

John F. Mee

Management

Thought in a Dynamic Economy

Management Thought in a Dynamic Economy

John F. Mee

FORD DISTINGUISHED VISITING PROFESSOR,
SCHOOL OF COMMERCE, ACCOUNTS, AND FINANCE,
NEW YORK UNIVERSITY

NEW YORK UNIVERSITY PRESS

Second Printing 1964

Third Printing 1964

Fourth Printing 1966

Fifth Printing 1968

© 1963 BY NEW YORK UNIVERSITY
LIBRARY OF CONGRESS CATALOG CARD NUMBER: 63-13996
MANUFACTURED IN THE UNITED STATES OF AMERICA
DESIGNED BY ANDOR BRAUN

The Ford Distinguished Lectures Number v

**Management
Thought in a Dynamic Economy**

***To* RALPH CURRIER DAVIS**

Pioneer in management thought and education

FOREWORD

DURING THE LAST FIVE YEARS ~~the School~~ of Commerce, Accounts, and Finance at New York University has invited outstanding educators from American and overseas universities to serve as Ford Distinguished Visiting Professors and to deliver series of lectures on some aspect of the field of administration or management. Such a program was made possible by a grant from the Ford Foundation.

The Ford Distinguished Visiting Professor for 1962 was Professor John F. Mee, Mead Johnson Professor of Management at the Graduate School of Business of Indiana University. His three lectures at the School on March 8, 15, and 22, 1962, on the general theme, "Management Thought in a Dynamic Economy," are now published as Number V of this series.

Professor Mee is one of the foremost professors of management in the United States. A member of Phi Beta Kappa and Beta Gamma Sigma, he received his Bachelor of Arts degree from Miami University, his Master of Arts degree from the University of Maine, and his Doctor of Philosophy from The Ohio State University.

As much as any other academician, Dr. Mee has had a profound influence on the field of management thought in

a wide variety of ways. His influence on students has been tremendous. At Indiana University, over 1,000 graduate students have received Masters degrees and about fifty have received doctorates in management under his supervision. He has developed professors of management for many American universities.

He has influenced the type of management courses taught in our universities through his teaching, writing, and editing. Over twenty years ago he designed and taught the first "Principles of Management" course offered by any university. He designed and edited the first book series in Industrial Engineering and Management, and the thirty-six books in this series have had an important influence on the development of management curricula in schools of business and schools of engineering. In addition, he designed and coedited the first book series for Behavioral Sciences in Business. He was also responsible for the first *Personnel Handbook*, of which he was both architect and editor.

In a wide variety of ways he has been an important influence on management thought in business. In addition to his own writings and consultation work, he has been and is the chairman of the editorial board of *Business Horizons*, issued by Indiana University.

He designed and developed one of the first management-development programs in the United States for a business firm—Texaco, Inc. Subsequently he assisted in the development of similar programs for many other organizations, as well as participating in over twenty such programs in this country. In 1952, he served in Paris as the captain of an American team to organize and prepare a management-development program for French industrial executives.

Professor Mee has been a leader in professional management organizations, both national and international. He is

past President, a member of the Board of Governors, and a Fellow of the Academy of Management, and is the Vice President for Research and Development and a Fellow of the Society for the Advancement of Management. He is also past President of the Council of Professional Education for Business.

His range of interests has been even broader than teaching, writing, and consulting in the management field. Among his many other activities, he has served as Executive Director of the Indiana Tax Study Commission and as Commissioner of Revenue for the State of Indiana. As a Colonel in the United States Air Force he served during the Second World War as Chief of Military Personnel for the worldwide Transport Command. For his outstanding accomplishments he was awarded the Legion of Merit and the Bronze Star.

Taking as his theme "Management Thought in a Dynamic Economy," Professor Mee discusses in these lectures the genesis of management thought and the current concepts of professional management, concluding with a discussion of "Management Philosophy for Tomorrow." (There is also included in this volume an invaluable chronological bibliography of readings for a history of management thought.)

Professor Mee discusses the evolutionary development of thought with respect to the concept of management and demonstrates that it is relative to time and place, influenced always by the economic, social, political, and technological factors in a changing environment. The institution—to use the word in the Veblen sense—of management is an intellectual way of thinking that is not static, but rather is ever-changing. And change is a process, not an event. Professor Mee shows clearly the relativity of thought with respect to the concept of management.

