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## THE POLITICS OF MANAGEMENT THOUGHT: A CASE STUDY OF THE HARVARD BUSINESS SCHOOL AND THE HUMAN RELATIONS SCHOOL

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This article describes the early development of the Human Relations School at the Harvard Business School under the leadership of Elton Mayo and Wallace Donham. It shows how both achieved early success by positioning themselves as solutions to pressing social, economic, and political issues of the period between World War I and the New Deal.

This article describes the early development of the Human Relations School (HRS) at the Harvard Business School (HBS) under the leadership of Elton Mayo and Wallace Donham. It shows how intellectual communities and institutions accumulate power in our field—specifically, how the HBS and the HRS achieved early success by positioning themselves as solutions to pressing social, economic, and political issues of the period between World War I and the New Deal. The HRS helped the HBS achieve legitimacy in academic circles through its research focus and in industrial circles for its solutions to the problem of industrial strife. These solutions validated a managerial elite as the proper, exclusive bearer of administrative control. Thus, the HRS won support from CEOs of major corpo-

rations, who reacted to increasing interest in socialist ideas and practices.

Sociologists have demonstrated the vital role played by social networks in accumulating resources and power (e.g., Knoke, 1993; Krackhardt, 1992; Mizruchi, 1982; Useem, 1984). Key members of the HBS-HRS network included Wallace B. Donham, the second Dean of the HBS; Elton Mayo, known mainly for his work on the Hawthorne studies; Beardsley Rummler, Director of the Laura Spelman Rockefeller Memorial (LSRM) Fund (which funded Mayo's research); and John D. Rockefeller, Jr., who backed Mayo's work (Gillespie 1991: 112) and the "human relations" project generally (Gitelman, 1988; Rockefeller, 1917). This article presents a study of the collaboration between Donham and Mayo and the powerful alignment of the HRS and the HBS agendas in relationship to national, corporate, and research agendas of the day.

The HBS began as a fledgling institution, under attack from academicians and businessmen alike. Donham, HBS's Dean from 1919-1942, struggled to build its financial security as well as academic and corporate prestige. Mayo, who dropped out of medical school in Australia and was virtually broke, struggled to gain a foothold in the U.S. academic community (Trahair, 1984). Aligning with CEOs, the LSRM, and established academic disciplines (medicine and philosophy), as well as emerging ones (particularly psychology), Donham and Mayo positioned their efforts as a solution to social and industrial conflicts. More ambitiously, they positioned themselves, their institutions, and their agendas as ways of saving Western civilization (Donham,

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1936; Mayo, 1924c, 1933). Today, the HBS enjoys great prestige and status; it is arguably the best-known business school in the world. Scholars have assessed Mayo's contribution as central to the formation of organizational behavior (Roethlisberger, 1977; Wrege, 1979), organizational development (Woodworth, Meyer, & Smallwood, 1982), and personnel policies and practices (Whitsett & Yorks, 1983: 165–185). In theoretical work, business curricula, and managerial practice, Mayo's legacy flourishes.

The article is divided into three parts: (1) a background section, which explicates the HBS and the HRS in relation to the historical context; (2) a discussion of the HBS and Donham; and (3) a discussion of the HRS and Mayo, particularly Mayo's early, pre-HBS writings. The first part describes contemporary events to which business leaders of the day reacted. Locally, these leaders were concerned about escalating conflicts between management and labor; globally, they were concerned about the continuing viability of capitalism and democracy in the face of internal threats (strikes and depressions) and external ones (the Russian Revolution and the rising interest in socialism, Marxism, and Bolshevism). The second part describes Donham's struggle to simultaneously legitimize the HBS vis-à-vis the academic and the corporate-executive communities—ultimately, to secure a leadership position in national affairs for the HBS—and his uses of Mayo and the HRS in this regard. The third part explicates Mayo's political philosophy and practice, which later became a management theory and practice, as he applied psychological theories and techniques to the workplace. It shows Mayo as the social theorist he was. Mayo constructed the HRS as a set of psychological theories and psychotherapeutic techniques to achieve the social and political adjustment of the "agitated" (maladjusted) individual. The three sections together show how the HRS strategically and successfully positioned the HBS as offering scientific solutions to pressing social and economic issues of the day.

Describing the events to which business leaders reacted, the first section draws extensively on primary and secondary U.S. history sources. The second section, which details the struggle to build HBS into an elite institution, draws heavily from the correspondence of Wallace Donham, housed at the Baker Library archives, Harvard Business School. The third section relies primar-

ily on Mayo's writings, particularly his lesser-known, early (pre-HBS) texts, to explicate his political philosophy and practice.

## HISTORICAL CONTEXT

In 1919 Wallace Donham assumed the deanship of the HBS. In this same year Elton Mayo published his most extensive political work, *Democracy and Freedom* (Mayo, 1919). Also, in 1919, some four million American workers went on strike against their employers. In Seattle the United States' first general strike took place, as unionists and sympathizers walked out en masse in support of striking shipyard workers. A general strike occurred as well in Canada. Two weeks after the start of that strike, bombs exploded within the same hour in eight different cities—one of which blew up the Washington residence of Attorney General A. Mitchell Palmer. Bombs were mailed to J. P. Morgan, John D. Rockefeller, and Supreme Court Justice Oliver Wendell Holmes. In Boston the entire police force walked out, and 3 days of looting followed. Calvin Coolidge, then-Governor of Massachusetts, called in 5,000 state guardsmen. President Wilson called the walkout "a crime against civilization" (Gitelman, 1988: 307). Other crises occurred as well: estimates are that 20 million people perished in an influenza pandemic that began on the battlefields of France and spread throughout the world in 1919. Economic health suffered too: inflation rose to 29 percent in the United States alone.

Thus, during the same period when Mayo was refining his political theories and Donham was just beginning his campaign to build up the HBS administratively and financially, the world suffered from what one historian has called the "four horsemen of the Apocalypse": the Red scare, influenza, inflation, and industrial strife (Gitelman, 1988: 265). The world was recovering from the "Great War" (World War I). Alongside postwar physical reconstruction came a philosophical reconstruction: a rethinking and reappraisal of social, economic, and political policies. This reconstruction considered "a general overhauling of the social and industrial system—possibly also the political system—in the belief that now . . . things are in so 'molten' a state as to be easily remolded to a more ideal form" (Cleveland & Schafer, 1919: 4).

