

# 1

## BUSINESS AS AN INTEGRATIVE UNITY<sup>1</sup>

MARY PARKER FOLLETT

A man said to me once, a man working on a salary as the head of a department in a factory, "I'm no wage-earner, working so many hours a day; if I wake up at midnight and have an idea that might benefit the factory, it belongs to the factory." His implication was that the wage-earner would not feel this. Can business reach its maximum of efficiency and service unless it is so organized that the wage-earner does feel this?

But the subject we are considering, that of integrative unity, goes far beyond the question of the worker's place in industry. It seems to me that the first test of business administration, of industrial organization, should be whether you have a business with all its parts so co-ordinated, so moving together in their closely knit and adjusting activities, so linking, interlocking, interrelating, that they make a working *unit*—that is, not a congeries of separate pieces, but what I have called a functional whole or integrative unity. I have taken these phrases from Kempf, the psychobiologist. They seem to me to represent one of the most profound of philosophical and psychological principles, and one which helps us very materially in working out practical methods of business organization. For this principle applies to the relation of men, the relation of services, the

relation of departments, the last of which I have found one of the weakest points in the businesses which I have studied. How are we to get an integrative unity? How are we to know when we have it? What tests are there which will show us when we are approaching it? . . .

This is the problem in business administration: how can a business be so organized that workers, managers, owners, feel a collective responsibility? The advantages of creating a sense of individual responsibility have long been noted as one of the cardinal principles of business administration, and many have leaned toward employee representation because they thought it was developing this. Some say in the language of the old maxim: Responsibility sobers. Or as one young manager said to me of his workmen, "They don't have so many darn fool ideas now." The idea of a collective responsibility, however, has been neither fully accepted nor the methods of obtaining it worked out.

I think myself that collective responsibility should begin with group responsibility, that a form of departmental organization which includes the workers is the most effective method for unifying a business. In one business, where there is a strong feeling on the part of the managers that the worker

## 8 • PART I: THE RELATIONAL ORGANIZATIONAL FORM

should be given responsibility to his full capacity, group responsibility is encouraged wherever possible. For instance, the chauffeurs asked for shorter hours. They were given a fifty-four hour week with overtime, and the chairman and secretary of the chauffeur group, acting for the group, assumed the responsibility for each man giving an honest week's work. We see the next step in collective responsibility, interdepartmental relations, in a store where, for instance, the elevator force has meetings at which are considered how the elevator force can help the store superintendent, how it can help the charge office, the advertising office, the information bureau, the mail order department, etc. Such steps are, of course, mere beginnings in the solving of what seems to me the crux of business administration, the relation of departments, of functions, however you wish to put it. Any study of business as an integrative unity should, I think, make this problem its chief concern.

An understanding of this principle of integrative unity which we are considering will keep us not only from a false individualism, but also from a false altruism. For instance, if we dislike many of the old ways of hiring and firing which often left too much to the mere whim of the foreman, we sometimes say that we dislike these methods because they are not fair to the workman, but the truth is that we do not change these methods in order to benefit the workman only, but because the change will benefit the business as a whole. Or take the necessity of regularizing employment so that seasonal or so-called "cyclical" fluctuations will be reduced. This need should not be taken up solely as a grievance of labour, for there is loss in overhead as well as loss to the employees. Again, the arbitrator should arbitrate for the institution. This should go without saying, but a union girl asked, "Is he pro-labour?" You can be *for* labour without being *against* capital; you can be for the institution.

When you have made your employees feel that they are in some sense partners in the business, they do not improve the quality of their work, save waste in time and material, because of the Golden Rule, but because their interests are the same as yours. Over and over again in the past we have heard it said to workmen, "If this were your material, you wouldn't waste it," and over and over again that

admonition fails. We find, however, that when there is some feeling in a plant, more or less developed, that that business is a working unit, we find then that the workman is more careful of material, that he saves time in lost motions, in talking over annoyances, that he helps the new hand by explaining things to him, that he helps the fellow working at his side by calling attention to the end of a roll on the machine, etc. This is the Golden Rule taken behaviouristically. It is, by the way, the Golden Rule taken idealistically, too, for a functional whole is a much higher conception than our old notion of the Golden Rule.