To do what Professor Mee has done in these lectures, cer-

tain conditions are essential. First, at some time in the past there had to be an identification of the area of activity which later came to be known as administration or management, and an awareness of the need for a system of thought with respect to it. Second, a sufficient period of time had to pass after such recognition. Third, an adequate body of professional literature based upon thought and experience had to be developed. In addition, such lectures as the present ones required the interest and training of a scholar, possessed with a catholic knowledge of the field and unusual experience to enable him to deal adequately with the subject of evolutionary management. Such a person is Professor Mee.

The School of Commerce has been honored to give Professor Mee the opportunity to present this penetrating discussion of an important aspect of business and to publish his lectures. This book will, with the earlier ones in this Ford Series by Sir Noel Hall, Ordway Tead, Herbert A. Simon, and W. Lloyd Warner, take its place as a significant contribution to the literature on management.

THOMAS L. NORTON, PROFESSOR
OF MANAGEMENT

SCHOOL OF COMMERCE, ACCOUNTS,
AND FINANCE
NEW YORK UNIVERSITY

March 1963

ACKNOWLEDGMENTS

THE PREPARATION OF THESE LECTURES around the theme "Management Thought in a Dynamic Economy" reflects my long-standing personal curiosity and interest in any relationship between the ideas people possess and their actions, which create the economic and social environment in which they live. During the past decade, every personal effort on my part has been made to identify the concepts of management as they have emerged in the literature of the field and relate them to the political, social, economic, and technological environment in which they were stimulated and created.

Professor Thomas L. Norton of the School of Commerce, Accounts, and Finance at New York University has my sincere appreciation for the opportunity to present this series of lectures which pertain to the origin and development of management thought in the United States. I am thankful for his invitation to serve as a Ford Distinguished Visiting Professor in 1962.

Many scholars, educators, and professional managers have contributed to the content of these lectures by their publications, which I have studied, and their personal influences on my thought processes during lectures and conversations. I

am indebted primarily to Professor Ralph C. Davis, a previous Ford Distinguished Visiting Professor at the School of Commerce, for his inspiration and teachings which generated my interest in the subject of management philosophy. It is an honor to have permission to dedicate this small book to him.

In some degree I must acknowledge the impact which all of the contributors to management thought listed in the chronological bibliography have had upon my own concepts and value system in the field of management. I pray that I do justice to their original concepts as they presented them in their writings, which have furthered the development of the discipline of management. Through personal persuasion and influence, Dean A. M. Weimer has sharpened my concepts of management during my years of association with him on his faculty. Dean Clarence Walton has added to my appreciation of the importance of fundamental questions and conceptual foundations for research and the study of management.

During my residence at New York University, many members of the administration and faculty were most courteous and helpful to me, especially Dean John H. Prime; Assistant Dean Harry M. Kelly; Professor John R. Beishline, Chairman of the Department of Management and Industrial Relations; and Mrs. Patricia C. Matthias, Administrative Assistant. The associations with my faculty colleagues furthered my own education and resulted in many pleasant and memorable experiences. They stimulated my own thinking about management theory and practices; many of their ideas will remain with me for transmission to future students in my classes.

INTRODUCTION

DURING THE PAST CENTURY, there has developed in the United States a dynamic economy, which has thrived in an environment of democracy and enterprise. The record of growth and progress in the economy has been written by the economists, the historians, and the statisticians. There still remain some questions concerning the reasons why such an economy germinated and grew as it has.

In this small book an attempt is made to relate the mental processes and motivations of people with their managerial behavior patterns and the consequences on economic growth. Searching inquiry is made about the relationship between management thought and economic history.

Although a rich and informative literature of management has been compiled during the twentieth century, there has been little interest in classifying and analyzing the content in a chronological manner. A sufficient quantity of literature on the subject of management now exists for a searching study of management thought to identify the trend of management concepts from their

inceptions to their present forms. Any study of the history and development of management thought must be preceded by a careful selection and classification of sources as they emerged in the literature of the field. For this purpose, the chronological bibliography of source references has been prepared and presented at the end of the series of lectures. Only the references pertaining to the origin and development of management thought are shown. Applications of management concepts to functional fields are omitted.

In the first chapter, on the genesis of the management movement, an attempt is made to determine the reasons why the subject of management became recognized as a separate discipline or subject area for study and practice. A report is made of the initial research to determine whether or not there is evidence to show any relationships between the ideas and concepts in the minds of men and the economic, social, political, and technological environment of the period in which they live.

