

ties, by co-operative societies, by the workers or otherwise.

But the moment we suggest giving to the grouped workers such a functional place in industry, we are met with the statement that this necessarily means a divided leadership; and that leadership to be effective must head up in a single mind. It is argued that, to be effective, management must never be held back or interfered with by the group. This is said to be quite as much for the well-being of the wage earners as it is for capital. This Society recently had the pleasure of listening to Miss Mary P. Follett's "The Illusion of Final Authority." I assume that there was fairly general acceptance of her thesis that the guidance of an industrial enterprise is a much more complicated matter than that contemplated by the arbitrary leadership of a president or even of a chairman of a board, however effective such officials may be.

Assuming that wages and status both have been satisfactorily provided for, and that, for the clarity of this presentation, there are no grievances of any sort, then it is argued that the group has nothing further to do, unless perhaps to secure the highest degree of co-operation on the part of each individual in carrying out the behests of the management. It is argued also, that the functional work of management does not need to be supplemented by the group, except as management using its own initiative may from time to time *delegate* to the group isolated tasks which in the opinion of such management may better be performed by the group than by management itself.

We really know very little as to how leadership is constituted—what is its true inwardness—and one may well question whether the interposition of the grouped workers in a place of responsibility and authority in management will detract an iota from its effectiveness. Most of us act under very serious misapprehensions as to the unfailing wisdom of management, the singleness of its purpose, and as to its being untrammelled in reaching its decisions. The banks, for instance, in many cases which have come to my attention, have made good management virtually impossible, and this quite as

¹Bulletin of the Taylor Society, Vol. XI, No. 5, December, 1926, pp. 243-256.

²Delegated responsibility is not functional in the sense that this word is used here.

frequently through an unwise extension of credit as through its withdrawal. When I consider all the agencies inside and outside a plant which measurably influence its management I wonder whether we can actually delimit management in the sense that capital can be delimited.

There is of course a basic distinction in character between capital and management. But I should dislike to believe that there is any such decisive distinction between the characteristics and prerogatives of management on the one hand, and the characteristics and prerogatives of the grouped workers on the other, such as would preclude the interweaving of their efforts along functional lines. With the development of finer disciplines, on the part both of management and of the grouped workers, it may be possible to find ever widening areas of functional co-operation, and this without withdrawing from management one iota of what is vital in its leadership. Possibly management has even more to gain from such a *rapprochement* than has the cause of the organization of the workers.

I wish I might be of use in bringing our profession to feel that the great unthought-out problem of industry is how we can give the grouped (or organized, unionized—call them what you will) workers a *functional* place in the industrial process. How can the group find a work essential to an ordered industry which it can do as well as, or probably better, than it can otherwise be done. I believe it must be something in no way related to the combat and argumentation which must necessarily go on where wages are determined under competitive conditions. I seek to lay this question and problem on the minds and hearts of my professional associates because in this situation, as in so many others, the technicians, though small in number, have come to occupy positions of great tactical importance. I have come almost to dread the typical expert in industry because his knowledge of processes and techniques, usually at the disposal of those who pay most for the service, simply adds to what is now recognized as the rapidly growing disparity in bargaining power between the ownership and the workers. When it was brute force, sheer numbers had weight. But as we get into the real science of industry the game is so intricate that numbers do not count for much. The industrial world is not giving sufficient recognition to the fact that the transference

of skill, intensive mechanization and standardization of process and product have markedly influenced the division of power between employer and employe.

Recent articles on labor relations fail to state the present industrial situation in the light of history and of an expanding science. For instance, it appears lacking in discrimination to compare the labor union movement with company unions as if they were different aspects of the same picture. These two types of agencies seem to me to be of a totally different order. From the viewpoint of history it can never be the case of the one superseding the other in the sense of taking its place. The standard labor union movement, to whose present day deficiencies I am particularly sensitive—possibly to the point of doing it an injustice—has been, and still is, a redemptive force in human history. Wherever there has been yielding to the temptation to degrade and enslave or unduly harass human beings, there you find the tap roots of the labor movement. It has afforded an almost spiritual outlet for the altruistic labors of countless men and women, some of them of very high types, whether ability, selflessness or elevation of the spirit be the test. At times the labor unions have been the main stay of human liberty itself. It is alleged that present day workers prefer company unions because through them they "get more for their money." But great human movements do not grow out of dinner pails, even full ones. Suffering, privation, ignominy and death itself are the foundations of enduring social structures.

It must be remembered that company unions are experimental and have no record of abiding achievement back of them. Only too frequently they are the promotions of industrial leaders anxious to build up friendly relations with their employes but at the same time to hold that all inclusive veto which has been considered the hallmark of good management. Of course, there are company unions that not only have been honorably and competently conceived but, as developers of good-will, have brought handsome returns not only to the property interest back of the enterprise but to the individual workers as well.³ Some of the best of them have

³Leiserson, William M., "Accomplishment and Significance of Employee Representation," *Personnel* (published by the American Management Association, 20 Vesey Street, New York City), February, 1928.

⁴Bruere, Robert W., "A Quaker Employer Builds a Company Union," *Survey Graphic*, September 1, 1928.

been useful in experimentation as to the participation of the workers in management and as to the functioning of the group.

Of course, holding rather pessimistic views as to the significance of the company union movement in the whole industrial situation⁴ does not force me on to the other horn of our dilemma—the unquestioning support of all the policies or the philosophies of the standard labor union movement. I regret their "craft sectarianism and job separatism"; their failure to develop the tool of research, and particularly their failure to provide adequately for experimentation in the matter of organization in a changing world.⁵

The best of the company unions with which I am familiar have been successful to date largely for reasons which are peculiar to the particular plants in which they happen to be located. In some cases they succeed because of the high character or great ability, or both, of the head of the business. In two instances coming under my observation high wages are the controlling factor in the success of the company union. In the first, a public service corporation, rates which the public pays have been regulated by a public commission so as to make possible exceptionally high wages for the employes of the company. In the other instance, that of a comparatively small concern operating in a restricted field, the success of the enterprise and its profitableness, permitting high wages, have been due almost entirely to a forward looking policy in regard to research. Neither enterprise is in a competitive field.

After the first novelty is worn off it is very difficult to hold the interest of the employes in a company union. Perhaps this might have been expected. In every company union with which I am familiar the program has been very largely provided by the employer, and possibly without much intention contains very little that is genuinely debatable. Certainly no grouping of workers where the urge for organization does not originate with the workers themselves would be expected to hold their interest.

It would appear that our large scale employers no longer take the trade unions so seriously as

⁵See testimony in Interborough Rapid Transit Company case against William Green, 1928.

⁶Cooke, M. L., "Who is Boss in your Shop," *Annals of the American Academy of Political and Social Science*, Vol. 71, May, 1917, pp. 167-185.