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"UNITY OF COMMAND"

**- A Comparison of the Top Level Organization Structures
of the Government of Canada and of Large Scale Private
Enterprises -**

by
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**A thesis submitted to Carleton University in partial
fulfilment of the requirements for the degree of
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CHAPTER I

INTRODUCTION

In the fall of 1962 and in the ensuing winter months, newspapers in Canada devoted screaming headlines to the Public Service, and most were far from flattering. "THE CIVIL SERVICE OVERHAULED", "OTTAWA CHOKED IN RED TAPE", "UNBUSINESS-LIKE BIG BUSINESS", "RED TAPE COSTLY LUXURY", "GOVERNMENT EXTRAVAGANCE?", "SENDING OTTAWA TO CLEANERS", "PROLIFERATION OF CONTROLS", "KEEP THE GLASSCO REPORT OFF THOSE MILES OF FILES" are but a few of the many that could be quoted. This, of course, is a result of the widespread coverage which the Canadian press afforded publication of the various volumes making up the report of the Royal Commission On Government Organization (Glassco Commission). An examination of the contents of these volumes reveals that such headlines did not exaggerate the Royal Commission's critical comments.

In general terms the Report attributes the regrettable situation described to faulty federal organization rather than to inadequacies in the senior officials of which it is composed. With the background philosophy that able managers will respond to the challenge provided by additional freedom to make decisions, it accordingly advocates granting wider authority to line departments and agencies, and the simultaneous reconstitution of Treasury Board ("to share the tasks of . . . fostering improved management and strong administrative leadership throughout the public service"¹). It is believed that both

¹ The Royal Commission on Government Organization, Volume 1, Management of the Public Service, (Queen's Printer, 1962), pps. 64-5.

the 'additional freedom in decision making' and the 'greater delegation of authority' inherent in these proposals might be considered by many to breach the long-recognized organizational principle of 'unity of command'.

The origin and worth of the various organizational concepts are widely appreciated. It is no secret that 'line versus staff' and 'unity of command' came from the armed services and the early church. It is generally known, for example, that both were consciously employed by Bismarck as far back as 1870 to establish the best Prussian troop formations. It is further known that generations of organizers have developed these principles down through the years by trial and error; that they can therefore be considered to possess international and timeless relevancy to almost every type of organization; and that, as firm measurement guides (rather than inflexible formulae), they are applicable to all organizations at all times.

It is also unfortunate that the suspicion which certain of the Glassco proposals might arouse because of their apparent departure from the classic 'unity of command' principle could be further heightened by adherence to a second basic premise. This is that fundamental and irreconcilable differences do exist between public and private administration and that structuring one on the basis of what is optimum for the other could accordingly be perilous and ill-advised --

irrespective of statements in the Report such as:

"The immediate aim of the techniques of management developed for industry is to attain the organization's goals with the greatest possible economy of effort. Consequently, most of the techniques of management developed for business can be adapted to government, due allowance being made for the different tests by which economy or productivity must ultimately be judged"¹.

In spite of the absence of a known collation of governmental and business structures, it is submitted that any organizational differences which exist between top-level public and private administration are greatly overshadowed by their basic similarities. It is further submitted that the Glassco proposals do not deviate from the classical concept of 'unity of command', but that the apparent conflict stems from a lack of recorded interpretation of this concept within an up-to-date setting. The intention of this paper is to remedy these voids and, in the process, seek answers to related questions such as the following: Is 'unity of command' ever likely to be realized in public administration to the extent that it has in business administration? Do the various top management and control zones in the Federal Government closely correspond with those of business? Are there four separately-distinguishable top management and control zones in public administration, compared with three in large scale private institutions?

¹ Ibid., pps. 46-7.

CHAPTER II

UNITY OF COMMAND

Although generally afforded a prominent place among the various organizational concepts, 'unity of command' possesses certain basic characteristics which are uniquely different from all of the others. When compared with 'span of control' or the 'scalar principle', for example, 'unity of command' is both more difficult to define and, by some of the more rigid definitions, much less likely to be realized in practice. It does not follow, however, that these properties negate its basic importance. On the contrary, "clarification of the top structure of any organization is the first requisite, since any confusion or vagueness at the top is reflected downward throughout the organization"¹. A specific understanding of the principle of 'unity of command' can accordingly be of the utmost importance to an administrator in the Federal Government, as well as elsewhere.

Writers in the political science fields have frequently made reference to the following quotation when attempting to explain 'unity of command': "No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other."² If interpreted literally and patterned to the public service, one could anticipate hate as being the predominant

¹ Holden, Fish, Smith; Top Management Organization and Control; (New York, Toronto, London; 1951); p.6.

² Bible, Matthew 6:24.

emotion of many senior public administrators who must serve more than one master. The fact that our Federal Government is to a large degree operating harmoniously, and in a manner remote from Rousseau's State of Nature, suggests that the Biblical quotation is not susceptible to literal interpretation with reference to the federal organization. It also suggests the complexity of the 'unity of command' concept (which, of course, is compounded in government because of federalism), and the need to clarify its meaning in the context of large-scale organization generally.

In this regard it is not particularly helpful to be informed that:

"A workman subject to orders from several supervisors will be confused, inefficient and irresponsible; a workman subject to orders from but one superior may be methodical, efficient, and responsible. Unity of command thus refers to those who are commanded, not to those who issue the commands"¹.

First of all, the statement fails to recognize that, in most instances, those who issue the commands are themselves commanded. Any distinction between the "commanded" and "commanding" cannot, therefore, avoid being highly superficial. It also fails to qualify the "workman", unless it refers only to a member of those unskilled, blue-collar, classes where physical rather than mental prowess is of relative importance. Finally, its choice of the verb "may be", as opposed to the more active "is

¹ Luther Gulich, "Notes on the Theory of Organization", in L. Gulich and L. Urwick, ed., Papers on the Science of Administration, (New York, 1937), p.9.

likely to be", makes one wonder whether the author ever intended his remarks to be more than a platitudinous generality. Fortunately, the writings of most other political theorists tend to be more positive in their treatment of the subject.

Victor A. Thompson refers to the "superior's right to be the sole source of influence over subordinates"¹ and John M. Pfiffner to the fact that "in the most effective organization one takes orders from only one person, his own immediate supervisor . . . "². Koontz and O'Donnell draw the same distinction as Henri Fayol between 'unity of command' and 'unity of direction'. They define the former as "the principle that an employee should receive orders from one superior only"³, which they justify because of "responsibility being a personal matter, and the superior-subordinate relationship an eminently personal thing"⁴. On the other hand, Herbert A. Simon points out the inevitable conflict between Gulich's concept of 'unity of command', and the 'principle of specialization' whereby technical or specialized decisions should be made by properly qualified officials. Mr. Simon concedes that if 'unity of command' is not observed, "a certain amount of irresponsibility and confusion are almost certain to ensue"⁵, but

¹ Victor A. Thompson, Modern Organization, (New York: 1961), p.107.

² John M. Pfiffner, "Human Relations in the Management of Men" from The Supervision of Personnel, (New York, 1959), p.45.

³ Koontz and O'Donnell, Principles of Management, (New York, Toronto, London: 1959), p.26.

⁴ Ibid., p.297.

⁵ Herbert A. Simon, "The Proverbs of Administration" in D. Rowat, ed., Basic Issues In Public Administration, p.61.

considers that "perhaps this is not too great a price to pay for the increased expertise that can be applied to decisions"¹. He refers to the various experts that can be ranged on both sides of the controversy. "On the side of 'unity of command' there may be cited the dictums of Gulich and others. On the side of specialization there are Taylor's theory of fundamental supervision, MacMahon and Millett's idea of dual supervision, and the practice of technical supervision in military organization"². Mr. Simon also points out that "what is needed to decide the issue is a principle of administration that would enable one to weigh the relative advantages of the two courses of action"³. He concludes by stating that 'unity of command', in Gulich's sense, never has existed in any large-scale administrative organization"⁴.

What might be more helpful in clarifying 'unity of command' would be the development of a completely fresh and pragmatic interpretation which is both modern and, at the same time, adaptable to the requirements of large and complex organizations. It is appreciated that such an approach could be accused of patterning the rules to fit the case. This is by no means indicative of faulty tactics, however, and the outcome would at least have the advantages of realism and practical workability.

¹ Ibid., p.61.

² Ibid., p.61.

³ Ibid., p.61.

⁴ Ibid., p.61.

Dictionary definitions of words do not always explain their use in specialized applications. It is interesting, nevertheless, to part company with the experts and their opinions, and note the different emphasis introduced by the most appropriate literal meaning of 'unity of command'. The Concise Oxford Dictionary defines "unity" as "oneness; being one or single or individual; being formed of parts that constitute a whole; due interconnexion and coherence of parts; harmony, concord, between persons; etc. . . . ". "Command" is defined as "having authority over; having control of; being supreme; . . . ". To be meaningful, these dictionary definitions must, of course, be combined within a real context. The vision of a Caesar or even a Napoleon is inappropriate in any present-day Canadian interpretation of 'unity of command'. Similarly, the idea of a single entrepreneur engaged in a single line of business with only a small non-specialist staff is equally irrelevant in the context of the Federal Government. Of the choice of dictionary meanings suggested for the key words in the 'unity of command' phrase, the most appropriate combination accordingly would appear to be 'concord of authority'. In the sense of this meaning, the concept becomes valid and meaningful.

There is additional justification for considering 'unity of command' to be approximately synonymous with 'concord of authority'. It would be obviously wrong to assume that authority is indivisible,

because then the principle could have applicability at only the lowest organizational levels, for example, in Gulich's case of the unskilled day-labourer having only one supervisor with supreme authority.

