

## TWO KINDS OF LABOR MANAGEMENT

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### I

During and after the war the significance of labor management in business and industrial organization has been generally recognized in Japan. The vast labor demand during the war period led to the adoption of a conscription system and other emergency measures, yet the utmost efficiency of this half-forced labor was imperative. Under these circumstances, the task imposed on business and industry was to devote themselves wholly to increased production. Labor management should naturally have been a matter of great concern, reliance being placed on increased efficiency of more or less forced labor, but actually this was far from general recognition. In order that labor be efficient, the morale must be stimulated and the will to work must be active. Only in so far as worker has the active will to work, can the problem of methods of the efficient utilization of man power be appraised. As conscripted labor did not always present basic conditions for such increased efficiency, labor management was, first of all, obliged to stimulate the will to work. Efforts connected with nationalistic movements beyond the field of business, lose the essential character of labor management but change to transcendental mental movements. The management of labor connected with the war-time industrial patriotic movement was open to criticism. In consequence, "labor management as production management" was advocated, but if one should make light of the problem of the will to work and merely deal with that of *the efficient utilization of labor power*, possible only on the basis of this will, there would eventually remain an important problem unsolved.

When the patriotic movement disappeared with the termination of the war, the former labor management backed by this movement ceased for a time to be in action, being replaced by the labor union movement. Under the pressure of organized labor, with demands for increased wages and other problems, the necessity of labor management was felt, but its direction was far from clear. There was a period of hesitation, which was ended by the imperative of rationalization. It seems, however, that the

true task of labor management has not yet been clearly understood, not only in Japan, but generally. What is then the task of labor management? In relation to this we must distinguish *two kinds of labor management*. In order to make clear the general character of labor management, the historical development of business and industrial management should first be sketched.

## II

It was in the Eighteen Eighties that the problem of the increase of efficiency became a matter of concern in the United States, developed into a movement. At that time there were signs of *systematic soldiering* spreading among factory workers, which would lead to serious inefficiency in production. The solution of this problem was imperative. It was considered that the systematic soldiering was due to the *rate-cutting* in the piece-rate system, which at that time was prevailing, and that the adoption of new wage incentive methods would be the best measure for countering the go-slow movement. This was an early form of advanced management developed by the *efficiency or management movement* and was called "drifting management." In other words, the movement found the principle of the treatment of labor problems directly in the increased efficiency of labor and devised new wage incentive methods for this purpose. The new methods were several gain-sharing plans as represented by the Halsey plan. These plans may be taken as the most advanced "drifting management," which is called especially the management of "initiative and incentive."

Drifting management aims at the increased efficiency of labor, but without taking up this problem from the inside. On the contrary, by the adoption of wage incentives it only outwardly and indirectly stimulates and encourages the increased efficiency of labor. It is easy to detect the weaknesses of this form of management in that the success of this indirect method depends solely upon the response of individual workers and upon the course of things.

F. W. Taylor has struck out a new line in developing the efficiency movement, characterized as "Scientific Management." He laid stress upon the increased efficiency of labor directly and concretely, that is, from the inside. He believed the cause of rate-cutting not to be in the piece-rate system, but in the absurdity of rate-fixing. He attributed particularly to the absurd determination of "a fair day's work," which he intended to make more rational by the *scientific method*. If the task and rates are scientifically fixed, there would be no longer any rate-cutting, and accordingly the problem of systematic soldiering would solve itself. This is Taylor's

view. However, the problem of scientific task-fixing is never possible without standardization of work. Every effort toward standardization led F. W. Taylor further to the establishment of a "Science of Laboring," and thereby so-called scientific task-setting came to the stage of realization. Every human operation, namely labor, contains an objective science; and therefore, only when this "Science of Laboring" is discerned and established, the operation can be made objective and the principle of increased efficiency of labor firmly established. This "Science of Laboring" is regarded as what makes possible objective task-setting, and, at the same time, according to F. W. Taylor, the science of rate-setting.

