and practices far below those of scientific management, as conceived and applied by Taylor and his associates, detracts from the true importance of the few which are specially designed to fit scientific management standards.

One gains, however, from a reading of this book an idea that the trend, as indicated by the author's investigations, is toward more exact and thorough analysis of work, standardization of equipment and conditions, planning and control, and that standards of production are therefore being fixed at levels more nearly approaching the task which is suitable to what Taylor designated as a "first-class man." When this point is reached, and as management advances from the systematized to the scientific stage, there ceases to be any value in those schemes under which incentive pay starts at a point below such a standard and contemplates production in excess of a rate set by the management. Hence it may be expected that as economic pressure forces industry toward an understanding and application of the principles and practices advocated by Taylor, a majority of the systems analyzed will pass out of the picture.

KING HATHAWAY[2]

Managerial Profit Sharing. By C. Canby Balderston, John Wiley & Sons, Inc., New York, 1928, pages xiii, 127.

Now—when business has been going through the process of incorporation—when owners are no longer running their companies but have corporate officers to manage for them—executives' incentives become a subject of major importance. People who have watched business houses grow and decline, who have studied what makes stock values and what factors produce high credit rating, realize the importance of the personalities of the administrative group. The most scientifically organized company with the most efficiently equipped factory will not make a success of its business if its executive staff is deficient. Many poorly organized businesses have made huge successes.

This is a day of change. Not only is mechanical and chemical invention progressing at a fast pace, but methods of distribution are undergoing profound alterations. The company which does not keep at least one jump ahead of the pack finds itself in the midst of a mob of competitors fighting fiercely for markets that are inadequate to go around. Not only must we have capable men to guide the affairs of a company but we must offer them incentives to lead the organization out ahead of its competitors where it can get the first choice bits from the markets.

A salary, even a munificent one, is an incentive to be conservative. The salaried officer can keep his job and his salary as long as he plays safe and does what he is told. That was sufficient when markets were adequate and the only task of the executive was to keep his company in business and not make too many mistakes. Two decades ago an "average" concern could make satisfactory profits. Today a business cannot afford to "play safe." It must experiment with new methods and develop its own new ideas. A negative executive who makes no mistakes is not enough. He must have more than the negative incentive of keeping his job. It must be made to be worth his while to develop it. But without a stake in the rewards of effort he would be foolish to take chances and try experiments. Fear of being fired is not the kind of incentive to make a leader. He should have the incentive of an owner—a share in the profits he wins.

Professor Balderston has produced a valuable little handbook of managerial profit-sharing schemes. He has collected and given descriptions of the plans of leading concerns. Moreover he has shown in simple, clear form wherein the various types are effective and has indicated certain dangers. The plans must be fair. Classifications of subexecutives must be so made that jealousies and schisms will not be created within the ranks of the organization. It is to be hoped that he may some day expand his brief conclusions on the limitations and scope of executive profit sharing.

He divides his study into five parts:

First, "The place of managerial profit sharing as one form of extra compensation for executives." In that section he draws from a wide range of expert opinion to indicate how and why executive profit sharing is being used.

Second, "Evidence that managerial profit sharing is effective," in which he evaluates various types of profit sharing schemes and presents a strong collection of opinions of executives who have experimented with the form of incentive.

Third, "Form or structure of actual plans," including a descriptive chart of thirty-five plans mostly in American companies but also including one English and two French plans.

Fourth, "Discussion of improvements in technique." This section contains comments on the reasons for effectiveness and, more especially, on the dangers and weakness of various details of the several generic types of plans.

Fifth, "Conclusions," containing suggestions for effective installation of managerial profit sharing.

The appendix contains another chart showing the set-up of sixty-five plans now in use, and further notes on the relation of managerial profit sharing to the function of management.

This handbook of executive profit-sharing technique should prove useful for the many companies approaching the problem of selecting payment methods to attract and produce leaders for their organizations.

GORTON JAMES[3]

Introduction to Business Management. By Herbert G. Stockwell, Harper & Brothers, New York, 1929, pages xiv, 276.

This book of Mr. Stockwell's has a double purpose. Its primary service is to point out to the young man anxious to advance himself into positions of high responsibility and greater opportunity, the special abilities and characteristics of work that make for success in the different fields of business activity. The author dwells upon the development in the individual of

[2]Manning, Maxwell & Moore, Inc., New York.