The pre-WWI years had been characterized by numerous reform initiatives (Chambers, 1963): of workplace policies (e.g., initiatives to regulate women's and children's work hours and conditions), of local communities (e.g., the increasing numbers of settlement houses and new immigrants), and of politics (e.g., increased unionization; greater activism on the part of unions; and increased interest in alternative political systems, such as socialism, Bolshevism, and Marxism; Hawley, 1992: 177). Problems of reform that had been publicly debated before the war were seen as even more pressing in the postwar period.

Labor issues received particular attention during reconstruction. To win workers' support in wartime, numerous concessions to labor had been made. For example, U.S. government agencies had created hundreds of shop committee systems, or "workers' councils," across a number of industries. The Adamson Act—the "8-Hours Law"—had been passed. Finally, the American Federation of Labor (AFL) had won a promise that union labor would be free from discrimination by private industry (Dickman, 1987).

There were concerns about the extent to which this role and these concessions would continue, if at all, in the postwar period. Two days after the armistice was signed, the president of the National Founders' Association, an organization of employers, gave a speech to his colleagues in which he noted that, with the return of peace, the operations of mines and factories had to proceed quite differently from wartime. He noted that workers could not "attempt to cling to all that union labor has gained on an unsound basis during an abnormal and artificial period" (Barr, quoted in Gitelman, 1988: 266–267). Samuel Gompers, president of the AFL, responded within 4 days:

Notice is given here and now that the American working people will not be forced back by either Barr, his association, or all the Bourbons in the United States. . . . The time has come . . . when the working people are coming into their own. They have new rights and new advantages. They have made the sacrifices, and they are going to enjoy the better times for which the whole world has been in convulsion. . . the Barrs . . . must understand that their days of absolutism in industry is [sic] over (cited in Gitelman, 1988: 267).

Woodrow Wilson convened the National Industrial Conference in order to establish con-

sensus among labor and industry leaders on collective bargaining and trade unions, but the initiative was abandoned late in 1919.

For political and social theorists, this debate played out in discussions about "democracy"—a highly contested term (Connolly, 1983) of the day. John Dewey pointed out the irony of the country's having fought a war to safeguard democracy, only to return to a system of "industrial and economic autocracy" (Dewey 1982: 85). Dewey and his colleagues advocated the application of principles and practices from civic democracy to the workplace—thus, "industrial democracy" (Croly, 1914; Plumb & Roylance, 1923; Webb & Webb, 1897). Other prominent figures supporting this view included Ordway Tead, Mary Parker Follett, and Mary Van Kleeck.

But many influential political theorists, scientists, and commentators strongly opposed this view. They saw the industrial democrats as excessively idealistic, having unwarranted faith in the intellectual capacity of the individual and "the masses" (Follett, in fact, argued that the very construct of the "mass" was an attack on democracy; 1918: 152–153, 181, 220–221). They declared themselves "realists," as opposed to the industrial democrats' "idealist" position. These democratic realists included the political scientists Charles Merriam and Harold Lasswell and the journalist Walter Lippmann. To mount their attacks on democracy, they drew heavily from the emerging field of psychology and its findings about the human psyche, crowd behavior, and propaganda. Lippmann argued that "responsible administrators"—not citizens—should make "expert opinions" (Lippmann, 1922: 399). Central to this idea was a distrust in the ability of the masses to make reasoned judgments and a strong faith in the objectivity and clear sightedness of experts (Lippmann, 1922: 402). It was time, Lippmann declared, "to escape from the intolerable and unworkable fiction that each of us must acquire a competent opinion about all public affairs" (Lippmann, 1922: 31).

One specific instance of the debate between the industrial democrats and the democratic realists concerned the "technique of public discussion" as a means to resolve differences. Harold Lasswell, one of the earliest theorists to combine psychology and politics, attacked the idea:

The democratic state depends upon the technique of discussion to relieve the strains of adjustment to a changing world. If the analysis of

the individual discloses the probable irrelevance of what the person demands to what he needs . . . [then] serious doubt is cast upon the efficacy of the technique of discussion as a means of handling social problems. . . . The findings of personality research show that the individual is a poor judge of his own interest (Lasswell, 1930: 194).

He concluded, "The time has come to abandon the assumption that the problem of politics is the problem of promoting discussion among all the interests concerned in a given problem" (Lasswell, 1930: 194). He described discussion as "frequently complicat[ing] social difficulties," for it "arouses a psychology of conflict which produces obstructive, fictitious, and irrelevant values" (Lasswell, 1930: 196–197).

But the industrial democrats held that "creative discussion," or the advocacy of participation and expression as a means to solve social problems, was crucial (Dewey, 1982; Follett, 1918:363–373; Overstreet, 1925; Sheffield, 1922; for further discussion of the industrial democrats, particularly Follett's contribution, see O'Connor, in press). For example, Follett pointed out that experts, too, have interests (Follett, 1924: 9): "Let us not be too naive about facts. . . . Parallel to the history of the use of facts must be written the history of the use of power" (Follett, 1924: 14).

What appeared to be a theoretical debate about the future of democracy was actually a highly politicized discussion about manager-employer relations, industry-government relations, and, particularly, the balance of power between management and workers. The industrial democrats took an affirmative view of human nature and sought to maintain if not extend the role of labor in the postwar period. The democratic realists sought to retract wartime concessions. Taking a negative view of the individual, groups, and especially the masses, they advocated greater control by experts (Lasswell, 1928; Lippmann, 1922) and administrative elites (Mayo, 1933: 167–177).

These debates came clearly into play in the construction of the HBS and the HRS. Many of the HBS's early large donors were CEOs seeking to find a way to resolve industrial conflict without jeopardizing their status as the central locus of organizational authority. The best example is that of John D. Rockefeller, Jr., who took a great interest in industrial relations after the Ludlow

massacre (Rockefeller, 1917): a 7-month-long strike at a Rockefeller-owned mine from 1914–1915 that culminated in the deaths of 10 men, 2 women, and 12 children. Even Helen Keller (who had been aided by Rockefeller's [Sr.] philanthropy) called him "a monster of capitalism" after Ludlow. "He gives charity and in the same breath he permits the helpless workmen, their wives and children to be shot," she said (quoted in Chernow, 1998: 579).