F. W. Taylor established a *task system* for scientific rate-setting, but the importance of task for management was not merely limited to rate-setting; the task was applied as a standard for the planned production, gave rise to the development of the management system well-known as "Scientific Management" or the "Taylor System." The essence of "Scientific Management" is planned production with task-setting as a standard. Therefore, it may be characterized as "Task Management," *a management by time or time management*. The application of the "Science of Laboring" established the principle of increased efficiency of labor. Such a system as to make possible the efficient operation of business through the increased efficiency of labor is nothing but "Task Management" or "Time Management" which implies as its contents the task-setting and the planned production based on the task. Thus, the merits of F. W. Taylor are found in two points; the establishment of the "Science of Laboring" and the operation of "Task Management." These had a great effect on the increased efficiency of labor, though this was taken as a measure to treat labor problems. Instead of the former drifting management, we see here the establishment on a modern and firm basis. However, it must not be overlooked that Taylor's methods did not attain equal success in the treatment of labor problems due to the mistaken idea which intended to solve labor problems by means of the efficient utilization of man power. This is the fundamental reason why his Scientific Management was attacked by trade unions. A management form which has developed as a well-established modification is "Personnel Administration." Whether this personnel administration has been successful in the treatment of labor problems will be investigated below.

### III

While Scientific Management became widely known throughout the United States since about 1910, at the same time it was severely attacked by workers, especially labor unions (A. F. of L.).

There are a large number of objections of workers and organized labor directed against Scientific Management. The chief objections may be summed as follows:

1. All advocates of Scientific Management are anti-unionist, and accordingly Scientific Management and anti-unionism appear identical.
2. Scientific Management neglects the human factor in production and treats workers as machines.
3. Scientific Management denies industrial democracy, but on the contrary, advocates industrial autocracy and attempts to put it in practice.

There are perhaps good reasons why F. W. Taylor and other advocates of Scientific Management were generally anti-unionist. They identified labor problems with wage-rate problems, and considered wage-rate problems merely as the problem of the task. They were convinced that labor problems were the problems of increased efficiency of labor to be solved in the production process. They laid stress on the problem of the task, therefore on the production process which should be treated, not according to subjective opinions of either employers or employees, or a compromise of both opinions, but according to objective "Science" or scientific laws which both employers and employees should persuade themselves to adhere to. This is the fundamental thought of the advocates of Scientific Management, and the "Science" which they advocated is such as expressed in the "Science of Laboring." Labor unions which objected to this Scientific Management could thus not be approved by the advocates of Scientific Management. This stand against unionism is a great mistake. There is no question that the task problem can be objectively solved by science, but whether this solution is completely possible by means of the "Science of Laboring" is doubtful. However, granting that the task problem can be solved by "Science" *in the meaning described above*, it does not follow that the problem of rates can be subjected to scientific solution in the same sense. In order to fix rates, in addition to the task problem, *a fair day's wage income* must be taken into consideration, which is a problem outside the production process. This fact reveals that the scientific treatment of task-setting does not coincide with the scientific treatment of rate-fixing, and that the latter is not a problem which can be solved within the production process. Therefore, the advocacy of the scientific treatment of task-setting does not imply anti-unionism. This science applied to task-setting is possible without recourse to views of labor unions. The scientific principles governing the production process cannot be different from those of the rational combination of productive powers, and it bears remarkably the character as natural science. The problem of "a fair day's wage" which is outside the production process, must in itself take labor unionism as one of the subject-matters. Namely, the latter is distinctly related to social science, while the former is akin

to natural science.

