

DEVELOPING THE INDUSTRIAL STATESMAN

*the current status
of executive development—
and a prediction for
the future.*

“Industrial management must expand its horizon of responsibility . . . It must consider the impact of its operations on the economy as a whole in relation to the social and economic welfare of the nation . . . Those charged with great industrial responsibility must become industrial statesmen.”

Alfred P. Sloan, Jr.

The General Motors Corporation

The postwar years above all have seen the rapid growth and expansion of executive development activity. In 1939 Glen C. Turner wrote that companies with fewer than 1000 employees and \$5,000,000 in assets seldom recognize a need for, or can afford to adopt, management development techniques.¹ This is quite untrue today. Current management development activities have penetrated into the personnel practices of small and medium size companies, and executive development is no longer uniquely characteristic of the giant corporation. Although the larger firms took the lead in the postwar decade, today some of the most successful executive development programs are sponsored by companies of modest size. The smaller companies could not risk the capital investment in such a novel idea, and let the giant corporations such as Westinghouse, U. S. Rubber and Bell Telephone make the pioneer effort.

The need for executive development has, however, long been recognized as just as great in a small firm as in a large one, for the executive in a small organization often has broader responsibilities than his counterpart in a billion-dollar organization. Therefore, once confidence was established in investing in management development activity, the smaller corporations joined in the effort to improve the quality of industrial management.

A concurrent development has been the adoption of executive development as a formal training technique. In its early years, executive development was regarded as an informal personnel practice, and was seldom integrated into long-run personnel policy. Selection was

haphazard, appraisal often non-existent and evaluation considered an unnecessary appendage. In short, executive development was informal and experimental. With the adoption of systematic organizational analysis and inventory control in the last decade, companies have been able to give management development programs their proper place in the overall personnel plan of replacement and promotion.

PROFESSIONALIZATION

A second trend might be termed the “professionalization and scientification” of management development. In explaining the phenomenal growth of management consultant firms during the past ten years, Lyndall Urwick, a consultant himself, attributes this increase to the growth of executive development. In an era of rapid professionalization, corporations are turning increasingly to consultants not merely to help set up their management development program, but to instruct in the programs and aid in evaluation. “Their activities have proliferated so prodigiously in recent years,” writes Willard Bennett, “that (the 1960’s) may come to be known as the ‘age of the management consultant.’”² Simultaneously, the demand for personnel staff specialists now far exceeds the supply. Men with doctorates in psychology are at such a premium today that industry is forced to enlist the university professor for part-time services. Role-playing, interviewing, sensitivity training, questionnaire construction and testing are but a few of the tasks for which industry today needs highly-trained specialists. As a consequence, industrial psychologists and industrial sociologists have been called on to help fill the need for professional advice and supervision. The shortage has been complicated further by corporate demands for more sophisticated and systematic program evaluation.³

The use of statistics and test scoring is outside the sphere of proficiency of the average personnel man, and teams of

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management consultants, psychologists and visiting academic professionals are being summoned by the corporation.

In short, with the present scientific and professional trend in management development, the demand for a highly trained personnel staff has grown far beyond prewar and early postwar proportions, and this demand gives impetus to the present trend.

MERIT PROMOTION TREND

A third trend resulting from the growth of executive development is the present tendency toward merit promotion. Management development is serving to prepare executives for promotion and therefore to curb the age old criterion of seniority for advancement. Today, through management education, executives in general are better prepared to assume top management responsibility, and there now is established a sounder basis for selection by achievement and merit as opposed to advancement by ascription, or seniority by default.⁴ In many cases firms that were slow to adopt management development activities found they were promoting the "next in line" simply because no one else had ever had the *opportunity*—the training and experience—to be as well prepared for advancement. By shutting off the avenues for personal growth, development was prevented and seniority prevailed by default. "Such a development plan is the insurance offered to the spirit of democracy," writes Lyndall Urwick, "that ability and not the accident of position will be the criterion for opportunity as for advancement itself."⁵

NEED FOR ON-GOING PRACTICE

The fourth trend concerns the role of executive development. "Protagonists have rushed pell-mell to get aboard the high-priced band wagon," writes Jack Pockrass,

without concern to integrate executive development with other continuing personnel policies and practices.