Rockefeller personally approached Beardsley Ruml about supporting Mayo's work (Cruikshank, 1987: 163), and the Rockefeller money accompanied Mayo to the HBS. Although Rockefeller supported employee representation plans for workers (Rockefeller, 1917), none of these plans came close to ceding managerial authority. Like many other corporate executives of the day, Rockefeller looked for ways to improve management-worker relationships (i.e., to reduce activism and strikes) without jeopardizing managerial control.

The application of political-psychological theories to management—specifically, the Mayo-Lasswell collaboration—brought to management the idea that the masses (i.e., the workers) needed a governing elite to manage them, owing to their limitations and problems. Lasswell was Mayo's student, and they worked closely together after Mayo arrived at the HBS in 1925 (Ross, 1991; Trahair, 1981–1982: 182). Mayo trained Lasswell in psychoanalytic interviewing and counseled him personally during a deep personal crisis Lasswell had suffered just before coming to Harvard (in fact, Roethlisberger felt that Lasswell had been sent to Mayo strictly for personal counseling; Trahair, 1981–1982: 187). Lasswell studied Mayo's work on the mental life of political agitators and agreed with him that their political stance resulted from their personal problems (Trahair, 1981–1982: 185). As for Donham, correspondence indicates that he supported Lippmann's views.<sup>1</sup>

<sup>1</sup> Boston Globe file, School Correspondence, 1927–1937, Box 28. Letter from Donham to C. T. Taylor. (Footnotes 1–16 are from the Donham correspondence, Historical Collections, Baker Library, Harvard Business School.)

## HBS: THE EARLY YEARS

### Donham and Academic Legitimacy

Donham, a graduate of Harvard Law School, had taught courses in banking at HBS as an adjunct faculty member before his appointment as Dean in 1919. He also had served as a Vice President and Chief Legal Officer at Old Colony Trust Company in Boston. Donham had won local attention as a court-appointed receiver for a troubled railway company from 1917 to 1919, where he "kept several thousand disgruntled streetcar workers on the job" during WWI (Cruikshank, 1987: 92). Donham was known as well for his outstanding fundraising abilities on behalf of Harvard College, and the HBS was suffering from severe financial problems when Donham was appointed.

Donham's earliest correspondence as Dean shows his efforts to form alliances with industry leaders. He was also concerned with building an HBS that would have prestige in the scholarly domain, thus living up to the reputation of Harvard University. This was not a simple feat, for the HBS faced repeated public attacks by respected scholars. For instance, in 1918 Thorsten Veblen published a critique of higher education entitled *The Higher Learning in America* (Veblen, 1965). In it he attacked the management of universities by businessmen, decrying the rise of "pecuniary standards" and "material competency," which, he said, meant "an endeavor to substitute the pursuit of gain and expenditure in place of the pursuit of knowledge, as the focus of interest and the objective end in the modern intellectual life" (Veblen, 1965: 203). Veblen also attacked the "habitual inclination . . . among academic men to value all academic work in terms of livelihood or of earning capacity" (1965: 203).

The HBS then had on its faculty Harvard's first professor to be hired without possessing a Bachelor's degree (Cruikshank, 1987: 42). It also held the distinction of issuing the first degree not conferred in Latin (Cruikshank, 1987: 50). Even the HBS's own faculty found serious problems with students' ability to write, which endeared them neither to other academics nor to prospective employers (Cruikshank, 1987: 55).

The HBS constantly fought both global and local battles to establish its academic legitimacy vis-à-vis the University and the larger community. In the late 1920s and early 1930s,

Donham's particular nemesis in this regard was Abraham Flexner. Flexner was a scholar of history, specializing in the history of higher education. He also served as Director of the Institute for Advanced Study in New York. In a 1931 speech in Boston, typed notes of which were kept by Donham in his correspondence files,<sup>2</sup> Flexner pointed to business schools in his attack on the falling standards of higher education.

Schools of Business singled out for special consideration because they threaten to be a malign influence in American life. . . . Our universities should . . . bend their energies towards bringing into intellectual activities the most promising brains of the nation. But we are a business nation bent on getting along and making money.

Flexner reasoned as to why business is not a profession and then made a scathing attack. The notes read:

Reference to researches carried on by Harvard Business School, to which no genuine scientist would give the name of "research". . . . Attention called to researches in advertising: "What Effect does the Summer Time have on Listening In," "How Long can a Radio Campaign be Run Before it Begins to Wear Out," which received Award.

The notes conclude, "How much more powerful our colleges would be if these irrelevancies were dropped and men could devote themselves to the increase of knowledge and the education of scholars."

Donham countered the claim of the academic impoverishment of business schools by building alliances with pedigreed disciplines—specifically, history and philosophy. First, in 1927 he hired a Harvard-trained historian, Norman S. B. Gras (a student of Edwin Gay, the first HBS Dean, who recommended the hire), to study management history. Donham wrote to Harvard's President, A. L. Lowell, in 1926,<sup>3</sup> proposing the idea: "The School is subject to the most severe criticism at the present time," he wrote, "because it is organized to present nothing but contemporary conditions." In addition, thanks to a generous gift from the prominent retailer Gordon Selfridge, Donham purchased the 14th-through 16th-century business documents of a

<sup>2</sup> Flexner (Abraham) file, School Correspondence, 1927–1937, Box 32.

<sup>3</sup> Harvard University–President Lowell file, School Correspondence, 1925–1927, Box 38. Letter from Donham to Lowell, December 10, 1926.

branch of the Medici family. (There was some controversy in Italy about the loss of the documents, but at Dohnam's request, Selfridge successfully intervened on Harvard's behalf with Mussolini.)

Second, and more significantly, Donham engaged the eminent British philosopher Alfred North Whitehead to give lectures at HBS. Subsequently, Mayo recruited the philosopher's son, T. N. Whitehead, to work with him. Donham later dispatched the young man on an unsuccessful mission to recruit Chester Barnard for the faculty,<sup>4</sup> which suggests the strength of the Whitehead-HBS relationship.

