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Book Review

Business history review

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This book explores the development of the basic assumptions and prevailing views on employee management in American industry as they were formulated in the professional management literature, especially in the publications of the American Management Association. It confronts these “philosophies” with the actual attitudes of executives as reported in contemporary publications but does not deal with the development of the actual personnel management practices. After a short sketch of earlier changes, the author analyzes labor unrest, the closing of the frontier and the related decline of easily exploitable resources, the efforts of engineers and the growth of the enterprises responsible for the replacement of “laissez-faire-liberalism” (which he finds dominant in nineteenth century employment relations) by more comprehensive personnel policies in the 1890’s. Between 1900 and 1920, Taylorism, welfare work, progress in the field of psychology, and the impact of World War I contributed to the further development of personnel management theories, though many executives either ignored these new approaches or used single techniques and paternalistic devices to justify and extend their sphere of power and action. After some reversals in the depressed years 1920–1922, further progress of personnel philosophy was related to new patterns of mass consumption and a new role (or ideology?) of managers who then often conceived of themselves as “trustees” mediating between capital, labor, and the public. While a “do-nothing” philosophy remained typical for much of industry, the “service motive,” according to Milton, began to
supplement the profit motive in many corporations. Managers recognized their responsibility toward employees in the 1920's to a small extent only, but they turned more responsive under the economic and political pressures of the 1930's. An enlightened personnel philosophy became useful in terms of public relations and in the conflict with organized labor. The author feels that the profit motive now lost its central position. In the "humanistic" era of personnel management from 1940 to the present, executives increasingly served the interests of the community, the consumers, and the employees, while their individualistic, authoritarian inclinations continued to prevent significant participation of work groups in the decision making processes. Finally, Milton proposes an "ideal" model of personnel philosophy in which different managerial goals are assumed to be compatible and mutually functional: profits and efficiency, the economic, psychological, and social needs of the cooperative, self-controlled, participating employees (both as individuals and as union members), and the public interest. He discusses neither the sociological implications of this model (essentially a consensus theory of enterprise and society) nor the concrete changes which might help put it into reality (except changes of personnel philosophy).

While the author shows the co-existence of different lines of management thought in the same period of time, a more thorough and systematic differentiation would have been desirable. How were differences in personnel philosophy related to different types of industry, size of corporations, frequency of labor conflicts, and other variables? Historians will feel the need for a closer look at the relations between management thought and general social history. For example, the connections between emergent personnel administration and the progressive reforms of the early 1900's are not recognized. The author relies almost exclusively on parts of the professional management literature as a source, even when discussing outside influences. On this narrow basis, he does not always succeed in distinguishing between mere rhetoric (so frequent in this type of literature) and real changes of attitudes and practices. A closer investigation might show that the "service motive," so often stressed in the speeches of managers, was rather instrumental for (and subordinated to) the long range success (measured by growth and profit) of the large corporations. Finally, a really critical evaluation of personnel philosophies should not fail to investigate how they survived concrete situations of stress in the reality of the enterprises, and how they were regarded by those most concerned: the employees. There is no bibliography, and the author fails to integrate the recent literature in the field into his arguments.

Within such limits, Professor Milton has written a readable and generally sound analysis. By applying some new concepts to rather well known materials and by constructing ideal types of different forms of personnel management (55, 93, 128, 162, 202, 226), he offers a useful synthesis and re-interpretation of the history of American management thought.