Authority must be, and is, divisible. To quote Professor Hodgetts, "Broadly, and in the simplest terms, we might say that the civil servant is compelled to look upward, downward, outward, forward, and, one might add, inward"¹. Recognition of the existence of diversely-located authority is fundamental to any consideration of organization. It logically follows that there cannot be an organization if authority is assumed to be indivisible and it is axiomatic to state that outside the framework of organization, the concept of authority, divided or otherwise, automatically becomes meaningless. It is therefore submitted that the phrase 'concord of authority' must denote the existence of dispersed authority. The real problem then is not to prove or disprove 'unity of command', but, as already indicated, to

¹ J.E. Hodgetts, "The Civil Service and Policy Formation", (originally published in the Canadian Journal of Economics and Political Science, vol. 23, 1957, pps.467-79), Canadian Public Administration (Toronto, 1960), pp.442.

determine its proper relevance and meaning in relation to the vast federal complex.¹

In the large complex organization, 'unity' necessarily assumes the meaning of 'unison', rather than 'singleness' or 'oneness'. On the other hand, the word 'command' takes on the meaning of responsibility for 'policy' or 'decision' (for example, in the context of determining a preferred course of action which will reflect the best available specialist advice within the framework of approved policy). The total objective, therefore, is to translate a unity of purpose through an organized body of people into a unison of policy and decisions. 'Concord of authority' also implies that the authority dispersed throughout the organization has been harmoniously coordinated.

This conversion of purpose to deeds is not a single finite action nor even a series of finite actions. It is a continuum. But it is not a continuum like the flow of current to a single light bulb

¹ It is appreciated that any consideration of 'unity of command' in relation to the Canadian Government is theoretically incomplete without recognition of the provincial complex as well. The Canadian Government, being composed of both federal and provincial organizations in accordance with the division of responsibility outlined in the BNA Act, possesses no industrial equivalents. Even the Federal Government, alone, is of sufficient magnitude to preclude the existence of any commercial enterprise of equivalent size. Apart from the greater complexity, for example, which the broader consideration would introduce, it would in no way contribute to the dual intent of this paper (i.e. collating Federal Government and large-scale business structures and, in the process, determining whether the Glassco proposals are in harmony with 'unity of command' as it can exist in modern, large-scale organization). For these reasons 'unity of command' in government has been considered only in relation to the Federal Government and the ramifications of federalism have not been explored.

after the switch is turned on. This would be akin to perfection in human organization. The continuum in organization is more like the flow of traffic between two distant points embracing all the possible variations in routes, speeds, calibres and types of machines, with each driver being subject to personal errors in judgement and to human failures in skill and responsiveness. In this second analogy, 'unity of command' is the stimulus which ensures that all participants in the flow are reaching the specified common destination at stipulated times, through each making his own local and immediate decisions as to the most effective means and routes that he has been qualified and empowered to use while, at the same time, always safeguarding himself and all of the others.

Forsaking the analogy, what is this stimulus which can achieve a continuous translation of purpose to deeds 'in a unison of policy and decision making' throughout an organization? Some will say that it is 'leadership', others that it is a 'profit motive', or perhaps 'the incentive of service', or even 'the desire or need for recognition', and still others that it is 'dedication and devotion to duty'. No doubt there is truth in all these opinions depending on the viewpoint being advanced. In the 'unity of command' context, however, identification of the stimulus must be chiefly concerned with determining those factors of organization which contribute or detract

from the objective of maintaining unison in policy and decision making, and subsequently in their full implementation at all times.

The first basic requirement which is needed to achieve unison in policy and decisions within the organizational environment of divided authority is that each person should know the overall objectives of the organization, and what his individual contribution towards their attainment should be. This appears elementary until the question is asked: "By whom is each to be told?". Indisputably, this has to be decided and laid down according to the degree of importance of the authority and commensurate responsibility which have been delegated. The decision must also reflect considerations of specialization, of time, distance, and so on. The mechanics of meetings, directives, manuals and other forms of communication have to be prescribed as to origin, content, tenor and distribution. In the practical context of a complex organization, adequate communication is of paramount importance in terms of the attainment of 'concord of authority' or 'unity of command'. The organization plan must reflect this need. It must clarify, specify and define the flow of directions of all types and all kinds. It must establish a gradation in the flow which is always adjusted to capacity, knowledge and incentives. It must also take account of the means to ensure that the necessary communication flow is unimpeded and continuous.

The second basic need in ensuring concord in policy and decisions is really the reverse of the first. It is adequately catering for the control and feed-back of communications from bottom to top of the organization. Again, the organizational plan must pay heed to this. Whether it should also devote attention to additional factors is explored in the balance of this paper.

In the large complex organization, 'unity of command', therefore, is something very different from the barking of orders on a parade square. As 'concord of authority', it is basically the degree of planning and of systematically coordinated communications which must be established throughout the entire organization to ensure unified direction and control.

The next chapter accordingly examines the top management structures of private business and notes, inter alia, how a 'concord of authority' has been most effectively achieved in industry. In subsequent chapters, the top management structure of the Government of Canada is analyzed and compared with those of the best organized firms. The prime purpose of the comparison is to determine the degree to which the Federal Government attains the full 'concord of authority' concept.

CHAPTER III

TOP MANAGEMENT ORGANIZATION AND CONTROL IN BUSINESS ADMINISTRATION

Part 1: General

The top management structures adopted by successful big businesses are likely areas in which to search for practical solutions to managerial problems of large-scale enterprises. A review of industry, to locate the ultimate in 'concord of authority' arrangements, can have the allied advantage of revealing the extent of the similarities or differences between private and public administration's top management. This, in turn, will assist in assessing the desirability and validity of patterning top-echelon public organization, and possibly its related control procedures as well, along generally similar lines to those that have been found efficient by large corporations.

Any examination of industry's "Top Management Organization and Control" is enormously facilitated by reference to the book of the same name by Holden, Fish and Smith, published in 1951.¹ "Top Management Organization and Control"² is a report describing the results of a

¹ The information contained in this chapter has been almost exclusively drawn from that book. The writer is genuinely grateful to its authors, and is happy to acknowledge indebtedness to them.

² Paul E. Holden, Loansbury S. Fish, Hubert L. Smith; Top Management Organization and Control - A Research Study of the Management Policies and Practices of Thirty-One Leading Industrial Corporations; (New York, Toronto, London; McGraw Hill; 1951).

research study of the management policies and practices employed by thirty-one leading industrial corporations in the United States. Its primary purpose was to determine optimum organizational arrangements from among those in actual use by leading American corporations. In essence, the project was an attempt to find practical answers to some of the many organizational problems in this area constantly facing top management in industry.¹

It is not intended to describe in this paper the detailed mechanics by which the study was carried out. In the event that such detail is desired, the entire book is available, and it is highly commended. It is here recorded, however, that the research was financed by approximately one dozen important companies in the United States, that it was carried out by the Stanford Graduate School of Business, and that, by means of a questionnaire approach supplemented by field interviews, thirty-one prominent companies were surveyed.²

These companies were selected because they represented "diversified industrial enterprise, with a reputation for progressive and enlightened management"³. "It would be difficult to find a group of better managed, more efficient businesses than these thirty-one companies; in fact, it includes many of the 'blue chip' companies of America"⁴. It would therefore appear eminently logical for the Holden,

¹ Ibid., Preface.

² Ibid., Preface, pps. viii-ix.

³ Ibid., p.viii.

⁴ Ibid., p.ix.

Fish and Smith Survey to have sought from them definite knowledge concerning the "organization and functioning of their top levels of management . . . (in order best) to know how authority is delegated, how control is effected, how divisional or departmental points of view are harmonized, how results are measured, how extravagant practices are corrected, and how waste is eliminated"¹. Such was the prime purpose of the Holden, Fish and Smith Survey.² From the outstanding qualities identified in the companies surveyed, it can be deduced that their organizations possess those elements which contribute to a unison in policy and decision making, and to successful operations. As has been deduced in the previous chapter, this is generally equivalent to stating that, as a group, the organization and procedures of these businesses have attained 'concord of authority' of a high order. This being the case, the findings of that Survey would also reveal how 'unity', 'concord', 'harmony', 'oneness', etc., have been realized within the best-organized, up-to-date, large-scale organizations. They could further indicate that particular organizational arrangement which would best personify 'unified direction and control through adequate planning and systematically coordinated communication, both upwards and downwards'. (It then follows that the extent to which another large-scale organization -- such as the Canadian Federal Government -- succeeds in attaining 'concord of authority' can be approximated by

¹ Ibid., p.vii.

² Ibid., p.vii.

determining how closely its organization coincides with that which the Holden, Fish and Smith Survey discovered to be optimum.)

As a starting point in assessing industry's optimum upper-level 'concord of authority' arrangement, it was essential that the Survey agree upon the primary responsibilities of top management in business administration. These were defined to include provision of all of the followings:

- "(a) Farsighted planning and clarification of objectives, visualizing the needs of business and determining its most advantageous future course;
- (b) A sound plan of organization, enabling all of its parts, individually and collectively, to function most effectively in reaching the common objectives;
- (c) Fully qualified personnel in all key positions, insuring each individual's proper contribution to the whole programme, and
- (d) Effective means of control, permitting top executives to delegate wide responsibility and authority, thereby freeing themselves of administrative detail in order to concentrate on broad planning and direction."¹

The results of the survey showed that the top structure of large complex firms consisted of three distinct levels or zones, each of which differed as to function, viewpoint and composition. These

¹ Ibid., p.3.

zones were first, the 'Board of Directors' (Zone 1), secondly the 'General Management' (Zone 2), and finally, the 'Divisional Management' (Zone 3). Each or all of these basic management zones were assisted by staff agencies and/or officials and/or committees, whose roles generally were to coordinate viewpoints and pass collective judgements on definite facts or proposals. The survey also indicated that a clear understanding of the proper province of each of the three zones was essential for comprehension of the best top=echelon organizational arrangement for large corporations. The paragraphs that follow have accordingly been devoted to paraphrasing and condensing separate descriptions of each of the zones from the Holden, Fish and Smith book.

Part 2 - Zone 1: Trusteeship Function In Business Administration

Zone 1 fulfills industry's trusteeship function. The share=holders owning a corporation's stock seldom attend to its affairs personally. Those owning a single corporation could comprise several thousand in number and, from size considerations alone, they are effectively precluded from managing it themselves. As the corporation's owners, however, they have definite interests to be protected and considered. This they accomplish through their selection of a small group upon whom they rely to look after their interests in the enterprise. This group is known as the 'board of directors'. It comprises industry's top=management 'zone 1'.¹

¹ Ibid., p.16.