The substance of Scientific Management, whatever views its advocates may take, has nothing to do with the existence of labor unions. Accordingly, the first objection of organized labor, if it was raised against Scientific Management itself, need not particularly be discussed, having merely significance as the consequence of mistaken criticism of its advocates against unionism. On the contrary, the second and third must be considered as two mark-hitted objections against the Scientific Management itself. The second may be considered to constitute criticism of the "Science of Laboring," and the third criticism of "Task Management" as a regular production with a certain standard time. What acknowledges straightforwardly that the increased efficiency of labor based on the principle of "Science of Laboring" tends to neglect the human factor in production and to deal with workers as it does with inanimate machines, and intends to get out of this mistaken idea and aims directly at the humane treatment of workers, that is the "Personnel Administration" which has developed since the time of the first world war. The object of industrial management is to coordinate productive powers systematically and efficiently. The personnel administration constitutes one branch of industrial management and the management of material powers (*Sachverwaltung*) the other. In other words, industrial management has generally for its object the most efficient utilization of productive powers which consists respectively of man or labor power under *personnel administration* and electric and other material power under *material management*. So far as most efficient utilization is concerned, there is no difference between man power and material power, and both should be treated solely from the viewpoint of increased efficiency. In the case of personnel administration, it deals with man power as man power itself, but not as material. As the efficient utilization of electric power is possible only through understanding of its special features, the principle of the management of electric power should be based on electric engineering. In the same way the efficient utilization of man power is possible only through fully understanding and realizing its special character, and, accordingly, the principle of personnel administration must be based on "Human Engineering" or "the Engineering of Labor Power." This is really the basis of personnel administration. In Personnel Administration the increased efficiency of labor is based on "Human Engineering," while in Scientific Management it was based on "Science of Laboring." As regards the difference between the "Science of Laboring" and "Human Engineering," the "scientific method" as advocated by F. W. Taylor, in place of the former "rule-of-thumb method," might be said to be nothing but the time study method. It is really a scientific method devised for task-setting, and, accordingly, has great significance as a method of "task study." In this respect, there is not so

much room for discussion. By the same method F. W. Taylor envisaged the standardization of operations and the establishment of the "Science of Laboring." He endeavored to apply the physical method to human labor, based on the "Science of Laboring" which disregards human nature. "Human Engineering" adopts a humane method, a psychological method instead of physical method; it means, instead of a *physical principle*, the establishment of a *humane principle*, which can be characterized as "Arbeitswissenschaft." "Arbeitswissenschaft" is really a new theory that has been established with psychological and physiological considerations in contrast to the "Science of Laboring."

In short; Personnel Administration attaches importance to the human factor in production and intends to realize increased labor efficiency through humane principle, namely the principle of Human Engineering or Arbeitswissenschaft, as contrasted to the physical principles. Therefore, its aim is the *humanely increased efficiency*.

#### IV

Production in industrial organizations is realized through the co-operation of productive powers, accordingly the primary subject-matter of industrial management must be the increased efficiency of co-operation of these powers. Scientific management, as task management, really aims at the increased efficiency of co-operation in industrial organization, which is realized on a task basis. Co-operation in industrial organization is, as a whole, a continuous entity which constitutes the process of production where the structural correlation of productive functions must be perceived. Thus, we can understand task management as that which intends to rationalize the structural correlation of productive functions on a task basis. In this sense it is just the *management of structure*, while the increased efficiency of labor based on the "Science of Laboring" should be concerned with the management of human productive power as an element which participates in the formation of this structural correlation, is comprised in task management. The same is the case with Personnel Administration which took the place of the increased efficiency of labor based on "Science of Laboring," and is also nothing but the *management of element* existing only as comprised in structural management. This is the reason why it should not be considered as a substitute of Scientific Management, but as a correction and amplification.

There is possibly no objection to any effort in industrial organization toward increased efficiency of labor being generally understood as labor management. As already referred to, drifting management also aimed at the increased efficiency of labor, but it is questionable whether it deserves

the term of labor management, for in this case the increased efficiency of labor, though aimed at, is not directly involved. It is even doubtful whether it can be called management, for the efficient coordination of productive powers is not yet taken up as a problem. There is even no discernible *differentiation between the management of structure and the management of element*. Management can be recognized for the first in Scientific Management, where we can discern the differentiation between the management of structure and that of element, the latter involving labor management. But labor management based on the "Science of Laboring," and the increased efficiency of labor due to such management has resulted in the neglect of the human factor in production. Personnel Administration is thus labor management as the management of element, where increased efficiency based on the principle of "Human Engineering" can be developed. Thus human labor will be able to free itself from the restriction of the former physical principle and the human factor in production can be revived to that extent.

