

THE EARLY SOCIOLOGY
OF MANAGEMENT AND ORGANIZATIONS
EDITED BY KENNETH THOMPSON

Volume VII
ORGANIZATION AND MANAGEMENT

Chester I. Barnard

THE EARLY SOCIOLOGY OF
MANAGEMENT AND
ORGANIZATIONS

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VOLUME VII

Organization and
Management Selected
Papers

Chester I. Barnard

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Organization and Management

SELECTED PAPERS

BY

CHESTER I. BARNARD

PRESIDENT, NEW JERSEY BELL TELEPHONE
COMPANY

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PREFACE

FOR many years I have been practicing the arts of organizing and managing in widely divergent types of organizations. This experience has increasingly generated a curiosity of a scientific kind concerning the nature of organizations and the means of determining the behavior of those whose activities compose them. This has led to a number of papers and lectures about various aspects of organization and of the practice of management.

One integrated set of these papers, a course of Lowell Institute Lectures given in 1937, was converted into book form in *The Functions of the Executive*.¹ A few have appeared first in book symposiums of papers by several authors; still others were first published in journals. Some of the more important, however, were printed privately and were distributed only to my friends and associates in business, public affairs, and academic life, and have not been available to the public.

The generous reception of *The Functions of the Executive* and the frequent requests for copies of reprints of papers have suggested the publication of a collection of them restricted to those that now seem of more permanent value.

The papers selected are presented herein in the order of date of first publication or delivery. Where necessary, an explanatory note concerning the paper is presented with it and, therefore, further comment here seems in most instances unnecessary. However, I should like to make special comment about three of them.

“Concepts of Organization.” This is an exegesis of the approach to the study of organization as embodied in *The Functions of the Executive*. It is adapted from an article entitled “Comments on the Job of the Executive” which appeared in the *Harvard Business Review* (Spring, 1940). This was a rejoinder to a critique of *The Functions of the Executive* by Professor Morris A. Copeland of the Harvard Graduate School of Business Administration, published in the *Harvard Business Review* (Winter, 1940). Professor Copeland, among other criticisms, questioned the inclusion of the activities of customers as parts of an organization. He also challenged the conceptual scheme I employed and the general theoretical treatment of the subject. In rewriting the answers to these criticisms I have restated the questions raised in general terms as valid questions that might properly be asked by anyone interested, and have eliminated those parts of my reply that were specially applicable to Professor Copeland’s personal position.

The latter part of this paper deals with the importance of the theoretical approach to the study of organization and sets forth the conceptual framework I used in writing *The Functions of the Executive*. It needs no further comment here.

The first part of the paper, however, deals with the concept of organization. It is highly abstract and to many seems unrealistic. Indeed, in everyday work, for most purposes I continue to conceive of an organization as constituted of a group of people, usually restricted to those “on the payroll.” But for more general and for scientific purposes I became convinced that such a restricted and “practical” concept was inadequate. After nine years of experience with it, it continues, for me, a more convenient and effective intellectual tool than any I know for working with the subject. Indeed, even for practical purposes I found it an extremely useful concept in the work of developing and managing the United Service Organizations, Inc. (USO), during World War II, the most

¹ Harvard University Press, 1938.

difficult single organization and management task in my experience. It puts the emphasis upon organization as coordinated activities rather than upon the individuals who are the actors. The latter are often simultaneously “members” of several organizations, and their activities are not infrequently to be conceived as simultaneously functions of more than one organization. Moreover, the relationship of individuals to organization is frequently so ephemeral that they are not conveniently regarded as “members” of an organization, whereas, in my view, certain of their activities must clearly be regarded as a part of the “organized” activities associated with and, as I prefer to think, constituting organization. This concept of organization is a “field” concept in which activities take place in and are governed by a field of “forces,” some human and social, some physical. Whether the field approach which others have deemed useful as respects social phenomena (Cf. J.F. Brown, *Psychology and the Social Order*; Kurt Lewin, *Principles of Topological Psychology*) will prove in the long run as useful as the constructs “magnetic field,” “electrical field,” and “gravitational field” in physical science remains to be determined by experience.