It may be argued that the outlook of a 'board of directors', by the very nature of its relationship to the stockholders, should always be identical with that of the stockholders. This precise reflection of viewpoints should be the fundamental criterion governing the board's performance at all time. In fact, the basic concept of this first level or management trusteeship zone is a management of trust on behalf, and for the benefit, of all owners of the business.¹

Acting only in accordance with the shareholders' viewpoints, however, could present difficulties for the directors. Many were also full-time executives whose other interests, as members of management, might momentarily be at variance with those of the shareholders. A related difficulty could arise because of the problem in determining when the trusteeship of the shareholders' interests, as such, ceased, and the more direct forms of management commenced. It could validly be considered that all of the corporation's transactions are, or should be, for its stockholders' interests. This being the case, how far should the board of directors enter into the day-to-day management of the business in order, properly and efficiently, to discharge the management function? In most companies there seemed to be an unwritten but well understood allocation of certain management decisions between the 'board of trustees' (zone 1) and 'general management' (zone 2). There also seemed to be a large middle ground where the chief

¹ Ibid., p.17.

executive used his discretion as to whether a particular programme was to be decided by general management or be referred to the 'board'. In many such gray-area instances, the action taken by 'zone 2' was subsequently submitted to 'zone 1' for ratification.¹

The survey indicated that in almost all of the companies reviewed, the board of directors established broad basic policies, handled major financial matters, selected the senior officers and set their salaries, and took care of other matters of a similar character. In addition, the directors received periodic reports from management outlining the company's operations, and passed judgement as to their acceptability.²

The survey also revealed those circumstances conducive to the able fulfilment of the 'board of directors'' trusteeship role. This position was seen to exist when the board's functions were clearly defined and the size of the board was kept workable, with membership being properly representative of the shareholders and confined to those persons able to visualize the needs of the business and to make a major contribution towards the attainment of its overall objectives.³

¹ Ibid., p.37.

² Ibid., p.37.

³ Ibid., p.18.

Part 3=Zone 2: General Management Function In Business Administration¹

Zone 2, the 'general management' function, is characterized as the active planning, direction, coordination, and control of the business as a whole², within the scope of basic policies established, and authority delegated, by the board. While both the 'board of directors' (zone 1) and general management (zone 2) are concerned with the interests of the company as a whole, the former performs a judicial³ and intermittent function, that is, it appraises and approves major proposals and results, whereas the latter exercises an active and continuous function, involving the initiation, formulation, coordination and development of those proposals and their translation into effective results.

Among the functions revealed by the Holden, Fish and Smith survey to fall within the general management zone were the following:

- (a) Maintenance of a sound and effective plan of company organization, with functions, responsibilities, and limits of authority clearly defined and properly allocated;
- (b) Maintenance of fully qualified personnel in all management positions;
- (c) Farsighted planning and clarification of general objectives;

¹ Ibid., pps.20-22.

² The fact that Holden, Fish and Smith omitted 'organizing' in this context, leads to the assumption that their 'planning' was intended to include the allied 'organizing' function.

³ Their use of 'judicial' is believed to imply a legislative control, as well as a critical review and appraisal function -- rather than one involving interpretation, sanction and enforcement by the judiciary exclusively.

- (d) Maintenance of effective systems of control over such general activities as capital expenditures, operating expenditures and results, manpower, wages, salaries, product line, and prices;
- (e) Review and approval of major appropriations, budgets, appointments, and salary changes as provided under these systems of control, within the limits delegated to it by the board and above the limits delegated to divisional executives;
- (f) Determination of general operating policies;
- (g) Recommendations to the board on matters requiring its action;
- (h) General coordination of major operating plans;
- (i) Appraisal of divisional or departmental performance and results.

Further generalizations regarding the industrial zone 2 could be misleading in view of the various forms in which it was found to exist. Among the thirty-one companies studied, four distinct plans for organizing the industrial general management zone were identified. Because of the similarities between each of these four arrangements and certain of the corresponding plans existing in the top federal organization (which are compared in the next chapter), each is separately described. For this purpose the general management zone 2 has been subdivided into zones 2(a), 2(b), 2(c) and 2(d).

Section (i) -

Zone 2(a): Industrial General Management Through Chief Executive¹

One-third of the companies relied upon the chief executive, usually the president, to carry the major burden of general management, through informal consultation with divisional executives as he deemed necessary. More frequently, there was such close consultation between the chief executive and his fellow officers in regard to all major moves as to approximate council action.

General management through a single chief executive tended to expedite executive action. On the other hand, through this arrangement it was possible for action to be taken without adequate consideration of all important aspects. The tendency to overload the chief executive was a further undesirable possibility, with the result that the chief executive, through lack of time and energy, could be unable to fulfill his role adequately. Failure to develop fellow officers to major stature through sharing the management responsibility with them, plus a maximum disruption within the organization should the chief executive leave the business, were other possible disadvantages inherent in this 'general management' arrangement.

¹ Ibid., pps.21,22.

Section (ii) -

Zone 2(b): Industrial General Management Through Chief Executive And
Part-Time Council Of Divisional Executives¹

In another third of the surveyed companies, the 'general management' function was the responsibility of a chief executive assisted by a part-time, but formally constituted, and representative, council of divisional executives who, as required, were assembled from their divisional duties. The full-time chief executive was usually the company's president, and sometimes he was assisted by a chairman, vice-chairman, or executive vice president. In a few companies he handled certain of the general management functions himself, taking up other matters with the council; in others, nearly all decisions appeared to be reached through the council. In all companies, the council (variously termed executive council, president's cabinet, officers' board, operating or management advisory committee) was a formally constituted agency whose members were appointed by the chief executive, and whose meetings were held weekly or oftener. Since the authority of the group had been delegated by the chief executive, his decision could ordinarily override any of the council decisions. Council membership ranged from five to seventeen with an average of eight. Besides the chief executive, it usually included the firm's principal divisional executives.

¹ Ibid., pps. 22-24.

Regular participation of divisional executives in council deliberations tended to ensure adequate consideration of divisional interests and points of view. It also resulted in a better understanding of, and compliance with collective council action. In the largest companies, however, the adequacy of the part-time attention of divisional executives to the general management function was questionable. It could be difficult for such executives, absorbed in their day-to-day divisional problems and responsibilities, to cast this aside and be fully effective in general management affairs during those few hours a week when they served on council. Inadequate broad planning and direction of the company as a whole was therefore a possible consequence. There could also be a tendency for divisional executives to bring inappropriate matters to council, such as problems which should be resolved within a division.

Section (iii) -

Zone 2(c): Industrial General Management Through A Permanent Council
Of General Executives¹

In one-fourth of the companies studied, the boards of directors (zone 1) had delegated the zone 2 field of general management to a full-time group or council of general executives. This permanent group determined operating policies and objectives, and concentrated upon the broad direction, coordination, and control of the business as

¹ Ibid., pps.24-26.

a whole. In order that their full time could be so devoted, council members were usually relieved of direct responsibility for individual divisions or departments.

This organizational arrangement appeared to be particularly effective, and to constitute a goal towards which the larger concerns were moving. It possessed the following typical characteristics:

- (a) In all of the companies having such a plan, the work of the board of directors (or the zone 1 trusteeship function) had been so defined that board meetings were not required more frequently than once per month;
- (b) The average executive council consisted of 6 top officers, ordinarily the president and ranking vice presidents who were selected to embrace a wide range of experience, background, and knowledge of the company's principal operations, such as manufacturing, marketing, etc. As a rule, it was largely the same group that represented management on the board;
- (c) While the council of full-time general executives met only daily to weekly to transact its business, their full time was devoted to the broad interests of the company as a whole;
- (d) While not in charge of any specific phase of the company's operations (which were the direct responsibility of zone 3's divisional executives), on request, the general executives

consulted with and provided the former with advice in harmony with their individual backgrounds and experience. This was done on an advisory basis, however, since the divisional executives were responsible only to general management collectively;

- (e) In effect, the arrangement comprised a president and several "assistant presidents", all of whom had the same company-wide interests and viewpoint;
- (f) Irrespective of the full-time general executives, every effort was made to hold the divisional executives fully accountable for the successful conduct of their respective operations;
- (g) The divisional executives appeared frequently before the council, either at their own instigation to present some matter for decision, or upon request to explain or defend proposals or results.

General management through a permanent council of general executives, possessed certain advantages over the other plans reviewed. Each of the three top management zones was occupied by a separate, full-time agency, designed and constituted to do the most effective job in that particular field. The small executive group was able to take action easily, effectively, and informally, calling in divisional executives for specialized counsel and advice as necessary. The time and energy of the most senior and highest paid officers and executives were devoted to the broad problems of the company as a

whole, instead of being concentrated on the specialized responsibilities of divisional executives. Finally, the arrangement permitted the development of divisional executives to their full potential by entrusting to them the full responsibility for divisional management. One of the arrangement's obvious disadvantages was its greater cost which might deter its adoption by smaller companies. In much smaller companies, however, the need for permanent general management executives would probably be less, because their problems of general direction and coordination would be less complex.

Section (iv) -

Zone 2(d): Industrial General Management Through A Board Of Directors¹

Two of the companies relied upon a managing board of full-time executives to handle the entire general management burden, in addition to their trusteeship function.

This had the advantages of general management always being intimately familiar with, and represented in the determination of, all major aspects of the business. It also facilitated the coordination of inter-divisional interests and the development of a company-wide viewpoint. The arrangement was unwieldy, however, because of the number of officials likely to be involved, it being necessary to involve the whole board for frequent and extended periods in the deliberation of problems of prime concern to only a few of the members.

¹ Ibid., pps.26-27.

**Part 4 - Zone 3: The Divisional, Or Departmental,
Management Function Of Industry¹**

Divisional management (Zone 3) provided the active direction and management of the respective parts or divisions of the company within the scope of operating policies and authority delegated by general management. These parts might be operating departments such as manufacturing and marketing, or staff departments, product divisions, regional divisions, or even subsidiary companies. Divisional executives were therefore defined as the topmost executives in charge of one or more of these divisions or departments, irrespective of whether their titles were vice-president, director, general manager, manager, or president. All were directly accountable to the chief executive or to general management (Zone 2) for their respective parts of the business.