### Donham and Corporate Legitimacy

Ironically, business schools were also criticized by businessmen who saw no need for university training in business. Noteworthy is a 1901 publication by R. T. Crane, a Chicago CEO who argued that "college authorities . . . will go right on deceiving as many [young men] as they can and taking the money of those to whom they can give nothing in return but useless knowledge" (quoted in Cruikshank, 1987: 26). Although such pressure lessened during Donham's tenure, figures as prominent as Frederick Taylor had strongly criticized universities. For example, in a 1908 lecture he told the New York chapter of the Harvard Engineering Society that he had "ceased to hire any young college graduates until they [had] been 'dehorned' by some other employer" (Cruikshank, 1987: 56).

Donham built financial security for the HBS by cultivating relationships with executives of large corporations. Such work was exhausting for him; he described it as an "almost intolerable burden."<sup>5</sup> But it successfully brought the HBS through a period of deficits in the early 1920s and, later, through the Depression. These relationships, in turn, affected the HBS's curriculum, particularly the Mayo research and theory that Donham tirelessly supported.

In the early 1920s Donham worked closely with Howard Elliott, a Harvard graduate and business executive, to cultivate a major dona-

tion from George Baker, President of First National Bank and an officer of the Great Northern Railroad and Mutual Life Insurance. Baker gave the school \$5 million in 1924, which enabled the construction of the HBS as it exists today. While the donation was in preparation, Elliott wrote Donham about his concern for the University's and HBS's reputations. "Those of us who are away from Cambridge," he wrote in 1921, "hear a great deal of talk about the alleged radicalism and socialism of the atmosphere at Harvard."<sup>6</sup>

In 1922 he wrote of a lunch in New York with "important and unbiased men," who criticized Harvard on account of its "reputation for Socialism, Bolshevism, etc.," owing to the presence of men such as Laski and Frankfurter on its faculty.<sup>7</sup> Elliott was particularly concerned about an HBS lecturer, Robert Fechner, who also served as the Vice President of the International Association of Machinists. Elliott claimed that Fechner was a Socialist. He intimated that the money for HBS would be harder to raise with "a man like Mr. Fechner" on the faculty.<sup>8</sup> Donham vigorously defended Fechner,<sup>9</sup> but Elliott continued his protests from early 1921 through 1923, even going as far as having him privately investigated in 1922. When Fechner's 3-year appointment as a visiting lecturer came up for renewal in 1924, he was not reappointed (Cruikshank, 1987: 103).

### Mayo's Role in Furthering Legitimacy for HBS

In 1926—the same year that Donham proposed Gras's hire—he also proposed hiring Elton Mayo. But Mayo's hire did not go as smoothly as Gras's. From 1925 to 1926, Mayo's candidacy was first rejected by President Lowell, with whom Donham had an excellent personal as well as professional relationship (Cruikshank, 1987: 94–95). Although Mayo was to bring his own funding with him, from the LSRM Foundation, the support was guaranteed only for 4 years, and Lowell declined to support any

<sup>4</sup> Whitehead, T. N., file, School Correspondence, 1927–1937, Box 53. Letter from Whitehead to Donham, July 2, 1936.

<sup>5</sup> Harvard University–President Lowell file, School Correspondence, 1927–1937, Box 41. Letter from Donham to Lowell, January 2, 1929.

<sup>6</sup> Elliott (Howard) file, School Correspondence, 1919–1923, Box 10. Letter from Elliott to Donham, April 30, 1921.

<sup>7</sup> Elliott (Howard) file, School Correspondence, 1919–1923, Box 10. Letter from Elliott to Donham, June 16, 1922.

<sup>8</sup> Elliott (Howard) file, School Correspondence, 1919–1923, Box 10. Letter from Elliott to Donham, November 3, 1923.

<sup>9</sup> Elliott (Howard) file, School Correspondence, 1919–1923, Box 10. Letter from Donham to Elliott, April 27, 1921.

agreements for temporary payments to professors to which the University might later be obligated (Cruikshank, 1987: 164).

Donham persevered. Giving up on university support, he turned to industry, securing funding for Mayo's appointment from Edward Filene, a prominent Boston retailer, and Owen Young, head of General Electric. Finally, Donham reported to Lowell an understanding with Mayo that his appointment would be experimental, with no guarantee beyond the 4-year term. Without corporate money, it is doubtful that HBS would ever have hired Mayo; indeed, at least through the 1930s, Harvard never paid Mayo a cent. Moreover, at least one source claims that Mayo's LSRM money kept HBS research going during the Depression (Cruikshank, 1987: 249). Mayo's funding was renewed again and again, and his work remains, to this day, one of the most generously funded research programs in the social sciences (Gillespie, 1991).

Donham found strong support for Mayo in executive circles. Owen Young assured Donham that he would willingly "secure all the support needed" from industry for Mayo.<sup>10</sup> To ensure continuing funding for Mayo's work, in late 1927 Young invited Donham to "a gathering of this little industrial group of ours." There, he told Donham, "You would have the advantage of having there the heads of the companies and the representatives of the companies who are particularly interested in the human aspects of the industrial problem."<sup>11</sup> Guests included the heads of Standard Oil of New Jersey; Goodyear; U.S. Rubber; AT&T; International Harvester; Du Pont; Bethlehem Steel; Westinghouse; General Motors; and, of course, General Electric. Particularly telling is that in 1928, when the Mayo support money temporarily ran out, Donham wrote to Lowell to obtain "emergency funds" normally budgeted for dormitory maintenance until Young could convene the next meeting of his industrial group of Mayo supporters.<sup>12</sup>

<sup>10</sup> Harvard University—President Lowell file, School Correspondence, 1925–1927, Box 38. Letter from Donham to Lowell, April 22, 1927.

<sup>11</sup> General Electric file, School Correspondence, 1927–1937, Box 33. Letter from Young to Donham, November 5, 1927.

<sup>12</sup> Harvard University—President Lowell file, School Correspondence, 1927–1937, Box 42. Letter from Donham to Lowell, January 3, 1928.

The road for Mayo's support in industry had been well paved at Harvard and in the Boston area. Lawrence Henderson, leader of the Harvard "Pareto Circle" (Keller, 1984) and one of Harvard's most respected academics (Trahair, 1984: 202), saw in Mayo's work a continuation of Elmer Southard's work on neuropathology. Southard had headed the Boston Psychopathic Hospital until his death in 1920. He predated Mayo in studying the "psychopathic factor" involved in "industrial discontent" (Wrege, 1979: 19). Henderson had turned to Southard, with whom he had studied philosophy, to investigate social disorder. When Mayo visited Washington, DC, to secure employment in the United States, he was "favorably compared" to Southard (Trahair, 1984: 150). Rumor felt that Southard's death had left a void in the area of industrial psychiatry (Trahair, 1984: 166)—one that Mayo could fill.