“On Planning for World Government.” This was written for the Conference on Science, Philosophy and Religion (Fall of 1943), at the request of R.M. Maclver, Harlow Shapley, Lyman Bryson, and Rabbi Finkelstein, conveyed to me by the latter. The thought was that too many scholars and scientists were naïve with respect to the nature and possibilities of “planning” in the field of human relations and organization. In other words, I was asked to do a bit of “debunking” of the exaggerated notions and claims of the “planners” in general and of those “planning” world government in particular. Whether or not the effort to this end was successful is not relevant here. In the attempt I presented new material on both the structure and the operation of organizations and especially developed the idea of the autonomic organization of social activities through the free operation of formal organizations effected through voluntary lateral agreements.

The considerations set forth in contrasting hierarchical and lateral organizations relate essentially to the main political problem of our times—the choice between totalitarianism and free societies. Notwithstanding the slogans of the advocates of the “free enterprise” system, the bias in the United States is strongly toward the multiplication of formal organizations and the integration of them into formal organizations of large size.

² We believe more and more in planning and in our ability by

² Cf. Dr. Margaret Mead: “The Application of Anthropological Techniques to Cross-National Communication,” *Transactions of the New York Academy of Sciences*, Series II, Vol. 9, No. 4, pp. 133–152, February 1947. At page 141 Dr. Mead says:

“Another sort of misunderstanding which influenced communication was the difference between the British and American sense of the real world. The Americans see the world as man-controlled, a vast malleable space on which one builds what one wishes, from blueprints one has drawn, and, when dissatisfied, simply tears the structure down and starts anew. The great sense of mechanical control of the environment—product, at least in part, of an empty continent and the machine age—extends to American attitudes towards crops and animals, which are again something to be planned for, streamlined, increased or decreased at will, and even, to a certain degree, to human beings, who can be, if not completely molded by man-made devices, at least sorted mechanically into simply defined pigeonholes. The British, in contrast, see the world as a natural world to which man adapts himself, in which he assumes no control over the future but only the experienced foresight of the husbandman or the gardener, who plants the best seed and watches carefully over the first green blades. Man is seen as the junior partner of God (expressed in either conventional or more contemporary forms, but still as the junior partner of forces to which he can adapt himself but which he cannot control). He can ‘only handle one link in the chain of destiny at a time.’”

At first consideration it may seem strange that Americans who preach individualism and free enterprise should in practice behave so much in accordance with the ideology of “planning” and deliberate patterned control whereas the British proceeding rapidly to State socialism should have an aversion to the kind of behavior it implies. This kind of contradiction between an ideological complex and the rationale of concrete behavior is very common in ethics and morals, politics, and business.

taking thought to construct the large patterns determining our destiny. This is a faith in control of, rather than in essentially unpremeditated global adaptation to, the environment. There is a corresponding decline in faith in the capacity of a system of formally uncontrolled but nevertheless interdependent units to adapt autonomically to the environment. Adam Smith's "unseen hand" seems more and more incredible—and discreditable. Yet, lacking the omniscience required for effective planning to control the environment, we are compelled really to operate on the strategic factors,³ the single links in the chain, one at a time, though it may be admitted that these single links are often complex systems of "links within links."

We cannot escape the unconscious adaptation of the complex interaction of the innumerable variables of our societies.⁴ Indeed, an important technique in the management of large formal organizations is training, conditioning, and selection of personnel such that autonomically, groups as a whole behave appropriately to the conditions without conscious control. This is an implicit aim in much education. Yet the impossibility of escaping autonomic adaptation and the rationale of such adaptation both seem to elude most of us, perhaps because of false intellectual pride or fear of mysticism.⁵

Thus we confront repeatedly both an organizational and an intellectual dilemma. In organization we often have to choose whether it is best to manage by explicit direction or to establish general conditions and then "let nature take its course." Intellectually, we have to decide whether deliberately to alter one of the variables of a system, making the false assumption that we know the unknowns, i.e., that "other things remain equal" or fixed or are irrelevant to a new combination; or whether to let blind trial and error evolve until finally perhaps an acceptable solution is attained.⁶

³ Cf. *The Functions of the Executive*, chapter xiv.

⁴ I do not imply, of course, that adaptation is always achieved.