The survey indicated that all of the following considerations were of primary importance in the successful functioning of divisional management:

- (a) Clear-cut, logical, and recorded delineation of the functions, relationships, and responsibilities of each divisional executive;
- (b) Delegation to divisional executives of adequate authority commensurate with their responsibilities and with specifically defined limits;
- (c) The establishment of definite objectives and suitable measures of what constitutes the divisional job well done. This might take the

¹ Ibid., pps. 27-29.

form of budgetary planning, standards of performance, or other control devices;

- (d) Effective current comparison and appraisal of actual results against the preplanned objectives, and when required, the taking of necessary action to stimulate improvement;
- (e) A conscious effort on the part of zone 2 general executives to render advice and counsel as requested, but to give no decisions, as individuals, within the zone 3 field delegated to divisional executives. The latter are expected to make up their own minds, take appropriate action, and stand accountable for results;
- (f) Insistence that matters presented for the action of general management be submitted in the form of well-substantiated proposals or recommendations;
- (g) Effective use of staff agencies to analyze and digest proposals as a preliminary to consideration by general management.

Part 5 - Similarity Of Objectives

In concluding this chapter, it is perhaps appropriate to make reference to the numerous similarities in the top-management organization of private and public administration which came to mind when recording details from the Holden, Fish and Smith book. In line with the objectives of this paper, the following chapters describe these similarities in detail. It is not intended that this approach denote

any lack of appreciation of the fact that important and irreconcilable differences also exist between the two.

Financial profit, for example, generally is afforded a low priority among federal objectives, when and if it is included at all. Other important differences are encountered in the means by which objectives are realized in government and in business. The latter lacks a corresponding division of general management responsibilities exemplified by a government minister and deputy minister. Political considerations in government can account for further discrepancies. It may be that political finesse has played a much larger role in attaining federal cabinet minister status than has managerial capacity (which is likely to be the dominant factor in industry).

The chapters which follow indicate, however, that the similarities between top-echelon public and private administration are many and striking, and that they greatly exceed and overshadow the differences. The similarities might even be considered to extend well beyond the field of organization and related controls, and embrace the existence of practically identical goals for the senior management of government and big business. A statement was recorded, early in this chapter, of the primary responsibilities of industrial top-management, as defined by the Holden, Fish and Smith survey (and which omitted the mention of 'profit' as such). It would appear equally valid to state

that the basic objectives of our Federal Government's top-management are identical, and also include:

- "(a) Farsighted planning and clarification of objectives, visualizing the needs of 'government' (rather than 'business') and determining its most advantageous future course;
- (b) A sound plan of organization, enabling all of its parts, individually and collectively, to function most effectively in reaching the common objectives;
- (c) Fully qualified personnel in all key positions, ensuring each individual's proper contribution to the whole programme, and
- (d) Effective means of control, permitting top executives to delegate wide responsibility and authority, thereby freeing themselves of administrative detail in order to concentrate on broad planning and direction."¹

¹ Ibid., p.3.

CHAPTER IV

PUBLIC ADMINISTRATION'S CORRESPONDING "BOARD OF DIRECTORS" OR "TRUSTEESHIP" ZONE 1

It is quite possible to draw a parallel from within the Federal Government to correspond with the 'zone 1' trusteeship function of industry's large corporations. The ultimate source of the Federal Government's power in Canada (or its ultimate ownership) lies with the Canadian electorate. At least once every five years Canadian voters have the opportunity of going to the polls and casting their ballots for the members of their choice to represent their interests in Parliament. In some ways, it can be shown that the Canadian voters closely correspond with a company's shareholders¹, and Parliament with its 'board of directors'.

At the present time Canada's population contains approximately ten million registered voters. As in the case of the thousands of shareholders owning a single large business, it would obviously be even more impossible for all of the Canadian voters, personally, to manage the affairs of their own Government. By means of a plurality of voters in a majority of constituencies, the Canadian

¹ The two differ in other ways, however. Unlike the shareholders owning a large company who may vote by proxy and whose voting privileges are in direct proportion to the amount of stock which they individually retain, each Canadian voter -- irrespective of how financially affluent he may be -- must personally cast his single ballot or forego the privilege of exercising his franchise.

people, therefore, select a small group upon whom they subsequently rely to represent their interests in Parliament. It follows that Parliament, at all times, is entrusted with maintaining and reflecting the interests and wishes of the Canadian voters who have elected it. This is a fundamental criterion inherent in our democratic system of government.

It is possible to extend the 'board of directors'/Parliament, zone 1 analogy considerably further. In describing desirable qualifications for members of boards of directors (appointed from outside of the companies concerned), Holden, Fish and Smith state that:

"The outside representatives should have a background of wide experience in corporate affairs. Their judgement should temper proposals of the general management in the light of broad knowledge of practices followed elsewhere; but particularly it should provide an impartial, detached, analytical viewpoint which the representatives of management are apt to lose because they are too close to current operations. In addition, it is this group which must mainly be depended upon for an adequate appraisal of results, . . ."¹.

With the substitution of a very few of its words to reflect Federal Government locale rather than that of a large corporation, this statement could be equally descriptive of desirable qualifications for Members of Parliament.

The possible difficulty, whereby board members are always

¹ Holden, Fish and Smith; Top Management Organization and Control; (New York, Toronto, London; 1951); p.19.

required to perpetuate only their shareholders' viewpoints, also has a close parallel in government. In the case of the Members of Parliament, essentially the same problem can exist in two forms. The first is due to the various responsibilities simultaneously confronting each Member. He must be loyal to his own supporters whose untiring efforts may have been directly responsible for his political success. He is also the representative in Parliament of all of the people in his constituency. He must determine, as well, the proper stage at which the trusteeship of their interests should cease in favour of government management generally. This, because of his responsibility as a Member of Parliament to uphold the best interests of all Canadians everywhere. Superimposed over these various (and sometimes conflicting) responsibilities is the further requirement for each elected federal official, in common with Caesar's wife, at all times to avoid even the appearance of favouring individual and personal interests. Breaches of the voters' trust have spelled political suicide, on occasion to the suspected, as well as to proven offenders. Establishment of a proper emphasis on each of the member's basic responsibilities has chronically resulted in heated differences of opinion and difficulties down through the years.

It is possible to continue adding to the list of similarities between public and private administration's trusteeship

zone 1, when the two are paralleled, as described. Federal legislation stipulates that the elected ministers report to Parliament, while a corporation's annual report is addressed to its shareholders by its president. Another similar situation exists in the mechanics of their respective financial processes. In business, the corporation's auditor reports to its board of directors, while the federal Auditor General reports to Parliament.

The Holden, Fish and Smith survey indicated that in almost all of the companies reviewed, "the Board of Directors: (a) established broad basic policies; (b) handled major financial matters; (c) selected senior officials and set their salaries; and (d) took care of other matters of a similar character". In similar vein, Parliament: (a) codifies policies and practices, (and even procedures in some acts); (b) appropriates funds, scrutinizes estimates and accounts, and occasionally demands that management publicly account for its expenditures; (c) codifies personnel practices (Civil Service Act), and maintains a special agent (the Civil Service Commission) to apply its Act; and (d) approves divorces for Quebec and Newfoundland, handles extra-territorial matters, etc., etc.

While these and other obvious similarities exist between the voters and shareholders on the one hand, and between Parliament and the 'board of directors' on the other, what might initially appear as

anomalies are also encountered when the analogy is further pursued. On examination, these, too, can be largely reconciled within the same comparison, however.

Identification of equivalent senior officials' roles might present problems. Is the Prime Minister the counterpart of an industrial president, for example, or is the latter's federal facsimile more closely approximated by the Speaker of the House? Where does the Senate fit into the federal side of the comparison? And, even more important, to what in industry can the federal Cabinet be equated in this first comparison?

The closest industrial counterpart of the Prime Minister may depend, in large part, on the personal preferences, abilities and preferred modus operandi of an individual prime minister and of an individual president. Instances in which each has succeeded in autocratically dominating his respective Parliament or Board, at least for a time, would not be unduly difficult to document. To the extent that differing personalities permit generalizations, however, it is believed that the office of Prime Minister affords a much closer match to the position of president of a board of directors than does the federal Speaker of the House. Rather than being the dominating influence in the House of Commons, the Speaker is usually more of a referee, intimately versed in the techniques and responsible for the

conduct of Parliament's day-to-day functioning and for the upholding of its traditionally-accepted procedures and protocol. As such, the Speaker would appear more closely to approximate a board of directors' secretary, rather than its president.

In regard to the federal Senate, it can be shown that its existence does not detract from the analogy which has been drawn. Many industrial boards of directors broadly include two categories of officials; those whom the shareholders have elected to represent their interests in running the corporation, and those whose function is the same but whose method and purpose of appointment may have partially differed. The latter members of the board may have been appointed primarily to reward outstanding past service with the company. Such appointments could also have been in the nature of promotions "upwards" from and out of the management zone because of outmoded management ideas which would deter the company's progress and growth, but which could nevertheless have a desirable curbing effect on the possible impulsiveness of their younger board colleagues at the higher level. In effect, therefore, many of the boards of directors of large corporations could be considered to contain a built-in "senate".

Identification of an industrial counterpart to the federal Cabinet is not particularly difficult after having equated Parliament with an industrial board of directors. The Holden, Fish and Smith

statement of identified industrial general management functions and responsibilities would appear to correspond closely with those of Cabinet. This comparison is explored in the next chapter.

Over and above all of the foregoing possible difficulties arising from the comparison as drawn, it could be convincingly argued, however, that an industrial board of directors is much simpler and more limited in its scope and affairs than is Parliament, and that comparing the two is somewhat like equating a horse and a locomotive. Both possess certain basic similarities which are significant, but only at a low level of sophistication. This cannot be absolutely denied. Indeed, even limited recognition of the concept of parliamentary sovereignty would be sufficient to support such a contention. For, "when parliament is sovereign, no substantial judicial protection can be assured to those who face the wielders of discretionary power"¹, while the actions of an industrial board of directors can be appealed to the courts at all times.