We can thus perceive that labor management has been formed as the management of element in the development of industrial management, and this means that such labor management is found always confined to the management of structure. As already explained, labor management directly takes the increased efficiency of labor as its subject-matter and does its best for the most efficient utilization of man or labor power. This must mean that labor power necessarily derives from the functional correlation of structure itself in which it participates as an element. The principle governing the functional correlation of structure is nothing but the principle of increased efficiency. Then, the leading principle of the management of structure and its element directed toward rationalization of the correlation is also the principle of increased efficiency. And this is the *principle of mechanization* in the widest sense, by which one understands systematization or organization as well as mechanization in a narrow sense, namely machinization. Moreover, we must understand the qualitative difference of mechanization, which is important in any special consideration of the mechanization of labor. While the mechanization of labor based on the "Science of Laboring" is of limited scope, that is "sachtechnisch," the mechanization of labor based on "Human Engineering" is of a higher order, that is "psychotechnisch." This *refinement of mechanization* enhanced human nature to a certain degree.

On the other hand, mechanization, therefore increased efficiency, will bring about the deterioration of human nature as a necessary evil. Mechanization, promoted by the development of management, is, at the same time, a process of depersonalization of human labor. Accordingly, it should be noted that mechanization is refined merely within the fundamental development of this depersonalization. Whenever mechanization is refined and

promoted to a higher degree, it would once retrogress and afterwards advance its own way within the fundamental development of depersonalization. And the development of mechanization, accordingly of depersonalization means that it will gradually deprive human labor of freedom and impose compulsion. This will result in a loss of the will to work or morale. Organized labor's objections to Scientific Management is quite natural.

The evil of Scientific Management in disregarding the human factor in production cannot be radically solved even by the development of Personnel Administration. And even if the refinement of mechanization advances from the "psychotechnisch" (psycho-technical) stage to the "kooperativ-technisch" (co-operative-technical) stage, including various committee systems, which develop internal communication among workers, and other methods that rationalize human relations, a kind of the autocratic character of industrial management always remains. Thus task management as the management of structure and labor management as the management of element cannot be carried out by themselves beyond a certain limit.

This limitation must be eliminated, for increased efficiency by mechanization is historical requirement, as worthy to be unreservedly pursued. The elevation of the will to work is, however, in essence merely possible through the personalization of labor. Thus we shall be obliged to re-start by reconsidering the actual structure of business and industrial organization.

## V

Business is an organization of productive functions which is constituted by the two factors of human and material productive power. It should be presumably understood as an organization within which human labor co-operates by means of material productive power. Therefore, there exists a functional correlation of structure of productive powers. This is the object itself which we have considered. But the correlation of structure in business and industrial organization is not confined to this relation. Secondly, the human structural correlation which, apart from the functional relation, is brought into existence among persons who participate in this functional correlation of structure must not be overlooked. While the former is the correlation of degree which persons as man or labor power constitute through the intermediary of material productive power, the latter is the correlation within business which persons constitute there, apart from their allotted function, as the subject of labor power, that is as human beings. We can call the former the correlation of business-technical structure and latter the correlation of business-social

structure. Business, as a productive entity, is certainly a social living body of *dual structure* which constitutes the technical-structural correlation on the basis of social-structural correlation and in cubic correlation with it. As already stated, the leading principle of technical-structural correlation is mechanization. The rationalization of this structural correlation is the subject-matter of structural management, which may be understood as *production management*. Task management is production management in this sense. Thus labor management as the management of element is labor management as comprised in production management. Accordingly, the advocacy of labor management as production management is identical with the advocacy for the establishment of labor management as management of element, and in this case stress is laid on labor management which attempts directly to realize the increased efficiency of labor or the most efficient utilization of labor power.