“Functions and Pathology of Status Systems in Formal Organizations.” This essay was originally stimulated by certain dogmatic positions taken by C.E. Ayres in his book *The Theory of Economic Progress* (University of North Carolina Press, 1944) to the effect that social status or differences in social status are a maleficent inheritance from the age of mythology. This doctrine stems from Thorstein Veblen—in my view brilliant, stimulating, cynical, iconoclastic—and superficial. On reading Ayres’s book at the request of the publisher, for the first time I set myself to the task of considering the functions of status in formal organizations. My reflections on this subject took the form of the present paper as a basis for a lecture at the University of Chicago in August 1945. It is worth repeating here what I said to my audience on that occasion: “The most significant thing I have to say is that although I have been studying and talking and writing about organization and management for many years and have also been constantly concerned with practical problems of status, it is not until this late day that I have attained a realization that status is necessarily systematized in formal organizations, and not until now that I have secured an explicit understanding of the functions of status systems. It is a case where the broader aspects of what one knows as a matter of course and of what one applies as a matter of ‘know how’ may completely escape explicit consideration. The forest is missed because of the

⁵ Pareto in *The Mind and Society*, passim, discusses the problem clearly. See also M. Polanyi, “The Growth of Thought in Society,” *Economica*, 1941, p. 428; and F. A. v. Hayek, “Scientism and the Study of Society,” *Economica*, 1942, p. 267; 1943, p. 34; 1944, p. 27.

Consider also the analogous problem of plan and purpose in modern theories of biological evolution and adaptation. “Adaptation is real, and it is achieved by a progressive and directed process. This process is natural, and it is wholly mechanistic in its operation. This natural process achieves the aspect of purpose, without the intervention of a purposer, and it has produced a vast plan, without the concurrent action of a planner.” George Gaylord Simpson: “The Problem of Plan and Purpose in Nature,” *Scientific Monthly*, Vol. LXIV, No. 6 (June 1947), p. 495.

proximity of the trees. This is a persistent kind of limitation of those whose knowledge comes from intimate experience though the latter is nevertheless indispensable, I think, to a thorough understanding of organization.” I had left out of my book if not Hamlet, perhaps Ophelia, and did not discover it for seven years—and no one reported the omission to me!

In editing these papers for the present publication it has seemed desirable to include additional footnotes. Those added are enclosed in brackets []. Those unbracketed were contained in the original papers.

CHESTER I. BARNARD

South Orange, N.J.,
June 12, 1947.

⁶ Somewhat this kind of alternative analogously appears to occur in biological adaptation. Th. Dobzhansky and M.F. Ashley Montagu, in “Natural Selection and the Mental Capacities of Mankind” (*Science*, Vol. 105, No. 2736, June 6, 1947, p. 587), point out that evolutionary adaptation occurs either by (a) genetic fixity where the trait is fixed by heredity and hence appears in the bodily development of the individual regardless of environmental variation; or (b) by way of a genetically controlled plasticity of traits, the ability to respond to a given range of environmental situations by evolving traits favorable in these particular situations. The first, so to speak “planned,” type is of benefit to organisms whose milieu remains uniform and static. “Conversely, organisms which inhabit changeable environments are benefitted by having their traits plastic and modified by each recurrent configuration of environmental agents in a way most favorable for the survival of the carrier of the trait in question.”

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ORGANIZATION AND MANAGEMENT

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I

SOME PRINCIPLES AND BASIC CONSIDERATIONS IN PERSONNEL RELATIONS¹

IT is my purpose to discuss principles and fundamental considerations in personnel relations, rather than concrete practices, policies, or schemes of organization. Much of my effort during the last twenty-five years both in private business and in public work has been spent in these so-called “practical” activities, in the actual management of organizations of large size, so complex as obviously to require a rather bewildering array of plans, schemes, policies, organizations, and the other paraphernalia of modern large scale industrial or governmental undertakings. Yet I am sure that a consideration of general purposes, “principles,” and underlying conceptions—what we may call the philosophic approach to the concrete problems—is intensely practical. Indeed, it is almost necessary that we unite in such an approach in order that our consideration of the specific problems may be intelligent, and that our discussion of them may be intelligible. In conferences such as this, our consideration is chiefly of specific plans, methods, and programs, discussed independently and with much attention to internal structure, details, and immediate purposes. The danger is that we shall lose sight of the general problem and forget to formulate the major and ultimate objectives by which all else must be finally tested. Not infrequently our failures in this respect permit us to do well what had best not be done at all, or to do badly or omit what may be essential.