Management's investment in high-protein futures pays off quickly if a higher spot is already waiting or will materialize shortly as a newly-created post, or when opportunity's knock is pre-ordained as a sensible step in planned replacement scheduling. But if the ranks above are closed and opportunity is dulled by unknown years of waiting . . . has management then invested in discontent and underwritten costly turnover?⁶

The argument here is that executive development must be an integral part of overall personnel policy — inseparable from other company decisions concerning expansion, decentralization, replacement and promotion. In addition, development must not be a "one-time proposition," but rather an on-going practice for executives throughout their corporate tenure.

"Management development is a continuous process," writes Willard Bennett. "It is not a proposition of a seminar this year, a 'program' next year . . . it must be a planned activity and a continuous, organized procedure."⁷ Westinghouse Electric, for example, has sent all of its second and third level executives through a management development program, and now speaks of having a "reservoir" of men ready to take over any position in top management.

But this approach is static. For unless a man's subsequent experiences and training make it meaningful, the impact of a formal educational experience diminishes as the warmth of association is cooled by time and distance. Colonel Urwick concludes his American Management Report by writing that, "the concept of education as a *continuing process* is the *central thesis* of this report."⁸

Industry today, as it begins to integrate scientific management and behavioral influences with modern comparative thinking, is gradually coming to the realization that executive development is in fact a lifetime affair; and therefore the trend is for merging the concept into overall personnel policy and on-

going management objectives.⁹ This means that the continuing responsibility for developing executives is placed increasingly on the operating, line supervisors — not solely on staff personnel managers. Executive development is seen as part of management itself, not as a separate function of a staff department.¹⁰

THE UNIVERSITY AND CORPORATION IN PARTNERSHIP

Finally, one should mention what is perhaps the most significant long-term trend of all. Executive development has served, by its very growth, to foster the interdependence of the corporation and the university. Thorstein Veblen spoke of the *control* of the university by business as early as 1918.¹¹ The important factor today appears to be not the power relationship, but rather the trend toward *mutual exchange of ideas and talent*, of *cooperation* as opposed to control. We know from our study of the recent growth of university programs of management development that industrial executives are returning to the university campuses each year in increasing numbers. In this sense, the corporations are dependent upon, and certainly grateful for, the cooperation of the academic men in their development procedure.

The universities provide an excellent environment for discussion. And their libraries, dormitories, meeting rooms and provisions for recreation are ideal. In general, the university atmosphere engenders a thoughtful and receptive frame of mind. In addition, the universities are able to provide outstanding teacher-scholars to comment on the economic, political and social forces which affect business operation.

But the movement of men is not simply one-way. The corporations invite faculty members to participate in company affairs. In meeting the demands of executive development for skilled personnel, faculty members serve as advisors and consultants to management on personnel matters ranging from the direction of role-playing and sensitivity

training -- to supervision of testing, selection and evaluation procedure. In exchange, the university faculty are happy to supplement their salaries with consultant positions, and often find teaching corporation executives more stimulating than instructing a group of less mature and experienced undergraduates.

The future should witness an extension of this important trend. As executive development activity increases on the corporate scene the corporations should realize an even greater need for university faculty and facilities, and the universities give every indication that they will prepare to meet the corporate demand. The resulting interdependence may well alter the power relationship of which Veblen spoke, and lead to a creative symbiosis, involving a mutually profitable exchange of both talents and ideas.

TREND TO SOCIAL CONSCIENCE

The Twentieth Century has witnessed the growth of the corporation in size and in economic power. The "robber-barons" who directed the large corporate enterprises at the turn of the century appreciated their position of power in American society, and, quite often, used it for personal advantage. But the Twentieth Century has seen great changes in the role of the corporation in American society. We have come a long way from the egoism or "power for power's sake" of the "robber-baron" days.

The first fifty years of the Twentieth Century brought a sense of social consciousness to the industrial scene. Giant corporations began to realize that their decisions affected the economy and the American people as a whole; and corporate leaders became aware that their continued success was in part dependent upon the support of people they served. The rise of restrictive laws on corporate behavior, and the rising stature and influence of labor unions certainly played a part in making the corpora-

tions conscious of their societal role. "We also have far-flung responsibilities to thousands of employers, suppliers, customers and citizens in the communities where we operate," wrote one corporation president. "All of these people are important to us for their confidence and support are indispensable to our success."¹² The corporations were developing a public recognition, if not a public responsibility — a social consciousness, if not a social conscience.