Before we leave the subject of joint responsibility, I should like to consider the matter of how far it should go. We might base our discussion of this on a case which came up in Wisconsin some years ago. After the workmen's compensation law was passed in Wisconsin, a case in dispute came before the Industrial Commission for decision. A teamster got drunk in his employer's time, fell off his wagon and was killed. His widow petitioned for the amount of indemnity to be paid by the employer and won. The Supreme Court sustained the decision and later the Legislature sustained their opinion by making the law more explicit. Professor Commons tells us that back of the overt reasoning in this case there was the feeling of group responsibility. "On the former legal theory of individual responsibility," he says, "these decisions could not be justified. Only on a theory of partnership or solidarity of interest can they find justification. Employer and employee are engaged in a common enterprise. They jointly assume the risks and share the burdens and the benefits of the enterprise. More than that they share each other's frailties." I cannot see the matter wholly in this light, but a principle recently and soberly embodied in the law of one of our states is worth consideration.

I want to add one word more in regard to this conception of joint responsibility, joint control, and that is to point out that what we are considering is not at all the same as the conception of reciprocity so often advocated. I disagree with Professor Commons that "loyalty is an expectation of reciprocity." Our obligations, our responsibilities, our loyalty, should be, as we said of obedience in the previous lecture, to a functional unity of which we are a part. Robert Valentine said: "Employers should stop talking about

the loyalty of their employees until they are ready to make an equal noise talking about their loyalty to employees.” This was well worth saying, but if Mr. Valentine were here to-day he would say, I think, that this is a rather crude way of looking at the matter compared with our present conception of loyalty as part of the process of creating business unities.

Joint loyalty, then, joint responsibility, are very different conceptions when considered as an interweaving of obligations and when considered as a reciprocity of obligations. I wish you would make a note of this fallacy wherever you find it, in your reading or in your observation of business administration. For instance, Mr. Leiserson asks: “Does the company desire to do justice as the company sees it, or is the employer ready to administer justice to his employees as they understand justice?” But why should Mr. Leiserson think the latter any better than the former? It seems to me that it is just as true in regard to the standards for the conduct of business as it is for control, responsibility, loyalty, that standards, too, must be jointly developed. And the immediate moral of that is that the organization of the plant should be such as to make this possible.

### THE REDISTRIBUTION OF FUNCTION

---

The first test of any part of business organization and administration should be, I think: how far does this make for integrative unity? Take the question often discussed, and sometimes made a practical issue, whether foremen should belong to unions. The arguments in this discussion are not based on the theory of integrative unity, but on the theory of sides, controversial sides. Indeed perhaps no one subject could throw more light on this subject than the foreman’s position, and if there had been time I had intended to give a section to that. If, however, we have not time for this or many other interesting questions, there is one point I wish to speak of, and that is that managing itself is an interpenetrating matter, that the distinction between those who manage and those who are managed is somewhat fading. We are on the way, it seems to me, to a different analysis of services from that which we now have. This is the most valuable suggestion, I think, in a very valuable paper read by Mr. Dennison to

the Taylor Society. Mr. Tawney has also shown us that no sharp division can be drawn between management and labour, and that the line between them fluctuates widely from industry to industry with the nature of the work carried on. “There are certain occupations in which an absolute separation between the planning and the performance of the work is, for technical reasons, impracticable. A group of miners who are cutting and filling coal are ‘working’ hard enough. But very little coal will be cut . . . unless they display some of the qualities of scientific knowledge, prevision and initiative which are usually associated with the word ‘management.’ What is true of miners is true, in different degrees, of men on a building job, or in the transport trades. They must exercise considerable discretion in their work because, unless they do, the work does not get done, and no amount of supervision can compensate for the absence of discretion.” That is a sentence worth remembering—no amount of supervision can compensate for the absence of discretion.