THE PLACE OF THE INDIVIDUAL IN PERSONNEL RELATIONS

The first group of remarks I would make in this general approach refers to the place of the individual in industrial relations.

Despite constant reference to the individual and individualism in the political discussion of present day conditions, it seems to be a fact that the conditions of modern life tend to obscure the position of the individual, especially in economic affairs and socially. We still give much lip service to the forgotten individual, but the whole complex of thought, except when our immediate personal concerns are involved, relates to the co-operative and social aspects of life. We are so engrossed constantly with the problems of organization that we neglect the unit of organization and are quite unaware of our neglect. It almost seems to be to our purpose to forget the individual except as he compels consideration.

If I understand what I read of history correctly, this state of mind which so obsesses us has been accumulating for many centuries, and with greatest rapidity in recent times. Neglecting entirely the ancient periods, and beginning about A.D. 600, most of the elements in the progress of civilization have had the effect of minimizing the individual, barring exceptional men, as an essential factor in progress. Man was tied to land, about which developed and overlay a feudal system of rights and obligations. Except as to purely spiritual respects, his relation to the church seems similarly to have been institutionalized. Later, industrial development involved subordination to the guild and the development of national political life, with subordination to the monarch or the nation.

With the American and French Revolutions and the opening of vast pioneer countries, a substantial reversal of the trend developed, as to important sections of the world population,

¹ An address to the Fifth Summer Conference Course in Industrial Relations, Graduate College, Princeton University, September 20, 1935. Printed for private distribution in 1935.

especially in political respects, also evidenced in the movement for universal education. But many new things of the nineteenth century reversed this temporary change in attitude. Of these, the theory of evolution, the emphasis upon the biological background of the individual, and the study of sociology and social anthropology profoundly affected the importance of the individual in our habits of thought. And to these, the study of economics and economic speculation, especially of the French, German and English socialists, gradually contributed enormously. Then finally flowered the modern corporation and the organized labor movement, all emphasizing interdependence, cooperation, regimentation, as the essential aspects of life, as the constructive forces of civilization, until the subservience of individual to state, society, economic machinery, is the habitual attitude of mind. It has become exceedingly difficult to consider the individual. Chiefly the psychologist, the psychiatrist, the physician, the clergyman, and (to some extent) the teacher, recognize "man" as an individual, rather than as a statistical unit, in the major aspects of their work.

I am not making a plea for "individualism" as opposed to "collectivism." The extreme emphasis upon the individual in doctrinaire argument against various aspects of collective interest and action seems to me even less realistic than the reverse emphasis upon organization and collectivism. Not only socially and politically but also economically, men are more interdependent, at least in western civilization, than ever before. By reason of organized cooperation in innumerable ways, both population and the standard of living, and perhaps even the quality of living, have been greatly increased. Without such organization in society, retrogression is inevitable. Recognition of these facts, however, does not require a denial of the coexistence of the individual. It is individuals who are being organized, and the effectiveness of the group depends not only upon the scheme of grouping and function, but upon the quality of the elementary units. It is impossible in practice to disregard either aspect very far; but in general our condition of mind, our attention and interest in the

problems of organization, dispose us constantly to a one-sided approach.

This is quite evident in industrial relations. I believe I have seen again and again, in various business and other organizations I have been able closely to observe, that either the wrong thing is done or the right thing done very badly, because of the attempt to find a short cut which fails to take into account the individual as the key to the effective operation of all these plans and schemes of coordination.

In some respects the truth of what I am saying is recognized as a matter of course by both private and public employers. In the selection of employees, for instance, frequently a quite careful consideration and appraisal of the individual is involved. Much expense and effort is expended in this process. Again, in the effort to secure productive efficiency, individual job training has had great development in many industries in the last thirty years. Similarly, in many activities, supervisors are trained and managed to promote their effectiveness in the development of the individual employee. A little reflection will convince that emphasis upon the individual in personnel relations is in complete harmony with the inescapable daily practice of industry. Nevertheless, in connection with general personnel policies, and in the management of the less obvious aspects of supervisory work, the tendency is very strong to neglect the individual employee and to deal exclusively with masses and averages. It is difficult, and sometimes expensive for the short run, to particularize.

