitalists.

The mechanist says, in effect, "Equip a man for his work and his life can largely take care of itself." The vitalist says,

¹ Cf. Toynbee's dictum that the creative *élite* of a society seldom, if ever, repeats its role of creative leadership. When the times present that society with a new challenge, it is from a new minority that the creative solution will come, if the society is to survive.—*A Study of History*, Edit. Somervell, page 307 *et seq.*

in effect, "Equip a man for life and he will know how to work even as he knows how to live." We are not so simple as to imagine that there is any single, clear-cut line between the two needs of being good at working and good at living, or any one solution that could be applied like a panacea, universally. Most people have tended too easily to allow themselves to be seduced by the short-term prizes of the mechanistic view. We have said to the young man and young woman—especially to the young man—"Get on: and do not be too nice about it. Business is business. It is success that counts." And by success we have too often meant that material success to which a predominantly technical educational equipment has been for years, and still is, the best "Open Sesame."

Discernible as part and parcel of this conflict between the mechanists and the vitalists are two other lines of thought. One says, in effect, "Work in a mechanized, specialized, industrialized, proletarianized society like ours is vile and soul-destroying, and every step forward in technical organization makes it more so. Education, by making us more fully-conscious, more sentient, only makes our burden during working hours worse. Therefore, since we cannot deny technical progress without at the same time denying the essential nature of Western civilized society, let us set to and shorten working hours to the absolute minimum, and educate people to get the most out of their leisure, which is, and must increasingly become, their real life."

Such an answer is not a solution of the problem before business but an attempt to escape from finding a solution. If Western society is heading, under the aegis of business as its representative social institution, and under the guidance of its managers, to such a counsel of despair, let it blow up and have done with it; the sooner the better.

The other line of thought is the opposite of this. It is the vitalist view. It denies that work need be, still less should be, a penal sentence, even under the full implications of a highly-mechanized society committed with one half of its being to the pursuit of technical progress. Drucker has shown, for instance, that the concepts of mass-production and of the assembly-line do not inevitably force upon us solutions which are soul-destroying and fit for morons only. There are other

interpretations of the same basic concepts, which management is beginning to discover. These rest on educational and managerial policies within the business whose aim is to fill work with meaning, to reimburse the worker's status with human dignity, and thus make a working life, as we know it can be, a rich social activity full of satisfaction and pleasure. In effect, this amounts to management making the climate of work in a business fully compatible with, and consciously contributory to, the cultural climate of our times.

We touched, in earlier chapters, on some of the lines along which this may be done, in training, climate, incentives, and so on. The more deeply we reflect upon them, the more surely do the facts suggest that the keynote to success must be looked for in a greater and always increasing decentralization of management, carrying initiative, and responsibility, and with them meaning and dignity, as far out as possible from the centre of the periphery. It is scarcely too much to say that, where the human being and society are concerned (and modern society, as we have seen, centres round business like a wheel round its axle) centralization is the recipe for death, and decentralization the recipe for life. It goes without saying that management, in applying the recipe, has to devise the means and develop the skills—and these must be high indeed—by which increasing decentralization is kept compatible with the fullest central control at those points, usually of broad principle and policy, on which control and responsibility must be fully centralized. Central control should be like a good pair of corsets—giving close and effective support and pressure where wanted, and ample freedom of movement everywhere else. Drucker in his study of American big business has shown instances in which, and methods by which, central control over policy, standards, and results, and decentralization in management, can be developed each to the optimum degree side by side. It would be no less possible to find similarly fruitful examples in British business, with techniques no less effective because derived from and inspired by the British temperament and British scene. If we are to escape the centralizing, sterilizing solutions provided by the Komissar, managers must seek out these vitalizing techniques and find means to adapt and apply them to each individual business.

Such is, we suggest, the true response of management to the challenge of the times. In thus answering the challenge and deliberately setting itself to oppose the current centralizing trend, management is not, we may be well assured, merely making the futile gesture of defying an inexorable tide. The tide of centralization, unlike the tide with which Canute educated his sycophantic courtiers, is not inexorable. The best managements have proved that long ago and are proving it anew every day. The solution of the fullest decentralization in creative combination with the essential minimum of central control, is simply the application in business of the principle which built the British Empire. It is one wholly in line with the British genius in the social leadership of men.