What is principle governing the correlation of social structure based on? This correlation is nothing but the origin of the will to work or morale, which supports the correlation of the business-technical structure at the bottom, and which constitutes itself the correlation of non-functional human structure. From this we understand that it is governed by the *human principle*, which may be called the *principle of personalization*. It must be primarily understood as the structural personalization in business and industrial organization, for the aforesaid mechanization should be primarily understood as the structural mechanization in business and industrial organization. Thus the rationalization of this structural correlation will mean the structural personalization in business and the will to work or morale of workers elevated by it, and such rationalization effort could be called directly "Labor Management." This is labor management as the management of structure, which is opposed to production management as the management of structure.

While production management whose aim is mechanization in business and industrial organization follows a process which results in the depersonalization of workers, labor management, on the contrary, should aim at the personalization of workers. The two follows their respective processes, according to their contradictory principles, where we can perceive the concrete structure of business and the concrete significance of rationalization in business.

As explained already management only based on the principle of mechanization must be confronted with a definite limit which it is incapable to overcome. This is due to the fact that the development of such management disregards the concrete structure of business. The progress of mechanization can only promoted through efforts to make it personalized at the bottom. Vice Versa, personalization, for its development, must be provided with the material basis by mechanization. The

mechanization of the technical structure and the personalization of the social structure are two aspects of structural rationalization, which promise the sound development of business as a whole, provided that both would develop in mutual relation. In such case the former may be called the *rationalization* and the latter the *democratization* of business. Rationalization and democratization in this narrow sense are merely partial rationalization in contrast to concrete rationalization, both of which should promote instead of excluding each other.

By which method should labor management as the management of structure be concretely developed? The personalization of the social structure in business and industrial organization will need, first of all, the formation of *business self-consciousness*. When people working together in the same business gain a common consciousness and each of them finds his own business, personalization will be elevated to the highest degree. In such case a working community "Betriebsgemeinschaft" in the right sense will be formed. In other words, structural labor management should be directed toward the formation of a working community, accordingly, "Vergemeinschaftlichung." No such labor can deny the existence of labor unions. What is required here will be, as a matter of course, not craft unionism but industrial unionism on the business basis, for the formation of a working community will only be possible through the establishment of self-government in business. This is the logical requirement for the personalization of the social-structural correlation in business and industrial organization.

## VI

There are two ways, worthy of note, comprised in the term of labor management. The first is personnel administration i.e. labor management as the management of element as understood in production management, and the second, labor management as the management of structure which exists together and in correspondence with production management. While the principle governing the former is that of mechanization on an efficiency basis, the latter is governed by the principle of humanization or personalization which has no immediate relation with efficiency.

These two kinds of labor management are never alternative, but the same importance must be attached to both. This is the necessary requirement due the *dual system of industrial management* where both production and labor management as the management of structure must develop correspondingly and in mutual intermediation. To advocate labor management as production management is correct, so far as it emphasizes the importance of the labor management of element on an efficiency basis.

However, it must not neglect or ignore the fundamental problem with regard to the elevation of the will to work or morale, that is the significance of the labor management of structure. The treatment of labor problems as a subject-matter of management is absorbed in the labor management of structure and must be considered from the human viewpoint, but not from the viewpoint of efficiency.

F. W. Taylor maintained that problems of industrial management should be solved by science, and was assured of this possibility and strove for its realization. This idea itself cannot be called erroneous, and cannot be opposed. However, Taylor's view was unfortunately based only on the "Science of Laboring." His attitude against unionism was a natural consequence. "Science of Laboring" has increased efficiency of labor as its aim and from this science the "Arbeitswissenschaft" or "Human Engineering" should be made to grow. The firm establishment of this theory should be acknowledged as a great achievement, but it will not realize the rationalization of industrial management as a whole. To solve the problem of industrial management as a whole, the science must examine concretely into the objective logic of business. It is important to draw a clear line between the real science of management and those sciences which management actually employs.