

this analysis makes us see profits not as the end and final goal of all things, but as also an incentive—an incentive applied to one of the groups in a business, and capable of inciting certain desired results, but not all desired results.

6. Management and Administration

The principle of relativity in social science emphasizes that the men through whom any manager carries out his job are operatives relative to him, and may be managers relative to the men of whom they are in charge. Doesn't this throw some light upon the pet Taylor Society distinction between administration and management? Can't you, as a matter of fact, show a distinction almost anywhere along the line, saying, for example, that the division superintendent in the factory "lays down the object for which his organization, his foremen are to strive, and the broader policies under which they are to operate?"—while the management of the division becomes the "force which leads, guides, and directs the organization in the accomplishment of this predetermined object." Isn't it easy to fool ourselves pretty deeply on that word "policies"? In what, except perhaps in "loftiness," does policy differ from any managerial determination promulgated to the next lower group of executives or at last to the individual operatives?

Unconsciously, I am afraid we tend to call it "administration" if the treasurer and the stockholders and the financial interests generally are a part, management if they are not. This is of a piece with the human notion that the financial problems are somehow of a higher order than any other business problems, because without sufficient financial strength a concern must die—which is as much as to say that the essential part of life is breathing. What has misled us is the fact that financial interests frequently do stand on a plane by themselves because voting control has so often run with the financial interest.

Analysis of the dynamics of managing seem to me to offer no grounds for a fundamental distinction between administration and management; for even the workmanlike definition, for which I am indebted to Mr. Rich, that administration has to do with policies fixed over a considerable period while management is concerned with the problems of week to week, turns out to be a relative differentiation rather than a fundamental distinction.

²Quoted from J. William Schulze, "Planning Applied to Administration," *Bulletin of the Taylor Society*, Vol. V, No. 3, June, 1920.

C. Who Are Managers?

If managing, then, is a compound process made up of observation, devising, and instruction, who is to do the managing? Let me repeat, in answer, that everybody's got to do some of it, even to the man working under the most minute instruction card. Management is not a sacred function or the sole prerogative, for all time, of the sons of Levi. Some will do more and some less, but none above the grade of moron is entirely without it, nor is any so-called manager without his operating minutes and hours. In fact, the only case of the 100 per cent manager on record is Sherlock Holmes's brother Mycroft.

So if we use the word "management" to describe those people who manage and then ask ourselves for a strict answer to the question "Who is management?" we must find ourselves forced to answer that while the managing factor is heavily graduated from almost zero to almost 100 per cent among separate individuals, it nevertheless finds itself to all practical purposes coterminous with the whole active organization. Incidentally it appears that the present intense interest in management sharing through works councils or other collective devices is a more or less unconscious attempt to devise a method of getting the advantage of much more of the managing abilities in the total group than the old one-man or autocratic structure could get, especially those related to observation and instruction. A still more serious and scientific concentration upon this wide spread of the managing function will inevitably inspire the devising of much more effective examples of management sharing methods than any we now know of.

D. How Can Managers be Chosen?

Since everyone shares to some degree in managerial authority, the question of hiring management becomes in its first form the general question of choosing and correctly assigning functions. We human beings don't fit ourselves into place in any organized structure as do molecules during the process of crystallization, but we must be placed and our jobs designated. Now it is not at all a difficult matter to hire and place hands, but we have just seen that hands grade rapidly into heads, that operatives of the sophomore class have managerial attributes; and the hiring difficulties advance in geometrical proportion to the managerial factor. We might, in fact, ask ourselves whether in any real and significant sense we can and ever do really hire heads?

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1. Psychology an Aid in Choosing

So, having the primary group, operatives, how can we choose from among them or elsewhere the group of people, such for example as junior foremen, whose proportion of managerial work is so large as to be of major importance. Well, just here as I suppose, taken by and large, we have done our one worst job in the industrial world. Yet there has been a certain blundering naturalness to the old method of picking entries into the managerial class, part by inheritance, part by real ability, part by good looks and fine manners, which must warn us to be patient and thorough with the testing of any more artificial methods. I mean, of course, that psychology must come to our aid but that—John Williams to the contrary notwithstanding—we must use the same conservative care in putting its suggestions into practice as we would in preparing for the bulk manufacture of a new explosive. This care will probably discourage some useful experimenting, but those who see deeply into the more fundamental needs of business today will insist that experimenting shall go on and in ever increasing scope.

2. What Faculties Are Necessary to Choose Managers?

But, after all, with all the help that a psychologist can be expected to give us, what knowledge and ability must a group of men have who out of the whole group of operatives can designate the right man for the right managerial jobs, and from among them choose those whose work shall be still more intensively managerial? Clearly for such work all the knowledge possible of the candidates is desirable, but a very real knowledge of the managerial tasks that it is proposed to put upon them is also necessary. It is natural, therefore, that the choosing or designation should be done for the most part by the managerial unit which is planning the task and providing for its operation. We have found from specific experience that while all sorts of help can be offered by an employment manager, especially in the hiring of hands, yet the sense of final choice must rest with the manager himself, and that, again, when it comes to choosing junior managers, records, advice and specialized assistance are of value in the final choosing, but it is best carried through by the senior manager in charge. I think a very great majority of practical business men would say without hesitation that wisely to choose foremen or assistant superintendents one should be right on the job in daily direct contact with the situation—a resident. But if each managerial unit should

for the most part choose the instruments whom he must instruct and inspire to carry out his actual purposes, who is to choose the last chooser?

E. Who Can Choose Managers?

Of course there is a sense in which it can be said that there is no absolutely final power in any industrial operating group. Circumstances, the market demands of customers, the law, all have their say heavily to condition the decisions of any board of directors or sole owner. Yet within the group itself there is a last chooser of methods and men. In our typical industrial concern this will, of course, be the board of directors. The board may have the assistance of the president or general manager—or of an executive committee, or operating committee—but it, itself, will choose these helpers and must therefore in the long run get the sort of help it is looking for.

1. Clear Away Preconceptions

Certain notions almost habitual with us, and perpetually clustering about the subject of industrial control, must here be set aside or in any case very critically examined if they are to be allowed to apply. Such are the notions that gather about ownership—the extreme case of which is the age-long feeling that one has a right to do as he pleases with his own—a right which has never existed in untrammelled fashion and is subject to more and more limitation as society becomes closer knit and more complex. Likewise the notions that gather about the taking of a risk, which in itself very properly gives warrant for a certain amount of control to avoid the extremes of risk—but since risk seldom leaps suddenly from the extreme to the moderate, we very commonly hear claims to the need of control on account of risk attributed to cases where the risk factor has become so moderate as to be virtually negligible.

We must separate also in our minds very carefully the investor-manager, the worker-owner into two different men. A common source of misunderstanding arises from carrying over the case of the man who has invested his money and his time and energy in a business to apply to a case where the investor and worker groups are for all intents and purposes distinct. It is extremely necessary that these warnings be given before we can examine the main question as to who is best fitted to choose the ultimate chooser, who is best fitted to choose the board of directors, who, in other words, can best hire management. Let us examine some characteristics of the three principal