INDEX

- ACCEPTABILITY, 139
- Accidents, 25, 30, 31
- Accountancy, 41, 42
- Accountants as managers, 43
- Administration, 44
- Administrative Staff College, 147
- Admission of error, 51
- Agenda, 70
- Air-flow, 27
- Ambition, 104, 105, 139
- Analogous tests, 15, 16
- Analytical tests, 15, 16, 17
- Anarchism, 87
- Antibodies, trade unions as, 94, 95
- Assembly line, 19, 41
- Assistants, 45
- Authority, 59

- BALANCE of power, redressal of, in industry, 64, 93
- Balchin, Nigel, 12, 96, 99
- Banausos, 127
- Bands, 69
- Barnes, 12
- Batch-production, 37
- Big Business*, 19, 24, 40, 41, 46, 47, 74, 93, 108, 109, 120, 149, 157, 167, 168
- Blackwood's Magazine*, 66
- Blake, William, 51, 154
- Boredom, 19, 31
- Boulton and Watt, 33
- Brech, E. F. L. and Urwick, L., 33
- British business
 - its lead in the industrial era, 5
 - its reliance on management, 6
- Budgetary control, 42, 43
- Bullocking through, 53
- Busbecq, Count Ogier Ghiselin de, 150
- Business
 - as a career, 152
 - bias against, 156
 - Training Scheme, 144

- CAPITALIST system, 93
- Career
 - choice of business as a, 152
 - development, 141
- Censure, 52
- Centralization
 - and efficiency, 158
 - and leadership, 159
 - and survival, 160, 168

- Challenge and response, 94, 141
- Change, social, 8, 10, 161
- Choice of business as a career, 152
- Choosing leaders, 81, 83, 84
- Civil Service Selection Board, 135, 136
- Civilization
 - dependent on business, 113
- Cleanliness, 29
 - connection with output and accidents, 26
- Climate of work, 61, 62
- Clubs, 69
- Colour, 29
- "Commissioned ranks" in industry, 120
- Common Interest, 74, 75
- Common Man, 160
- Community Service, business the paramount, 112, 113
- Competition, 76, 116
- Compromise, 57
- Conference, 70
 - use in Ministry, 70, 71
- Confidence, 55, 66
- Consistency, 55
- Contact, personal, 60
- Contentment, 104
- Co-partnership, 88, 91
- Costs
 - of accidents, 31
 - of statistics, 43
 - and taxation, 8
- Councils, Joint Production, 71
 - (See also Joint Consultation)
- Cross-fertilization, 124
- Culture, 127
- Cycle of work, 36

- DECENTRALIZATION, 86, 110, 169
 - and leadership, 46
 - and survival, 168
- Decision, 48
- Demand
 - relation to production, 76
- Democracy and Industry*, 19
- Demonstration of final product to trainee, 24
- De-personalization
 - of the individual, 85
 - of management, 54
- Devolution by management, 86
- Dignity, 68, 69, 84
- Discipline, 68, 71, 86, 120

- Discussion, 69, 96
 Disease
 inability to respond to incentives
 indicates, 98
 Disincentives, 99, 108, 116
 economic, 117
 ideological, 117, 118
 social, 117
 Dominance, quality of, 139
 Drucker, P. F., 19, 24, 40, 41, 46, 47,
 74, 93, 108, 109, 120, 149, 157,
 167, 168
 Dyarchy, 28
Dynamic Administration, 78
 Dynamism of management, 47

 EARNINGS, target-figure, 103
 Easier working, 102, 103
 Economic materialism, 84
 Economist, inhumanity of, 85
Economist, The, 159
 Education
 mechanist view, 166
 political, of labour, 94
 vitalist view, 167
 Effectiveness in Action, 13, 132
 Efficiency and provision for leader-
 ship, 46
 Eisenhower, General Dwight D., 2
 Employer, liquidation of, 93
 Enlightened man, the, 128
 Entity, working group as, 107
 Equality, doctrine of, 85
 Essential and non-essential business,
 113
 Examination and selection, 4
 Excuses, 56
 Expansion, age of, 161
 Experts, handling, 48
 Explanation
 a continuous process, 56
 onus on management, 56
 Ex-Service men trained in manage-
 ment, 144
 Exton-Wood, N. N., 36