There is evidence to support the proposition that management thought in the United States was initiated and influenced by the economic, social, political, and technological forces in the environment during the last portion of the nineteenth century. A relationship still exists between the cumulative forces in the environment of our organized society and the nature of management philosophy applied to business and industrial enterprises.

There seemed to be little interest in management thought or philosophy in the United States until the political and economic climate provided a fertile field for the seeds of management thought to germinate and

develop. Management thought followed closely in the wake of the political and the economic philosophies of our nation. Furthermore, management thought in the United States has developed in successive stages that can be classified and characterized. During each stage of development, management concepts have been influenced by the contributions of previously established disciplines such as philosophy, economics, psychology, sociology, law, and engineering.

Management thought is a product of the twentieth century. The seeds of management thought from the nineteenth century sprouted into the concepts of scientific management and the management movement early in the twentieth century. Management thought emerged in the minds of pioneering industrial managers and engineers who wanted to separate waste and inefficiency from group endeavors in a growing industrial economy. The cumulative forces of the political and economic environment resulted in the creation and development of management thought and philosophy. Once created and developed, however, management philosophy has been a stimulating and constructive influence on the maintenance of the dynamic qualities of our national economy.

In the second chapter, on current concepts of professional management, there is presented a possible explanation for the evolution of management philosophy to the current concepts of professional management. The stages of management thought are traced from the foundation concepts of scientific management to the conceptual framework of the management process. The types of business managers that have been predominant in the

United States economy are described and the stages of management thought are related to them.

Management thought and theory have evolved along with the evolution of the predominant types of managers during the present century. During the eras of the owner-managers and the captains of industry, the concepts of the scientific management movement became established. The product of the industrial revolution created a mental revolution in management philosophy and theory that is still underway.

The philosophy and practical approach to problems contained in the concepts of scientific management provided a vehicle for management education programs in universities, professional associations, and business firms. Management became a recognized discipline for the curricula of schools of business and engineering. Management education was advanced by authoritative publications on the subject and augmented by the professional programs of newly created management societies.

From the first stage of scientific management, there evolved a second stage of management thought that was characterized by the conceptual framework of organization and system. This stage of management thought was popular during the era of the financial manager in business and industry. The thought streams of scientific management blended into the concepts of organization and system to provide a broader base for management philosophy. Most of the early college textbooks for management courses embraced the organization and system point of view.

Subsequently, during the decade of the 1930's, the pro-

fessional type of manager emerged, and the concept of the management process developed as a third stage of management thought. The current concept of the management process explains management as a flow process for setting and achieving predetermined objectives in an environment by the intelligent use of human effort and facilitating resources. Management thought became oriented around the identification and refinement of the elements or subfunctions in management's work process.

The work of management has been recognized as a distinct type of endeavor which performs such activities as objective-setting, decision-making, policy formation, planning, organizing, motivating, controlling, and innovating. Although there may be some slight differences among the management scholars and authorities on the terminology used to identify the subfunctions, the basic concepts are very similar. The concepts embodied in the management process have had a wide application and a powerful influence in both educational and business institutions. If this conceptual framework is erroneous, then much management education in the United States is on a wrong foundation and moving in the wrong direction. However, the management-process stage of management thought originated in France, England, and the United States independently during similar environmental conditions in the same historical perspective.

In the third chapter, on management philosophy for tomorrow, the suggestion is presented that a fourth stage of management thought is in the making. The concept of the management process is being criticized and some replacement concepts are being offered. The currently

established management-process approach to the mission of management in organized society evolved from the former concepts of scientific management and organization and system. Each stage of management thought emerged to cope with the changing challenges and conditions in a dynamic economy based on beliefs in democracy and enterprise, with freedom of choice to foster progress for human welfare.

The fourth stage of management thought is developing to provide the professional managers with a better conceptual framework to resolve new sets of problems creeping into the economy. To maintain the dynamic qualities of our economy for future growth and progress, provision must be made by managers for changing conditions and the maintenance of vitality in our business and industrial organizations, which are increasing in size and complexity. Furthermore, new issues are on the horizon that must be met with a management philosophy that can serve top management personnel with a vehicle for logical and effective thinking if they are to remain competitive in the world economy.

The concept of the management process is being challenged by scholars from related disciplines: by the behavioral-science proponents of the organizational-behavior approach to management, by the mathematicians, who prefer the quantitative analysis or management-science approach, and by the model builders, who claim that management consists of decision-making techniques. It is fortunate that the concept of the management process in the third stage of management thought is suffering criticism because the present strife and conflict