In the same period and location, Edward Marshall, in an article in the *Boston Herald* (1913), described Robert Valentine as developing a new profession: the "industrial psychologist" or "business doctor." Marshall stated that Valentine's new profession (although he already saw it as "an indispensable member of industrial society") addressed the need to achieve "stability in our industrial relations" in light of "the sort of business mania producing dissatisfaction and strikes" (1913: 12). This new profession capitalized on the rigor of medicine, which attracted Henderson, a biochemist, and on the scientific method and concerns of waste, following the example of Frederick Taylor. Interestingly, Valentine was a member of the Harvard class of 1896, and he was one of the earliest advocates (in 1900) of founding a business school at the University (Cruikshank, 1987: 22).

The human relations theme had a history at Harvard as well; in proposing Mayo's candidacy, Donham reminded Lowell of his own public statements on the importance of human relations in industry (Cruikshank, 1987: 164). Earlier, a 1915 committee at HBS wrote of "the increasing attention being given to the vital human relationships in business" and recommended that the faculty give the topic more attention (Cruikshank, 1987: 84). In 1917 an HBS donor gave HBS Dean Edwin Gay a copy of Rockefeller's book, *The Personal Relation in Industry* (1917). He stated that Rockefeller's topic would be "an im-



portant part of college courses which aim to fit men for business life" (Cruikshank, 1987: 84).

### Donham and Mayo: Saving Western Civilization

Over time, Donham made increasingly stronger assertions about the compelling nature of the HRS research. In corresponding with Ruml in 1923, Donham had identified a research agenda for HBS dealing with reducing the amount of economic waste in industry. But, in mid 1927 he wrote to President Lowell:<sup>13</sup>

As a result of the last 8 years' study, I see no really promising hope of lessening the critical nature of the Labor Problem in Industry except through a scientific study of Industrial Physiology including Psychology.

In his 1931–1932 annual report to President Lowell of Harvard University, Donham wrote:<sup>14</sup>

It should be possible for the first time in the history of the world to develop a civilization not founded on a submerged class. The approach is I think the study of relationships. We must develop a technique for sorting out the significant variables at any moment and reacting to these variables. Otherwise, we leave the whole future to chance and the very progress of science may easily disrupt society.

Mayo's research spoke directly to the core of executive concerns: it revolved around how to calm the worker's irrational, agitation-prone mind and how to develop a curriculum to train managers and executives to do so. This, in turn, was a central piece of Donham's aim to establish the HBS as the country's premier institution of leadership training—more specifically, as a center of "university training for leadership . . . to continue to safeguard democracy" (Donham, 1936: 261). Even after Donham retired in 1942, he continued to teach human relations for 6 years (Cruikshank, 1987: 213).

An example of Donham's interaction with influential executives and of how he combined business with politics to define HBS as a leading institution for leadership training can be

found in an exchange of letters in early 1931.<sup>15</sup> Lewis Brown, President of Johns-Manville, had sent a *New York Times* (1931) article to Donham, entitled "London Times Sees Soviet Plan Succeeding; Warns World May Get Flood of Cheap Goods." The article warned that Russia's success threatened Western nations and referred to calls for a trade embargo on Russia. "Every country that has any connection with Russia . . . is helping to bring nearer the day when the products of communism, if not the creed, will swamp the markets of the world" (*London Times*, 1931). Brown stated that he had been watching the "Russian experiment" and saw it as a threat. He wrote to Donham: "Someone in this country is going to have to exercise the type of leadership that has not been in evidence . . . in this country since the days before the Civil War."

Donham replied, "I am . . . far more deeply concerned about the whole situation than your letter indicates that you are." He referenced a book of his then in press (Donham, 1931), in which he proposed solutions to the economic crisis we now call the Great Depression. Donham praised the Soviets for having a general plan and criticized American leadership for lacking one (Donham, 1931: 36). The transition to a general plan, he said, would require some "readjustment." But this "would be a cheap price to pay for stability in Western civilization" (Donham, 1931: 37). He stated:

It is my belief that the only hope for Western civilization centers in the ability and the leadership of American business, and on their recognition of the fields in which government action is necessary to secure sound results, in their capacity to make and carry out a major plan conceived in the largest terms by men of the highest ability and social objectives (Donham, 1931: 154–155).

In a letter to Gordon Selfridge about the book,<sup>16</sup> Donham wrote, "I have tried to indicate some of the lines along which we ought to proceed. Whether it is possible to get a great massive democracy to do anything but drift is yet to be determined." This mission to build the HBS into a national political leader, as well as a leading educational institution, explains Mayo's

<sup>13</sup> Harvard University–President Lowell file, School Correspondence, 1925–1927, Box 38. Letter from Donham to Lowell, April 22, 1927.

<sup>14</sup> Harvard University–President Lowell file, School Correspondence, 1927–1937, Box 33. Undated item but entitled "Annual Report, 1931–1932."

<sup>15</sup> Johns-Manville file, 1930–1935, School Correspondence, 1927–1937, Box 41. Letter from Brown to Donham, February 5, 1931, and from Donham to Brown, February 7, 1931.

<sup>16</sup> Selfridge (Gordon) file, School Correspondence, 1927–1937, Box 49. Letter from Donham to Selfridge, June 14, 1932.

appeal for Donham, the former having early on made known his agenda to "save society" (Mayo, 1924c: 597). As the Editor of *Harper's* magazine said of Mayo's work, in an article which Cruikshank (1987: 163) speculates caught Donham's attention, "[Mayo] throws fresh light on an ever-pressing problem of business and of society by revealing . . . [how] a new study of the human mind may aid in bringing about industrial peace and a happier social order" (Mayo, 1924c: 590).

Also, in the early 1930s, Mayo echoed Donham's sentiments:

We do not lack an able administrative elite, but the elite of the several civilized powers is at present insufficiently posed in the biological and social facts involved in social organization and control (Mayo, 1933: 177).