[3]Editor *Business Week*, McGraw-Hill Publishing Company, New York.

the capacity to manage other men, but recognizes that the qualities of leadership which one may possess must be further supplemented by knowledge of the jobs themselves. The second purpose, therefore, becomes one of explaining the nature of the principal functions of a business enterprise in which the major executives are engaged.

The chapters devoted to the president, the factory manager, the sales manager, the treasurer, the personnel manager, the purchasing agent, the advertising manager, the office manager, the cost accountant and the branch manager, contain many practical suggestions as to the conduct of their respective functions. Emphasis is put upon how the individual should adapt himself to the job rather than upon the technical phases of management. Other chapters treat of the attitude toward business which one should adopt, a sound discussion of business ethics touching common business practices, the extent to which luck and opportunity play a part in the individual's success, and the purely personal factors which are within the control of all men, such as, personal appearance, good manners and habits.

Mr. Stockwell's advice is sound. The book makes pleasant and wholesome reading; it is not technical and difficult, and defends no set system or method. It should be stimulating as well as of practical value to the ambitious young man in accomplishing the worth-while things upon which sound business administration is based.

N. G. BURLEIGH[4]

Accounting for Executive Control. By Monard V. Hayes, Harper & Brothers, New York, 1929, pages xvi, 495.

The advances in the field of accounting have come with such rapidity in the last decade that only the most progressive management has been able to understand them and put them to use. It is no longer limited to the preparation and interpretation of the balance sheet and the profit and loss statement, but has become one of the most efficient tools of management in determining the future policies of a business. The function of accounting has ceased to be merely that of recording historical data and has become that of providing an active control device of the greatest importance to the proper development of the organization.

In spite of the rapid increase in the literature of accounting there has been relatively little added to the advancement of the subject. Authors and writers have usually devoted their attention to the presentation of the theory or to the discussion of some pet interpretations of their own instead of pointing out its value as a guide to the future. Because these writings have been used by a majority of the teachers of the subject the student has been led to regard it as an end in itself instead of as a means to an end.

To those who have been accustomed to looking upon accounting as an end in itself as well as those who have followed its more advanced developments this book by Mr. Hayes should prove exceedingly valuable. He has very clearly set forth the place it should occupy in the business organization and has also provided a vast amount of illustrative material which enables the reader to follow his discussions with a minimum of difficulty.

The outstanding factor of this book is the author's acceptance of scientific management and its relation to accounting as pronounced by Frederick W. Taylor and his associates. In the early chapters he refers frequently to the philosophy developed by Taylor and makes it the basis of his principles of management control through accounts. In fact his main thesis seems to be the setting and maintenance of scientifically determined standards for the purpose of control.

Although Mr. Hayes has attempted to cover too much ground, thus making it necessary for him to slight some very important elements, this book is perhaps the most outstanding work to be published in the field of accounting for some time. It is an extremely valuable contribution to the literature of accounting and management. It should be read by all who are interested in the advancement of scientific management.

PHILIP E. HENDERSON[5]

Economic Principles of Consumption. By Paul H. Nystrom, The Ronald Press Company, New York, 1929, pages xi, 586.

Business executives and other students of distribution problems will find this pioneer work in the principles and known facts of consumption of absorbing interest and practical value. Dr. Nystrom's wealth of experience, lucidity of style and deep insight into the fundamentals of modern retailing combine to make this book an outstanding contribution. Although there is copious use of statistical material, the presentation is so skillfully done that the reader is not wearied or bewildered with the imposing array of pertinent facts.

The chapters dealing with the standard of living and classification of standards are distinctive features. Historic changes, geographical variations, occupational and social variations, differences due to education, natural ability, size of the family and wealth and income are factors which profoundly influence the standard of living and each factor receives appropriate emphasis. The classification of standards of living into ten grades ranging from public and semi-public charges to the liberal standards with estimates of the percentage distribution of family expenses, the number of people in each class, and the income necessary to support each standard is particularly helpful as a cross section of our national well-being.

In the chapters dealing with family expenditures for food, clothing, housing, home furnishing and home operation, health maintenance and leisure, there is assembled a mass of authoritative information which should be invaluable to manufacturers and distributors who plan objective merchandising. Chase's estimates of national expenditures for leisure activities are modified by later information which was available to the author. There is also an interesting chapter on savings. The book is concluded by a chapter

[4]Professor of Industrial Management, Amos Tuck School of Administration and Finance, Dartmouth College, Hanover, N. H.

[5]Associate Secretary, Taylor Society.