 FATIGUE, 25, 30
 Fear, 97, 98
 and safety, 32
 Figures, ability to think in, 140
 Fischer, John, 30
 Flexibility, 49
 Flow-production, 37
 Follett, Mary Parker, 56, 64, 78, 144
 Foremen, 70, 82
 position of, 120
 Freedom to leave the business, 105,
 106
 Fresh air, 27

 Freshness, feeling of, 27
 Fuel crisis, 7

 GASSET, JOSE ORTEGA Y, 127, 128,
 166
 General Motors, 41
 Genius, 164
 Gestalt method, 24
 Girls' Reformatory, 83
 Going Concern, 2
 Grafton, Samuel, 77
 "Greats" as background to manage-
 ment, 129
 Group-confidence, 55
 Group-discussion, 69, 86
 Group-responsibility, 110
 Gulick, L. and Urwick, L., 45

 HALL AND LOCKE, tests at Rown-
 tree's, 14
 Hearnshaw, test for paper-sorters, 14
 Hiscock, tests of chemical-process
 workers, 14
 Holmes, Oliver Wendell, 18
 Humanitarian type, 84
 in industry, 111, 112
 as trouble-maker, 114
 Humidity, 27

 IMPULSE, 56
 Incentives, 96, 138
 and fatigue, 31
 effectiveness of, 101
 high and low, 99
 materialist view of, 100
 Midland laundry, 102
 Individual, the
 under industrialization, 93
 Industrial Copartnership Society, 88
 Health Research Board, 27
Industrial Psychology in Practice, 14
 Influence, as a quality, 139
 Information timing, 67
 Intellectual bias against business, 156
 Intelligence
 and assembly line, 19
 and effectiveness, 132
 distribution of, 129
 Internal public relations, 68
 Interpretation of facts in selection,
 135
 Interviewing
 art rather than science, 17
 "unknowns," 17
 Investment Trust, 9

 JOBS
 effect on the individual, 18
 relation to intelligence, 19

- Job-introduction, 19, 20, 21
 use of sponsor-system, 21, 22
 Job-production, 37
 Johnson, Dr. Samuel, 56
 Johnston, Eric, 30
 Joint consultation, 71
 agenda, 73
 and dyarchy, 78
 and sales, 75, 76
 briefing delegates, 72, 73
 chairman, 77
 parity in, 73
 purpose of, 72, 80, 81
 training for, 74
 what it is not, 79
 Joint Production Council, 71
 (See also Joint Consultation)
 Journalism, use of, 67
 Journals, House, 67
 Judgment, genius for, 164
 Junior supervision, 70
 Justice, 55

KEEPING touch, 58
 personal contact, 59, 60
 systems, 59
 Kipling, Rudyard, 108, 113
 Knowing how, 52
 Knowing when, 50, 51
 Kommissar, the, 166, 168

LABOUR shortage, 9
 Ladder of promotion, 104, 105
 Lao Tze, 21
 Lauder, Sir Harry, 63
 Law of the Situation, 56, 57, 58, 78
 Lawe and Raphael, tests for sales
 assistants, 14
 Leaders
 choosing, 81, 83, 84
 training, 46, 149, 150
 Leadership
 and creative elite, 166
 qualities of, 125, 126
 training for, 149, 150
 Leadership-succession, principles of,
 46, 47
 Leisure
 as escape, 167
 attitude to, 97
 more, as incentive, 102, 103
 Light, optimum, 26
 Lines of contact, 45
 Lost movements, 36
 Love, 99
 of belonging, 106, 107
 of creation, 108
 of self, 100, 101, 104, 111
 of service, 111, 115, 116