This final criticism can also be weakened, however, when attention is diverted away from the respective trusteeship functions and is focused, instead, on the individuals in government and in business charged with fulfilling these functions. It is submitted that such a change does not really alter either the view or the perspective.

¹ J.A. Corry, "The Prospects for the Rule of Law", in J.E. Hodgetts and D.C. Corbett Canadian Public Administration, (Toronto, 1960), p.550.

This, because the sophistication or simplicity of a function usually governs the abilities and qualifications of the official needed to carry it through to successful completion or, in effect, the 'man makes the non-mechanical job'. It would follow that if the Parliamentary function were much more complex and sophisticated than that of an industrial board, a corresponding distinction should be just as noticeable between the two groups of individuals involved. Such is seldom the case. The Canadian voters have not been noteworthy for consistently recognizing and electing only officials of "philosopher king" calibre to Parliament. Their apparent interpretation of the training, abilities and experience required of their chosen members has generally been much less exacting and rigorous than that which Plato considered essential many centuries ago. It could therefore be concluded that, on many occasions, the voters' choice has narrowed (if not actually reversed) the differences of complexity between the tasks of a Member of Parliament and those of a director on an industrial board.

CHAPTER V

PUBLIC ADMINISTRATION'S CORRESPONDING "GENERAL MANAGEMENT" ZONE 2

Part 1 - General

A comparison between the general management zones of big business and government cannot be made without an appreciation of certain of the formal relationships which constitutional monarchy has introduced into the government organization.

The Crown is the embodiment of the power of the state, and all actions of the state are exercised in the name of the Queen. Although it is popularly accepted that the Executive of government, or the Cabinet, exercises its power by virtue of being composed of representatives of the majority party in Parliament, this is oversimplification. In actual fact, the Cabinet derives its power as a result of its being a duly accredited and sworn group of members of the Queen's Privy Council. This derivation of authority from the Crown through the Privy Council to Cabinet implies that the true general management of government is made up of the Queen and her Privy Council, with Cabinet being merely a subordinate committee of that august group. This is an accurate formal description of the relationship of Cabinet to the monarch, and this relationship is continuously and formally

evident in the facts that all laws, regulations and formal orders (Privy Council Orders) are signed by the Queen's representative (the Governor General), and all contracts are made in the name of the Crown. However, this is essentially an academic picture in so far as the actual exercise of power is concerned. "A clear distinction between the functions of these two bodies, Cabinet and Council, is rarely made or understood and, actually, the terms are commonly employed as synonyms."¹ The concept today of the Canadian government being generally managed by the Queen and her Privy Council is, therefore, something of an illusion, based on history and tradition, which has been perpetuated in the interests of safeguarding authority. It does not constitute a separate authority level within the Canadian Government in current times.

In relating this aspect of Cabinet to the conclusion in the preceding chapter, namely that Parliament is equivalent to an industrial board of directors, it can be seen that the federal Cabinet functions in a more formal and complex surrounding than any industrial equivalent. Cabinet's power is derived from the Crown. It is granted this power in part through election by the electorate, through appointment once the election has taken place, and then through the prime support of the party whose policies it promotes. It can exercise the power only with the support and confidence of the majority of the House of Commons.

¹ M.E.D. Halliday, "The Executive Of The Government Of Canada", Canadian Public Administration, Volume 11 (1959), p.231.

All of these conditions are vital to our democratic system of government, and the absence of any one could mean anarchy, confusion or the government's defeat.

Thus the general management function of Cabinet has two dimensions: a constitutional and monarchial dimension, and a democratic one. In each of these dimensions, it is once-removed from the origin of trust -- once-removed from the people by being responsible to Parliament, and once-removed from the Crown by being a committee of the Queen's Privy Council.

Cabinet has still a third dimension which is perhaps most pertinent to the topic under consideration. This is its truly operative or executive dimension. In this context, three basic elements must be considered in comparing Cabinet with any counterpart in industry. There is, first, the composition of Cabinet as a representative sub-sample of the House of Commons. Secondly, there is the operating protocol of Cabinet whereby its deliberations are not only secret, but must, or should, result in decisions which are binding on all its members. This second condition is succinctly referred to by the term "Cabinet solidarity", with implications of perfect and undivided loyalty to the "eternal" secrecy of the deliberations and to their resulting policies. The third aspect is more closely related to the general management zone 2 as identified in industry by Holden, Fish

and Smith. This is Cabinet as a deliberative and executive group composed of the executive heads of functional agencies of the government, headed by a chairman (who, generally, is not a functional executive but, nevertheless, often fulfills that role on a temporary and even a permanent basis), and with a membership which includes a few staff executives, such as ministers without portfolio. It can be illustrated that this third identity of Cabinet most closely approximates the executive or general management zone 2(b) of the business world¹, that is, general management through a part-time council of divisional executives headed by a chief executive.

Part 2 - Introduction

Any comparison between the activities of Cabinet and those of industrial general management is greatly facilitated when two conditions are assumed to exist. The first is that both forms of general management -- public and private -- be assessed in relation to organizations which have been established for many years, as opposed to having been only recently created. Secondly, it is essential that the business side of the equation refer to a large and complex business organization. Thus, the analysis which follows assumes, on the one hand, a national government at an advanced stage of political maturity and, on the other, a well-established, large-scale, complex, private enterprise.

¹ See description, pps. 24, 25 herein.

These assumptions having been stipulated, the parallel between Cabinet and industrial general management (of the zone 2(b) variety) can be brought into sharp focus by a comparison along broad functional lines, namely, executive policy, organization, finance, and personnel administration.

Part 3 - Executive Policy

The industrial general management zone was found by Holden, Fish and Smith to be charged with the responsibilities of initiating, formulating, and promulgating decisions and orders so as to ensure the particular corporation's continuing progress through changing circumstances. In the case of business, these responsibilities were fulfilled within the limits of broad policies laid down by the board of directors or "trustees", usually in the form of by-laws. In government, it can be demonstrated that essentially these same general management responsibilities are carried out by Cabinet within the framework of legislation enacted by Parliament, which has been shown to personify federal trusteeship.

It must be clearly understood that of paramount importance to effective general management in government as well as in industry, is the continuing recognition of changing circumstances, and the determination of how they can best be met. This is really the essence of good general management. One can take almost any points of

reference in history and observe that, under the motivating force of the same broad principles, both government and business operations have required a myriad of major and minor adaptations to cater to changing technological conditions and human needs.

As an example of government's adaptation to change, one could contrast how a "social welfare" principle or motivation led governments of the nineteenth century to plan, enact and administer a host of new reforms such as the New Poor Laws, the Child Labour Laws, the Hours of Work Laws, etc. Governments of the 1930's were concerned with the distribution of doles and the stimulation of employment. More recently in the post World War II era, governments have been actively engaged with sophisticated measures such as universal insurance, social security, medicare, etc.

In similar vein, the "profit principle" of business spurred entrepreneurs to create factories and exploit factory workers during the Industrial Revolution. At the turn of the twentieth century, the quest for profit resulted in wide-spread mergers and the integration of business generally. More recently, this same motivating force has caused business to develop a keener sense of social responsibility and human relations in the interests of maintaining long-term profits.

These two illustrations indicate the inevitable overlapping which occurs between the responsibilities of the trusteeship and general

management zones, both in government and in business. They also, perhaps, indicate that the predominant influences advocating general management changes have not necessarily stemmed, in the first instance, from officials within the actual trusteeship and/or general management zones. One could speculate endlessly concerning the influence of other officials and groups and the sources of undercurrents of thought and philosophy which have been highly influential at each turning point in history. Whether the Renaissance or James Watt caused the Industrial Revolution, or whether social reforms were brought on by the unionization of labour or by democratic socialist parties, need not unduly detain our attention here. The fact remains that successive general management groups in government and in business have had to take an initiative under relatively stable and broad philosophical bases: to plan, to gain the approval of their respective trusteeship zones, and to administer a kaleidoscopic variety of measures in order to achieve progress through changing conditions.

Down through history, the interactions of government and business can also be observed in the same two illustrations given earlier. This interaction, from time to time, has shifted from a parallel of concerted action as in the Mercantile era or the laissez-faire period, to an action-reaction pattern such as was apparent during the Industrial Revolution or at the time of the Theodore Roosevelt-

business merger-era. Such close interaction presents an interesting sidelight on the "meshing of undercurrents" between the two forms of general management under the influence of party affiliations. It also invites speculation as to the magnitude of their interwoven pressures upon government at any particular time. Traditionally, some parties such as the Tories or Republicans have been credited with introducing the views and wishes of business into government, while others such as the Socialists and the CCF (provincially), have carried diametrically opposed views. This, in a general sense, can explain the complementing reciprocal relationship between the aims and endeavours of general management in business and in government throughout history. At their present stage of development in Canada, it is possible to illustrate other ways in which the two are alike.

The survey conducted by Holden, Fish and Smith revealed that the general management function in industry was being carried out in any one of four ways. It already has been indicated that the federal Cabinet, whose executive functions have been shown to correspond with those of industrial general management, most closely approximates zone 2(b) in structure. Zone 2(b) is the second of the arrangements described in "Top Management Organization and Control". In this arrangement,

"the general management function was the responsibility of a chief executive assisted

by a part-time, but formally constituted, and representative, council of divisional executives who, as required, were assembled from their divisional duties"¹.

In the next section, attention is drawn to the obvious organizational similarities between this arrangement and Cabinet. Additional "executive policy" similarities also can be attributed to the arrangement.

The fact that most Cabinet Ministers are, as well, heads of functional departments, goes a long way towards ensuring that Cabinet consideration and coordination of our country's functional, geographic, economic, ethnic, and other interests are adequate. This is in close parallel with the "regular participation of (industrial) divisional executives in council deliberations tending to ensure adequate consideration of divisional interests and points of view"². In government, as well as in industry, the arrangement also "results in a better understanding of, and compliance with, council (or Cabinet) action"³ on the part of each individual Cabinet Minister or divisional executive. It was stated that in the largest companies "the adequacy of the part-time attention of divisional executives to the general

¹ Holden, Fish and Smith; Top Management Organization and Control; (New York, Toronto, London; 1951); pps.22-23.