My own belief is strong that the capacity, development, and state of mind of employees as individuals must be the focal point of all policy and practice relating to personnel. Why this should be so is well illustrated in Dr. Elton Mayo's recent book *Human Problems of an Industrial Civilization*, in which he describes some experimental personnel research in one of the Western Electric Company plants. A number of different practices affecting working conditions were tried out upon a group of operatives under controlled conditions, to see what the effect would be upon the efficiency of the individual employees. For example, change in lighting conditions,

arrangement and order of rest periods, differences in kind and time of lunches, etc., etc. In the course of these experiments remarkable increases in individual production were accomplished. When the experiments were reversed, to see what the results would be under less satisfactory working conditions for the same employees, all were amazed that the falling off in efficiency did not develop. This finally led to a demonstration of the fact that the mental reaction of the employee to the individualized atmosphere (not greater individual supervision in the ordinary sense) was the principal factor rather than the detail of working conditions. The latter were of superficial or intermediate importance. It was learned, in many instances, that home conditions rather than working conditions are the controlling factor—something that any experienced manager can testify to on the basis of the more extreme cases.

We must recognize that the individual employee is a human being, who spends only a part of his time in our plants. For sixteen to twenty years perhaps, his background was entirely outside industry. He is now married, has children, relatives, belongs to clubs, etc. His whole state of mind is a reflection of his past, biologically and socially, of his present physiology and of his environment outside of working hours. His reaction to what his employer says or proposes, to his working conditions, to his employer's attitudes, purposes, and interests, is affected sometimes to a controlling degree, by these conditions entirely outside the scope of the employer's authority or influence. All that the employer can do is to adjust his treatment of the individual employee to the state of mind and the condition of the man as he is.

I will even go so far as to say that on many general policies we should think not of the man but his wife, because she frequently has a more objective understanding of the man and his position in industry than can the employer. It is frequently true that a policy, course of action, or treatment that would be recognized by the women of the family as on the whole sound and fair would be so, or at least if the women could not so

regard them, then some modification or adjustment was likely to be in order.

I have hurriedly set before you some of the reasons why I lay so much emphasis upon the individual. In a world that increasingly stresses organization, schemes, policies, mass methods, it is good and practical to have persistently in mind that the key to dynamic effort in all industry is the individual and his willingness to develop in it. This will seem to many as an ideal of remote practical application. It so impressed me when my attention was first actively drawn to such a statement several years ago when the late E.K.Hall, who took such an active interest in these Princeton conferences, undertook to formulate for many of our executives the purposes or objects of the Bell System personnel policy. A part of his statement was to the effect that a major purpose was the development of the individual to the utmost. At that time I subscribed to this statement as an ideal, with many doubts and reservations as to its practical significance or consequence in the everyday work of management. Since then continual observation and the analysis of my own experience in public and private organizations has convinced me that his idealization, if you wish to call it that, of personnel objectives is highly practical in the long view.

A word of caution about it is not superfluous. If this development of the individual is to be a central consideration in all personnel work, it should be so genuinely, not merely as a matter of tactics, nor merely or chiefly a matter of industrial efficiency. It will ultimately fail if it is merely a high sounding fiction for stimulating production and good morale. Hypocrisy is fatal in the management of personnel. I will relate an incident which illustrates what I mean.

A few years ago a brilliant lawyer, one of my friends, thought he ought to tell me that the system of justice encompassed by the law and the courts had the purpose, after all, not of according justice to individuals, but of preserving a system of orderly and peaceful conduct of affairs for society as a whole. Whether this was an original thought or came from Blackstone or Lord Coke or Montesquieu, I do not know; but it

is the kind of statement that appeals to the modern mind in justification of systems of procedure and organization which exist ostensibly for the benefit of individuals. As such it pleased my intellectual fancy. But my rejoinder was:

That may be true. Grant that the important and immediate practical consequence of a system of jurisprudence is exactly what you say. Nevertheless, when the time comes, as it would, that the individuals to whom it is to be applied, recognize it only as a system for serving the State, as a method of getting rid of disputes and conflicts but without interest in justice as such, then the power behind that system will dissipate and its manipulators will degenerate into administrators of the expedient.