 Loyalties, variation in power to
 attract, 107

MAGINOT Line of labour's defences,
 93
Making of Scientific Management, 33
 Maladjustment, social, 99, 117
 Management, 118, 121, 122
 accountants in, 43
 and policy, 1
 and self-government, 87
 and social education, 165
 art and science, 2
 contemporary importance of, 5,
 158
 decisive variable, 6, 121
 definition of, 1
 de-personalizing, 54
 education, 126, 127
 examinations, 4
 hall-mark of, 2
 organization as a factor in training
 for, 147
 selection for, 87, 122, 132
 top-level, 49, 50
 training, 4
 general, 143
 practical, 145
 specialized, 146
 withdrawal of, 87
Managements and Men, 9, 63, 80
 Management-timber home grown, 123
 Managers, qualities needed, 125, 126
Marriage of Heaven and Hell, 51
 Mass-production, 37, 40
 and mass-advertising, 39
 and market-research, 39
 and promotion, 38
 comparison between Britain and
 U.S.A., 39
 new approach to, 41
 Materialism, economic, 84
 Maturity, social, 165
 Meaning of work, 91, 110
 responsibility and, 92
 Mechanist, 166
 Memory, 140
Men at Work, 10, 11, 14, 22, 26, 28,
 29
 Mesh, closeness of, in selection tests,
 136
 Middlemen, 76
 Midland laundry, 102
 Milwaukee, Nunn-Bush scheme, 91
 Ministry of Labour and National
 Service, 137, 138
 Business Training Scheme, 144
Mission of the University, 166
 Mogenson, A. H., 36

- Monotony, 31, 40
 Morale, and choice of group membership, 83
 Moron, 19, 41
 Morris Motors, 51
 Movement-study, 32, 34
 and trade unions, 34
 and tradition, 33
 NATIONAL Institute of Industrial Psychology, 83
 Nelson, Horatio Lord, 115
 Nepotism, 124
 Newson-Smith, Sir Frank, 144
New York Post, 77
 Noise, 28
 Nuffield Industries, 51
 Nuisances, elimination, 29
 Nunn-Bush Shoe Co., 91
 OAKLEY, C. A., 10, 11, 14, 22, 26, 28, 29
 Off-duty activities, 69
 Old-established businesses, 7
On Wasting Time, 12
 Opportunity for success, 161
 Optimum working light, 26
 Organization, 44
 and training for management, 149
 Organized labour, solidarity of, 118
 PALACE-POLITICS, and promotion, 47, 159
 Parochialism, 123
 Paternalism, 158
 Payment-by-results, 35, 102
 Personality
 and management, 4
 and power, 53
 of the business, 107
 of working group, 65
 well-knit, 54
 Physical background to work, 25
 Piece-rates, 35
 Planners, 85
 Policy and management, 1
 Power, 50, 53
 and authority, 59
 and personality, 53, 65
 and "power over," 54, 55, 64
 and "power with," 54, 55, 64
 evocation of, 53, 65
 love of, 101, 111
 Practice, the best British, 6
 Praise, 52
 Predictability, 55
 Private enterprise, 93
 workers' outlook upon, 118
 Processing industries, 109
 Production, batch, flow, job and mass, 37
 Production-planning, 37
 Productivity, expansion of, 162
 Profits, ploughing back, 164
 Profit-sharing, 88, 89, 90, 102
 Promotion, 38
 ladder of, 104, 105
 Proprietor's son as manager, 106, 122
 his training, 143
 Public service
 appeal to, 115
 aura of, in certain industries, 112
 Puckey, Walter, 45, 46, 47, 70
 Putting over policy, 52
 RABUTIN, BUSSY DE, 52
 Raphael, W., 96, 109
 Reavely and Winnington, 19
 Reciprocity, 68, 69
 Reliability, 55
 Repetition work, satisfaction of, 109, 110
 Respect, 51, 52
 Responsibility, 59, 110
 allocation, 46, 59
 and risk, 45, 59, 104
 devolution, 58
 opportunity for, 159
 Rest-pauses, 31
 Rhythm in work, 23, 31
 Risk and responsibility, 45, 59, 104
 Risk-bearing, 90, 91
 Rockefeller, the task of management, 2
 SAFETY, 25, 30
 Safety-first, 32
 Sales side of the business, 76
Scared Men of the Kremlin, 30
 School-leaver
 as graduate to management, 122
 training of, 143
 Science, its place and methods, 12
 Scientific management, basic purposes, 12
 Selection
 by extended observation, 137
 by interview, 17
 for management, 132, 133
 interpretation of facts, 135
 limitations of, 140, 141, 142
 vocational, 13
 Selection-tests
 analogous, 15
 analytic, 15
 and over-uniformity, 17, 18
 appraisal, not prediction, 18
 criteria of, 17

Selection-tests—(contd.)