² Ibid., p.23.

³ Ibid., p.23.

management function was questionable"¹. One can only speculate concerning whether the same problem is encountered federally, since Cabinet meetings are held "in camera". It would be surprising if the enormous magnitude of departmental duties which demand the minister's personal attention in the larger federal departments did not result in essentially the same situation. It is probably equally difficult for Cabinet Ministers, also "absorbed in their day-to-day (departmental) problems and responsibilities . . . to be fully effective in general management affairs during those few hours a week when they serve on (Cabinet)"². Another consequence of the general management zone 2(b) arrangement in industry, was the tendency "for divisional executives to bring inappropriate problems to council"³. Whether Cabinet Ministers are equally guilty of attempting to engage Cabinet meetings with the domestic affairs of their own departments provides food for further speculation. It seems probable that they would be at least as professionally subjective as their industrial counterparts. This, because in government each minister exercises a responsibility both to the department (or departments) which he heads, and also to the electorate responsible for his being in Parliament.

¹ Ibid., p.23.

² Ibid., p.23.

³ Ibid., p.24.

Without reference to specific governments and businesses in particular situations, it is difficult to be any more precise in dealing with executive policy. In any event, the need for greater precision in collating industrial and governmental executive policy is believed superfluous at this stage. It is intended only to have demonstrated that in terms of trend, of relationship to the trusteeship function, to results, motivation, responsibilities, etc., the two are similar. As a result of the general considerations outlined, it is believed that their close similarity has been proven. With this similarity as a background, a more precise comparison can be made when dealing with particular facets of the overall responsibility of Cabinet on the one hand, and with their industrial counterparts on the other.

Part 4 - Organization

When one wishes to make a comparison between business and government of general management's organizational activities, responsibilities and structures, a more specific analogy can be readily drawn. A concrete illustration of close organizational interests would be the case of a large company considering the redistribution of work among its plants on a regional, rather than on a functional, basis. This, most certainly, would be a decision for industrial general management requiring the blessing of the company's board of directors. In a parallel manner, Cabinet has always concerned itself with the

.. realignment of responsibilities between individual ministers, between agencies, and so on, subject, of course, to Parliamentary approval.

Another illustration of similar organizational responsibility and activity would occur when Cabinet decided to allocate a new project or function to a board, instead of giving it to a regular department or having the work carried out by contract in industry. Under similar circumstances and with commensurate responsibility, industrial general management can create a new plant, or a new and separate corporate entity to develop a new function or to pursue the economic integration of process.¹

Essentially the same considerations would enter into each of these organizational decisions. In both cases they would include assessing the degree of similarity between existing and proposed functions; the advantages accruing from the grouping of like functions; span of control considerations; perhaps regional and sociological factors; and undoubtedly financial considerations, such as the desirability of separate financing and possibly whether to market a new and separate issue of bonds or stocks; etc.; etc.²

¹ For example, the creation of separate finance companies by automobile manufacturers or the development of a separate company to mine ore by a steel-making company.

² It is appreciated, however, that in government such organizational considerations can be influenced (if not overridden) by political factors to a much greater extent than is likely to be the case in industry.

A comparison of the organizational structures in government and in industry indicates the close similarity that exists between the two.¹ (It also indicates the wide range of similar structures that exists in both.) Such a comparison reveals no significant differences in the structures of public and private organizations from the criteria of numbers of authority levels, lines of communication, groupings of like functional and administrative activities into divisions or branches, etc. In short, the methods and criteria by which people are organized in government and business are almost identical. This is, of course, to be expected since organizational guides are universal and have been handed down from early society primarily through the church and the military.

Organization naturally and inevitably involves people. One of the major responsibilities of general management in the area of organization is to establish a control over costs which, at the same time, has to be sufficiently flexible to ensure the continuing maintenance of a proper balance of manpower and resources among all of the organization's various parts. In the case of government, the authority for this responsibility has been assigned to a

¹ Suggested publications from which such a comparison can be readily made are:

- (a) K.K. White; Understanding the Company Organization Chart; AMA Research Study 56; American Management Association; 1962.
- (b) Organization of the Government of Canada; Queen's Printer; published annually.

Cabinet sub-Committee, the Treasury Board. In most large businesses there are also committees at the general management level specifically charged with this same responsibility, i.e. maintaining the optimum balance between organization and people, and between people and cost. This association of interests indicates two additional areas where the comparison of public and private general management functions could, with advantage, be explored in specialized ways. Although closely related, financial and personnel policies are considered separately in the sections which follow.

Part 5 - Financial Policy

In its simplest form the financial process can be considered to comprise three chronological stages. These are planning and budgeting, administering the disbursement of money towards the execution of approved programmes, and, finally, reviewing expenditures after-the-act to ensure that they have been properly made. Controls are exercised during each of these stages. The detailed techniques by which the controls are achieved can vary between big business and government for reasons that are too lengthy to explore in this essay.¹ The same three procedural stages, however, are common to the financial processes of both.

¹ The means by which business and government maintain control over their respective financial processes are dealt with in Chapter VI of the following publications: D.C. Rowat, Basic Issues in Public Administration, (MacMillan: New York, 1961).

The procedure at the general management level is to approve the budget for all operating divisions, to scrutinize major expenditures at the time they are about to be made, and to post-scrutinize overall performance in the light of the prior-approved programme budget. Government operates on a cash system which is closely tied in with the idea of an annual levy of taxes and source of income. The fact that the disbursal of this annual revenue reflects both financial requirements and general economic policies, with the latter frequently predominating, can introduce major differences in the types of financial controls imposed by government and by business but this in no way alters the fact that the same three stages are common to the financial cycles of both.

Part 6 - Personnel

In the field of personnel management, it is possible to observe a more widely divergent approach between government and business than is apparent in their financial procedures. In Canada since 1918, personnel management has afforded an area in which Parliament or the federal trusteeship zone generally appears to have retained a much greater influence than has its board of directors counterpart in business. Exceptions to this general statement would most likely occur in smaller companies where boards of directors would tend to exercise a more direct interest in the selection of personnel

than is the case in the very large corporation. In relation to the equivalent trusteeship function of large businesses, there is little doubt that in government the trusteeship zone has legislated in such a way as to retain a higher degree of control over personnel administration.

This curtailment of the general management zone by the trusteeship in government is reflected in the Civil Service Act and in its regulations. For example, the following two principles, which are embodied in the Act, place definite limitations on federal general management in the field of personnel policies. The right of every Canadian citizen to apply and to be considered when vacancies arise in the Civil Service and are advertized through open competition, irrespective of his race, religion, creed, colour, etc., is one principle. Another is the right of certain Canadian veterans with appropriate and adequate qualifications to be given preference in government appointment over non-veterans. It is not intended to question the justification of these principles, nor is it necessary to demonstrate the extent to which they have placed a comparatively greater restriction on federal general management than exists in business. Evidence of their restriction may be gathered from the fact that Parliament has frequently resorted, rightly or wrongly, to the corporate form of organization (the Crown Corporation) in order (at

least in part) to abstract certain of its administrative or operating functions from the stringency of its more rigid personnel intentions.

It might, of course, be argued that the growing influence of industrial unions -- if viewed as a social movement, rather than as individual groups of workers banded together to bargain collectively on matters of wages and conditions of work -- has effectively become the industrial counterpart of the trusteeship influence of Parliament as embodied in the Civil Service Act. This being the case, it could be demonstrated that where the social movement in the form of unions has succeeded in becoming incorporated with the senior management of a large company (for example, in employee-managed companies or through employer-employee management councils), the divergence between government and business in matters of personnel administration has been reduced.

The explanation as to why there may appear to be major differences in the respective personnel responsibilities of industrial and governmental general management could, therefore, be largely a matter of differing techniques. In the case of business, what may not be obviously present at the formal trusteeship level is nevertheless there in very real measure. It manifests itself in another or substituted form of trusteeship which has been imposed on general management by the collective actions of labour. It is not to be

concluded that enlightened industrial management, without unions, could not have realized the same social trusteeship requirement. It would be equally wrong to assume that unions or groups of unions have always had only altruistic motives for pressuring industrial boards of directors.

From the criterion of net effect within an historical context, it can be concluded, however, that unions, as a social movement, have achieved a form of trusteeship influence upon business general management which is very real and which limits the actions of management. It can also be concluded that the trusteeship influence which they have achieved is somewhat comparable to the motivation of Parliament in legislating the Civil Service Act, which similarly confines the personnel actions of government's departmental management. One might speculate in similar vein that consumer interests could also become an integral part of senior corporation management. When this, too, has occurred, government and industrial trusteeship will have passed a further milestone toward a more complete assimilation of social aims and endeavours.

CHAPTER VI

PUBLIC ADMINISTRATION'S CORRESPONDING "DIVISIONAL MANAGEMENT" ZONE 3

Of the three industrial management zones identified by the Holden, Fish and Smith survey and their established federal equivalents, the similarities between the industrial and federal divisional management zones are by far the most striking. A comparison between the divisional management zones in private and public administration can be made so readily as to largely preclude the need for recording their very obvious similarities in any detail.

The general management zone 3 in industry "provided the active direction and management of the respective parts or divisions of the company within the scope of operating policies and authority delegated by general management. These parts might be operating departments such as manufacturing and marketing, or staff departments, produce divisions, regional divisions, or even subsidiary companies. Divisional executives were therefore defined as the topmost executives in charge of one or more of these divisions or departments, irrespective of whether their titles were vice-president, director, general manager, manager, or president. All were directly accountable to the chief executive or to general management (zone 2) for their respective parts of the business."¹

¹ Holden, Fish, Smith; Top Management Organization and Control; (New York, Toronto, London; 1951); p.27.

The corresponding divisional management zone within the Federal Government is, of course, made up of the federal departments and agencies which also function "within the scope of operating policies and authority delegated by general management."¹ The federal departments and agencies report to Cabinet and Parliament which, in Chapter V, Parts 1 and 2, have been shown to comprise federal general management equivalent to industrial general management (of the zone 2(b)² variety).

