

## Una Pagina Classica

# The Social Responsibility of Management

Before we come to the problem of organizing the factory, it is essential to make it quite clear that the pre-eminent task of management, through all the various channels of production and facilitation, is the direction of the activities of human beings. The exercise of management, therefore, requires human faculties. It is not the operation of a machine, but rather the direction of a complex and nervous organism. Obviously this demands more than scientific method, more than efficient machinery, more than technical skill. Permeating these, and greater than any one, is the necessary quality of human understanding. This is not inherent in any technique. Technique may be of the highest, but without the leaven of human understanding its contribution to production may be of little avail. The practice of management is therefore wholly distinct from its underlying technique. In this respect, management comes into line with the recognized professions. In none of them is knowledge of itself enough; each one requires the qualities of human sympathy, understanding, and skill in its application...

It is clear, therefore, that fundamentally, whatever may be the obscurities which economic progress has introduced, industry, and more especially the management of industry, is subject at any rate in an economic sense to the community. This is the foundation of that theory which postulates "service to the community" as the primary motive and fundamental basis of industry...

In so far as the motive of industry is that of service, it cannot be wholly economic. Any service which places the good of the person or community served above the advantage gained by the servant cannot be wholly economic or material. It may be economic in character, but it must be ethical in

motive. It is this motive which distinguishes the modern interpretation of the service rendered by industry. That industry renders an economic service to the community has never been doubted; the new philosophy insists that the good of the community, furthered by such service, shall be the determining factor, rather than the monetary profit which is incidental to such service...

As capital recedes from actual participation in the day-to-day affairs of industry and management extends its sphere, the motive of profit alone becomes increasingly remote and archaic. As the primary partners in production become increasingly untrammelled by the interference of capital in the conduct of industry, the need for a motive and an ideal, which will adequately interpret the fundamental purpose for which industry exists, becomes a common necessity. The profession of the manager is becoming a public one; he is beginning to sense his obligation to the community. We are indeed witnessing the entry into the direction of industry of ethical considerations as a determining factor in policy, at least equal to considerations of profit or personal advancement...

The ideal of service, in fact, subordinates wealth, its creation and distribution, to the higher necessity of well-being – a well-being not of individuals but of all the component parts of the community. For the spirit of the leadership exercised by the directors of industry counts for not a little among national ideals. If industrial leadership is self-seeking, devoted on to material ends, national ideals tend to follow a similar course...

**Oliver Sheldon,**  
*The Philosophy of  
Management,*  
1924

These, then, are the three implications of the motive of service: firstly, that in its present form, industry shall value its policies and methods by ethical as well as economic standards; secondly, that industry shall aim at a structure wherein each individual gives of his best, and is called upon to express his personality, if not in the actual operation he carries out, at least in his relations with his fellow-workers and the management; thirdly, that industry shall so conduct its business that all engaged in it have the opportunity to devote their highest faculties to what is communally the highest...

Service to the community consists in supplying it not only with the goods and services it requires for material existence, but also with the citizens it requires to advance. The worker in industry, therefore, is not solely a means for the production of goods, but also an agent in social progress. His function is not only industrial but communal. He is not only a worker, but also an individual. This is the basic principle which forms the social obligation of management – the obligation to regard the worker, not as a perquisite of industry but as an individual, loaned to industry for the betterment of the community...

The task of management, therefore, is not simply the co-ordination of men and work as if the two were on the same plane. The man is infinitely more complex than his machine. Where the design of work requires technique and brains, the leadership of men calls for patience, courage, and, above all, sympathy...

Management cannot accept responsibility for the individual as worker, and deny its responsibility for him as a social unit. The two are inextricably intertwined. It is impossible to dissociate life outside from life inside the factory...

This responsibility is all the greater in that management not only directs the activities of some 34 per cent of the population, but does so, to-day, for the greater part of their working hours.<sup>1</sup> No other form of social activity exercises anything approaching the same sway. The church may claim a minority of them for but a couple of hours a week; the State may claim them for very much less. But industry claims them from morning to night, from youth to old age. Clearly, then, the production of goods is not the only service which management

renders the community. It has within its grasp to make or to unmake men...

There is need to affirm the basic ethics of corporate life, so that industry as it develops may be guided by the sign posts, not of selfishness and greed, and the restriction of effort, whether on the part of Management or of Labour, but of service, democracy, and efficiency. Good service is only possible upon a basis of efficient co-operation. The social responsibility of management is to carve out the path of cooperation in service, so that the economic service of the community may produce not only material wealth but spiritual well-being. "While the advances made by objective science and its industrial applications are palpable and undeniable all around us, it is a matter of doubt and dispute if our social and moral advance towards happiness and virtue has been great or any," says Mark Pattison. That which has been lacking is the consciousness of a unifying motive in industry. When industry comes to be actuated in its everyday affairs by a motive which transcends self-interest, the moral progress of our community may be said to have begun. The cost of building the Kingdom of Heaven will not be found in the profit and loss accounts of industry, but in the record of every man's conscientious service.

Excerpts from Chapter III, "The Social Responsibility of Management, in Oliver Sheldon, *The Philosophy of Management*, London, Sir Isaac Pitman and Sons Ltd., first published 1924, reprinted 1965, pp. 70 – 99.

It is interesting to note that this text was republished, with an introduction by Alfred Chandler, in 1980, and again on 25<sup>th</sup> September 2003.

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### Note

<sup>1</sup> Professor Bowley, in *The Division of the Product of Industry* (Clarendon Press, 1919), states that of a population in the U.K. in April 1911, of 45,220,000, some 15,650,000 were wage-earners. This includes, of course, some proportion not employed in strictly industrial undertakings.