- limitations, 16
- savings due to, 14
- vocational, 13, 14
- Self-government, 70, 87, 91
- Sensori-motor tests, 31
- Sens du praticable*, 144
- Separatism, 155
- Service to others, 111, 114, 115
- Settling a situation, 49
- Shadows, 26
- Shakespeare, William, 106
- Shortage of labour, 9
- Situation, Law of, 56, 57, 58
- Social change, 8
 - and climate of work, 64
 - its challenge to management, 10
- education, management's part in, 165
- habits, effect of industrial training, 25
- institution, business the representative, 112, 113
- maladjustment, 117
- planner, inhumanity of, 85
- revolution, 64
- stability, management's influence, 10
- tutelage, 165
- Soho foundry, 33
- Solidarity of labour, 34, 118
- Solution, true nature, 57
- Specialism, 127
- Specialization, effects of, 109, 127, 154
- time to undertake, 146
- Sponsors, as part of training system, 21, 22
- Statistics, 41, 43
- Stock-control, 43
- String-saving, management's need for, 7
- Study-circles, 69
- Study of History*, 94, 127, 141, 150, 158, 159, 166
- Success, on the big scale, 152, 161
- Successors, training of, 46
- Suggestion schemes, 110, 111
- Suspicion, 56, 66, 67
 - elimination of, 95
 - inculcation of, 118
 - vested interest in, 94
- Sutherland, Dr. J. D., 83

TAYLOR, F. W., 33, 35

Technical

- advance, 8
- supremacy, 6

Technician

- as manager, 122, 123
- his training, 143

Temperature, 27

Tests

- analogous, 15, 16
- analytic, 15, 16, 17
- applicable by ordinary people, 15
- self-contained, 15

Time and Motion Study, 12*Times Review of Industry*, 96

Time-study, 32, 34

- and trade unions, 34
- and tradition, 33

Time-wasting, 12

Timing, 51

Top-level management, 49, 50

Toynbee, Arnold J., 94, 127, 141, 150, 158, 159, 166

Trade unions

- as antibodies, 93, 95
- education due to, 118

Training, 19

- aims, 23
- Gestalt method, 24
- limitations, 4
- organization as a factor in, 147
- results, 23
- social effects, 25
- successors, 46
- trainers, 24
- within Industry, 24

Training for management

- general, 143
- practical, 145
- specialist, 146

Trouble-makers, humanitarians as,

114

Turks, outlook on education, 150

Two-way flow, 68

T.W.I., 24

UNITED STATES, comparison with post-Napoleonic Britain, 5

Unity, basis of, 53, 54

University training, 128, 129, 130, 131

Unnecessary work, 11

Urwick, L., 45

Urwick, L. and Brech, E. F. L., 33

Urwick, L. and Gulick, L., 45

VALUES, need for, in management, 127

Ventilation

- optimum, 27
- space per person, 28

- Vision, speed of, 25
Vitalist, 166
Vocational
 selection, 13
 tests
 effect on supply of management
 material, 13, 18
WALPOLE, G. S., 9, 63, 80
War Office Selection Board, 133,
 135
War-output in U.S.A., 161
Welch and Miles
 cigarette packers, 14
 tests for weavers, engineering
 apprentices, 14
Western society, 158, 167
What is this Management?, 45, 46,
 47, 70
Whistler, J., 116
Whole man, the, 69, 128, 143
Whole view, in training, 24
Work
 as compensation for social mal-
 adjustment, 117
 why?, 96, 97
Working conditions, effects on re-
 cruitment, 28
Working group
 personality of, 65
 sense of belonging, 107
Working-rhythm, 23
Works conference, 70, 71
 agenda for consultation, 73