In general, the federal departments and agencies are organized on the basis of essentially the same four criteria as are employed in industry. In the case of government, these might be more accurately designated as 'function', 'clientele', 'territory', and 'work process' -- with departmental examples, respectively, being: Trade and Commerce, Veterans Affairs, Northern Affairs and National Resources, and Printing and Stationery. As in industry, these criteria are not mutually exclusive. The interests of most federal departments and agencies, of necessity, cut across all four principles to varying extents. Some confusion exists between 'function' and 'work process' in the federal context, with 'function', in some instances, being difficult to distinguish from any or all of the other three. The predominant interest or emphasis of each department and agency, however, can usually be most clearly associated with one specific criterion.

¹ Ibid., p.27.

² Ibid., p.22.

The various structures making up the federal divisional management zone also lend themselves to classification as 'operating' (National Health and Welfare, National Defence, Forestry, Agriculture, National Capital Commission, Transport, etc.), 'staff', and 'subsidiary'. If a 'staff' agency is considered to be one without operating duties, which coordinates and serves the line in an advisory capacity, examples of government staff agencies would include Trade and Commerce's Economics and Advisory Branch, and the Pay Research Bureau and Advisory Services Branch of the Civil Service Commission. 'Auxiliary' or 'housekeeping services' is another means of identifying federal 'subsidiaries'. The Departments of Public Works and Printing and Stationery, for example, have been established in the interests of assisting other departments and agencies in certain specialized ways. As in industry, the concept of 'staff' and 'auxiliary' (or 'subsidiary') agencies tends to blur.

Recognition of the somewhat different roles fulfilled by certain of these 'non-line' departments and agencies invites speculation concerning the possible existence of a 'control' or 'administrative' zone in top-level government which was not identified at the

corresponding industrial level by the Holden, Fish and Smith survey.¹ Federal departments and agencies can be readily segregated by still another criterion which one could anticipate as not likely to be significant in the context of business. In government, the federal divisional management zone, as defined, might be considered to be made up of departments and agencies of only two basic types. One type would be those whose prime responsibilities involve the administration and management, in certain specialized ways, of their colleague organizations. The second type would consist of the departments and agencies engaged in carrying out one or more basic functional or technical 'line' activities, reasonably independently of, but subject to certain administrative controls exercised by, their colleague organizations.

Wide variations exist in both the types and degrees of administrative controls exercised by the first group of departments and agencies over those in the second category. The number of authorities making up the former group are truly impressive, and include Treasury Board, Civil Service Commission, Public Printing and Stationery, Public Works, Comptroller of the Treasury, Auditor General, Finance (for

¹ The Sub-Departmental Management Zone 4 identified in industry by the Holden, Fish and Smith survey is not the equivalent of the federal control agencies and departments. Zone 4 is composed exclusively of certain 'staff' segments of sub-divisional industrial management (such as organization, cost control, industrial engineering, standard practice, budgetary control, personnel administration, accounting, auditing, credit). Such controls as are exercised by zone 4 apply only to sub-divisional management levels. They do not encompass any of either the industrial zone 2 (general management) or the first level of industrial divisional management (zone 3).

telephone service, etc.), Defence Production (for certain other departments only), Mines and Technical Surveys (for mapping, geographical research, etc.), etc., etc. The existence of this pervasive twilight area in public, and not in private, administration is, of course, largely a consequence of government's much vaster complexity and size.

It could be advanced that the purpose of this layer of central control and service agencies is in the interests of fostering 'unity of command' of the rigid non-concord of authority variety, in the sense that they could represent an attempt to bring uniformity into the administrative activities of all the many diverse and complex individual agencies and departments which make up the overall federal complex -- and there are well over one hundred such separate activities. Volume 1 of the Glassco Commission Report has pointed out that 'uniformity' and 'unity' are not necessarily synonymous.¹ It also indicated that the unending pursuit of 'uniformity' can extract a high price and is, in some measure, responsible for the bureaucratic approach to the internal management of government.² There may be, indeed, a vast contrast here between government and business in terms of the freedom

¹ Royal Commission on Government Organization, (Glassco Commission), Volume 1, A Plan for Management, (Queen's Printer, 1962), p.42.

² Ibid., pps.41-50.

which can be enjoyed by comparable levels in the two.¹ This does not have to continue. The Glassco Commission has advocated that greater freedom be introduced by realigning the authority between those agencies which operate on behalf of the trusteeship or the general management zones, and the agencies which operate at a purely divisional level (that is, the traditional 'line' departments and agencies).² It has been indicated that many federal government agencies (approximately one-half of the one hundred or so) already possess a great deal more autonomy than the traditional departments. The relevant Glassco proposals, therefore, could be considered to be a consistent extension of something which already had been started many years ago. Or, to put it another way, the greater freedom of the 'abnormal' should hereafter constitute a new, universal, norm.

In essence, the control agencies which function in this intermediate zone are not, strictly speaking, divisional agencies although in operation they may be so considered. They are, in actual fact, extensions of either the trusteeship zone (for example, the Auditor General and Civil Service Commission which report directly to Parliament) or the general management zone, (with examples being the Comptroller of the Treasury, Departments of Public Works and Printing

¹ The existence of further contrasts in terms of the wide range of administrative freedoms enjoyed by comparable levels of divisional management within the Federal Government alone are also to be noted.

² Glassco Report, pps.48-51.

and Stationery, etc.). Although the Holden, Fish and Smith survey makes no specific reference to this type of agency forming a specific top-management zone in industry, it is probable that many of the larger companies do contain internal divisions (at other than the sub-divisional management level) which are really the working arms of either their trusteeship or general management zones. Indeed, there has been much reference in recent literature to the 'controls' exercised by corporate staffs over divisional management. Could the survey have included some firms of a size equivalent to that of the Canadian Federal Government, it is believed that some form of corresponding control zone would have been an equally obvious part of private administration's top management. The lack of a separately-identifiable senior control zone in private enterprise accordingly is not considered detrimental to the comparison being made.

Considering next the top divisional executives, in government they are the ministers of individual departments. As department heads, they, too, are "distinguishable from general executives in that they are immediately concerned with divisional or departmental, rather than company-(or government-) wide interests."¹ Also, to the same extent as is the case with their industrial colleagues, the existence of most of the following are of primary importance to the successful functioning

¹ Holden, Fish, Smith; Top Management Organization and Control; (New York, Toronto, London; 1951); p.27.

of each top federal executive in the divisional management field:

- "(a) Clear-cut, logical, and recorded delineation of functions, relationships, and responsibilities of each divisional executive;
- (b) Delegation to divisional executives of adequate authority commensurate with responsibilities and with specifically-defined limits;
- (c) The establishment of definite objectives and suitable measures of what constitutes the divisional job well done;
- (d) Effective current comparison and appraisal of actual results against the preplanned objectives, and when required, the taking of necessary action to stimulate improvement;
- (e) A conscious effort on the part of zone 2 general executives to render advice and counsel as requested, but to give no decisions, as individuals, within the zone 3 field delegated to divisional executives. The latter are expected to make up their own minds, take appropriate action, and stand accountable for results;
- (f) Insistence that matters presented for the action of general management be submitted in the form of well-substantiated proposals or recommendations;
- (g) Effective use of staff agencies to analyze and digest proposals as a preliminary to consideration by general management."¹

Little distinction accordingly exists between public and private administration's divisional management zones, both from the criteria of responsibilities, objectives and accountability, as well as from considerations of like organizational structures, like functions and their groupings, like controls, etc.

¹ Ibid., p.29.

CHAPTER VII

COMMITTEES

Reference, however brief, to upper-echelon organization and related controls in either public or private administration would be seriously incomplete without reference to the magnitude of the role played by committees. Committees are extremely important at all management levels in both government and business. Their authority levels, composition, purposes, prevalence, and diversity of subject matter would appear strikingly similar in both, as would their weaknesses, strengths and abuses. "Top Management Organization and Control" devotes a full chapter, titled "Committee Organization", to the role of committees in big business. It is significant that practically all of this same chapter provides an equally accurate description of committee organization in government, as well.

Under "Committee Organization", Holden, Fish and Smith note that:

"Of the various mechanisms of management, none is more controversial than committees. Some companies are intolerant on the subject; others overdo the idea. Committees are charged with wasting time, slowing down action, stifling individual initiative, producing compromises rather than clear-cut decisions, and lessening the sense of individual responsibility.

The committee plan obviously is not without its limitations, but when properly used, organized and administered, committees provide a most effective

device for coordinating activities and points of view

Despite their alleged shortcomings, committees are an important device of administration. They are appropriate at every level of the management scale. The board of directors is a committee, and most boards have several subcommittees. At the general management level, the effective council or cabinet is in effective use At the operating level of management, committees are of equivalent value

Where experience with committees has been unsatisfactory, the trouble usually lies in improper use or in faulty organization and administration of the committees"¹.

The Holden, Fish and Smith survey indicated that, in industry, committees were established to fulfill three basic needs. These were to coordinate the activities and points of view of the members, to provide general management with well-considered recommendations on matters of company-wide concern as a basis for final action, and, finally, to provide the rounded judgement of a well-qualified group in lieu of that of one individual, agency, or department.² The survey also discovered that certain types of committees were common to and an important part of each of the management levels of every large corporation reviewed. Each company had the problem of coordinating the activities of its various operating and staff departments, which was effectively met by a coordinating committee. In most corporations, salary administration

¹ Holden, Fish, Smith; Top Management Organization and Control; (New York, Toronto, London; 1931); p.59.

² Ibid., pps.60-61.

was catered for by a wage and salary committee. Other recurring committees found to exist in almost all of the big businesses encompassed by the study were a Products Committee, a Personnel Committee, a Pension and Benefits Committee, and last, but far from least, an Appropriations Committee.¹

The same pattern of committees can be identified in government engaged in fulfilling the same three basic needs.