We can all see daily the truth of the statement that not all the managing is done by the management, that workers are sometimes managing. I can see this clearly in my household; if my cook plans my meals as well as cooks them, she does some of the managing of my household. It is claimed that the plan of the Baltimore and Ohio, of bi-weekly conferences between managers and employees in the workshops, has produced the following results: reduction in labour turnover; routes of carrying material shortened and made easier; fuller and more regular operation made possible; the average delays per week behind schedule reduced; monthly materials per employee reduced; and the work of repairs greatly facilitated as well as the quality improved—the problem of getting a steady flow of adequate material was solved and certain difficulties in the tool-room which wasted time were straightened out. This is all part of the service of managing. But even when the workmen’s managerial capacity is not tested so far as this, there is usually room for some. Whenever labour uses its judgment in planning, that perhaps is managing. If the worker is given a task and allowed to decide *how* he will do it, that perhaps is managing. It would not be possible to carry on a business if the workers did not do some managing.

There are two ways, however, of looking at this matter of managing ability among the workmen. One executive says: "We wanted to get any managing ability there was, from counter, stock-room, truck delivery or wherever, into the management. We wanted it for ourselves as well as to help the people advance." This is certainly sound business sense, but then in addition to this, it seems to me that there is another attitude to be taken. It should be recognized that almost everyone has some managing ability, even if it be very little, and opportunity should be given each man to exercise what he has on his actual job. If all on the managerial force have—as, of course, they have—initiative, creative imagination, organizing and executive ability, there are many workmen who are not entirely lacking in these qualities. We want to make use of what they have.

If the job of every workman were analysed so that each could understand what opportunities he had for managing, that might have both a direct and an indirect influence on production. Indirect because this might greatly increase the workman's self-respect and pride in his work, which is so necessary for the best results. A workman who had sat on a good many conference committees said to me, with dignity and pride: "When I am on that committee I am the equal of anyone; of course when I go back to my work I am just a workman, but while I am on that committee I am the equal of the President himself." I told that to the President and he said: "He must be made to feel that all the time." Yes, but the difficulty is how. I wish you would consider that. Perhaps one way would be so to analyse each man's work that he would realize that he had some managing to do as well as the President.

To be sure, the awards for suggestions given in so many plants now are a recognition that the workman has managing ability. This recognition is, however, not yet sufficiently widespread. The post-office workers of England have repeatedly claimed that they have made suggestions for the improvement of the service which have been turned down. In a group of Derbyshire miners one man rose and said, "There isn't a man in this room who hasn't time and again made suggestions and been told that he was paid to work and not to think."

Whenever the trade unions show managing capacity, I think they do more for their cause than by

any other of their activities. When the Amalgamated worked out a plan of employee insurance, when a few years ago the Photo-Engravers Union of New York drew up a new price-list, submitted it to their employers and won its acceptance, they went far beyond the function of unions as defence organizations.

In England we have several examples of plans from the workers actually making possible the continuation of production, as in the case of the British Westinghouse employees when the managers were thinking of closing down the foundry on account of the high cost of production. The fact that workers themselves have in many instances treated the disputed points between employers and employees as problems rather than matters of rights is a hopeful sign that the workers' demand for share in control is not a mere gesture for "power," that they feel in themselves managing capacity.

If the worker's job ought to be analysed to see what part of it is managing, so the managers' jobs should be analysed to see if to any part of those the workers could contribute anything. It may be found that even in those activities which have been considered exclusively the functions of the managers, as correlating the selling and production departments, the buying of material and equipment, the control of the flow of material through the plant so that there will be no congestion—even to these the worker can make some contribution. . . .