Institutions such as the HBS needed to take a leadership role to defend the existing order (Homans, 1962: 4; Keller, 1984: 194; Mayo, 1933: 167–177). In a time of economic crisis, Donham appealed to executives as leaders of society:

Such attention to [economic] problems by our industrial leaders is essential to the continuance of our present civilization. The situation would be hopeless if it involved the decisions of millions of business men. It does need critically the leadership of a few hundred men in a few hundred corporations to give it the necessary impetus (Donham, 1932: 11–12).

Capitalism is on trial, and on the issue of this trial may depend the whole future of western civilization. . . . Our present situation both here and in all the great industrial nations of the world is a major breakdown of capitalism. Can this be overcome? I believe so, but not without leadership both in business and in government, a leadership which thinks in terms of broad social problems instead of in terms of particular companies (Donham, 1932: 207).

Thus, the HBS constructed itself as an institution not only for elite leadership but also for the preservation of capitalism (Donham, 1932) and Western civilization (Donham, 1936; Mayo, 1933). Elton Mayo and his HRS contributed in vital ways to this construction.

### ELTON MAYO, SOCIAL THEORIST

Scholars often note that Mayo entered the Hawthorne studies when they were already in progress. They note less that Mayo entered them at a time when his own ideas about politics and

psychology were fully formed (Bourke, 1982: 218). These ideas addressed class conflict; industrial unrest; and threats to the social, political, and economic orders, which included, according to Mayo, democracy itself (Mayo, 1919, 1920).

### Mayo and Politics

Mayo's earliest writings focused on contemporary political events and on political theory to explain them. He positioned his arguments in the context of a larger conversation having to do with postwar reconstruction (Mayo, 1919: 11): "The war has . . . exposed the rottenness of some of [the] foundations of Western civilization" (Mayo, 1919: 16). Mayo's 1919 work, *Democracy and Freedom*, is an extensive critique of democracy based on its "individualistic bias," which "prevent[s] it from learning how rightly to estimate the social will" (Mayo, 1919: 10). He argued, as did the democratic realists, that democracy took advantage of the emotions and the irrationality of voters: "Reasoning . . . is deliberately discouraged under the conditions of democratic government" (Mayo, 1919: 33–34).

Fundamentally, for Mayo, democracy was a "decivilising force," for it "exaggerates the irrational in man and is therefore anti-social" (quoted in Bourke, 1982: 228). Referring to the extent of social conflict during this time, Mayo stated that collective bargaining, for example, had become a class war in which the antagonists lost sight of their social character and functions (Mayo, 1919: 49). He blamed democracy for this war: it "emphasize[s] . . . political methods [which] transform mere sporadic acts of sabotage into an organised conspiracy against society" (Mayo, 1919: 53–54). Behind democracy, he blamed "collective mediocrity" (Mayo, 1919: 57). Instead, "in all matters of social skill the widest knowledge and the highest skill should be sovereign rather than the opinion of 'collective mediocrity.'" Mayo applied the same argument to industry:

[The] suggestion that the workers in any industry should control it after the fashion of "democratic" politics would not only introduce all the ills of partisan politics into industrial management, but would also place the final power in the hands of the least skilled workers. In many industries this would give the unskilled labourer control over the craftsman properly so-called. And, more generally, the effect would be to determine problems requiring the highest skill by placing the decisions in the hands of those who were unable even

to understand the problem. . . . It may be said for the "capitalistic" system that, although managers and business organisers generally have unduly neglected to take account of the human factor in industrial problems, the system has, nevertheless, tended to conserve social skill, to protect the specialist worker against the assaults of so-called "democracy" . . . . Where there is no understanding there can be no real control. The outstanding failure of democracy is its failure to appreciate the social importance of knowledge and skill (Mayo, 1919: 59).

Mayo called democracy a "socialistic theory," which "assumes that all authority derives from the State" (Mayo, 1919: 69). Later, in notes for a lecture entitled "At the Back of the White Man's Mind,"<sup>17</sup> Mayo continued this attack:

What opportunities of happiness does our social system offer the individual? I.e., what opportunities of development? The inhumanity of XIX Century political economy. Its legacy of social unrest. This applies not merely as an argument in [the] controversy between Labour and Capital but over whole range of human activity. Life of commercial leaders—professionals—industrials—suburban dwellers—unnatural and inhuman. Further, we deliberately cultivate in the name of democracy and the party system, the destructive emotions of fear and hate. Party system—drift towards economic cleavage and class war. Majority rule wrong.

### Mayo and Psychology

From about 1917, when he was teaching in Australia, Mayo turned not only to political theory but also to psychology in order to explain contemporary events. In a newspaper commentary on a political election dealing with voluntary military service, for example, he claimed that voters were motivated mainly by insecurity and self-interest (Trahair, 1984: 92). In another commentary he argued that the losing party in an election had not sufficiently accounted for the "anxiety neuroses" motivated by citizens' unconscious (Trahair, 1984: 96).

In a series of articles written in 1922 (Mayo, 1922a,b,c,d,e) for the *Industrial Australian and Mining Standard (IAMS)*, Mayo developed his ideas about politics and psychology most extensively. In the first article he criticized classical economics for its "grave defects" of assuming

that "human motives are based upon clear reasoning and logic" (Mayo, 1922a: 16). On the contrary, Mayo held, "Of the great majority of men it may be said that their motives are largely determined by feeling and irrationality" (1922a: 16). Thus, "economics ignores the human factor."

It may be that wages and working conditions are not the real question at issue, but some dissatisfaction that is concealed within the "twilight" areas of the human mind. To ensure that we shall not pass over these remoter motives, we have first to consider civilisation from the human end (Mayo, 1922a: 16).

In the second article Mayo identified the foremost danger to civilized life: "There is nothing so dangerous, individually and socially, as a mind which has escaped individual conscious control; it is such minds which are the cause of crime, war, and social revolution" (Mayo, 1922b: 63). With regard to industry, Mayo asserted that

"... industrial unrest" is not caused by mere dissatisfaction with wages and working conditions, but by the fact that a conscious dissatisfaction serves to "light up," as it were, the hidden fires of mental uncontrol. Passionate emotions run wildly through the industrial group; tales of capitalistic conspiracy are eagerly accepted, and dispassionate logic is contemptuously spurned. . . . And our method of seeking a solution of the trouble is to generalise it as a political issue—a proceeding which tends to standardise and fix the social disruption. "Democracy" of this kind are [sic] based not on reason, but on delusions of conspiracy and lunacy. Social questions of the utmost importance are determined by appeal to prejudice, emotion and unreason (Mayo, 1922b: 63).