A series of parliamentary committees report to, and are an important part of the federal trusteeship zone or Parliament, which, in itself, is really a committee. These include Standing Committees, Joint Standing Committees, Select Special Committees, and, perhaps most important of all, the Committee of the Whole House. Standing Committees are distinguished by the fact that they are appointed for the term of each Parliament in order to consider all subjects of a particular class arising in the course of the session. Their numbers and the titles they bear are governed by the standing orders of the House and change very little from year to year. In addition, there are usually several Joint Standing Committees, that is, committees with a combined Senate and Commons membership. The names suggest the subject matter with which each standing committee is concerned -- Public Accounts, Agriculture and Colonization, Industrial Relations, Standing Orders, Banking and Commerce, Private Bills, Privileges and Elections, Marine and

¹ Ibid., pps.64-73.

Fisheries, etc. --- and the same is true of the two Joint Committees on the Library and on Printing. The Standing Committees may be supervisory (such as that on the Library), but the bulk of them are legislative and to some degree investigatory. "While superficially impressive, Standing Committees are not, in fact, a very important part of the legislative machinery"¹. "The Select Special Committees of the House are much more useful bodies for they are called into existence by special needs, and there is always adequate work for them to do"².

The distinguishing marks of the Select Committee are its ad hoc nature and the narrowness of its field, for it is usually appointed to investigate a particular topic, petition, or bill. The Committee of the Whole House is the entire House of Commons acting as a committee rather than in its ordinary capacity, and this, of course, is the largest and the most important of the committees in the federal trusteeship zone. The special function of the Committee of the Whole is the discussion of details, and its more flexible procedures are designed with that in mind. All measures for the raising and spending of money must first be considered in Committee, and also any other questions which, in the opinion of the House, may be more fitly discussed in committee, are dealt with in that manner. Public bills will usually be considered in the Committee of the Whole following the second reading.

¹ Robert MacGregor Dawson, The Government of Canada, (London; 1954), p.410.

² Ibid., p.410

At the Zone 2 general management level, major problems in coordination and control arise because the public service is organized in a series of separate departments and agencies.¹ This is partly resolved by having certain of the Ministers meet as a committee in Cabinet to discuss their differences and to unify their policies, as, for example, the Cabinet Committee on Defence. As has already been indicated, Cabinet is the heart of federal general management, but, at times, a smaller executive is necessary. Special Cabinet committees are then created to develop combined policies in a given field and to exercise joint control over inter-related departments, such as the War Cabinet during World War II. The coordination and control of departmental finances is similarly carried out in government by a small and most important committee. This, of course, is the Treasury Board, which is a committee of Cabinet engaged in the critical review of each department's requests for funds in relation to the needs of all departments and, if necessary, in the scaling down of such requests before they are presented to Parliament for approval. Treasury Board also authorizes, on behalf of the government, the actual commitment and

¹

D.C. Rowat, The Public Service of Canada, (Bureau of Current Affairs, Department of National Defence, Ottawa; Queen's Printer; 1953), p.17.

expenditure of funds.¹ Many other committees, both ad hoc and continuing, exist in the federal general management zone and vitally contribute to ensuring that overall inter-departmental coordination and control are adequate. Aside from committees made up of Cabinet Ministers, there are inter-departmental committees composed of officials of the permanent service; these committees are normally advisory and help to shape government policy. A good example is the review of Royal Commission reports by committees of civil servants drawn from several departments.

Within the divisional management zone in government, the number of committees is literally legion. They reflect such a wide diversity of composition, purpose, and degrees of usefulness as to defy making any meaningful generalizations. It is perhaps at the federal zone 3 level where the traditionally alleged defects that committees "waste time, slow down action, stifle individual initiative, etc."² would be most difficult to refute or to substantiate. An examination of the committees within the Department of National Defence alone would

¹ It is important to note that, under Parliamentary practice and procedures, the responsibility for authorizing the expenditure of funds rests with the Executive or Cabinet. Parliament formally authorizes the appropriation of public revenue for general or specific purposes; it does not authorize the Departments to spend the funds appropriated; this is the prerogative of the Cabinet and, by tradition and delegation, the prerogative of the Treasury Board.

² Holden, Fish, Smith; Top Management Organization and Control; (New York, Toronto, London; 1951); p.59.

afford scope for an independent study of considerable length. It is not intended to imply that committees at the divisional management level within DND and other departments do not, in the main, fulfill useful and essential functions. By virtue of their numbers and variety, however, any conclusions in this regard would require considerable investigation and study. The gamut of federal committees engaged in divisional management activities ranges from a few which meet seldom, if ever, to others which, of necessity, comprise almost the sole modus operandi of their sponsoring organization, such as the Canadian Government Specifications Board.

The fact that the same reasons precluded the Holden, Fish and Smith survey from reaching specific conclusions regarding committees in industry, is further indicative of the close similarity which prevails between public and private administration.

CHAPTER VIII

CONCLUSION

In the context of modern, large-scale organization -- whether it be in public or in private administration -- it is submitted that the classical principle of unity of command would manifest itself as concord of authority.¹ Under this concept, unity of command is essentially the achievement of a concord of authority throughout the organization, that is the achievement of a unity of purpose through an organized body of people by means of a unity of policy and decisions. It was early recognized that the basic pattern or structure by which the 'body of people' are 'organized' provides a measure of the degree to which they collectively reflect attainment of concord of authority.

Previous chapters have been devoted to a comparison of the basic top management and control zones of the most successful big businesses and those of the Canadian Government, and this was done because of the prior assumption that big business, to be successful over a prolonged period of time, must embrace 'concord of authority' of the highest order. With one possible exception², this comparison has

¹ The reasoning leading to the belief that 'concord of authority' and 'unity of command' are generally synonymous in modern times, is outlined in Chapter II.

² This arose because of the existence of federal control agencies and departments. See pps.60-66 inclusive, herein.

indicated that the top organizational levels in public and private administration closely coincide. It can be demonstrated that this is, perhaps, not too surprising, and is, as well, further indicative of the validity of the assumption that successful big business must embrace concord of authority.

In any true democracy, both government and business are founded on a common denominator. Democracy implies the supremacy of collective decision-making and majority rule over dictatorship, autocracy, totalitarianism, or other non-democratic forms of government. It could therefore be advanced that a prerequisite for the professional success of any large organization in democratic society is 'concord of authority', and that the evolution of 'concord of authority' out of 'unity of command' in the narrow Gulich sense¹, is an inevitable consequence of the democratic way of life. In business, 'concord of authority' is democratic management by the owner-shareholders; in government, it could be simply described as majority-voter rule. It accordingly is not surprising that democracy at work, whether it be in government or business, should manifest itself through the same basic organizational patterns.

The absence of 'concord of authority' in any large-scale complex organization brings to mind a situation which could only lead to professional collapse. Were any organization simultaneously to

¹ Which is explained in Chapter II, page 4.

experience its senior officials working at cross purposes, with conflicting interests, internal discord, distrust, intrigue, jealousies, dishonesties, etc., it is surely evident that its existence would rapidly become nothing more than a colourful memory on the highly competitive democratic scene. It is not difficult, for example, to recall governments which have been rejected as a result of public accusations and convictions along some or all of these lines. The assumption that the organizations of the most successful large corporations personify optimum 'concord of authority' would therefore appear particularly valid in democratic society.

Several conclusions stem jointly from this assumption and, in particular, from the close similarity which was shown to exist between the top organizational levels of the most successful large corporations in North America and those of the Canadian Federal Government. It follows, first, that fundamental and irreconcilable organizational differences do not exist between such private and public administrations at the senior levels. It also is indicated that the Royal Commission on Government Organization (Glassco Commission) has been justified in looking to successful big business for solutions to certain of the organizational ills identified in the federal complex. It can be further concluded that to the extent which the Glassco proposals have recommended patterning the public service still more closely along the

lines of successful big business, 'unity of command' or, preferably, 'concord of authority', has been made the more positive, rather than weakened.

It, of course, would automatically follow that 'unity of command' prevails both in public administration, and in optimum private administration, to approximately the same degree that their organizations coincide. The very substantial measure of organizational similarity between their respective top structures already has been established. The measure of 'unity of command' now existing within the Federal Government is, therefore, also substantial. As 'concord of authority', the additional measure of 'unity of command' attainable, however, would be in direct proportion to the extent which 'unity', 'oneness', 'harmony', 'singleness of purpose and in decision-making', can be further introduced. Human nature being what it is, these, in turn, become less attainable as an organization grows and its functions become more complex and varied. By virtue of the much greater complexity and size of the Federal Government of Canada in relation to the largest and most successful of American corporations, the former is less likely to enjoy 'unity of command' or 'concord of authority' to the extent potentially attainable in private administration.

Control agencies and departments are also a consequence of Government's greater complexity and size. Collectively, they do not

possess an exact counterpart in business.¹ Neither do they form a fourth and separate and distinct top management zone in government, since they are really extensions of either the federal trusteeship or general management zones.² Both private and public administration, therefore, possess only the same three separately identifiable top management and control zones. These are the trusteeship, the general management, and the divisional management zones. Each of these zones would closely correspond in every basic respect, were it not for the existence of the Federal Government's control agencies and departments. Implementation of certain of the Glassco recommendations of Volume 1 will result in the granting of wider authority to line departments, with a corresponding decline in non-'line' controls. This could only enhance 'unity of command' or 'concord of authority' federally. The complete abolition of central government controls has never been recommended, however, nor is it ever likely to be. Their continuing existence accordingly constitutes a further reason why the ideal 'concord of authority' is less attainable in government than in business. The extent to which federal controls should, with overall advantage, be superimposed on 'line' activities possibly provides a more accurate measure of the extent to which 'concord of authority' is potentially attainable in government.

¹ Chapter VI refers.

² Chapter VI, pps.62-66, explain.

It is not to be concluded that interpreting 'unity of command' as 'concord of authority' in any way obviates the need for recognizing the importance of still another factor in any organization's top structure. This is the requirement for 'inspiration'. 'Inspiration' is, of course, most applicable to the senior official's role. Sound organization can compensate for inadequate 'inspiration', but it can never provide a full substitute. In government, as well as in business, it is fully appreciated that "many of the best organization and control practices . . . have been primarily the reflection of some dynamic personality or of outstanding leadership"¹.

¹ Holden, Fish, Smith; Top Management Organization and Control; (New York, Toronto, London; 1951); p.ix, Preface.

CHAPTER IX

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