A major personnel objective that is merely expedient will, I think, in the end prove futile to its sponsors and abortive to those who come within its scope.

THE WILL TO COLLABORATE

I suppose that the primary purpose in the minds of those who develop personnel policies and who manage businesses and organization is generally not to develop individuals but to facilitate the working together of groups of people toward definite ends. In my view this purpose is secondary in point of order but equally important to that of developing the individual, and the two together constitute the entire legitimate purpose of management so far as the personnel is concerned. It is the co-operative aspect of personnel management that has had most attention, disproportionately so. There is a great volume of technics, practices, schemes, plans, organizations, schedules, devices put into practice and necessary to effect this cooperation. Most of it is local or special to particular industries, plants or managements and calls for no discussion at a session of this kind. It all involves, however, one major problem to which I have seldom seen

conscious attention given—the willingness, desire, and interest of the individual in co-operative effort. Any such effort requires the ability to function in conjunction with others in specific ways, a technic of operation or production, a management or control or directing agency, and the will to collaborate. This latter aspect is called by various names, such as loyalty, esprit de corps, desire for team play, etc., and is promoted by the various methods, to which much attention has been given in many industries.

Nevertheless, a critical examination would reveal that the weakest link in the chain of co-operative effort is the will to collaborate. In point of fact, I think it is true, though we are loath to admit it, that our hands are held back again and again in doing things known to be technically or commercially feasible, because of the fear that the human beings with whom we work will not sufficiently collaborate with us or with each other. This is especially true where a change of customary practice may be involved, or where the advantages are not immediate or are indefinite so far at least as workers are concerned. In work-a-day parlance this is expressed by such phrases as “Well, you can’t get away with that” or “Your people won’t go along with that” or “They won’t work together on that” or “There will be friction that we can’t handle or control.” These are typical expressions of the fact that in all organized groups, industrial, political or social, there are serious limitations in the development of the will to collaborate. Though we like to take pride in the accomplishments of organized effort, we are frequently only able to do so by leaving out of sight the possibilities of accomplishment if we knew how to get people better to work together wholeheartedly for common purposes only remotely related to individual purposes.

The reasons for our limited accomplishments may be many; but the vital one is lack of confidence in the sincerity and integrity of management. It is the lack of that confidence, rather than defects of technic or competence, which insidiously thwarts the best efforts that are made in the industrial world. It is the recognition of that lack of confidence that discourages

the most promising developments. And so the advancement of the interests of all is retarded.

In the long run I know of only one way to obtain confidence and that is to deserve it. At root, the matter is one only of plain honesty. It is unnecessary to expatiate on that subject. When a condition of honesty and sincerity is recognized to exist, errors of judgment, defects of ability, are sympathetically endured. They are expected. Employees don't ascribe infallibility to leaders or management. What does disturb them is insincerity and the appearance of insincerity when the facts are not in their possession.

This appearance of insincerity is unfortunately allowed to develop by essentially honest and sincere men, by a strange trait of human nature—the love of smart tricks. A “flyer” in short cuts, a gamble on “getting away with” unsound or dishonest tactics seems to entice men of honest and sound purpose, just as the desire to take chances induces men to occasional gambles in financial matters, contrary to their judgment and principles. I know of nothing more difficult to check in a management organization of tried, experienced men of integrity and of fine purpose in personnel relations than this sporadic propensity to be smart, to avoid an issue, to withhold an unpleasant truth, to decline to admit an error, when honesty, sincerity, and even good sense clearly condemn such lapses. There is not much hope that men can be invariably so self-controlled as always to avoid these things; but they ought to be discouraged. When they are discouraged, when the main and continuing purpose is sincere and honest, these incidents are not fatal. Employees no more expect individual moral perfection than they do infallibility.

Perhaps some will think that again I am voicing an impracticable ideal in personnel relations, especially those who think they observe in the real world of industrial relations little evidence of honesty and sincerity. It is not so. Many large and innumerable small employers operate essentially on this basis as a matter of course. Many may believe that employees do not respond to fair and honest management. I am convinced to the contrary. The test of the correctness of this view is best