The early signs of genuine corporate social conscience emerged after World War II. The corporations then moved a cautious step beyond the state of "consciousness" that characterized their turbulent adolescence, toward social conscience which perhaps marks the advent of corporate maturity. Industrial leaders came to the bold realization, as Wilbert E. Moore has written, that "ethical responsibilities of business leadership should proceed beyond the protection of narrowly economic interests to one of genuine social leadership."¹⁴

This new idea brought radical changes in personnel policy. The profit motive — long seen as the sole goal or *raison d'être* for corporate existence — was to become a means and not an end. Educational activities were re-evaluated by personnel executives and training techniques placed under scrutiny. Although not a primary cause for executive development activities, these policy changes were to effect shifts in management development plans, and set new trends for the future.

TRENDS FOR THE FUTURE

The resulting personnel doctrine expressed the growing feeling of responsibility of the corporation to society at large. Adolf A. Berle in 1954 was one of the first men to note the importance of this emerging industrial conscience, and introduced the idea of "corporate trusteeship."¹⁵ *It means that the trend is — and will continue to be — increasingly toward liberal arts programs of*

executive development to prepare executives to shoulder the responsibilities inherent in the doctrine of corporate trusteeship.

The tasks executives have begun to face today and will inescapably confront tomorrow, arise out of the economic and social roles of corporations in American life. They are of a magnitude that cannot be properly grasped, let alone successfully dealt with except by men with "big" minds, writes C. Scott Fletcher, president of The Fund for Adult Education. "In terms of education," he adds,

"the best way of cultivating the requisite 'bigness' of mind is through the liberal studies, conceived as those areas of knowledge which enlarge the understanding and deepen the insights of men, both with regard to men themselves and men in their social relationships."¹⁶

Hence executive development will be called upon to train the managers of tomorrow to assume social responsibility, and this ideal implies a continued and increasing need for management education. It moreover indicates the central role that the humanistic studies will play in pointing the direction for expansion of executive development activities in the decade of the Seventies.

Although the philosophy of corporate responsibility spread after World War II, there has been a familiar lag between policy formulation and corporate action. Among corporations today, humanistic studies for executives is still the exception rather than the rule. But the success of the Institute for Humanistic Studies and the Sloan Foundation Program at M.I.T. has given humanistic education a high stature. The leadership example provided by these respected organizations has brought greater acceptance of liberal arts education as a development technique throughout industry. Ralph J. Cordiner, president of General Electric, in urging an increase in humanistic studies for his executives back in 1954 said:

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splendid record of social responsibility, must continue to be one of the fountainheads of social progress in the business world. We must so conduct ourselves in relation to our customers, our shareowners, our employees, our suppliers and the public — that all America will look to us for the highest standards in matters of corporate responsibility. And if we are to achieve these aims, our future executive must have the benefits of a liberal education.¹⁷

Dr. Morse Peckham, initial director of The Institute for Humanistic Studies, summarized the role of a liberal education for executives in the context of the emerging philosophy of management as societal trustee:¹⁸

The business statesman of the future must understand his own corporation, the forces at work within it, and its meaningful relation to society of which it is a part. Business has a vast new world opening before it. To penetrate that world it must use its invention, the great corporation, in a new way. And to do so, it must have a business leader with special intellectual, personal, social and ethical qualities. And although there have been business leaders of this kind before, now because of the opportunity and necessity, the business world cannot be content with letting them appear accidentally. It must train them.¹⁹

This means, in short, the trend toward a new philosophy of executive development in the coming decades — a movement away from technical training in techniques of marketing and finance — toward a liberal education. The aim is not merely to prepare men for their role as company executives: but as leaders in an industrially-oriented society.

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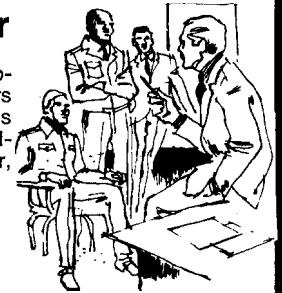
1. Glen C. Turner "Executive Training," *The Society for the Advancement of Management Journal*, IV, No. 4, Jul. 1939, p. 87. See also

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Employing the "unemployables" needs the support and understanding of front-line supervisors as well as the approval of management. This Workshop discusses the background, personality and characteristics of the Hard-Core worker, and the techniques needed to develop him.