---

#### VARIOUS FACTORS AND RELATIONSHIPS UNDERLYING FUNCTIONAL UNITY

---

I have had time to give only hints of what I mean by functional unity in business. Let me emphasize a few points even if I can do so by scarcely more than headings. First, the interdependence of all the activities involved is clearly evident. There really is not such a thing, strictly speaking, as a departmental problem; there is hardly a problem, more-over, which can be considered purely one of production or distribution. The parts of modern business are so intricately interwoven that the worker, in order to have an intelligent opinion in regard to even his own problems, has not only to know something of processes, of equipment, has not only to consider

the effect of the introduction of new machinery and the training of the worker; he should also understand the connection between the production and the commercial side, should know something of the effectiveness of the sales organization—misguided sales or purchasing policies may ruin a business. There are many now who think the worker should study unit costs, but he cannot understand low unit costs, can he, without knowing something of the terms of securing credit which help to determine unit costs? More-over, I think some knowledge of the general business and trade policy—adjustment of supply and demand, prospective contracts, even the opening of new markets—would make the opinion of the worker on production processes more valuable.

While the necessity of team-work between the departments is recognized by everyone, the methods for obtaining it are not yet sufficiently worked out, and the matter is sometimes a little blurred by the fact that different departments are working at different things at any one moment. The manufacture of cigars is almost a continuous process because cigars have to be fresh, but the buying of the tobacco has to be concentrated in short periods in spring and summer. The signing of contracts for delivery takes place at a different time from the manufacture of the product. This, however, does not change our problem; it merely makes it a more intricate one.

Besides all these relations which I have named, there is the newer one of production manager and personnel director, an important and often very delicate matter. As one Works Manager said, "Why is this young man of thirty-two supposed to know more of human nature than I at fifty-eight?" We are sometimes told how necessary it is that these two should "get on" together, but *you* all know that unless the personnel director does a good deal more than "get on" with Works Manager or Manufacturing Committee, he will not be of the greatest usefulness to his firm. In fact one of the things I feel most strongly about business administration as it exists to-day is that until we find some better way of uniting technical and so-called psychological problems than we have at present, we are far from efficient business administration.

Another necessary unifying we have not considered is the relation of the main firm to its branches—branch banks, branch stores, or a number of plants operating under one management. Many

problems would meet us here, but we can use the same principles in trying to solve them.

In concluding my necessarily meagre treatment of what I have called integrative unity, I should say that the efficiency of many plants is lowered by an imperfectly worked out system of co-ordination of parts. In some instances what co-ordination there is depends chiefly on the ability of certain heads to get on together; their willingness to consult each other depends too often on mere chance qualities or conditions—perhaps whether certain men commute by the same train! An adequate system of co-ordination has not yet, so far as I know, been worked out for business administration.

It is impossible, however, to work most effectively at co-ordination until you have made up your mind where you stand philosophically in regard to the relation of parts to the whole. We have spoken of the relation of departments—sales and production, advertising and financial—to each other, but the most profound truth that philosophy has ever given us concerns not only the relation of parts, but the relation of parts to the whole, not to a stationary whole, but to a whole a-making. What does this mean in business? It means that the sales department, for instance, should have some principle by which to test the relation of a sales policy to general policy. Books on management sometimes tell us that the production manager should subordinate departmental policy to business policy. I do not agree with this. In the *Bulletin of the Taylor Society* for February, 1924, it is stated that "any department head should recognize organization policies as more vital than his own." I wonder why more "vital"? Or I have seen it stated that department heads should realize that general policy is more "important" than departmental policy. He should not, because it is not, any more than the United States is more important than New York, and I am no states-righter either. Co-ordinate manufacture and sales? Certainly, also work out the relation between manufacturing and general policy and between sales and general policy, always remembering that general policy is, or should be, no more important, but that all the time manufacturing and sales policies are contributing to general policy. The production manager should not subordinate departmental policy to business policy; he should contribute it, and he should see that it is

a contributable policy. That is the chief test of the production manager, whether his policy is a contributable policy.

I should like to say parenthetically that in order to consider this subject in one paper, we are leaving out many questions. Perhaps to secure independence of outside capital is necessary to functional unity, but such questions would carry us too far afield.