In the third article, entitled "The Mind of the Agitator," Mayo asserted that the agitator "is usually a genuine neurotic."

He is quite definitely "disoriented" to his world; he cannot see society as a group collaboration. . . . He reads his own mental disintegration . . . into the social world about him; and to him, in consequence, society is the scene of conspiracies and exploitations by reason of which he and his comrades suffer (Mayo, 1922c: 111).

At the heart of the agitator's problem is his ignorance. "Being personally ignorant of the cause of his inability to develop," the agitator "'projects' his trouble outwards and attributes it to the social system. And his mind becomes obsessed with rage and the savage lust of destruction."

<sup>17</sup> Mayo Papers, c. 5, series VI, f. 5, Writings and Speeches, 1905–1947, Historical Collections, Baker Library, Harvard Business School.

To any working psychologist, it is at once evident that the general theories of Socialism, Guild Socialism, Anarchism and the like are very largely the phantasy constructions of the neurotic. . . . In the Middle Ages it was religion that supplied compensating phantasies of heaven; in our time, it is some variant of Socialism. But whereas religion inspired its votaries to constructive effort, Socialism seems to increase the area of neurotic discontent. It is not Socialism itself which calls for investigation, but rather the social causes which have led to its emergence as a phantasy compensation (Mayo, 1922c: 111).

In the fourth article Mayo elaborated on the dangers of democracy given psychological realities. Again, he asserted that democracy was based on "a fallacious theory of social structure"—that is, the "mistaken individualism and egoism of the nineteenth-century political scientist" (Mayo, 1922d: 159). Mayo criticized businessmen and political leaders for failing to see that what they called "a fact of human nature"—specifically, the idea that "society consists merely of individuals, each of whom seeks his own pleasure"—was actually a legacy "from 'democratic theory' and its 'egoistic conceptions of human nature,' itself installed by 'the political contrivers of the nineteenth century'" (1922d: 159). Mayo cited Mill, who "was right in his assertion that 'the natural tendency of representative government is towards collective mediocrity'" since the "'principal power' is placed in the hands of classes more and more below the highest level of instruction in the community" (1922d: 159). Mayo concluded, "The 'will of the people,' thus conceived, is incapable of making skilled decisions." Mayo argued that voting was primarily a matter of emotions rather than skilled opinion. The industrial revolution and the rise of science produced a loss of social prestige for the average worker. "The worker became a mere 'cog in the wheel' of production; his opinion and his skill ceased to have any high social importance. . . . [and] science has . . . dispossessed the worker from his place in the social will and structure."

The worker, dimly aware of his loss of authority and prestige, has been encouraged to expect that this loss would be more than compensated by his political enfranchisement. Accepting this assurance at its face value, the workers of to-day have organised a political party on the basis of economic dependence—a Labour Party. This step was neither expected nor desired by the earlier exponents of nineteenth-century popular govern-

ment. The general effect has been the exacerbation of class feeling. So the democracy which was designed to reflect "the general will" and thus to secure social unity, has by its methods divided society into two hostile camps—an achievement which is the first step downwards to social disintegration.

In the meantime the worker is energetically pursuing will-o-the-wisp phantasies with all the energy of his starving intellect and will. Dispossessed from his place in the social will and structure, totally unaware of the real social and psychological causes of his dissatisfaction, he has lost touch with reality. Like the neurotic individual, he is compensating his loss of contact with reality by constructing phantasies which give him the illusion of power and control where none exists. What else is Socialism but an endeavour to regain a lost sense of significance in the scheme of things? A great part of Socialistic literature challenges comparison with the fairy tales of a primitive people and cannot be regarded as a serious contribution to the science of social organisation. "Higher wages and shorter hours" cannot of themselves remedy the situation; the worker must renew his interest in the task of scientific research. The worker cannot "control" industry except by understanding and skill (Mayo, 1922d: 159–160).

In the final article Mayo argued that democracy was the cause of contemporary revolutionary tendencies. "Representative government has substituted a spurious social will of the ballot-box for the real social will which manifests itself in historically transmitted tradition" (Mayo, 1922e: 253). He called for increasing study of the "general condition of hatred, suspicion and unrest, which gives rise to strikes" (1922e: 253), and he held that the symptom rather than the cause was treated. He urged treatment of the underlying causes of social unrest, which, being psychological, required sociopsychological research. Mayo thus linked democracy with psychopathological tendencies—an argument he would later make in a managerial context.

### Mayo and Industry

Mayo saw industry as having a "social function" (Mayo 1923a: 421). Defining mental illness as "maladaptation to the environment" (Mayo 1923a: 424) in his 1923 article "The Irrational Factor in Human Behavior: The 'Night-Mind' in Industry," Mayo developed his thesis that labor unrest was a symptom of mental disorganization (Mayo 1923b: 122). Noting that industry "has very generally failed to take to heart the lesson

of the war," Mayo equated shell-shock and industrial life: "Defective or mistaken factory organization may be just as effective as war in giving rise to overstrain, fatigue or manifestations of abnormality" (Mayo 1923b: 117). He urged that these phenomena be studied: "The prime necessity is diagnosis and treatment, investigation and remedy. Once this attitude is generally adopted, we shall hear less of unrest and subterranean conspiracies" (Mayo 1923b: 118).

Mayo rejected labor's interpretations of its problems, stating, "Labo[r] fail[s] to understand its own ills," and he rejected the industrial democrats' arguments for the same reason: "The worker has as little notion of the real ill he suffers as an individual afflicted with melancholia or nervous breakdown" (Mayo 1923b: 120). Just as physicians are sent to cure illness, so should experts in psychology be marshalled to study labor unrest. The "real ill," claimed Mayo, was "a fundamental disorientation to life, or disintegration of the personality, which shows itself in a general disordering of values" (Mayo 1923b: 121). This was the cause behind the symptom of unrest. Mayo saw that counterproductive work behaviors—everything from daydreaming to breakdown to labor unrest—came from a lack of ability of the "primitive" or "savage" to adapt himself to the conditions of industrial life. "Socialism, Syndicalism, Bolshevism—irrational dreams—of anger and destruction—are the inevitable outcome" of this lack of adjustment (Mayo, 1923b: 125). "A failure to come into relation with his environment expresses itself in the form of neurotic conflict and disintegration in the individual" (Mayo 1922f: 28). Following Freud, Mayo wrote that civilization was based on the "'sublimation' of primitive instincts"—that is, "a heightened capacity for self-control" (Mayo 1922f: 28).