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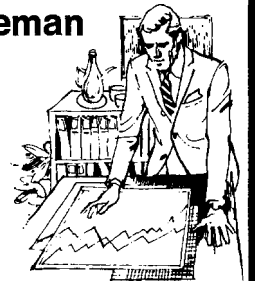


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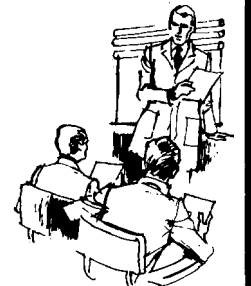


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- "Two Ideas on Executive Development in American Business," *Advanced Management Journal*, XXXI, No. 1, Jan. 1966, pp. 9-15.
2. Willard E. Bennett *Manager Selection, Education and Training*, McGraw Hill, 1959, p. 7.
 3. See, W. J. Carey "Evaluating Executive Development Programs," *Advanced Management*, XXVI, No. 9, Sep. 1965, pp. 53-54.
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 5. Lyndall F. Urwick "How to Improve Executive Training," *Nation's Business*, XLVI, No. 7, Jul. 1958, p. 54.
 6. Jack Pockrass "Executive Development—Semantics or Substance," *Personnel Administration*, XXII, No. 6, Nov.-Dec. 1959, p. 41.
 7. Bennett *op. cit.*, p. 37.
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 9. See Craig C. Lundberg "Management Development Refocused," *Personnel Administration*, XXIX, No. 1, Jan-Feb. 1966, pp. 39-44.
 10. For a discussion of this trend see Robert K. Stolz "Executive Development - New Perspective," *Harvard Business Review*, XLIV, No. 3, May-June, 1966, pp. 133-143.
 11. See Thorstein Veblen *The Higher Learning in America: Memo on the Conduct of Universities by Businessmen*, Heubach, 1918.
 12. J. D. Zellerbach, President, Crown Zellerbach Co., *Annual Report for the Year Ending Apr. 30, 1955*, p. 1.
 13. One might venture the hypothesis of an Hegalian dialectic, with the emergence of "social conscience" as an effort in the direction of a synthesis.
 14. Wilbert E. Moore *Industrial Relations and the Social Order*, MacMillan and Co., 1956, p. 550.
 15. Adolf A. Berle, Jr., *The Twentieth Century Capitalist Revolution*, Harcourt, Brace and Co., 1954, Ch. 5.
 16. "General vs. Specialized Education for Business: The Debate Grows Hotter," *Office Management*, XXI, No. 1, Jan. 1960, p. 34.
 17. "Responsibility of Business Leaders," Talks presented to the Leadership Conference Association, 1954, privately published.
 18. A great deal of criticism of this sense of social responsibility on the part of corporations has been written. Opponents of the trend have accused corporations of only seeking greater social control; of using the doctrine as a public relations machination to improve the corporate image; of making grants to universities to obtain control over the curriculum; and of adopting executive development programs as merely a tax advantage. It is not our object, however, to evaluate these criticisms. We are discussing the philosophy of "corporate trusteeship" only as it influences the growth and direction of executive development activities for the future.
 19. Arthur P. Dudden "The Organization man—As Student," *Personnel Journal*, XXXVIII, No. 8, Jan. 1, 1960, p. 287.

DRAMATICS ON TV USED FOR SMALL BUSINESS TRAINING

Small business case studies dramatized recently on WHA-TV, Channel 21, may be the start of a new era of programming for the commerce department of University Extension, the University of Wisconsin.

Kenneth Rindt, head of business program development for the department, produced a film called "Starting and Managing a Small Business." It analyzed two Madison small businesses. A panel discussion by Madison area businessmen followed. Orville Palmer of Milwaukee, chairman of Extension commerce, was host.

"Putting these case studies of successful small businesses on television may be a first in the nation," Rindt said. "Most case studies are buried in the pages of business books and pamphlets, but we feel that it's time to use television as an instrument of dramatizing them inter-

estingly enough so that businessmen can learn from them.

"This new programming out of commerce and its Management Institute shows that we are constantly exploring and finding new ways of serving businesses which have supervisory and manpower problems," Rindt said.

Of the approximately 50 viewers writing evaluations of the program, more than half agreed that TV is a good method of presenting business information and nearly as many requested more TV-panel presentations.

Various edited versions of the program will be circulated later. One will go to educational and commercial television stations in the state and another edited film will be available through Rindt's office to businessmen's groups. Guides for local discussions will be provided.