#### THE ADMINISTRATOR AS INTEGRATOR OF THE INTERESTS OF ALL PARTIES CONCERNED

---

So far we have been looking only at the unifying of a single plant in its many relations. We have left out of consideration the question of unifying a whole industry, although obviously that is very important. Many shortline railroads cannot pay if considered separately. In a number of industries, profits as a whole could make reasonable return on that industry as a whole. If the industry were considered as a whole, the so-called marginal plants might be kept going. Again, wages cannot be set by one plant; the tendency is toward equalization in the same trade over considerable areas. This applies also to hours of work. Moreover, it is the whole industry which should take into consideration the demand for its product; one plant cannot, to the greatest advantage, organize its production in relation to the demand. This is part of the problem of unemployment. The selling agencies throughout an industry should have some connection if production is to be regularized.

I need not speak at any length of how much competing firms have in common and the many instances we have of the increasing recognition of that, as in the case of the two rival Ohio firms which arranged for transfer from one plant to another for promotional purposes. (I am aware that the radicals would say that was probably a move against the consumer, but I do not want to go into that now.) The Joint Council of Electrical Contractors and Electrical Workers made an arrangement in New York in 1919 or 1920 for the exchange of skilled workers, and set up an employment bureau. It was thought at the time that statistics on cost of living, etc., could be pooled, wages and working conditions standardized, and the flow of labour to some extent controlled. The stated object of the National Industrial

Council movement of England was increasing uniformity in labour standards *by industries*.

And beyond all this, beyond the matter of the unifying of single plants, beyond even the unifying of all the plants in the same industry, there is still another way of looking at business unity which should be one of the chief concerns of the business administrator. He sees the three classes: (1) workers, including industrial and managerial workers, (2) consumers, and (3) investors. The chief job of business is to find a method for integrating the interests of these three classes. I have said nothing of the consumer, because there has not been time, but when we find employers and employees uniting against the consumer to secure higher prices, tariff regulations or other preferential advantages, when we are told that the cotton industry in England will always, in case of anticipated government interference, respond to the call of "Lancashire against London," then we see how important is this branch of our subject.

Just as the *relation* of jobs is a part of job analysis, just as the *relation* of departments is a part of scientific management, so a study of all these relations just mentioned should be a part of the study of business administration. I wish it were not so often assumed that the subject of personnel relations in industry applies only to employers and employees. The manager has to get credit from the bankers, make dividends for the stockholders, and he has to deal with his competitors. To be more exact, the manager has relations with (1) bankers, (2) stockholders, (3) co-managers and directors, (4) wage-earners, (5) competitors, (6) the people from whom he buys, (7) customers.

The business man has probably the opportunity to-day of making one of the largest contributions to society that has ever been made, a demonstration of the possibility of collective creativeness. Many writers tell us that we are living in a barren age and deplore this as a sign of our degeneration. These writers look to the periods of creative energy in the past and find there their Leonardos and their Dantes; they then look around to-day and, seeing no Leonardos nor Dantes, deplore the unproductiveness of our modern civilization. Such people make the mistake of connecting creativeness always and inevitably with individuals. They do not see that we are

now at the beginning of a period of creative energy, but that instead of being the individual creativeness of the past which gave us our artists and our poets, we may now enter on a period of collective creativeness if we have the imagination to see its potentialities, its reach, its ultimate significance, above all if we are willing patiently to work out the method.

In the field of politics we see little to encourage us; but in the League of Nations, in the co-operatives, above all in business administration, we see an appreciation emerging, not in words but in deeds, of what collective creativeness might mean to the world. Much of our theoretical writing accepts without analysis time-honoured phrases and notions, treats as fundamental ideas the crude, primitive attempts to get at democracy by rule of thumb. The world has long been fumbling for democracy, but has not yet grasped its essential and basic idea. Business and industrial

organization is, I believe, on the verge of making large contributions to something far more important than democracy, democracy in its more superficial meaning—to the development of integrative unity. Business cannot serve its maximum degree of usefulness to the community, cannot perform the service which it has, tacitly, *bound* itself to perform, unless it seeks an enlarged understanding of the practical methods of unifying business organization.

---

#### NOTE

1. This paper was presented in January, 1925.

---

SOURCE: Follett, Mary Parker. 1942. Excerpt from "Business as an Integrative Unity." Pp. 71–94 in *Dynamic Administration: The Collected Papers of Mary Parker Follett*. New York: Harper and Brothers.