Mayo's article "Revery and Industrial Fatigue" (Mayo, 1924b) demonstrated his overall thesis (drawing explicitly from Janet and implicitly from Taylor) that fatigue produced reveries, which, in turn, produced psychological agitation and lack of productivity—ultimately producing social unrest. Mayo argued that industrial and social unrest were induced by a combination of monotonous work and physical fatigue, leading to reveries. From this point on, Mayo focused on applying psychological theories and techniques to the workplace.

Basic philosophical disagreements between the democratic realists and the industrial democrats were discussed earlier in the article. A specific case of Mayo's own side-taking in this debate was the investigation of the Colorado Fuel and Iron Company's (CFIC) industrial plan. Rockefeller had established this plan in the aftermath of the Ludlow massacre and solicited two different evaluations of the plan: the first from Benjamin Selekman and Mary Van Kleeck of the Russell Sage Foundation, and the second from Mayo. The Sage investigators favored worker participation in management through such plans as CFIC's—even plans more generous in sharing power than CFIC's (Hammack & Wheeler, 1994)—and their investigation preceded Mayo's. But Mayo sharply criticized the plan. He agreed that management could welcome the workers' suggestions but also stated that "such contributions should be evaluated correctly by management" (quoted in Trahair, 1984: 209). He rejected Van Kleeck's view that industrial democracy and civic democracy were alike, drawing from his Australian experience and his view that arbitration processes actually increased industrial strife (Trahair, 1984: 209).

Although a study of the Hawthorne research is outside the scope of this article, there are clear parallels between Mayo's pre-HBS writings and the Hawthorne work. The Hawthorne studies are noted for findings such as "the importance of group social interaction on employee satisfaction and therefore on industrial productivity" (Garnett, 1997: 33) and for their emphasis on the "emotional nonrational side" of workers (Ferguson & Ferguson, 1988: 27). However, the relationship of Mayo's pre-Hawthorne to his Hawthorne work brings out a new facet of Hawthorne.

Mayo approached the Hawthorne studies convinced that the clinical interview was a technique—specifically, a treatment—to adjust the fundamentally maladjusted worker to the demands of industrial life. The interview brought forth "preoccupations with private misfortune" that "distort[ed] the workers' perception of employment conditions" (Trahair, 1984: 249, citing Mayo correspondence; see also Roethlisberger & Dickson, 1939: 599–601). Much has been said about the "non-directive" nature of the interview (e.g., Ferguson & Ferguson, 1988: 28), but Mayo and his students clearly saw the practice as a method of intervention, even correction. Roethlisberger and Dickson, among Mayo's closest

students, wrote that the interviewer-counselor "directs the employee's thinking" so that he "can achieve an adequate adjustment" to work life (Roethlisberger & Dickson, 1939: 602). Mayo asserted that the interview helped employees "to revise their too-personal opinions" (Mayo, 1933: 91). By "free expression of personal concerns," the interviewee would "come to a new understanding of what her real difficulty is;" through the interview "the employee is restored to her normal effectiveness and her efficiency may rise" (Roethlisberger & Dickson, 1939: 601). Mayo stated that interviewing provided interviewees with new interpretations of their experience, without which it would remain "primitive" and "uncritical" (Mayo, 1924a: 253-254).

The early work of Elton Mayo was crucial to his theoretical and research agenda at HBS. In particular, Mayo was influenced by psychology to view workplace agitation as symptomatic of underlying, unconscious disorientation. He developed a research agenda for industry drawing on this premise. Rockefeller gave large sums of money to support this research. Most important, Mayo convinced business leaders that his agenda would solve their worries, if not despair, about labor strife and about the viability of the U.S. economic and political order amid the shocks of economic depression, industrial conflict, and alternative political ideologies.

### CONCLUSION

The case of the HBS and the HRS shows a number of multiple complementary agendas: at the individual level, the entrepreneurial efforts of Donham and Mayo; at the institutional level, the collaboration between the HBS and the LSRM; at corporate-industry levels, the support of prominent CEOs for Mayo, Donham, the HRS, and the HBS; and at the political level, the support for a democratic realist interpretation of democracy and, thus, a reinforcement of managerial over worker authority. This history of the HBS and the HRS also illustrates a number of ideological agendas at play during the period in question: (1) business schools' pursuit of legitimization for their academic rigor, as well as their industrial relevance; (2) an emerging profession (industrial relations) and discipline's (psychology's) pursuit of the same; and (3) business and academic elites' search for ways to address threats to the political and economic

order. It also reveals a case in which leaders in academe, industry, research, and government sought solutions to management-labor conflicts that would not jeopardize managerial control. This control was rationalized by the democratic realists, made scientific by the industrial psychologists, and made kinder and gentler by Mayo and the HRS.

Mayo's application of psychology to business and management shaped our field. Today, organizational behavior (OB) is solidly entrenched in the standard business school curriculum. The HRS, a vital contributor to OB (Roethlisberger, 1977), represented a unique development that Miller and Rose have called a "a new alliance between political thought and the government of the workplace" (1995: 436). It was interdisciplinary in the curricular sense—bridging management and psychology, or industry and the human mind—and in the worldly sense, for it was developed in connection with pressing debates of the day. The HRS took attention away from the political conditions of work to focus on the workers' (disturbed) emotional and psychological state: "Psychological process . . . replaced external reality as the most pressing topic for investigation" (Hughes, 1958: 66). Ironically, the HRS was developed in connection with political agendas, but it was antipolitical in its solution, which posited that the causes of social and workplace problems resided deep in the psyche of the typically disturbed worker.

This study shows how management theorists, researchers, and educators took a political stance early on. Today, leaders in our field express concerns as to its relevance (e.g., Hambrick, 1994). One way to understand the field's relationship to political and social domains is to study it as precisely that: historical studies, such as this case study, show how the field has actively entered into, and how it has constructed itself in relation to, sociopolitical events and debates. Such investigations also clarify the present inheritance of this past. Finally, they open a larger inquiry into present-day collaborations across managerial, social, and political theories and practices.

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